Sustainability – providing opportunities for Cargotec
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° Celsius. Every year, over 700 million container moves are being made globally in ports. Every fourth of them is handled by a Kalmar solution. Every other ship in the world carries MacGregor equipment. Cargotec has operations in more than 100 countries.
Key to more sustainable cargo handling business is solution development

Waste in cargo handling business due to inefficiencies ~17 billion euros

~2.5 mil barrels (1.8 mil CO2 equivalent tonnes) of fuel savings enabled by Cargotec port equipment solutions during past 6 to 10 years

~31 900 CO2 eqv. tonnes of emissions from Cargotec factories annually

19 mil CO2 in shipping industry annually For moving empty containers

Karoliina Loikkanen, Director Sustainability
Sustainability is getting more validity in the industry

Regulative development together with ambition to more sustainable operations as main drivers

- IMO (International Maritime Organisation) ambition for CO2 decrease defined
- California clean air action plan
- EU cleaner transportation development
- Customers are demanding for more sustainable supply chain
Our customers in varying sectors face 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.

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

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.

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

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.

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

Karolina Loikkanen, Director Sustainability
Biggest efficiency increase available through system level changes: Navis Terminal and Carrier Solutions

Planning & Execution: plan and execute all moves across terminal/ Increases throughput and lowers cost

Automate & improve truck turn times

Optimise vessel operational performance and environmental compliance

Optimise vessel load and discharge across cranes

Capture all billable events for accurate and timely billing

Analytics for better operational decision making

Optimise vessel stowage planning

Optimise container yard moves, save cost and reduce moves

Optimise rail load and discharge processes

Optimise rail load and discharge processes

Capture all billable events for accurate and timely billing

Optimise vehicle routing and costs

€17 BILLION inefficiency
19 million CO₂ equiv. on moving only empty containers

Source: McKinsey
Optimisation of ships’ productivity and earning potential linked to decrease in CO2 per transported cargo

Based on current studies ships are utilizing only 75-80 percent of their total container capacity.

Underutilization means decreased earning potential to ship owner and emission inefficiency.

MacGregor PlusPartner solutions may enable even 10 to 15% increase in ships container capacity/flexibility, increasing earning potential and decreasing CO2 per amount of cargo transported.
Electrification of Kalmar offering by 2021

Kalmar is willing to take competitive advantage and industry leader position in providing clean and emission-free solutions.

Kalmar total equipment offering will be available as electrified versions by 2021.

Growing market demand for emission free and silent operations is pushed by increasing regulation.
Offering for eco-efficiency as our competitive advantage

Sales account for around 18%* of the total revenue in 2017:
Significant R&D and digitalisation investments drive the growth of offering for eco-efficiency

*adjusted figure restated according to IFRS15, not audited. Audited figure before adjustment 19%
Cargotec sustainability roadmap: Supporting the growth strategy and managing the risks
Cargotec sustainability management supports SDGs with clear policies, processes and KPIs on varying areas.
Performance highlights 2017

82% of employees conducted the code of conduct e-learning tool

Permanent Code of Conduct panel and case investigation process

Supplier code of conduct sent to all strategic suppliers

Offering for eco-efficiency 18% of total sales

INDUSTRIAL INJURY FREQUENCY RATE*

<table>
<thead>
<tr>
<th>Year</th>
<th>IFR</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td>Cargotec IFR**</td>
<td>12.2</td>
<td>79</td>
<td>64</td>
<td>43</td>
<td>5.7</td>
<td>6.1</td>
</tr>
<tr>
<td>Number of lost time injuries</td>
<td>9.1</td>
<td>5.8</td>
<td>46</td>
<td>6.1</td>
<td></td>
<td></td>
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</tbody>
</table>

*IFR and number of injuries cover Cargotec production sites
**Number of injuries per million hours worked

SOCIAL RESPONSIBILITY INDEX*

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalmar</td>
<td>80</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>Hiab</td>
<td>80</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>MacGregor</td>
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<td>74</td>
<td></td>
</tr>
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</table>

*Employee view about the company social responsibility

CERTIFICATION COVERAGE*

<table>
<thead>
<tr>
<th>Certification</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td>OHSAS18001</td>
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<td>ISO14001</td>
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<tr>
<td>ISO9001</td>
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<td>80</td>
<td>86</td>
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</table>

*Share of certified sites sales volume of the total sales volume
**Number of injuries per million hours worked

LEADERSHIP INDEX*

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>2017</td>
<td>69</td>
</tr>
<tr>
<td>2016</td>
<td>72</td>
</tr>
</tbody>
</table>

*Employee view on managers’ performance and leadership skills

COMPASS* COMPLETION RATE

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>88</td>
</tr>
<tr>
<td>2016</td>
<td>86</td>
</tr>
</tbody>
</table>

*Employee engagement survey
2018 sustainability targets increasing traditional sustainability compliance level

Renewed human rights risk assessment to be conducted for Cargotec operations with proposals for corrective actions

All Finnish and Swedish sites to use electricity from renewable sources

IIFR 4 to be implemented in factories

100 percent of strategic suppliers to be taken into the sustainability self-assessment tool process; the Supplier Code of Conduct process finalised with suppliers that cover 80 percent of the direct sourcing spend
Our largest possibility in sustainability comes from developing more efficient ways to handle cargo: *sustainability is a great growth opportunity*

Requirements for sustainability are being pushed by regulators as well as our customers.

We make sure we have license to operate by supervising both our own operations as well as the ones in our sphere of interest: *sustainability decreases risks from investors’ point of view*