Sustainability, megatrend as a business potential
20th CENTURY
Increasing world trade, GDP growth and globalisation shape industries

21st CENTURY
Tackling climate change will be the grand narrative for all companies

1. Consuming population and growing energy demand will drive the need for continued global trade.

2. Regulation to lower CO₂ emissions to combat climate change will shape all industries. Global climate contract COP21 will eventually result in all companies being carbon neutral most likely by 2050, with forerunners setting targets to 2030.
Kalmar history started over 100 years ago.

Over the past 70 years Hiab has delivered more than 0.5 million loader cranes to its customers.

Equipment designed for arctic conditions can operate in -50°C Celsius.

Cargotec has operations in more than 100 countries.

Over 700 million containers go through ports every year. Every fourth of them is handled by a Kalmar solution.

Every other ship in the world carries MacGregor equipment.

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Every other ship in the world carries MacGregor equipment.
Strong global player with well-balanced business

Sales:
EUR 3,311 million
EBIT: 7.5%

Sales by business areas

Kalmar 49%
Hiab 32%
MacGregor 19%
AMER 31%
EMEA 43%

Sales by geographical area

Kalmar 49%
Hiab 32%
MacGregor 19%
AMER 31%
EMEA 43%
APAC 26%

Sales split: new equipment vs service and software

Kalmar
Sales split: service and software 31%
New equipment 69%

Hiab
Sales split: service and software 31%
New equipment 69%

MacGregor
Sales split: service and software 31%
New equipment 69%

Strengths we are building upon

Leading market positions in all segments
Strong brands
Loyal customers
Leading in technology

Figures: Q3 2017 LTM (Q4/16-Q3/17)
EBIT % excluding restructuring costs

October 2017
Megatrends
- Consuming population
- Urbanisation
- Growing energy demand
- Digitalised world

Customers need solutions for...
- Better efficiency
- Sustainability
- Safety

Global industry leader
- Service and software offering, equalling 40% of revenue.

2020 Leader in intelligent cargo handling

2018 Services leadership

2016 Leader in cargo handling equipment

We will win by

Building a world-class service offering

Leading in cargo flow digitalisation

Engaging and developing world-class leadership

We shape the future of cargo handling
We serve an industry, which produces the majority of emissions as well as GDP in the world. It is a surprisingly inefficient industry with potential to improve.

Our vision to be the leader in intelligent cargo handling also drives sustainability. Future business growth will not come from increasing efficiency and life-time solutions.

We are in a position to be the global frontrunner, setting the sustainability standards for the whole industry. We are ready to shape the industry to one that is more sustainable.
Our customers in varying sectors face an increasing need to decrease inefficiency and energy usage

**MACGREGOR**

**MACGREGOR** is part of sea cargo handling value chain that transports 90% of global trade.

Container shipping accounts 60% of that.

2.2% of annual global GHG emissions in 2014 were emitted by international maritime shipping, with container ships 1/4 of the amount.

**HIAB**

As an example, **HIAB** connects with industries that account directly or indirectly for an estimate of 50% of global GDP. One of these industries, construction and housing, is responsible of 30% of global CO₂ emissions.

**KALMAR**

In the big picture, **KALMAR** is a part of the logistics industry, which emissions contribute to ~6% of GHG emissions worldwide.

230 million people are directly exposed to other air emissions in the top 100 world ports.

MacGregor is calling for industry collaboration to increase efficiency in the maritime transportation with its “so much potential do not waste it” initiative.

Hiab is developing light-weight solutions to decrease the amount of emissions produced by the truck when transporting Hiab products.

50% of Kalmar’s offering portfolio is available with electric and hybrid solutions decreasing the GHG emissions and decreasing the air emission impacts on human health.
Our actions are more sustainable than we even claim.

20% of our revenue in 2016 was related to promoting environmental efficiency.
Offering for Eco-Efficiency is our competitive advantage

Sales account for around 20% of the total revenue in 2016:
Significant R&D and digitalisation investments drive the growth of offering for eco-efficiency
Sea Freight Transport is by far the most sustainable transport mode in terms of emissions.

Compared to transportation of goods:
- by trains, sea freight emits ~2-3 times less emissions.
- by trucks, sea freight emits ~3-4 times less emissions.
- by air cargo, sea freight emits ~14 times less emissions.
Case: Navis Terminal and Carrier Solutions aim to reduce inefficiency and waste in the global supply chain

Planning & Execution: plan and execute all moves across terminal/Increases throughput and lowers cost
Automate & improve truck turn times
Optimise container yard moves, save cost and reduce moves
Optimise vessel load and discharge across cranes
Track vessel operational performance and environmental compliance

Analytics for better operational decision making

Optimise vessel stowage planning

Capture all billable events for accurate and timely billing
Optimise rail load and discharge processes
Optimise vehicle routing and costs

€17 BILLION inefficiency
19m. CO₂ eqv tonnes on moving only empty containers

Source: McKinsey
Industry trends support growth in port automation:
- Only 40 out of 1,200 terminals are automated or semi-automated currently globally
- Ships are becoming bigger and the peak loads have become an issue
- Increasing focus on safety
- Customers require decreasing energy usage and zero emission ports
- Optimum efficiency, space utilization and reduction of costs are increasingly important
- Shortage and cost of trained and skilled labour pushes terminals to automation

Significant possibility in port software:
- Container value chain is very inefficient: total value of waste and inefficiency estimated at ~EUR 17bn
- Over 50% of port software market is in-house, in long term internal solutions not competitive
- Navis has a leading position in port ERP

Automation creates significant cost savings:

<table>
<thead>
<tr>
<th>Category</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour costs</td>
<td>60%</td>
</tr>
<tr>
<td>Total costs</td>
<td>24%</td>
</tr>
<tr>
<td>Profit increase</td>
<td>125%</td>
</tr>
</tbody>
</table>

* Change when manual terminal converted into an automated operation
Case: Hiab as digital pioneer in on-road sector – the future of crane operation today with HiVision™

HiVision™ is the revolutionary and award-winning vision-based crane control and operation system

- First application for timber handling operation
- Increasing efficiency, safety, and comfort
- Commercially available since Q1 2017
- Proven by customers in 9+ countries already

Developing HiVision as platform to enable further applications and usage scenarios. Key step towards semi-automated and autonomous operation

Additional value to attract a new generation of talents.
Case: MacGregor, entering into new industry sectors

MacGregor supplied mooring systems for the world’s first floating wind farm; Statoil’s 30MW Hywind pilot wind farm, in Scotland, UK.

Currently, there are around 14,384MW of installed offshore wind power capacity in 14 markets worldwide. According to the Global Wind Energy Council (GWEC), 2017 is forecast to surpass 2015’s record total, with roughly 60GW of additional installed grid-connected capacity globally; 3GW is scheduled to be installed across Europe alone. This figure is predicted to rise to an annual market total of around 75GW in 2021, resulting in a combined worldwide total of 800GW by the end of the year.

MacGregor technology for oil and gas sector is adaptable to new renewable units. MacGregor has designed and delivered reliable mooring solutions for offshore floating production units for a long time operating in harsh North Sea conditions.
Having the impact – on the business and on the planet

Transportation, including logistics are under enormous change due to digitalisation and automatisation

Global annual GHG emissions from transportation sector is around 24%, or even more, and due to expected growth in volumes, emission increase is estimated to multiply in road freight traffic and in international maritime logistics

With current systems, the waste in cargo handling industry is estimated to be around 17-20 billion euros due to inefficiency. That waste produces annually around 19m. CO₂ eqv. tonnes in moving empty containers only

Cargotec has the software to decrease efficiency, products to make operations cleaner, service to upgrade and optimise existing fleets to be cleaner and live longer, and innovations to shape the current industry processes.
Having the impact on the planet – but how much for the business

Cargotec’s own operations produce annually around 36,000 CO$_2$ eqv tonnes.

In Tampere we have the biggest European inland terminal test field powered with renewable energy.

Our factories go through several actions per year in decreasing energy usage in production.

However, CO$_2$ from Cargotec’s own production is comparable with the CO$_2$ emissions of lifetime consumption from about 11 traditional diesel-driven RTG cranes.

Cargotec
Cargotec sustainability roadmap: supporting the growth strategy and managing the risks
Pushing the operational efficiency: high standards in compliance and sustainability

Code of Conduct sets the foundation for our way of working.

We continuously monitor and develop our environmental and safety management with QEHS standards and tools.

Our HR policies, processes and tools target to equal treatment and competence development of our employees to develop high performing teams.

We set clear ethical sustainability criteria to our suppliers with systematic audits and assessment processes.

Our compliance programme ensures global compliance policies and processes with grievance mechanism in place.
Cargotec managing the impacts on sustainable development

**Own operations**

**ENVIRONMENT**
- Offering for Eco-efficiency
- Renewable energy driven inland port testfield
- High ISO14001 coverage
- Environmental KPI monitoring

**LABOUR ISSUES**
- OHSAS18001
- Transparent recruitment and employee mgm process
- Employee surveys with social responsibility and engagement index
- Global management trainings to improve team climates
- Work councils
- Labor issues included in CoC e-learning and face to face trainings

**HUMAN RIGHTS**
- Clear non-discrimination, recruitment, safety and remuneration policies with follow-up tools
- Work Councils
- Human rights included in CoC training

**ANTI-CORRUPTION**
- Anti-corruption compliance program including e.g.: Risk Assessments and site visits
- Policies on Anti-Corruption, Gift and hospitality and Engaging Agents
- Face to face training workshops
- Compliance monitoring and internal controls

**Within the sphere of interest**

**CODE OF CONDUCT**
- Recurring training to all employees either face to face or e-learning
- Speak-up Channel – confidential and anonymous reporting channel
- Process for internal investigations, disciplinary actions and remediation

**ENVIRONMENT**
- Partnerships with universities and technology centers around clean technology
- Third Party risk assessment and requirements
- Supplier monitoring and audits

**LABOUR ISSUES**
- Third Party assessment and requirements
- Supplier monitoring and audits around labour management practices and safety

**HUMAN RIGHTS**
- Human Rights assessment on suppliers
- Risk assessment and requirements
- Supplier assessment tools and ethical standards

**ANTI-CORRUPTION**
- Third party risk assessments
- Due diligence on third parties
- Targeted actions such as supplier anti-corruption letters and training
- Clear supplier screening
- TRACE membership