

# Corporate governance statement 2011

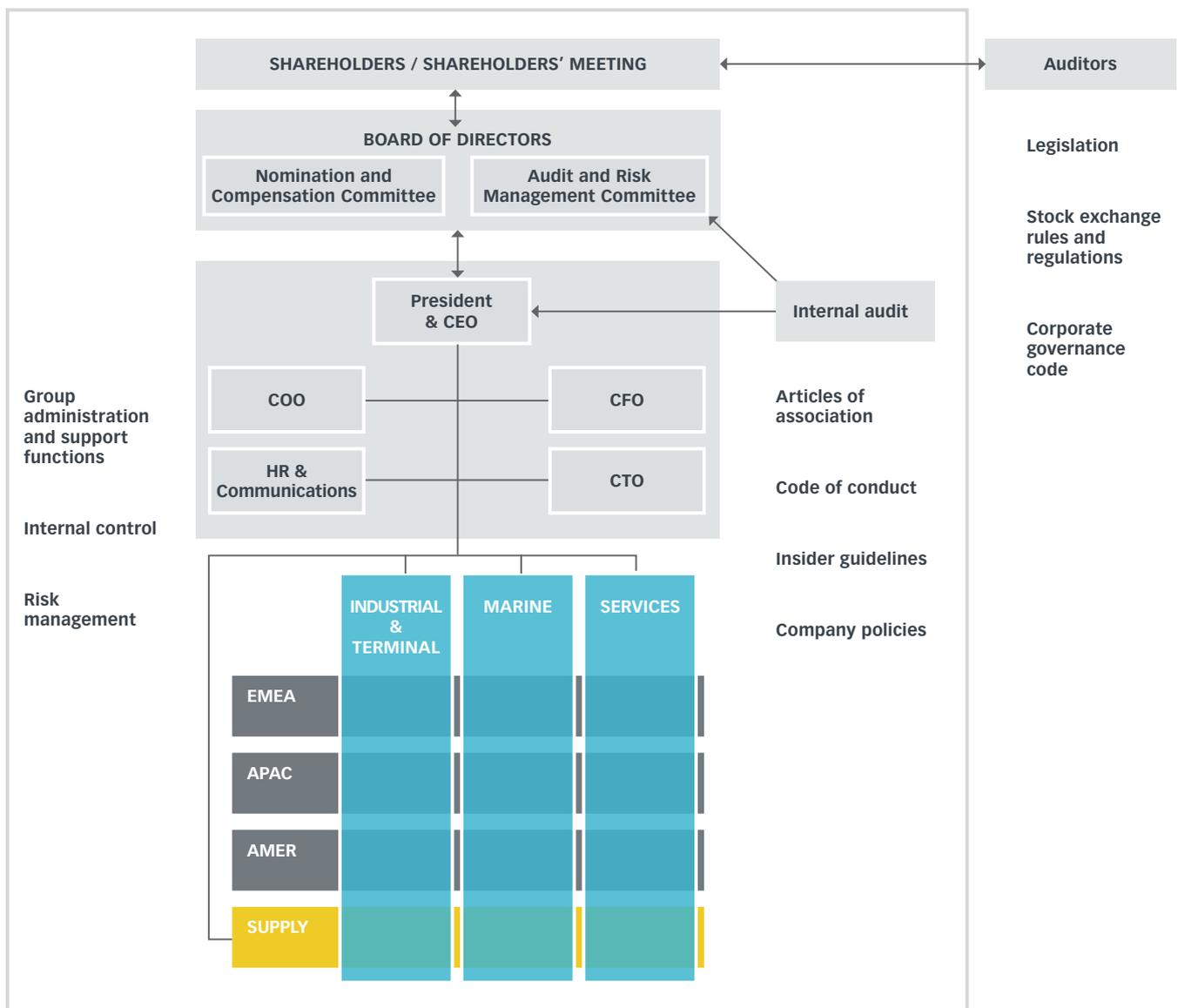
Cargotec's governance and management are based on the Finnish Limited Liability Companies Act and Securities Markets Act, the company's Articles of Association and the rules and guidelines of NASDAQ OMX Helsinki Ltd. Without exception, Cargotec complies with the Finnish Corporate Governance Code, available on the Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

At the Shareholders' Meeting, Cargotec's shareholders exercise the highest decision-making power. The company

is managed by the Board of Directors and the President and CEO.

The Corporate governance statement is issued as a separate report and disclosed, together with the financial statements, Board of Directors' report and the Remuneration statement, on the company website at [www.cargotec.com](http://www.cargotec.com) > Investors > Governance. This information is also included in the Annual report for 2011.

## Corporate governance



## Shareholders' Meeting

Cargotec's Shareholders' Meeting is convened by the Board of Directors and held in the company's domicile, Helsinki, Finland. The Annual General Meeting (AGM) is held annually within three months of the closing of the financial period, on a day designated by the Board. An extraordinary Shareholders' Meeting in respect of specific matters shall be held when considered necessary by the Board, or when requested in writing by a company auditor or by shareholders representing at least 10 percent of all the issued shares of the company.

The issues decided on by the AGM include the adoption of the financial statements, distribution of profit, granting of release from liability to the members of the Board of Directors and to the President and CEO, the election of and remuneration payable to the members of the Board and auditor. The Shareholders' Meeting also has the right to amend the Articles of Association, and make decisions and authorise the Board of Directors to make decisions on the acquisition of treasury shares, on share issues and on option programmes.

Notice of the Shareholders' Meeting is published as a stock exchange release and on Cargotec's website. This notice includes the agenda for the meeting, proposals made by the Board and the Board Committees to the meeting and instructions regarding registration and attendance. The names of candidates for the Board of Directors are published in connection with the notice of the Shareholders' Meeting, if the candidates have given their consent to their election and the proposal has been made by the Board Nomination and Compensation Committee, or if the proposal is supported by shareholders representing at least ten percent of the total voting rights of the company. The names of any candidates appointed after the notice has been issued will be published separately if the aforementioned conditions are met. Furthermore, the Board Audit and Risk Management Committee's proposal for the auditor will be published in a similar manner.

It is the company's aim that all members of the Board and the President and CEO be present at the Shareholders' Meeting, and that a candidate standing for the Board for the first time attend the Shareholders' Meeting deciding

on the election, unless he or she has a substantive reason to be absent.

### 2011

The AGM held in Helsinki on 8 March 2011 was attended by 553 shareholders representing 80 percent of the total voting rights of the company.

In addition to decisions taken on an annual basis, the AGM decided on amending the Articles of Association and authorised the Board of Directors to decide on the acquisition of treasury shares, as well as on a share issue involving the transfer of treasury shares held by the company. All documents related to the AGM are available on the company website at [www.cargotec.com](http://www.cargotec.com) > Investors > Governance > Shareholders' meeting.

At the end of 2011, the company had approximately 20,900 shareholders. Cargotec's major shareholders on 31 December 2011 are listed in the Shares and shareholders section of the financial statements, and a monthly updated list is available on the company's website at [www.cargotec.com](http://www.cargotec.com) > Investors > Shareholders.

## Shareholder rights

### Rights associated with the Shareholders' Meeting

Shareholders representing at least 10 percent of all company shares can request that an extraordinary Shareholders' Meeting be convened, to discuss a specific matter under the purview of the Shareholders' Meeting, by notifying the company's Board of Directors in writing.

Shareholders have the right to raise issues for consideration by the Shareholders' Meeting, if they submit a written request to that effect to the Board in good time for the matter to be included in the notice of the Shareholders' Meeting. The date by which Cargotec's Board of Directors must be notified of all matters to be included in the agenda of the Annual General Meeting is published on the company website at [www.cargotec.com](http://www.cargotec.com) > Investors > Governance > Shareholders' meeting.

Shareholders have the right to attend the Shareholders' Meeting if they have been entered into the register of shareholders at least eight working days before the meeting and if they have notified the company of their intention to attend in the manner specified in the notice of the meeting. Holders of nominee-registered shares can also attend the Shareholders' Meeting by registering themselves in the register of shareholders on a temporary basis. A shareholder can attend the Shareholders' Meeting either in person or via a representative authorised by the shareholder. In the meeting, all shareholders have the right to raise questions and propose resolutions regarding issues on the agenda.

Cargotec has two share classes, each with different voting rights. In the Shareholders' Meeting, each class A share carries one vote, as does each set of ten class B shares, with the provision that each shareholder is entitled to at least one vote.

### Right to dividend

Shareholders registered in Cargotec's shareholder register on the record date of the dividend payment are entitled to dividend. In dividend distribution, class B shares earn a higher dividend than class A shares. The difference between dividends paid on the two classes of shares is a minimum of one cent and a maximum of two and a half cents.

## Board of Directors

### Composition

Cargotec's Board includes a minimum of five and a maximum of eight regular members, as well as a maximum of three deputy members. Board members are elected in the AGM for a term of office that expires at the end of the first AGM following the election. The Board elects the Chairman and Vice Chairman from among its members. The majority of Board members shall be independent of the company and significant shareholders. In the election of Board members, due attention should be paid to ensuring that members mutually complement one another in terms of experience and expertise in the company's line of business and its stage of development.

### Responsibilities

The Board is responsible for the management and proper organisation of the company's operations as well as representing the company. The duties of the Board are determined on the basis of the Articles of Association and the Finnish Limited Liability Companies Act. The Board has compiled a written charter for its work that defines its main duties and operating principles. In compliance with the charter, the Board convenes regularly seven to eight times a year, and whenever necessary, by invitation of the Chairman. The Board's responsibilities include approving the company's financial statements and interim reports, the supervision of accounting and the control of the company's financial matters, and preparing issues to be presented to the Shareholders' Meeting. The Board also decides on the company's contributions and loans. The Board appoints Cargotec's President and CEO and determines the related terms of employment. Furthermore, the Board confirms the company's strategic plans as well as significant acquisitions and investments, and approves the company's risk management principles. In each of its meetings, the Board also discusses issues associated with Cargotec's strategic priorities or other current theme.

## Self-assessment and assessment of independence

The Board conducts an annual internal self assessment to review its own performance and procedures. The Board also conducts an annual assessment of its members as regards their independence of the company and major shareholders.

## Committees

The Board has set up two committees to improve the efficiency of board work: the Audit and Risk Management Committee and the Nomination and Compensation Committee. The Board nominates the members and the Chairmen of the committees from among its members annually, and confirms the committees' written charters. The committees have no independent decision-making power. They prepare minutes of their meetings and report to the Board of Directors on a regular basis.

## 2011

In accordance with the proposal of the Nomination and Compensation Committee, Tapio Hakakari, Ilkka Herlin, Peter Immonen, Karri Kaitue, Antti Lagerroos, Teuvo Salminen and Anja Silvennoinen were re-elected Cargotec's Board members at the AGM 2011.

### Member attendance in meetings 2011

Board member	Board of Directors	Audit and Risk Management Committee	Nomination and Compensation Committee
Ilkka Herlin	10/10	6/6	7/7
Tapio Hakakari	10/10		7/7
Peter Immonen	9/10		7/7
Karri Kaitue	10/10	6/6	
Antti Lagerroos	10/10		6/7
Teuvo Salminen	10/10	6/6	
Anja Silvennoinen	10/10	6/6	

The Board elected Ilkka Herlin as its Chairman and Tapio Hakakari as its Vice Chairman. Outi Aaltonen, Senior Vice President, General Counsel, served as the Secretary to the Board of Directors.

According to the assessment conducted in March 2011, all members of the Board were independent of the company and, with the exception of Ilkka Herlin and Peter Immonen, also independent of major shareholders. Ilkka Herlin, Chairman of the Board, is one of the largest owners of Cargotec through the company Wipunen varainhallinta oy controlled by him, holding over 20 percent of the votes and over 10 percent of the shares of the company. He is also a Board member in two major shareholder companies, Mariatorp Oy and D-sijoitus Oy. Peter Immonen is a Board member of Wipunen varainhallinta oy and Mariatorp Oy.

In 2011, the Board met ten times. Special topics discussed at the meetings included emerging markets by area, product development and the deployment of the competence and technology centres, the sales and maintenance network enterprise resource planning (ERP) system, the new subsidiary Navis, a terminal operating systems provider; and the planned joint venture in China.

## Audit and Risk Management Committee

The committee's duty is to supervise the financial reporting executed by the management, and to monitor the financial statement and interim reporting process. The committee supervises the adequacy and appropriateness of the company's internal control, internal audit and risk management in accordance with its charter, and handles internal audit plans and reports. Furthermore, the committee prepares a proposal to the AGM regarding the election and fees of the external auditor, defines and monitors the non-audit services performed by the auditing firm to ensure the auditors' independence, and supervises the statutory audit of financial statements and consolidated financial statements. The committee also reviews the Corporate governance statement.

The Audit and Risk Management Committee consists of a minimum of three Board members. The directors of finance, treasury, internal audit and risk management report to the committee on a regular basis. Representatives of the auditing firm also attend meetings. If the matters to be dealt with so require, the committee convenes without the presence of the company's management. The committee conducts annual internal self assessments to review its own performance.

### 2011

The Audit and Risk Management Committee was chaired by Teuvo Salminen and its members were Ilkka Herlin, Karri Kaitue and Anja Silvennoinen. Committee members are independent of the company and, with the exception of Ilkka Herlin, independent of major shareholders. It is the Board of Directors' opinion that Ilkka Herlin's committee membership as a major shareholder is justified. Committee members possess years of experience in business management duties. In 2011, the committee met six times.

The committee was renamed Audit and Risk Management Committee (formerly Audit Committee) to better reflect the committee's work, which involves monitoring corporate risk management and the related processes. During the year, the committee kept a particularly close eye on the ongoing sales and maintenance network enterprise resource planning (ERP) project and on process development. The committee also arranged a competitive bidding round for corporate audit services, and based on the bids received made a proposal to the AGM regarding auditors.

## Nomination and Compensation Committee

The Nomination and Compensation Committee's duty is to prepare a proposal to Cargotec's AGM concerning the composition and remuneration of the Board. Furthermore, the committee prepares a proposal to the Board regarding the appointment of the President and CEO and the terms of employment. It is also the committee's duty to ensure that the resourcing of the company management is appropriate and that their salary and other terms are competitive. Management here refers to the President and CEO, the Executive Board, and people reporting primarily to members of the Executive Board. The Nomination and Compensation Committee confirms the target group and considers, principally once a year, their salary adjustments, bonus principles, bonuses earned and successor planning. Furthermore, the committee's tasks include preparing and presenting to the Board stock option, share, and other employee incentive programmes as well as the company's voluntary pension schemes.

The Nomination and Compensation Committee consists of a minimum of three Board members. The committee convenes as needed but at least three times a year. The President and CEO and the Executive Vice President, Human Resources, attend the committee meetings, except when they themselves are the subject of discussion.

### 2011

Ilkka Herlin acted as chairman of the committee, with Tapio Hakakari, Peter Immonen and Antti Lagerroos as members. Committee members are independent of the company. In 2011, the Nomination and Compensation Committee convened seven times.

In addition to its annual duties, the committee discussed the changes in the organisation structure, the earnings criteria applicable in the second earnings period of the share-based incentive programme and option programme, as well as target group specifications.

## CV's of Board members

### Ilkka Herlin

born 1959, Finnish, Ph.D.

#### Chairman



Chairman of the Board 2005–  
Chairman of the Nomination and Compensation Committee, Member of the Audit and Risk Management Committee

Independent of the company. Significant shareholder (Wipunen varainhallinta oy) and member of the Board of the significant shareholders D-sijoitus Oy and Mariatorp Oy

Wipunen varainhallinta oy, Chairman of the Board 2005–  
Security Trading Oy, Managing Director 1987–2000  
KONE Corporation, member of the Board 1990–2000

#### Chairman of the Board:

Foundation for a Living Baltic Sea, also co-founder 2008–  
Finnish-Chinese Trade Association 2009–

#### Member of the Board:

D-sijoitus Oy 2005–  
Mariatorp Oy 2005–  
WIP Asset Management Ltd 2005–, Chairman of the Board 2000–2005  
Finnish Foundation for Share Promotion 2005–  
John Nurminen Foundation 2005–2008

#### Other:

Aleksanteri Institute, Deputy Chairman of the Advisory Board 2011–

#### Cargotec shares 31 December 2011:

2,940,067 class A shares,  
5,002,784 class B shares

### Tapio Hakakari

born 1953, Finnish, LL.M.

#### Vice Chairman



Member of the Board 2005– and Vice Chairman 2009–, member of the Nomination and Compensation Committee

Independent of the company and significant shareholders

KONE Corporation, Director, Secretary to the Board 1998–2006

KCI Konecranes Plc, Director Administration 1994–1998

Employed by KONE Corporation 1983–1994

#### Chairman of the Board:

Enfo Oyj 2007–

Esperi Care Oy 2006–2010

#### Member of the Board:

Etteplan Oyj 2004–

Martela Oyj 2003–

Hollming Oy 2008–

Opteam Yhtiöt Oy 2011–

Havator Holding Oy 2007–2010

Suomen Autoteollisuus Oy 2005–2009

#### Cargotec shares 31 December 2011:

154,797 class B shares

## Teuvo Salminen

born 1954, Finnish, M.Sc. (Econ.)



Member of the Board 2010–, Chairman of the Audit and Risk Management Committee

Independent of the company and significant shareholders

CapMan Plc, Advisor 2010–  
 Employed by Pöyry Plc 1985–2009:  
 Group Executive Vice President, Deputy to the President and CEO 1999–2009  
 Head of Infrastructure & Environment Business Group 1998–2000  
 Head of Construction Business Group 1997–1998  
 Chief Financial Officer 1988–1999  
 Manager of Finance and Accounting 1985–1988

### Chairman of the Board:

Holiday Club Resorts Oy 2008–  
 Havator Oy 2010–

### Vice Chairman of the Board:

CapMan Plc 2005–, member 2001–2005

### Member of the Board:

Evli Bank Plc 2010–  
 Glaston Corporation 2010–  
 Tieto Corporation 2010–  
 3 Step IT Group Oy 2011–  
 YIT Corporation 2001–2009

### Cargotec shares 31 December 2011:

2,627 class A shares

## Antti Lagerroos

born 1945, Finnish, LL.Lic.



Member of the Board 2008–, member of the Nomination and Compensation Committee

Independent of the company and significant shareholders

Finnlines Plc, President & CEO 1990–2007  
 Nokia Mobile Phones, Executive President 1989–1990  
 Nokia Corporation, Member of the Board 1986–1990,  
 Member of the Operating Board 1984–1986  
 Salora-Luxor Division, President 1984–1986  
 Salora Oy, Chairman & CEO 1981–1984  
 Hollming Oy, President of Legal Affairs and Finance 1979–1981  
 Vaasa School of Economics, acting Professor of Fiscal Law 1973–1979  
 University of Turku, Lecturer in Process, Criminal and Public law 1971–1978

### Chairman of the Board:

Wärtsilä Corporation 2003–2011

### Member of the Board:

Finnlines Plc 1999–2007  
 Finnish Maritime Administration 1990–2003

### Member of the Supervisory Board:

Sampo Group 1993–2000  
 Ilmarinen Mutual Pension Insurance Company 1996–2009

### Cargotec shares 31 December 2011:

1,393 class B shares

## Karri Kaitue

born 1964, Finnish, LL.Lic.



Member of the Board 2005–, member of the Audit and Risk Management Committee

Independent of the company and significant shareholders

Employed by the Outokumpu Group 1990–2011:

Outokumpu Oyj, Deputy Chief Executive Officer and Vice Chairman of the Group Executive Committee 2005–2011, Executive Vice President – Strategy and Business Development 2004 and Member of the Group Executive Committee 2002–2011

AvestaPolarit Oy (former AvestaPolarit Oyj Abp), Executive Vice President and Member of the Executive Committee 2001–2004

Outokumpu Oyj, Senior Vice President – Corporate General Counsel 1998–2001

Outokumpu Group (USA), Assistant Vice President – Corporate Counsel 1996–1998

### Chairman of the Board:

Destia Ltd 2009–

### Vice Chairman of the Board:

Outotec Oyj 2006–

Okmetic Oyj 2005–2010

### Cargotec shares 31 December 2011:

1,393 class B shares

## Anja Silvennoinen

born 1960, Finnish, M.Sc. (Eng), MBA



Member of the Board 2009–, member of the Audit and Risk Management Committee

Independent of the company and significant shareholders

Senior Vice President, Energy Business Area, Energy and Pulp Business Group

UPM-Kymmene Oyj 2004–

Employed by Electrowatt-Ekono Oy (part of the Pöyry Group) 2000–2004

Ministry of Trade and Industry, Finland, Industrial Counsellor 1998–2000

Employed by Kymmivoima Oy 1995–1998

Ekono Energy Oy, Senior Consultant 1989–1995

Sheffield Heat and Power Ltd, UK, Technical Manager 1990–1993

### Chairman of the Board:

PVO-Vesivoima Oy 2010–

VentusVis Oy 2011–

### Member of the Board:

Renewa Oy 2011–

Fingrid Oyj 2006–2011

Kaukaan Voima Oy 2007–2010

### Member of the Supervisory Board:

Kemijoki Oy 2005–

### Other:

National Emergency Supply Council 2008–

### Cargotec shares 31 December 2011:

1,393 class B shares

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## Peter Immonen

born 1959, Finnish, M.Sc. (Econ.)



Member of the Board 2005–, member of the Nomination and Compensation Committee

Independent of the company, dependent of significant shareholders (Member of the Board of Wipunen varainhallinta oy and Mariatorp Oy)

WIP Asset Management Oy, Chairman of the Board 1995–2001 and 2005–, managing director 2002–2005

**Vice Chairman of the Board:**

Foundation for a Living Baltic Sea 2008–

**Member of the Board:**

Mariatorp Oy 2005–

Wipunen varainhallinta oy 2005–

Finnish Shareholders Association 1988–

**Cargotec shares 31 December 2011:**

65,393 class B shares

## President and CEO and the Executive Board

### President and CEO

The Board appoints Cargotec's President and CEO and determines the related terms of employment. Mikael Mäkinen (b. 1956), M.Sc. (Eng.), has been Cargotec's President and CEO since 2006. The President and CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within Cargotec. He also ensures that the accounting practices of the company comply with the law and that financial matters are handled in a reliable manner. The employment terms of the President and CEO are defined in a written employment contract. Pekka Vauramo (b. 1957), Chief Operating Officer, M.Sc. (Eng.), acts as Deputy to the CEO.

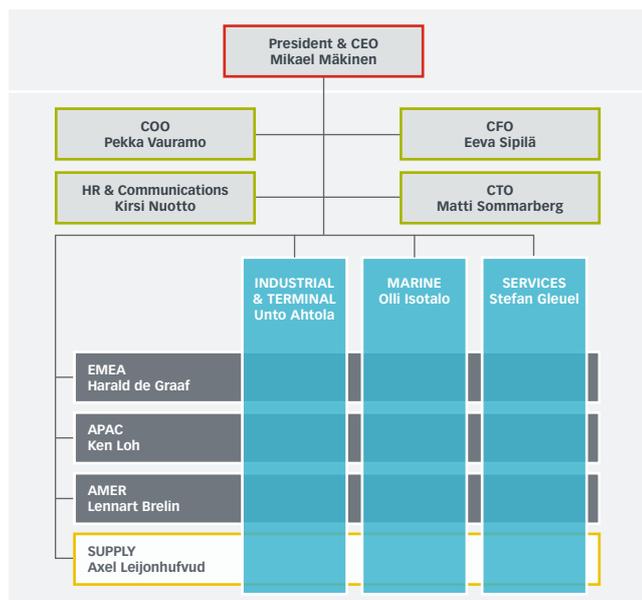
### Executive Board

Supporting the President and CEO in his duties, the Executive Board is responsible for business development and the company's operational activities in accordance with targets set by the Board of Directors and the CEO. The Executive Board also defines operative principles and

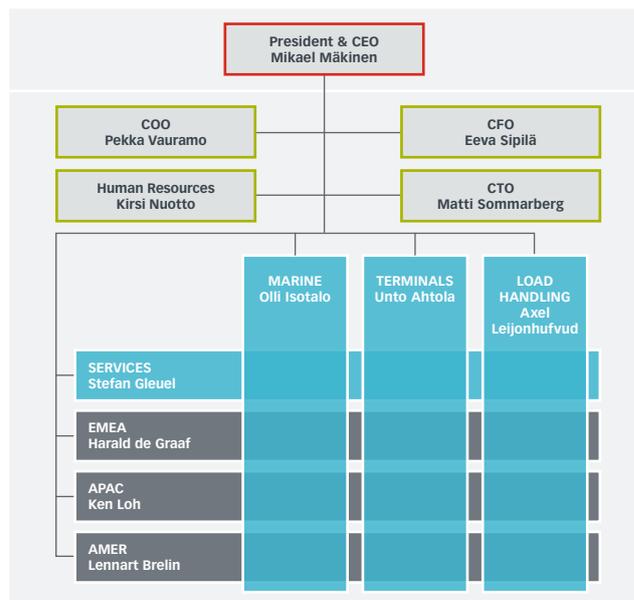
procedures in accordance with guidelines set by the Board. The Executive Board convenes every month and whenever necessary. President and CEO Mikael Mäkinen acts as the chairman of the Executive Board.

In October 2011, Cargotec announced plans to divide the Industrial & Terminal business area into two new business areas: Terminals and Load Handling. Cargotec's Supply organisation, which develops factory operations and the related sourcing activities, is to be divided between the new business areas. Unto Ahtola, previously Executive Vice President for the Industrial & Terminal business area, was appointed Executive vice President for the Terminals business area. Axel Leijonhufvud, previously head of the Supply organisation, has been appointed EVP for the new Load Handling business area. The changes are effective as of 1 January 2012. No changes were made that would affect the Marine and Services business areas. Cargotec's external financial reporting segments as of 1 January 2012 are Marine, Terminals and Load Handling.

*Executive Board until 31 December 2011*



*Executive Board from 1 January 2012*



## CV's of Executive Board members

### Mikael Mäkinen

b. 1956, Finnish, M.Sc. (Eng.) Nav. Arch.

**President and CEO**



Employed by Cargotec, President and CEO and Chairman of the Executive Board 2006–

#### Primary working experience:

Employed by Wärtsilä Corporation 1982–2006: Deputy to President and CEO 2005–2006

Group Vice President, Ship Power 1999–2006

Managing Director, Wärtsilä NSD Singapore 1997–1998

Vice President, Marine, Wärtsilä SACM Diesel, 1992–1997

#### Key positions of trust:

Chairman of the Board:

International Chamber of Commerce ICC Finland 2012–, member 2009–

Member of the Board:

Stora Enso Oyj 2010–

Lemminkäinen Corporation 2009–

The Federation of Finnish Technology Industries 2008–2011

Finpro 2009–2011, Chairman in 2010

Glaston Corporation 2008–2009

#### Cargotec shares 31 December 2011:

In direct ownership 13,820 class B shares, through Moving Cargo Oy 226,694 class B shares

### Pekka Vauramo

b. 1957, Finnish, M.Sc. (Mining)

**Chief Operating Officer (COO), Deputy to CEO**



Employed by Cargotec and member of the Executive Board 2007–

Deputy to CEO 2008–

#### Primary working experience:

Senior Executive Vice President, Industrial & Terminal 2009–2010

President, Kalmar 2007–2009

Employed by Sandvik 1985–2007: President of the Underground Hard Rock Mining division of Sandvik Mining and Construction (SMC) and member of SMC management team

Sandvik Country Manager in Finland 2005–2007

President of TORO Loaders division of SMC 2003–2005

President of Drills division of SMC 2001–2003

#### Key positions of trust:

Member of the Board:

Glaston Corporation 2011–

Normet Group Oy 2008–

#### Cargotec shares 31 December 2011:

In direct ownership 1,410 class B shares, through Moving Cargo Oy 226,694 class B shares

## Eeva Sipilä

b. 1973, Finnish, M.Sc. (Econ.), CEFA  
**Executive Vice President, CFO**



Employed by Cargotec and member of the Executive Board 2005–

### Primary working experience:

SVP, IR & Communications, Cargotec 2005–2008  
 VP, Investor Relations, Metso Corporation 2002–2005  
 Equity Analyst, Mandatum Stockbrokers Ltd (Sampo Bank plc) 1999–2002

### Key positions of trust:

Member of the Board:  
 Basware Corporation 2010–

### Cargotec shares 31 December 2011:

In direct ownership 6,540 class B shares,  
 through Moving Cargo Oy 226,694 class B shares

## Matti Sommarberg

b. 1961, Finnish, M.Sc. (Eng.), M.Sc. (Econ.)  
**Executive Vice President, Chief Technology Officer**



Employed by Cargotec 1985–  
 Member of the Executive Board 2006–

### Primary working experience:

Senior Vice President, Operations Development,  
 Cargotec 2006–2009  
 Vice President, Business and Operations Development,  
 Kalmar 1998–2006  
 Senior Vice President, EMEA, Sisu Terminal Systems 1997  
 Senior Vice President, MHE Business, Sisu Terminal Systems 1994–1996

### Key positions of trust:

Chairman of the Board:  
 FIMECC Oy 2010–, member 2008–

### Cargotec shares 31 December 2011:

In direct ownership 940 class B shares,  
 through Moving Cargo Oy 226,694 class B shares

## Kirsi Nuotto

b. 1959, Finnish, M.A. (French, Comm.)

**Executive Vice President, Human Resources**



Employed by Cargotec and member of the Executive Board  
2006–

### Primary working experience:

Executive Vice President, Human Resources and Communication 2009–2011

Senior Vice President, Human Resources, Cargotec 2006–2009

Employed by GlaxoSmithKline Finland 2001–2006:  
Human Resources and Customer Education Director 2006  
Human Resources and Communications Director 2004–2005

Human Resources Director 2001–2004

Director, Global Education, Datex-Ohmeda 1998–2001

### Key positions of trust:

Member of the Board:

The Strategic Management Society of Finland 2009–

### Cargotec shares 31 December 2011:

In direct ownership 940 class B shares,  
through Moving Cargo Oy 226,694 class B shares

## Unto Ahtola

b. 1955, Finnish, B.Sc. (Mech. Eng.)

**Executive Vice President, Terminals, 1 Jan 2012–**



Employed by Cargotec and member of the Executive Board  
2009–

### Primary working experience:

Executive Vice President, Industrial & Terminal 2010–2011

Executive Vice President, Product Solutions, Industrial & Terminal 2009–2010

Employed by Sandvik 1982–2009:

Vice President, R&D and Engineering, Underground Mining Segment 2006–2009

Vice President, Civil Engineering, Construction Segment 2005–2006

President, Tamrock Surface 2001–2005

Marketing Manager, Tamrock Surface 1999–2001

### Cargotec shares 31 December 2011:

100 class B shares

## Olli Isotalo

b. 1959, Finnish, M.Sc. (Eng.)

**Executive Vice President, Marine**



Employed by Cargotec 1993–

Member of the Executive Board 2006–

**Primary working experience:**

President, Bromma Conquip AB 2003–2006

Managing Director, Velsa Oy 1999–2002

VP, Technology and Production Development, Kalmar Industries AB 1997–1999

**Key positions of trust:**

Member of the Board:

GS-Hydro Ltd 2011–

**Cargotec shares 31 December 2011:**

In direct ownership 213 class B shares,  
through Moving Cargo Oy 226,694 class B shares

## Stefan Gleuel

b. 1966, German, M.Sc. (Nav. Arch.), M.Sc. (Mgmt.)

**Executive Vice President, Services**



Employed by Cargotec 1995–2001 and 2006–

Member of the Executive Board 2009–

**Primary working experience:**

Executive Vice President, Service Solutions, Industrial & Terminal 2009–2010

Senior Vice President, MacGregor Service Division 2008–2009

Regional Manager Baltic Sea, MacGregor Service Division 2006–2008

Divisional Manager Marine Electronics, HDW-Hagenuk Schiffstechnik 2001–2006

Area Manager Central Europe, MacGregor Hatch Cover Division 1995–2001

**Cargotec shares 31 December 2011:**

235 class B shares

## Harald de Graaf

b. 1965, Dutch, B.Sc. (Eng.)

**Executive Vice President, Europe, Middle East and Africa**



Employed by Cargotec and member of the Executive Board 2006–

**Primary working experience:**

Senior Vice President, Cargotec Services 2006–2009

Employed by KONE Corporation 1987–2006:

Managing Director, KONE Ireland Ltd. 2004–2006

Vice President Marketing, New Equipment Business 2000–2004

Product Marketing Manager 1997–2000

**Cargotec shares 31 December 2011:**

In direct ownership 10,910 class B shares,  
through Moving Cargo Oy 226,694 class B shares

## Ken Loh

b. 1964, Singaporean, D. Mgt

**Executive Vice President, Asia-Pacific**



Employed by Cargotec 1989–  
Member of the Executive Board 2009–

**Primary working experience:**

President, Asian Operations 2000–2009

Managing Director, Kalmar Pacific Ltd 1997–2000

Executive Director, Yardway Group, Kalmar Pacific Ltd. 1989–1997

**Cargotec shares 31 December 2011:**

1,970 class B shares

## Lennart Brelin

b. 1949, Swedish, MBA Business Marketing  
**Executive Vice President, Americas**



Employed by Cargotec 1978–1981 and 1991–  
 Member of the Executive Board 2009–

### Primary working experience:

Senior Vice President, Hiab Americas Region 2004–2009  
 Senior Vice President Truck Mounted Forklift product line  
 2001–2008  
 President, Cargotec Inc., USA and Hiab Inc., USA 1991–  
 2004

### Cargotec shares 31 December 2011:

564 class B shares

## Axel Leijonhufvud

b. 1961, Swedish, M.Sc. (Mech. Eng.)  
**Executive Vice President, Load Handling,  
 1 Jan 2012–**



Employed by Cargotec 2007–  
 Member of the Executive Board 2008–

### Primary working experience:

Executive Vice President, Supply 2010–2011  
 Senior Vice President, Product Supply 2009  
 Vice President Product Supply, Kalmar 2007–2008  
 Vice President Components, Ruukki Engineering, Sweden  
 2005–2006  
 CEO, Weibulls group 2000–2005. Managing Director  
 Weibulls Sweden AB 1996–2000  
 Production Manager, Saint-Gobain Isover AB, Sweden  
 1995–1996

### Cargotec shares 31 December 2011:

In direct ownership 470 class B shares,  
 through Moving Cargo Oy 226,694 class B shares

## Insiders

Cargotec applies the insider guidelines of NASDAQ OMX Helsinki Ltd, in addition to which Cargotec's Board has approved internal insider guidelines based on the OMX guidelines.

### Insider registers

In compliance with the Finnish Securities Markets Act, Cargotec's permanent public insiders due to their positions are the members of the Board, the President and CEO, the auditors, and members of the Executive Board as defined by the company. Information in the public register of insiders is updated every stock exchange trading day and is available on the company website [www.cargotec.com](http://www.cargotec.com) > Investors > Shareholders > Insider register.

The company's permanent company-specific group of insiders includes people employed by the company, and people who work for it under contract, and who, due to their duties, have regular access to insider information. People who, on the basis of an employment or other contract, work for the company and obtain insider information associated with a specific project, are entered in the company's project-specific insider register, which is established when necessary.

### Trading rules

Permanent insiders are prohibited from trading in Cargotec's securities for 21 days prior to the publication of Cargotec's interim reports or financial statement releases (closed window). Project-specific insiders are prohibited from trading in the company's securities until the project concerned has been cancelled or disclosed.

### Insider administration

Corporate Legal is responsible for adherence to insider guidelines and for monitoring the duty to declare as well as the maintenance of insider registers. The company maintains its insider registers in Euroclear Finland Oy's SIRE system.

## External audit

The statutory external audit for the financial period includes auditing of accounting records, financial statements and administration. In addition to the auditor's report issued annually, the auditors report to the Board on their audit findings on a regular basis, and attend the Board Audit and Risk Management Committee meetings.

According to the Articles of Association, the company has at least one and a maximum of three auditors. The auditors must be public accountants authorised by the Central Chamber of Commerce, or an auditing firm. The auditors are elected annually by the AGM and their assignment expires at the end of the first AGM following the election.

### 2011

The AGM elected Authorised Public Accountants Johan Kronberg and PricewaterhouseCoopers Oy as Cargotec's auditors, in accordance with a proposal by the Audit and Risk Management Committee.

PricewaterhouseCoopers nominated Authorised Public Accountant Jouko Malinen as its principal auditor. Auditors' fees are compensated against an invoice.

Johan Kronberg, APA, has acted as Cargotec's auditor since 2006 and PricewaterhouseCoopers Oy since 2005. Jouko Malinen, APA, has acted as the principal auditor nominated by the auditing firm since 2005.

#### *Fees paid to auditors*

MEUR	2011	2010
Group companies' audit fees	2.6	2.7
Non-audit services	1.2	1.4

# Main features of internal control and risk management pertaining to the financial reporting process

Cargotec compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the Finnish Accounting Board's guidelines and statements, while complying with the standards of the Financial Supervisory Authority (FIN-FSA) and the rules of NASDAQ OMX Helsinki Ltd. The internal control and risk management principles, guidelines, practices and responsibilities pertaining to the company's financial reporting process, have been designed to ensure that the financial reports disclosed by Cargotec are reliable and meet the requirements of the law, regulations and company policies.

Instructions regarding the publication of financial information and external communications are included in the Cargotec Disclosure policy approved by the Board of Directors. This is available in Cargotec's intranet and on the company website at [www.cargotec.com](http://www.cargotec.com) > Investors > Investor services. Investor Relations together with Corporate Communications are responsible for ensuring the accuracy of and compliance with the policy.

## Internal control

The objective of Cargotec's internal control is to ensure that its operations are efficient and profitable, its risk management is adequate and appropriate, and that financial and other information produced is reliable. Cargotec's internal control is based on its values and the Code of Conduct. With respect to the financial reporting process, these are supported by Cargotec's policies and guidelines, as well as its clearly defined internal financial reporting process and communication. Cargotec's Internal Control policy, which is approved by the Board of Directors, specifies the applicable control principles, procedures and responsibilities. Similarly to other Cargotec operations, responsibility for internal control is divided into three tiers. Line management is primarily responsible for internal control. This is backed up by corporate support functions, which define instructions applicable across the company and supervise risk management. Internal and external audits form the third tier, their task being to ensure that the first two tiers are functioning effectively.

The Internal Audit function operates separately from the operative organisation and reports to the Board Audit and Risk Management Committee and, administratively, to the President and CEO. Cargotec's Internal Audit audits the operations of major subsidiaries and business units on a regular basis. The purpose of such audits is to assess the effectiveness of internal control and risk management, as well as compliance with operating principles and guidelines. Furthermore, Internal Audit audits and assesses financial reporting processes and compliance with related control measures in Cargotec units. It regularly reports on its findings and audit activities to the company management and the Board Audit and Risk Management Committee.

## Risk management

In Cargotec, risk management is part of internal control operations. Approved by the Board of Directors and based on Cargotec values, the Risk Management policy specifies the objectives and principles of the risk management as well as the responsibilities involved. A core principle is continuous, systematic and preventive action taken to identify risks, define the company's risk appetite, assess and handle risks and, if they materialise, to deal with them effectively. The President and CEO and the Executive Board are responsible for the methods, implementation and supervision of risk management, and report on these to the Board of Directors. Cargotec's risk management is spread across units and corporate support functions that assign responsibility for risk management and are in charge of identifying, managing and reporting risks. Financial risks are centrally managed by the Corporate Treasury, which draws up financial risk reports for corporate management and the Board of Directors on a regular basis.

## Financial reporting process

The effectiveness of internal control measures related to financial reporting is monitored by the Board of Directors, the Audit and Risk Management Committee, the President and CEO, the Executive Board and operative management teams. Various control measures, such as reconciliations, logic analyses and comparative analyses, are performed at different organisational levels. The purpose of these control measures is to detect, prevent and correct any errors and deviations in financial follow-up.

Cargotec's financial reporting is based on monthly performance monitoring on different organisational levels. Reporting schedules and the centralised reporting system have been designed to support the organisation's operative matrix. Financial reports are first reviewed at reporting unit level, then in the review meetings of the operative management teams in charge of production, regions and business areas, and finally at the Executive Board's review meeting. Financial information is also reported to the Board of Directors on a monthly basis. Controllers report any deviations from the plans to the management teams, analyse the reasons for such deviations and support the management in decision-making. Monthly reviews also ensure that performance is in line with annual targets and financial forecasts are up to date.

The financial reporting and planning instructions (Cargotec accounting standards and Cargotec reporting manual) are available to all employees on Cargotec's intranet. The company's finance function aims to harmonise the practices and procedures applied by controllers, while ensuring consistent interpretation of instructions and further improving them. In 2011, two global Cargotec Finance Excellence training programmes were carried out to enhance finance-related competence and to support operational consistency.

Efforts continued in 2011 to harmonise financial reporting across Cargotec. As part of the sales and maintenance network ERP system development project, a single model defined by the finance function will be introduced to ensure the consistency of financial information, more effective monitoring and harmonised control. Because the introduction of the joint business system requires a more global and more efficient approach from Cargotec's Shared Service Centre, much effort has been put into developing the service centre's processes and operations during the year.

As part of Cargotec's process development, a description of the financial reporting processes was also prepared. Self assessment of risk points and control measures in the financial reporting process conducted in Cargotec subsidiaries in 2010 was repeated in 2011. Risk points were identified across the entire chain, from the subsidiaries' reporting processes to Corporate accounting. On the basis of these, the processes were or will be supplemented with approval procedures, reconciliations, segregation of duties pertaining to the operational chains involved in bookkeeping, as well as analysis of financial information in order to discover errors. This assessment will be conducted and reviewed annually in subsidiaries, as part of the external and internal audit processes.