



GRI INDEX 2020

SMARTER CARGO FLOW
FOR A BETTER EVERYDAY

20



SUSTAINABILITY ACCOUNTING PRINCIPLES AND REPORTING BOUNDARY

GRI index 2020



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INDEPENDENT LIMITED ASSURANCE REPORT

This GRI Index is published as a separate report on our website. Following the GRI reporting requirements, this report presents the sustainability information in a standardised way and focuses on the disclosures that best reflect our impacts on the topics. Highlights of our sustainability work and the disclosure on non-financial issues are presented in the Annual Report 2020; please also see Sustainability and Board of Directors' report in the Financial review section. More information about our sustainability work is available on our website cargotec.com/sustainability.

Reporting content and boundary

Cargotec aims to report on sustainability topics in a manner that meets the needs of our customers, investors and all other stakeholders. Our strategy defines our sustainability approach and priorities. We uphold an open and transparent dialogue with the various stakeholder groups to understand their expectations. We updated our sustainability policy during 2020, highlighting our social, environmental and economic objectives. Our sustainability work has also been guided by Cargotec's commitment to the UN Global Compact, the OECD Guidelines for Multinational Enterprises, International Labour Organization, the United Nations Guiding principles on business and human rights, the Business ambition for 1.5 °C and other key international commitments and organisations relating to sustainability. We are reporting on our progress towards the UN Global Compact principles in this GRI index.

Our reporting is prepared in accordance with the GRI Standards: Core option and the SASB industrial machinery goods standard. Our reporting covers all the GRI General Disclosures, as well as the topic-specific Standards we deem material. In this online GRI Content Index, we list our disclosures with reference to the relevant GRI and SASB industrial machinery goods Standards, and refer to the locations where these issues are addressed in our annual reporting. We have now updated our reporting to use the latest standards for GRI 303 Water and effluents 2018, GRI 306 Waste 2020 and GRI 403 occupational health and safety 2018.

From 2010 onwards, Cargotec's sustainability reporting content has been approved by senior executive management representatives or the Leadership Team. The reporting content of this 2020 review has been assessed by executive management representatives to evaluate its alignment with our strategy and sustainability targets, and to ensure that we report matters that are both internal priorities and of interest to our stakeholders.

According to Cargotec's sustainability accounting principles, newly acquired or built sites are being consolidated in the environmental and safety figures after a reasonable period of time has passed since the implementation of the Environment, Health and Safety (EHS) management practice. In most cases, this is completed after the first full operational year and after they have gone through the external assurance process. Divested sites are

included in the reporting boundary until the date of closing the transaction. However, this only applies to sites that have been part of the Group for at least six months.

Site-related information, divestments and acquisitions

Cargotec's consolidated figures for 2020 cover 18 assembly sites, 6 competence centres and 118 non-assembly sites. In 2018, significant changes were made to the reporting boundary as the company's non-assembly sites started reporting for the first time. Since then the consolidated sustainability information covers the entire group, unless otherwise specifically stated.

During 2020, no significant changes have occurred in the reporting boundary and only sites with a minor impact have been either added or removed from the organisational boundary. In 2019, MacGregor completed the TTS acquisition. TTS is yet not included in the consolidated EHS figures presented in this report, as the integration was still ongoing in 2020. Following our reporting principles, the EHS figures will only be included after one full operational year. However, TTS is included in selected economic and personnel information and stated there separately.

Following our reporting principles, four non-assembly sites are included in the reporting boundary for 2020, after they became operational during 2019. These are Hiab workshops in Germany - HIAB Germany GmbH Hamburg, HIAB Germany GmbH Augsburg, HIAB Germany GmbH Unterschleißheim (Munich) and Hiab Denmark.

During 2019-2020 we closed one production site in India Bangalore, which is included in the consolidated figures until the moment it ceased being operational. We also closed down some non-assembly sites, which will not be included in the consolidated figures. Those are- Hiab Chile, Hiab South Africa, Hiab Hong Kong FLU, MacGregor Chile, MacGregor Australia, MacGregor Malaysia Miri, MacGregor Korea Ulsan, MacGregor Norway Kristiansand GSD, and MacGregor Norway Porsgrunn. MacGregor Denmark is also excluded from the consolidated figures.

Cargotec's sustainability information presented in the GRI index and related materials covers the entire group, whereas the following indicators have currently been identified as non-material for the non-assembly sites and are therefore published only for 24 Cargotec sites (18 assembly sites and six competence centres): 303-5 (Water consumption), 305-7 (Air emissions) and 306-3, 306-4, 306-5 (Waste). Furthermore, data for indicators 302-3 (Energy intensity) and 305-4 (GHG emissions intensity) will be published for the whole organisation and has a new base year of 2019. Additionally, to achieve comparable data against previous years, two separate figures, one for Cargotec total and another for assembly sites is provided for the following indicators: 302-1 (Energy consumption), 305-1 (Direct GHG emissions), 305-2 (Indirect GHG emissions), 403-9 (Work-related injuries). The figure for Cargotec total includes all operations while the figure for assembly sites includes only the 18 assembly sites and the six technology and competence

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centres. Data for the following personnel-related indicators 102-8, 102-41, 402-1, 404-3 and 405-1 is consolidated for the whole group including the newly acquired TTS and Effer.

Accounting methodology, conversion factors, discrepancies

Economic indicators

The economic responsibility data presented in this review is based on Cargotec Corporation's audited consolidated financial statements. They are collected through Cargotec's group reporting system and prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. Cargotec's accounting principles for the consolidated accounts are available in note 1 of the consolidated financial statements.

201-1 Direct economic value generated and distributed is calculated as follows:

1. Revenues include sales from goods and services sold to customers, other operating income, and interest income received. The sales are reported net of sales taxes and discounts.
2. Operating costs include purchases of goods and services from suppliers, as well as other operating costs incurred during the financial year, excluding employment-related costs and depreciation and amortisation costs.
3. Wages and benefits include wages, salaries and bonuses paid and/or accrued to Cargotec employees during the financial year as well as fringe benefits, pension costs and social costs of employment for the financial year.
4. Creditors' share of value added is presented as interests paid and other financing expenses incurred.
5. The distribution of value added to the public sector includes income taxes. Deferred taxes are not included in this figure.
6. The distribution of value added to shareholders is the total value of dividends paid to shareholders from the parent company's distributable funds during the financial year.
7. Donations include contributions to non-profit organisations.

Environmental indicators

Environment health and safety data is collected through Cargotec's sustainability system, which has been implemented across the whole organisation. Unit conversions used in EHS data consolidation are based on the International System of Units (SI). We apply the operational control method outlined in the GHG Protocol's Corporate Accounting and Reporting Standard. Energy consumption (302-1) and water consumption (303-5) are based on invoices and continuous measurements. Some energy consumption estimates are made because of delayed figures from the local energy companies. For some locations in our non-assembly operations, the energy consumption is included in the facility rent and therefore not reported separately. The energy consumption by suppliers or rental operations on Cargotec sites is included in total figures when invoicing is not carried out separately. Energy intensity figures under 302-3 are a relation of gross energy consumption and sales by sites within the reporting boundary.

Gross GHG emissions are presented as tonnes of CO₂ equivalents. We are using the global warming potential (GWP) values for the 100-year time horizon and accounting for carbon dioxide (CO₂), nitrous oxide (N₂O) and methane (CH₄). Direct emission factors for 2018, 2019 and 2020 are derived from the GHG Protocol version 3. Emission factors for location-based indirect energy consumption (GHG Scope 2) are derived from the International Energy Agency's publication series "CO₂ Emissions from Fuel Combustion" (2018, 2019 and 2020). The Scope 2 emission factors are updated every year after a new version has been published. Scope 2 market-based emissions were reported for the first time in 2018 and we continue reporting them during 2019 and 2020. They are calculated based on emission factors from contractual agreements, the latest update of the European Residual Mixes and average grid emission factors from the International Energy Agency.

Greenhouse gas emissions (GHG) under 305-1 and 305-2 are calculated based on direct and indirect energy consumption reported from the sites within the reporting boundary. Comprehensive scope 3 GHG emissions calculation according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard was initiated during 2019 and continued during 2020. We have screened all of the scope 3 emissions categories and identified the following emissions categories relevant for Cargotec: purchased goods and services, fuel- and energy-related activities, transportation and distribution, business travel and use of sold products. In 2020, we focused on improving the processes for collecting the relevant data. In this report, we are disclosing information regarding the purchased goods and services, and use of sold products for the first time, covering both 2019 and 2020, along with the already disclosed data for transportation and distribution, business travel, and fuel- and energy-related activities reported under 305-3.

The GHG emissions intensity figures under 305-4 are a relation of gross GHG emissions and sales by sites within the reporting boundary. The base year for the intensity calculations is 2019.

Reported nitrogen oxides (NO_x), sulphur oxides (SO_x) and other significant air emissions (305-7) includes emissions, which are monitored as required by local authorities. Air emissions are locally regulated and their monitoring and quantification are based on site-specific methods. Waste data reported under 306-2 is based either on waste records received from contractor companies or on estimations in case of no exact figures from waste contractors have been available.

Personnel information

The personnel-related information unit is head count. The number of Cargotec employees by business area, presented under 102-8, is derived from Cargotec's legacy HR system with the principles defined in the Financial review 2020. Other HR-related data is based on data from Cargotec's online human resources information system. Unless otherwise stated, HR figures include permanent and temporary employees and supervised workers.

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GRI 102: GENERAL DISCLOSURE

ORGANISATIONAL PROFILE

102-1 NAME OF THE ORGANISATION

Cargotec Corporation

102-2 ACTIVITIES BRANDS, PRODUCTS AND SERVICES

[Annual report 2020, pp. 4](#) Cargotec in brief

[Annual report 2020, pp. 5](#) Business areas in brief

102-3 LOCATION OF HEADQUARTERS

Helsinki, Finland

102-4 LOCATION OF OPERATIONS

[Annual report 2020, pp. 4](#) Cargotec in brief

102-5 OWNERSHIP AND LEGAL FORM

[Annual report 2020, pp. 4](#) Cargotec in brief

[Annual report 2020, pp. 23-31](#) Corporate governance statement

102-6 MARKETS SERVED

[Annual report 2020, pp. 4](#) Cargotec in brief

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102-7 SCALE OF THE ORGANISATION

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[Annual report 2020, pp. 9-10](#) Key figures

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102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS			UNGC Principle 6
Cargotec employees	2020	2019	2018
Kalmar	5,526	5,625	5,737
Hiab	3,390	4,028	3,879
MacGregor	1,987	2,350	1,879
Corporate administration and support functions	649	584	492
Total	11,552	12,587	11,987
Total workforce by employee relationship and gender		%	Share of female %
Share of own employees in the total workforce		95%	20%
of which permanent contracts		91%	19%
of which temporary contracts		9%	23%
Share of supervised workers in the total workforce		5%	16%
Permanent employees by employment type and gender			%
Share of permanent full-time employees			99%
of which female			19%
Share of permanent part-time employees			1%
of which female			55%
Total workforce by region and gender			%
AMER			12%
of which female			19%
APAC			21%
of which female			21%
EMEA			67%
of which female			19%
Total workforce			100%
of which female			19%

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102-9 SUPPLY CHAIN

Cargotec appreciates long-term and localised suppliers throughout each business area. We choose our suppliers with care and on the basis of objective factors such as quality, reliability, delivery and price. Compliance with laws and regulations as well as respect for international human rights are required of each supplier. In 2020, we continued to develop our supplier sustainability program, which focuses on mitigating any risks or violations within our supply chain.

In Kalmar, the total number of direct suppliers was around 1,100 at the end of 2020. Kalmar's spend was broken down geographically as follows: 38 percent of purchases were from the Americas, 46 percent from Europe and the Middle East, and 16 percent from Asia-Pacific. In 2020, the top 50 suppliers represented 66 percent of the spend, and the top 100 suppliers represented 80 percent of the spend. Kalmar runs enhanced Supplier Relationship Management programmes with a few selected strategic partners to generate competitive advantages, business benefits and customer values for both Kalmar and the suppliers.

Hiab had a total of 858 direct suppliers in 2020, of which 60 were strategic suppliers. Focusing on these strategic suppliers enables the continuous development of our supply chain performance. Hiab also runs joint supplier development programmes together with selected suppliers. In 2019, the top 50 suppliers covered 50 percent and the top 100 suppliers 66 percent of the supply volume. Geographical breakdown of Hiab purchases as follows; Europe and Middle East 75 percent, Americas 13 percent and Asia 12 percent. This year has seen a heavy focus on securing supply chain performance in light of COVID-19 crisis, developing improved supplier communication and forecasting processes in addition to remote auditing and assessments to enable smooth and efficient production flows.

MacGregor has a history of more than 21 years of collaboration with particular suppliers. At the start of 2020, MacGregor had approximately 550 key direct suppliers. The top 70 suppliers covered nearly 80 percent and the top 100 suppliers approximately 85 percent of the supply volume. Approximately 45 percent of the supplier volume was from Asia and 40 percent from Western Europe and 15 percent from Eastern Europe.

102-10 SIGNIFICANT CHANGES TO THE ORGANISATION AND ITS SUPPLY CHAIN

[Annual report 2020, pp. 5](#) Business areas in brief
[Annual report 2020, pp. 8](#) Highlights of the year
[Annual report 2020, pp. 41-59](#) Board of Directors' report

102-11 PRECAUTIONARY PRINCIPLE OR APPROACH

Cargotec's new sustainability policy sets company-wide global objectives and guidelines for sustainability management, including environmental and occupational health & safety (EHS) management. Our sustainability work is based on the balance between social, environmental and economic objectives as represented in the policy. We work continuously towards achieving these objectives considering the complete life cycle of our products and services, and strive for continuous improvement in all our operations. The sustainability policy can be found on our [website](#). In addition, Cargotec has signed the UN Global Compact initiative, which highlights the precautionary approach principle.

102-12 EXTERNAL INITIATIVES

- UN Global Compact
- ICC Business Charter for Sustainable development
- ILO Declaration on Fundamental Principles and Rights at Work
- Business ambition for 1.5°C
- UN Universal Declaration of Human Rights
- OECD Guidelines for Multinational Enterprises
- Science Based Targets initiative
- United Nations Guiding Principles on Business and Human Rights

All initiatives are voluntary and multi-stakeholder in nature.

102-13 MEMBERSHIP OF ASSOCIATIONS

- The Association of Lorry Loader Manufacturers and Importers (ALLMI)
- Center of Maritime Technologies (CMT)
- China-Finland Committee for Innovative Business Cooperation
- Confederation of Finnish Industries
- Digital, Internet, Materials & Engineering Co-Creation (DIMECC)
- European Material Handling Federation (FEM)
- Finnish Business and Society (FIBS)
- Finnish Industrial Internet Forum (FIIF)
- Företagsutbildarna Ek.F
- Forum for Intelligent Machines ry
- German Engineering Federation (VDMA): Marine Equipment and Systems
- Global Compact Finnish Network
- Hudiksvall Hydraulik Kluster Id.F
- Hudiksvall Hydraulik Kluster Innovation AB
- International Chamber of Commerce ICC Finland
- Norwegian Offshore & Drilling Engineering (NODE)
- Piraeus Chamber of Commerce to IMO as part of Greek delegation
- Port Equipment Manufacturers Association (PEMA)
- Technology Industries of Finland
- Terminal Industry Committee 4.0 (TIC 4.0)
- TRACE International

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STRATEGY

102-14 STATEMENT FROM SENIOR DECISION-MAKER

[Annual report 2020, pp. 6-7](#) CEO's review

102-15 KEY IMPACTS, RISKS AND OPPORTUNITIES

[Annual report 2020, pp. 11](#) Megatrends drive growth

[Annual report 2020, pp. 12](#) Leading the way in intelligent cargo handling

[Annual report 2020, pp. 14](#) Value creation

[Annual report 2020, pp. 41-59](#) Board of Directors' report

ETHICS AND INTEGRITY

102-16 VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR

UNGC Principle 10

[Annual report 2020, pp. 15-21](#) Sustainability

102-17 MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS

UNGC Principle 10

[Annual report 2020, pp. 15-21](#) Sustainability

Our Code of Conduct, the Cargotec Anti-Corruption policy, Gift and Hospitality Instruction, Instruction for Speak-Up and Non-Retaliation, as well as the new Third Party Policy guide provide the policy foundation against possible unethical or corrupt business practices. The practical implementation of these policies, and related instructions, is guided by our Ethics and Compliance framework, which is based on the main principles to prevent, detect and respond to potential misconduct. The Ethics and Compliance organisation supports the businesses by providing proactive advice and trainings and by conducting internal investigations. We have an externally hosted Speak-Up line to enable confidential and, if needed, anonymous reporting of concerns.

Code of Conduct concerns and potential misconduct can be reported through a variety of channels, including to line management, HR, our organisational Heads of Compliance within the Ethics and Compliance team or through the Speak-Up line. The Speak-Up line is operated by an external provider and managed by the Ethics and Compliance function. Each Business area in Cargotec has an assigned Head of Compliance who is responsible for building and promoting the compliance program, including the reporting channels, with the SBU.

The Ethics & Compliance organisation promotes a speak-up culture and awareness of the reporting channels, including the Speak-Up line, through a variety of means, including, but not limited to: mandatory annual Code of Conduct e-learning; employee communications; training and education sessions and talks by E&C team members to SBU leadership teams and high-risk personnel; and Code of Conduct briefings to sales third parties.

During 2020, 65 reports of alleged misconduct were made to the Ethics and Compliance (E&C) team. E&C decided to open an investigation in 32 cases (2019: 40). The reports and investigation cases were referred to the monthly Code of Conduct Panel of the Cargotec Leadership Team, which is chaired by the CEO. The Code of Conduct Panel decides upon case closure, remediation and disciplinary action. Six (2019: 3) cases during 2020 concerned HR issues, 4 (9) cases related to possible conflict of interest. Other cases were related to unethical business conduct such as fraud, corruption or policy violations. There were no cases related to environmental grievances, health and safety or privacy matters. One report related to a potential human rights issue was received. During the year, in total 43 cases were closed and improvement actions were initiated. In 84 % of the closed cases the allegations were substantiated at least partly, and some cases resulted in disciplinary actions such as warnings and personnel dismissals.

The Code of Conduct cases were reported to the Board of Directors' Audit and Risk Management Committee on a quarterly basis, and the Chief Compliance Officer provided an annual update to the full Board of Directors. As part of the investigation process, the Ethics and Compliance team agrees with relevant business area management team members on remedial actions, such as improved controls, training, disciplinary actions or termination of third party relationships. The final decision on disciplinary actions is made by the Code of Conduct Panel.

GOVERNANCE

102-18 GOVERNANCE STRUCTURE

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102-19 DELEGATING AUTHORITY

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102-20 EXECUTIVE-LEVEL RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

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STAKEHOLDER ENGAGEMENT

102-40 LIST OF STAKEHOLDER GROUPS

Cargotec's main stakeholders are its customers, suppliers, personnel and investors. Other stakeholder groups include authorities, research and educational institutions, industry associations, local communities and the media.

102-41 COLLECTIVE BARGAINING AGREEMENTS

UNGC Principle 3

Collective bargaining agreements are applied on a country-specific basis. Complete information on the bargaining agreement coverage is available and confirmed in the human resources information system ZONE only for some of the countries, while for many others it is maintained in other sources. Therefore a global overview cannot be provided.

102-42 IDENTIFYING AND SELECTING STAKEHOLDERS

[Annual report 2020, pp. 5](#) Business areas in brief

[Annual report 2020, pp. 15-21](#) Sustainability

We uphold an open and transparent dialogue with our various stakeholder groups, actively responding to information requests and queries and pro-actively providing information in social media, in print, and through various forms of direct communication. Our ongoing dialogue and collaboration with different stakeholders enable us to identify opportunities to create value for our customers and shareholders and provide input for setting our sustainability targets. Integrity, fairness, confidentiality and compliance with stock exchange rules guide all our communications.

As a global leader in intelligent cargo flow, we want to bring visibility to sustainability topics such as circular economy and the climate impact of our industry. By producing stories, articles and other communications content in Cargotec's digital channels, including also external thought leaders, we have increased awareness of our industry's role in the climate challenge both internally and within our key stakeholder groups. Cargotec's business areas have also emphasised eco-efficiency in their marketing and communications content. Visit cargotec.com/sbt for more information about the topics.

Additionally, we have used social media as a tool for even more transparent, two-way, real-time and effective investor communications. For example, we have asked retail investors to ask questions, produced video summaries, infographs, timely Q&A's and shared insights about our interim reports and financial statements. In addition to our group level efforts, our business areas actively use social media especially to communicate and engage with customers.

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102-43 APPROACH TO STAKEHOLDER ENGAGEMENT

Stakeholder group	Examples of stakeholder interaction
Customers	Our business areas gather customer feedback regularly and engage in active dialogue with customers through direct meetings, marketing, extranet, newsletters and social media, for example. We use social media, especially Twitter, LinkedIn and Facebook, as a tool to communicate key messages effectively.
Personnel	<p>As an employer, Cargotec wants to focus especially on personnel development and creating world-class leadership. Our ways to give voice to employees include regular personal/group discussions between managers and their team members, as well as townhall and personnel meetings, among others, both locally and globally by offering online participation. Last year, we launched a new social intranet to boost employee experience and strengthen cross-organisational collaboration across Cargotec. The new modern digital platform enables easy access to and distribution of relevant information whenever and wherever needed. The goal is to build a company culture of inclusion, openness, interaction, knowledge sharing and dialogue at Cargotec.</p> <p>Our Human Resources Information System ZONE and our new intranet Connect serve as a platform for distributing people processes. We periodically conduct structured surveys with our employees, such as our employee satisfaction survey Compass, and arrange co-operational group meetings, target and performance discussions as well as personnel info and team meetings. We support employees' freedom of association and right to organise.</p> <p>Cargotec initiated the Learning Transformation Programme at the end of 2019 and beginning of 2020 to support the transformation journey to reach our vision. As one of the first steps in this initiative, a global learning experience platform LEARN was implemented to support effective learning opportunities and make available a great amount of new learning content and training courses for all employees at Cargotec. Through enhanced collaboration and common ways of working, the aim was also to bring subject-matter experts closer to each other across the organisation, discover synergies and boost innovation. We trust our people are the key in creating customer value through innovation, experimentation, life-long learning and development, and adapting new skills and competences in a complex and ever changing world. LEARN is a place where employees can all develop and expand their knowledge on a multitude of topics through comprehensive learning materials.</p>
Investors	Cargotec's Investor Relations aims to ensure that all market participants have correct and sufficient information at all times to support a fair valuation of Cargotec's share. In addition to executing financial communication and processing investor requests, Investor Relations organised several events and meetings in 2020. The year was exceptional as the majority of roadshows and investor meetings were held online. An investor meeting with Stefan Lampa, President, Kalmar Mobile Solutions Stefan Lampa held in Helsinki, Finland, was in fact the only larger face-to-face event before the pandemic outbreak in Europe. After that, the main focus has been on online meetings and digital content distribution. A special focus was put in reaching out to retail investors through targeted digital content and offering opportunities to present questions on social media. In addition, Cargotec IR participated in several investor-related digital conferences. Cargotec's Annual General Meeting was held in Helsinki on 27 May 2020 and the Extraordinary General Meeting was held virtually on 18 December.
Local communities	Cargotec's sites are actively involved in local stakeholder engagement and goodwill. Traditionally, we engage in charity action, especially during the holiday season. In 2020, Cargotec made a donation to UNICEF, WWF, Red Cross and BSAG. The total amount was 120,000 euro and it will help children in need, curb the climate crisis, and provide humanitarian assistance to fight the effects of the COVID-19 pandemic. Despite the more complicated circumstances in 2020 due to the Covid-19 pandemic, CBS Sofia had a number of activities to support the local communities. Already in February, the team raised money to support a local animal shelter. In March, CBS donated 1800 protective face masks to the Bulgarian Doctors Union to be used in different hospitals across the country. The team also organised a charity run in September to raise awareness about breast cancer and support local organisations with funds supporting breast cancer patients in Bulgaria.
Authorities	With our own operations located in 50 countries, we engage with local authorities to ensure regulatory compliance in our operations.
Suppliers	In 2020 we continued working on the supplier development. Each business area has its own sourcing organisation and manages sourcing matters on that level. In 2020 the focus of the sourcing organisation has been on mitigating potential delivery risks in light of the COVID-19 pandemic and ensuring supply continuity. Assessing the financial health and risks of our suppliers and ensuring we maintain our long-term strategic supplier relationships has been our focus.
Research and education institutions	<p>Cargotec frequently collaborates with universities and other research institutions around the world. As an example, Dundalk Institute of Technology (DkIT) has signed a Memorandum Of Understanding (MOU) with Co. Louth manufacturer of MOFFETT Truck Mounted Forklifts, Cargotec Engineering Ireland, part of Hiab. It provides a strategic framework for greater collaboration between both organisations in the areas of workforce training, graduate talent pathway development, joint sponsorship initiatives as well as research and innovation projects.</p> <p>Hiab's Demountable, Forestry Cranes and Waste & Recycling Division has collaborated in research and innovation projects with VTT (Technical Research Centre of Finland Ltd) and TUNI (Tampere University of Technology). An example of this cooperation is the test of an automated chip truck in the Stora Enso Uimaharju mill site near Joensuu, Finland, that started in March. The truck is controlled by a steering system designed and implemented by Hiab in collaboration with VTT. Hiab has also collaborated with the Swedish Universities - Chalmers University of Technology, Mälardalen University and Mid Sweden University</p> <p>MacGregor holds continuous dialogue with several universities' business and maritime faculties to improve understanding of the changing industry landscape and develop solutions for that. For instance, MacGregor works with the Maritime IT Campus in Rotterdam, providing lectures and getting students into projects to perform hands-on work and to develop the go-to-market. One example of the cooperation is the HowtoAPP development. Ongoing research projects where MacGregor is cooperating with universities and research institutes include SFI Exposed and SFI Autoships where Macgregor cooperates with Sintef and NTNU ++, SFI Offshore Mechatronics cooperation with University of Agder, NORCE and several others, and the research project Anti-swing with the University of Agder. Another ongoing research profile, NIIT, has Macgregor cooperating with Mid Sweden University for next generation industrial IoT. The focus areas in NIIT are on Autonomous sensor systems, In-sensor and Edge Computing and Communication systems. MSD is participating in EC funded projects where MacGregor collaborates with tens of stakeholders in order to enhance the sustainable shortsea shipping in northern parts of Europe as well as in Mediterranean area. Cooperation partners here include Technical university of Denmark, National Technical University of Athens, TNO, MARIN, Traficom and DNV-GL. Several ports and shipping lines are also contributing to these projects. Emphasis is on student collaboration in form of business innovation camps that has been held in separate cooperations with Umeå School of Business, Economics and Statistics in Sweden, University of Turku in Finland, the National University of Singapore and Nanyang Technological University.</p> <p>Kalmar holds continuous dialogue and collaboration with academic institutes, including Tampere University, Aalto University, LUT University (Lappeenranta and Lahti campus), University of Turku and University of Oulu and research centres like VTT, all in Finland. In order to research new technology and attract talent. Kalmar is participating in EU-funded projects where Kalmar collaborates with tens of stakeholders to boost digitalisation of port operations and the adoption of Industry 4.0 technologies within the container-handling sector. The EU-funded project will test and evaluate advanced Industry 4.0 pilots. Bromma holds continuous dialogue and collaboration with academic institutes, including A*star in Singapore and Royal Institute of Technology in Sweden, in order to research new technology and attract talent.</p>
Media	Cargotec arranges press meetings in connection with trade events and result publications, among others. We issue dozens of press releases every year covering a wide array of topics.

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102-44 KEY TOPICS AND CONCERNS RAISED

Four main topics can be raised from the year 2020: the COVID-19 pandemic; the subsequent financial implications in terms of reduced work week; the planned merger between Cargotec and Konecranes, which was announced on 1 October; and the launch of our climate ambition plans and our commitments to become a 1.5 degree company.

COVID-19 pandemic

WHO announced the COVID-19 outbreak as a pandemic on 11 March 2020. The pandemic has caused major implications on our workforce, as many of the employees have worked remotely since the second quarter of 2020. In addition, travelling was reduced to a minimum, and additional safety and hygiene measurements were initiated at the offices and other sites.

Since the very beginning of the year, a regular Coronavirus Action Group, led by Cargotec's CEO has been in control of the situation and corporate-level decision making. Furthermore, a specific Corona Task Force including representatives from HR, Real estate, IM and Communications functions consolidated the company-level COVID-19 mitigation actions and implementations. The Task Force has created guidelines and managed internal communications around corona related issues, mainly through Corona Update corner at Connect, Cargotec's intranet site, for example.

Reduced workweek

Coronavirus has significantly affected the global economy and in order to minimise the negative financial impact Cargotec faced a rapid need to preserve cash and adjust costs. The company therefore applied the reduced workweek for indirect labour, 4 days per week (Indirect labour is the employees who are not directly involved in the production process and customer delivery) or similar arrangements, between April and August 2020.

This action was quickly launched and implemented in March–April 2020. It was communicated to employees through Connect, the internal communication channel, and via line managers. HR negotiated the needed changes with different work councils. Both work councils and employees received monthly updates about the continuation of this savings measure.

Merger

On 1 October, Cargotec Corporation and Konecranes Plc announced that their respective Boards of Directors have signed a combination agreement and a merger plan to combine the two companies through a merger (the "Future Company"). The Future Company would be a customer-focused global leader in sustainable material flow.

The internal communication about this merger was handled through Connect news, internal townhall meetings, webcasts, CEO Newsletter, line manager information material, and news pieces from business area presidents, among others.

Climate ambition

During the year, Cargotec's Board of Directors set our ambition to be a 1.5 degree company. We have committed to the UN Global Compact's Business Ambition for 1.5, joining leading companies in a promise to pursue science-based measures to tackle climate change. In August 2020, the Science Based Targets initiative (SBTi) validated and approved our targets to be in line with the latest climate science to limit global warming to 1.5 degrees.

REPORTING PRACTICE

102-45 ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

[Annual report 2020, pp. 66-67](#) Accounting principles for the consolidated financial statements

102-46 DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

[Sustainability accounting principles pp. 2-3](#)

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102-47 LIST OF MATERIAL TOPICS

Themes	Material topics	SASB material topics for Industrial Machinery & Goods industry	GRI topics	GRI topic boundaries		
				Suppliers	Cargotec	Customers
Environment	Climate solutions <ul style="list-style-type: none"> • Low-carbon solutions for customers • Extended product life cycles • Air quality • Environmental impacts in the supply chain Impacts from own operations <ul style="list-style-type: none"> • Greenhouse gas emissions, waste, effluents and spills in Cargotec's own operations 	Energy management <ul style="list-style-type: none"> • Total energy consumed • Percentage grid electricity • Percentage renewable Fuel economy & emissions in use-phase	302 Energy		√	
			305 Emissions	√	√	√
			306 Effluents and waste		√	
			308 Supplier environmental assessment	√		
Social	Safety and wellbeing <ul style="list-style-type: none"> • Employee health, safety and wellbeing • Safety of products and services • Supplier and subcontractor safety Working conditions and human rights <ul style="list-style-type: none"> • Employee engagement and satisfaction • Diversity and equal treatment of employees • Fair wages • Freedom of association and collective bargaining • Human rights in the supply chain 	Employee health & safety <ul style="list-style-type: none"> • Total recordable incident rate (TRIR) • Fatality rate • Near miss frequency rate (NMFR) 	401 Employment		√	
			402 Labour/management relations		√	
			403 Occupational health and safety		√	
			404 Training and education		√	
			405 Diversity and equal opportunities		√	
			407 Freedom of association and collective bargaining	√	√	
			408 Child labour	√	√	
			409 Forced or compulsory labour	√	√	
			414 Supplier social assessment	√		
			416 Customer health and safety			
Governance	Compliant and transparent <ul style="list-style-type: none"> • Compliance with legal and ethical standards Communication <ul style="list-style-type: none"> • Open communication internally and externally Sustainability management <ul style="list-style-type: none"> • Leadership commitment to sustainability • Systematic sustainability management 	Materials sourcing	102 General disclosures		√	
			103 Management approach		√	
			201 Economic performance		√	
			205 Anti-corruption	√	√	√

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1 January–31 December 2020

102-51 DATE OF THE MOST RECENT REPORT

Cargotec Annual Review 2019, 19 February 2020

102-52 REPORTING CYCLE

Annual

102-53 CONTACT POINT FOR QUESTIONS REGARDING THE REPORTsustainability@cargotec.com**102-54** CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS

This report has been prepared in accordance with the GRI standards: Core option, defined by the Global Reporting Initiative GRI.

102-55 GRI CONTENT INDEX[GRI Index pp. 4-25](#)**102-56** EXTERNAL ASSURANCE

The external assurance covers selected indicators under the specific standard disclosures.

[Independent limited assurance report pp. 26-27](#)

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GRI 103: MANAGEMENT APPROACH
103-1 EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[Annual report 2020, pp. 5](#) Business areas in brief
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103-2 THE MANAGEMENT APPROACH AND ITS COMPONENTS

UNGC Principle 1, 8

[Annual report 2020, pp. 5](#) Business areas in brief
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103-3 EVALUATION OF THE MANAGEMENT APPROACH

[Annual report 2020, pp. 5](#) Business areas in brief
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The management approach is evaluated continuously as a part of our operation. All impacts of our processes and tools on all our material topics are carefully assessed through the year. Constant improvements are made, so that the goals and targets that have been set for the year are achieved. Our processes and tools are evaluated through internal and external auditing processes and regular assessments are also done via engagement, customer and stakeholder surveys. Our sustainability work is assured on a yearly basis and improvements are made according to findings and recommendations. Our business areas have implemented management systems in place that ensure the proper management of material topics. Operational management is done on the business area level, implementing key practices and principles, which are aligned with Cargotec objectives and guidelines. The business areas are also responsible for the implementation and follow up on related actions. Corporate functions are providing expert assistance and strategic guidance.

GRI 200: ECONOMIC
GRI 201: ECONOMIC PERFORMANCE
201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Economic value generated and distributed, MEUR	2020	2019	2018
Economic value generated	3,299	3,722	3,355
Revenues	3,299	3,722	3,355
Economic value distributed	3,221	3,557	3,215
Operating costs	2,321	2,633	2,393
Wages and benefits	767	781	701
Interest expenses	32	28	23
Income taxes	23	44	30
Dividends	78	71	68
Donations*	-	-	-
Economic value retained	78	164	140

* Donations are paid from the retained earnings according to the decision made in the Annual General Meeting.

201-3 DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

[Annual report 2020, pp. 87-90](#) Post-employment benefits

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GRI 205: ANTI-CORRUPTION

205-1 OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

UNGC Principle 10

Cargotec does business on a global scale and our industry is exposed to compliance risks for example relating to doing business in remote locations, bidding for large projects for customers which are governmentally owned as well as the use of sales intermediaries in countries where we do not have our own sales offices. The ethics and compliance team conducts regular risk assessments, including site visits to ensure that adequate procedures are put in place to mitigate the risks.

In 2020 we conducted compliance risk assessments globally in our business area operations. Examples of key risk areas are around third party engagements, conflict of interest and internal fraud. Based on the compliance risk assessments and Code of Conduct cases, the focus area for 2020 has continued to be Third Party management. The Third Party policy stipulates formal criteria for how to manage Ethics and Compliance risk relating to third parties involved in sales, supply chain, mergers and acquisitions, as well as joint ventures. The company wide implementation of more detailed instructions and a process for third party screening and risk assessments for sales intermediaries was concluded in 2020. More detailed instructions and the process regarding screening and risk assessment for vendors has started in 2020 and is planned to be implemented in 2021.*

Cargotec detected a suspected financial fraud in connection to MacGregor and made an investigation request to the Finnish authorities based on an internal review. In June 2019, the National Bureau of Investigation in Finland reported that it has been working on a preliminary investigation about a suspected aggravated fraud in connection to MacGregor business area. In 2020, the District Attorney has pressed charges against two former employees of MacGregor. The case is now pending in the District Court. Cargotec has a zero tolerance policy for misconduct, and is fully supporting the authorities. Neither MacGregor nor Cargotec are suspected of criminal actions. Due to the case pending in District Court, Cargotec is not issuing further statements on the matter.

* We do not collect numerical data for the number/percentage of operations assessed for risks related to corruption. Cargotec is a matrixed organisation with operations split simultaneously among strategic business units, divisions, and geographies. As a result we do not inventory and specifically assess Cargotec's operations in a manner that would lend itself to a numerical/percentage completion response. Rather, we have been focused primarily on identifying and assessing the riskiest activities of the organisation and then addressing those risks across the entirety of each strategic business unit. An example of this is sales third party risk, which has been identified as the highest corruption risk area within the organisation. In light of this assessment, E&C organisation and management have been focused throughout 2020 on installing a new comprehensive Third Party Risk Management System.

205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

UNGC Principle 10

As of 2020 the Ethics & Compliance function in Cargotec reports directly to the CEO and the Audit and Risk Committee of the Cargotec Board of Directors. Cargotec Board of Directors receives an annual update from the Ethics and Compliance (E&C) team. In addition, the Audit and Risk Committee of the Board receives periodic updates about anti-corruption activities and other Code of Conduct matters during the year. The Cargotec Leadership Team also has a monthly Code of Conduct Panel where the topics are communicated and discussed.

During the previous years the E&C team has focused on training and awareness efforts throughout the company. Based on input from risk assessments and Code of Conduct cases the focus area for 2020 has been Third Party management. Training efforts focused on the overall population globally via the mandatory Code of Conduct e-learning, which includes anti-corruption training. Anti-corruption training was also given to stakeholders across the organisation that have involvement with sales third parties (i.e. management, sales, finance), and the sales teams themselves. In particular online training sessions and workshops with key risk groups have been prioritised.* The focus of the sessions has been on third party risk and risk mitigation activities. In addition, a series of global online Q&A discussions with senior management were held throughout the year, allowing employees to comment and ask questions around compliance topics. In 2020 we provided anti-corruption training to our higher risk business partners that have gone through our new Third Parties in Sales Management process.

As of 2020, the Code of Conduct e-learning is an annual mandatory training for all Cargotec employees. The e-learning consists of exercises that help employees with their day-to-day dilemmas around ethics and compliance. The Code of Conduct training has been completed by 82 percent of Cargotec employees (2019: 68%). The target group of the e-learning course includes employees with an individual company email address and access to the intranet and across that group there was a 90% completion rate. In addition, onsite training workshops have been arranged for employees without an email address or access to intranet. Due to Covid-19 restrictions the onsite training workshops will continue into 2021, with the aim of full completion of training for the employees without email or intranet access. 100 % of the Cargotec Leadership team have completed the Code of conduct e-learning. **

* We do not collect data required for the indicators by percentage or breakdown by employee category and region on a global level.

** The Board of Directors receives an annual update on compliance, including anti-corruption related matters. In addition Ethics and Compliance is a regular topic in the Audit and Risk Committee meetings. In addition, in 2020, 75% of the members of the Board of Directors have completed the code of conduct e-learning.

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GRI 300: ENVIRONMENTAL

GRI 302: ENERGY
302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION

UNGC Principle 7, 8

SASB RT-IG-130a.1

UNGC Principle 7, 8

Energy consumption, MWh*	2020 total	2020 assembly	2019 total	2019 assembly	2018 total	2018 assembly	2017 assembly
Direct energy consumption	92,700	28,400	88,200	34,900	81,600	37,300	36,600
Non-renewable sources	92,200	27,900	88,000	34,800	81,200	37,100	36,200
Diesel	48,300	6,000	52,100	11,400	46,300	11,900	11,100
Gasoline, kerosene, HFO, LFO	12,400	1,700	8,800	2,100	7,300	2,600	2,100
Liquefied petroleum gas	3,700	3,200	4,600	4,200	4,600	4,100	4,400
Natural gas	27,700	17,000	22,500	17,000	23,000	18,400	18,600
Renewable sources	600	400	200	100	400	300	400
Wood pellets	0	0	0	0	200	200	100
Solar energy	600	400	200	100	200	100	200
Indirect energy consumption	64,700	48,000	76,600	59,500	77,900	61,700	61,000
Electricity	49,400	34,700	57,200	42,200	56,000	42,000	43,000
- % renewables	44	74	33	38	31	35	0
District heat	15,300	13,400	19,400	17,300	21,800	19,700	18,000
- % renewables	5	5	24	27	25	28	0
Total energy consumption	157,500	76,400	164,800	94,400	159,400	99,000	97,600

As of 2018, all Cargotec operations are included in the reporting boundary as Cargotec total. The assembly sites information covers 18 assembly sites and six competence centres.

Cargotec's total energy consumption amounted to 157,500 MWh in 2020. The total energy consumption of the assembly sites decreased by 19 percent compared to 2019. No new assembly site were added to the calculation during the year. As of 2020 all of our electricity consumption is coming from the grid, which totals 49,400 MWh.

* Solar energy covers energy produced by solar panel installations on Cargotec sites. Our Tampere site has a test field that is mostly powered by solar panels.

** In 2020, 100 percent of assembly sites, service sites and offices in Finland, Sweden and Ireland were powered by renewable electricity. Additionally part of our operations in Norway, Spain, UK, USA, Netherlands and Italy were powered by renewable electricity, resulting in approximately 44 percent of Cargotec's electricity consumption being renewable. Out of the total energy consumption 14 percent was renewable.

302-3 ENERGY INTENSITY

UNGC Principle 8

Energy intensity	2020	2019	2018
Energy intensity index	110	100	108

This indicator covers the whole organisation. The energy intensity index is based on the ratio of total energy consumption and sales by sites included in the reporting boundary. A new base year is now being set at 2019, where the index value is 100. The reason for choosing 2019 is that it is the general baseline against which we have set our long-term climate targets. 2018 was calculated against 2019 as the baseline. In 2020 the intensity increased compared to the base year, although overall energy consumption decreased. The result is due to a decrease in net sales.

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302-5 REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES

UNGC Principle 8, 9

Annual report 2020, pp. 5 Business areas in brief

Annual report 2020, pp. 15-21 Sustainability

Our eco-efficiency portfolio consists of products that enhance our customers' sustainability with cleaner technologies, intelligent solutions and services promoting circular economy. Our product range is wide, and currently there are no generally accepted industrial standards for evaluating the environmental impacts of our products or services. It is not possible to have one evaluation methodology or same parameters to evaluate all products or services, which is why we have developed evaluation methodologies and related parameters for individual products and services. For example, the emission calculation is based on the operating hours or working cycles depending on the type of product. We do not publish calculation methodologies or detailed information about the technical achievements due to business confidentiality.

In 2020, the eco portfolio sales were 24 percent of Cargotec's total sales (2019: 21%), which is the highest in record. By the end of 2020, we also met our target for the eco portfolio to achieve double sales growth compared to traditional products. This 2021 target was achieved ahead of schedule. Our target for 2021 is to revise the criteria of our eco portfolio and align it with the upcoming EU Taxonomy regulation. We have committed to reduce the scope 3 emissions with 50 percent by 2030, from a 2019 base year. The emissions from use of sold products account for the biggest share of the scope 3 emissions. Reducing the energy requirement of sold products and services is crucial in meeting the emissions reduction target. We are collecting real-time data from tens of thousands of pieces of equipment that are connected and operated by our customers. This data gives us visibility about the actual energy consumption of the equipment and we utilise this data in calculation of the emissions from the use of sold products (see GRI 305-3).

All new products and solutions need to pass an external review process prior to inclusion in the portfolio. During 2020 no new products were added in the eco portfolio as we are planning a major revision for 2021. In 2019, two new products were added to the portfolio. As an example, Hiab Walco Solar Charger was added in 2019. It is a solar power source used for charging tail lift batteries. The battery is charged with solar panels on the roof of the truck or trailer that are connected through a state of the art charging controller. The Hiab Walco Solar Charger eliminates the need to idle the truck while the liftgate is in use, which eliminates unwanted emissions and reduces truck's fuel consumption. Additionally, our studies have shown an elimination in battery related failures and battery life to have doubled in length of time. More information about our eco portfolio can be found at www.cargotec.com, www.kalmarglobal.com, www.hiab.com and www.macgregor.com.

GRI 303: WATER AND EFFLUENTS
303-1 INTERACTIONS WITH WATER AS A SHARED RESOURCE

UNGC Principle 7, 8

Cargotec does not use any water for production purposes and our sites are using municipal waters for usage only. Thus, the water sources/withdrawal, recyclability of water and discharge are not material due to our low consumption and having it for personal usage, not industrial purposes. Water is withdrawn from the municipal systems, consumed for domestic purposes and discharged through the public drainage systems.

303-5 WATER CONSUMPTION

UNGC Principle 7, 8

Water consumption, m ³	2020	2019	2018
Municipal water supplies	76,300	91,900	88,900

This indicator covers Cargotec assembly sites and competence centres.

GRI 305: EMISSIONS
305-1 DIRECT (SCOPE 1) GREENHOUSE GAS EMISSIONS

UNGC Principle 7, 8

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305-2 ENERGY INDIRECT (SCOPE 2) GREENHOUSE GAS EMISSIONS

UNGC Principle 7, 8

GHG emissions, tCO ₂ e	2020 total	2020 assembly	2019 total	2019 assembly	2018 total	2018 assembly
Direct GHG emissions (Scope 1)	22,700	6,200	22,000	8,100	20,100	8,600
Indirect GHG emissions (Scope 2) location-based	23,900	19,300	29,700	24,500	28,600	23,600
Indirect GHG emissions (Scope 2) market-based	21,000	14,600	28,200	22,300	28,100	22,300
Total (Scope 1 + Scope 2 location-based)	46,600	25,600	51,700	32,600	48,700	32,200

As of 2018, all Cargotec operations are included in the reporting boundary as Cargotec total. Currently the assembly sites includes 18 assembly sites and six competence centres.

Cargotec's total Scope 1 and Scope 2 (location-based) GHG emissions amounted to 46,600 tCO₂e in 2020. For assembly sites, both Scope 1 and Scope 2 GHG emissions decreased compared to 2019. Scope 1 GHG emissions decreased by 23 percent and Scope 2 (location-based) GHG emissions decreased by 21 percent. We have set targets to reduce GHG emissions and they are approved by the Science Based Targets initiative (SBTi). Our SBTi approved target is to reduce absolute Scope 1, 2 and 3 GHG emissions 50% by 2030 from a 2019 base year. Compared to the base year 2019, our Scope 1 and 2 (market-based) GHG emissions decreased by 13 percent in 2020. We have set an additional target to achieve carbon neutrality in our own operations (Scope 1 and 2 (market-based)) by 2030, which goes beyond the ambition level of our Science Based Targets.

* The market-based emissions were calculated for the first time in 2018, using contractual emissions factors for Finland and Sweden, and residual mix emission factors for other European countries. We calculate these following the same approach and using residual mix emission factors for European countries where these are available and contractual ones for Finland, Sweden, Spain, the Netherlands, US, Norway, Italy. Average grid emission factors published by the International Energy Agency (IEA) were used for the remaining countries. Approximately 44 percent of the electricity used was renewable; however, due to the high residual mix emission factors, it does not significantly impact the final emissions.

305-3 OTHER INDIRECT (SCOPE 3) GREENHOUSE GAS EMISSIONS

Scope 3 GHG emissions, tCO ₂ e	2020	2019	2018
Use of sold products	3,200,000	3,800,000	-
Purchased goods and services	2,300,000	2,500,000	-
Transportation and distribution	140,000	140,000	120,000
Business travel	4,000	14,000	14,000
Fuel- and energy-related activities	10,000	12,000	11,000
Total	5,654,000	6,466,000	145,000

This is the first time that we are disclosing all relevant Scope 3 GHG emissions. In 2019, a comprehensive calculation of Scope 3 GHG emissions was initiated and we have improved the calculation process during 2020. We are disclosing the emissions for categories deemed relevant, all other categories are not considered as such, hence are omitted. The use of sold products and purchased goods and services represent 97 percent of all Scope 3 GHG emissions and again around 97 percent of our total GHG emissions (including scope 1 and 2 (market-based)). Despite their minor share of the total scope 3, we report emissions related to transportation and distribution (both downstream and upstream), business travel, and fuel- and energy-related activities, as we consider those relevant due to our possibility to influence them.

We have set targets to reduce GHG emissions and they are approved by the Science Based Targets initiative (SBTi). Our SBTi approved target is to reduce absolute Scope 1, 2 and 3 GHG emissions 50% by 2030 from a 2019 base year. The target boundary includes biogenic emissions and removals from bioenergy feedstocks. The Scope 3 target covers purchased goods and services (excluding indirect procurement) and use of sold products. Compared to the base year 2019, our total GHG emissions decreased by 14 percent in 2020 due to decrease in net sales. Total Scope 3 GHG emissions (across all reported emissions) decreased by 13 percent compared to 2019.

When calculating the emissions from use of sold products we account for the Scope 1 and 2 GHG emissions (i.e. use of fuels and electricity) over the products' expected lifetime, based on product specific information and emission factors for diesel and electricity (location-based). Purchased goods and services (including direct and indirect sourcing), and transportation and distribution related emissions are calculated with the Scope 3 Evaluator Tool (GHG Protocol, Quantis). Business travel data originates from our travel agency. Fuel- and energy-related activities cover the upstream emissions for fuel, electricity and heating, and transmission & distribution losses for electricity and heating - DEFRA emissions factors are used to calculate the relevant emissions in this category. Transportation and distribution emissions are restated due to change in calculation method. We have our complete GHG emissions inventory disclosed in our CDP Climate Change response.

305-4 GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

UNGC Principle 8

GHG emissions intensity	2020	2019	2018
GHG emissions intensity index	104	100	104

This indicator covers the whole organisation. The greenhouse gas intensity index is based on the ratio of total greenhouse gas emissions and sales by sites included in the reporting boundary. A new base year is now being set at 2019, where the index value is 100. The reason for choosing 2019 is that it is the general baseline against which we have set our long-term climate targets. 2018 was calculated against 2019 as the baseline. In 2020 the intensity increased compared to the base year, even though the emissions decreased. That is a result of the decrease in net sales.

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305-5 REDUCTION OF GHG EMISSIONS UNGC Principle 8

Reduction of GHG emissions, tCO ₂ e	2020	2019	2018
Reduction in emissions related to electricity use	3,800	3,100	1,305

The GHG reduction is based on the certified renewable electricity use in our own operations. The reduction is calculated compared to the location-based emissions. The reduction took place in the Scope 2 GHG emissions. We are calculating the reduction compared to the previous year.

305-7 NITROGEN OXIDES (NO_x), SULFUR OXIDES (SO_x), AND OTHER SIGNIFICANT AIR EMISSIONS UNGC Principle 7, 8

Weight of emissions, t	2020	2019	2018
Nitrogen oxides (NO _x)	2.3	3.3	2.1
Particulate Matter (PM)	2.3	2.6	0.9
Sulphur oxides (SO _x)	0.3	0.3	0.3
Volatile organic compounds (VOC)	34.4	81.2	75.5

This indicator covers Cargotec assembly sites and competence centers.

GRI 306: WASTE
306-3, 306-4, 306-5 WASTE BY TYPE AND DISPOSAL METHOD UNGC Principle 8

Weight of waste, t	2020	2019	2018
Hazardous waste	820	930	650
diverted from disposal (recycled)	320	440	280
directed to disposal	500	490	380
Landfilled	130	210	90
Incinerated	280	220	220
Method not known	90	60	70
Non-hazardous waste	12,000	13,400	11,400
diverted from disposal (recycled)	9,300	11,800	10,000
directed to disposal	2,800	1,600	1,300
Landfilled	730	700	510
Incinerated	410	600	560
Method not known	1,700	300	260
Total	12,900	14,300	12,000
diverted from disposal (recycled)	9,600	12,200	10,300
directed to disposal	3,300	2,100	1,700
Landfilled	690	840	780
Incinerated	860	910	600
Method not known	1,800	360	320

This indicator covers Cargotec assembly sites and competence centres. Approximately 74 percent of the waste generated at Cargotec sites is metal, aluminium and wood waste, which have high recycling value.

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306-3 SIGNIFICANT SPILLS (ACCORDING TO GRI STANDART 2016)

UNGC Principle 8

No significant spills have occurred during the reporting period.

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

UNGC Principle 8

Cargotec's supplier criteria include elements to audit the compliance of the supplier regarding the management of labour practices, human rights, anti-corruption and the environment. 20 percent of the questions in the supplier assessment checklist are related to these topics. In 2020, 100 percent of new direct material suppliers were audited against the labour practice, human rights and environmental management criteria.

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GRI 400: SOCIAL

GRI 401: EMPLOYMENT
401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

UNGC Principle 6

Rate of new employee hires and employee turnover	Number of employees	%
New employee hires	865	8%
Employee turnover	2267	21%
Voluntary turnover	842	8%

New employee hires by gender, age group and region	Number of employees	% of total	New hire rate %
By gender			
Male	655	76%	8%
Female	210	24%	10%
By age group			
Under 30 years old	291	34%	22%
30–50 years old	462	53%	7%
Over 50 years old	112	13%	4%
By region			
AMER	198	23%	13%
APAC	210	24%	10%
EMEA	457	53%	6%

Employee turnover by gender, age group and region	Number of employees	% of total	Turnover rate %
By gender			
Male	1847	81%	21%
Female	420	19%	20%
By age group			
Under 30 years old	450	20%	34%
30–50 years old	1232	54%	20%
Over 50 years old	585	26%	19%
By region			
AMER	313	14%	21%
APAC	367	16%	18%
EMEA	1587	70%	22%

The information about new hires and employee turnover includes only permanent employees.

The rate of new employee hires in the total workforce is the number of new hires divided by the number of all permanent employees at the end of 2020. New hire rates within employee breakdown categories are calculated by dividing the new hires within the category by the total number of permanent employees within the breakdown category. For example, new hire rate for female employees is the number of new female hires divided by the number of all permanent female employees at the end of 2020. Turnover rates are calculated on similar basis as new hire rates.

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GRI 402: LABOR/MANAGEMENT RELATIONS

402-1 MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES

UNGC Principle 3

The minimum notice periods regarding operational changes are defined by national legislation and local collective bargaining agreements. Cargotec operates in various countries and complies with local legislation.

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

403-1 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

We have implemented ISO 45001:2018 (OSHAS 18001:2007) Occupational Health and Safety Management Systems across the organisation. The systems cover all employees at the premises, including own personnel, external contractors and subcontractors. Almost all of our assembly sites have been certified across all business areas. The coverage at Cargotec's assembly sites based on headcount was 80 percent.

We usually do not have a management system implemented at our non-assembly sites, since those locations are primarily offices with a lower focus on such operations, which would require an H&S management system. We are following local regulations and requirements at all of our locations.

403-2 HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

The description of the processes and disclosures on hazard identification, risk assessment and incident investigation are included and covered according to the requirements in the global management systems. These are implemented across our locations.

403-3 OCCUPATIONAL HEALTH SERVICES

Occupational health services are dealt with at the local level by fulfilling all of the legal requirements in the relevant country. Since we operate in more than 50 countries, the process is decentralised and depending on the local legislation requirements.

403-4 WORKER PARTICIPATION, CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

There are several employee communication and consultation methods in place. These include the PDP process, work councils, town hall meetings, the health and safety committees, leadership trainings (Lead & Grow), our employee engagement survey Compass, different surveys, and our Speak up line.

78 percent of Cargotec employees have representation in occupational health and safety committees. Employees working at a particular site have representation in their respective committees. As many of the service sites are small, no occupational health and safety committees exist there, which affects the figures. 100 percent of the workers in production sites have representation in occupational health and safety committees.

403-5 WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

As part of the regular induction process, Occupational Health and Safety training is provided to personnel across the organisation. Moreover, there are e-learning platforms that support continuous training amongst our employees. Training is provided both on a local and global level. Work-specific training is provided to enable safe and correct performing of tasks.

403-6 PROMOTION OF WORKER HEALTH

Due to country specifics, topics are covered on a local level and not centrally. Worker health promotion is mostly outsourced and included on the health insurance.

403-7 PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED BY BUSINESS RELATIONSHIPS

We are preventing and mitigating our occupational health and safety impacts by performing risk identification, analysis and control. The related hazards and risks are addressed via different safety legislations, requirements for the safety of products, product declarations, and regulations both on the EU level and other local legislation.

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403-9 WORK-RELATED INJURIES

SASB RT-IG-320a.1

Internally we use the Lost Time Injuries (LTI), here referred to as injuries and the Industrial Injury Frequency Rate (IIFR) to follow up on our targets in the health and safety area. Thus, those indicators are shared under this disclosure. We are also disclosing the SASB Employee Health and Safety indicators deemed material for the industrial machinery and goods industry. Under RT-IG-320a.1 we are providing the Total Recordable Incident Rate (TRIR), which has the same definition as the recordable work-related injuries under GRI 403-9, thus we consider covering both of these requirements under it. This is the first year we are reporting high-consequence injuries and have not yet determined the detailed hazards that pose a risk for such injuries.

Number of injuries by body part	2020 total	2020 assembly	2019 total	2019 assembly	2018 total
Back	15	2	10	2	30
Eyes	8	3	7	5	5
Feet	9	0	14	6	18
Hands	45	13	73	33	69
Head	6	2	18	7	11
Legs	9	1	20	5	25
Multiple parts or whole body	6	0	7	1	11
Neck	4	1	1	0	5
Thorax	4	2	9	6	7
Total number of lost time injuries	106	24	159	65	181

Number of injuries by type	2020 total	2020 assembly
Abrasion/cut/scratch	20	3
Bone fracture	9	3
Burn injury	1	0
Chemical exposure	1	0
Concussion	0	0
Contusion/bruise	21	2
Electric shock	1	1
Eye injury	7	3
Hearing loss	0	0
Heatstroke/hypothermia	0	0
Loss of consciousness	0	0
Loss of limb	0	0
Poisoning	0	0
Sprain/strain/dislocation	17	3
Whiplash injury	2	0
Other	27	9
Total number of lost time injuries	106	24

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Number of high-consequence work-related injuries	2020 total	2020 assembly			
	3	1			
Number of hours worked	2020 total	2020 assembly	2019 total	2019 assembly	2018 total
	20,273,000	7,091,000	23,102,000	9,239,000	21,631,000
Number of lost time injuries by region	2020 total	2020 assembly	2019 total	2019 assembly	2018 total
AMER	6	6	14	11	22
APAC	10	1	13	4	12
EMEA	90	17	132	50	147
Frequency Rate of injury (Industrial Injury Frequency Rate)*			2020	2019	2018
Assembly sites			3.4	7.0	6.7
Non-assembly and competence centres			6.2	6.8	9.5
Cargotec total			5.2	6.9	8.4
Frequency Rate of injury (high-consequence injury rate)**			2020		
Assembly sites			0.14		
Non-assembly and competence centers			0.15		
Cargotec total			0.15		

* Industrial Injury Frequency Rate (IIFR) is the number of injuries per million hours worked. Injuries include incidents that lead to an absence of at least one day or shift. No work-related fatalities occurred during the reporting periods 2017, 2019 and 2020. One work-related fatality was reported during 2018. External contractors are included in all the figures since they work under our direct supervision and we have both their incidents and working hours information. However, subcontractors are mostly excluded as we do not have a way of collecting their working hours at the moment. We are investigating with HR and QEHS departments how can we incorporate also subcontractor data in the future reporting. Wherever we have the data available for subcontractors we have included their working hours and injuries in our IIFR calculations.

** High-consequence injury rate is the number of high-consequence injuries per million hours worked. The three injuries we have reported we consider as high consequence injuries since the employees could not recover fully to pre-injury health status within 6 months.

The higher number of injuries at our non-assembly sites compared to the assembly can be explained by the nature of the operations of our service organisation and the lower control of the working environment we have in these operations. The number of hours worked has been affected by various factors caused by the COVID-19 pandemic - there have been temporary closures of our facilities and also reduced working time throughout the year, which has had an effect on lowering the working hours. You can read more about these under the 102-44 key topics and concerns raised.

SASB RT-IG-320A.1

Total recordable incident rate, Near miss frequency rate, Fatality rate	2020	2020 assembly	2020 non-assembly
r12m TRIR x 1,000,000	8.6	6.6	9.8
r12m NMFR x 1,000,000	27.2	29.8	26
r12m Fatality rate x 1,000,000	0	0	0

The data is presented as rolling 12 months. The indicators included are

(1) Total recordable incident rate (TRIR) where all incidents occurring in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness are included.

(2) Fatality rate - includes fatalities

(3) Near miss frequency rate (NMFR) - includes work-related near misses.

These have been prepared according to the SASB standard for industrial machinery and goods, that can be found [here](#)

403-10 WORK-RELATED ILL HEALTH

There have been 17 cases of ill health recorded during the year. No ill health related fatalities have occurred. Mainly ill health has been related to recurring and relapsing muscular strains and back pain. We are yet to gather the information regarding hazards that pose a risk for ill health.

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GRI 404: TRAINING AND EDUCATION

404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS UNGC Principle 6

Annual report 2020, pp. 13 Enabling our people to execute our strategy
 95 percent of Cargotec white collar employees have received performance and development plan during the reporting period. Blue collar employees with no access to human resource information system ZONE are covered by a local PDP process and documentation as defined in Cargotec performance and development plan policy.*
 * excluding TTS employees

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES UNGC Principle 6

Composition of governance bodies and employees by gender and age group, %	Board of Directors	Leadership Team	Employees
By gender			
Male	63%	73%	74%
Female	38%	27%	18%
By age group			
Under 30 years old	0%	0%	14%
30-50 years old	13%	18%	60%
Over 50 years old	88%	82%	27%

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1 OPERATIONS AND SUPPLIERS IN WHICH THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT RISK UNGC Principle 3

Cargotec's Code of Conduct and related policies state that Cargotec is committed to respecting international human rights and requests the same from its suppliers and agents. Fully aligned with Cargotec's own Code of Conduct, Cargotec has a specific Supplier Code of Conduct, which has been delivered to all suppliers. Freedom of association, abolition of child labour and forced and compulsory labour are examples of the basic principles Cargotec demands from its suppliers.

The supplier code of conduct process is part of Cargotec's supplier sustainability management program, with which Cargotec aims to mitigate any risks for breaching the international human rights. During 2020, 100 percent of our new suppliers have signed the Supplier Code of Conduct, which focuses on human rights and other sustainability risks in our supply chain.

During next year we are launching an internal initiative around human rights risk assessment. We will inform on it in our future reports.

GRI 408: CHILD LABOUR

408-1 OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOUR UNGC Principle 5

See 407-1

GRI 409: FORCED OR COMPULSORY LABOUR

409-1 OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOUR UNGC Principle 4

See 407-1

GRI 414: SUPPLIER SOCIAL ASSESSMENT

414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA UNGC Principle 2

See 308-1

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100%.

Customer health and safety is the top priority in Cargotec's offering. Health and safety impacts are evaluated in all product categories. The scope of health and safety impact evaluation depends on the product type, usage, customer demands and existing regulative requirements. The EU Machinery directive and related standards guide the evaluation when applicable. Outside the EU, local regulations and requests are followed.

Products are tested carefully before being delivered to customers. Delivery processes that need special logistic solutions are assessed separately for possible risks to health and safety. The usage of products is tested carefully before delivery to customers and/or when the final assembly at the customer's facilities is carried out. Possible hazardous materials used in the components of the equipment are controlled with appropriate safety management practices and safety data sheets. Product safety is always taken into account in production planning.

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We have been engaged by the Management of Cargotec Corporation (hereafter “Cargotec”) to provide limited assurance on selected sustainability indicators presented in Cargotec’s GRI Index 2020 and Board of Directors’ Report 2020 (hereafter “Selected Sustainability Information”) for the year ended 31 Dec 2020.

The Selected Sustainability Information consists of the following indicators:

- Non-financial key performance indicators
 - Industrial injury frequency rate
 - Eco portfolio sales of total sales (%)
 - Compass results (Completion rate; Engagement index; Social responsibility index; Team climate index; Leadership index; and Code of Conduct index)
 - Cases of misconducts during the year
- GRI disclosures
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 - 308-1: New suppliers that were screened using environmental criteria
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 - RT-IG-130a.1: Energy Management
 - Total energy consumed
 - Percentage grid electricity
 - Percentage renewable
 - RT-IG-320a.1: Employee Health & Safety
 - Total recordable incident rate
 - Fatality rate
 - Near miss frequency rate

Management’s responsibilities

The Management of Cargotec is responsible for the preparation and presentation of the Selected Sustainability Information in accordance with the reporting criteria, i.e. *GRI Sustainability Reporting Standards*, and the information and assertions contained within it. The Management is also responsible for determining Cargotec’s objectives with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Selected Sustainability Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Selected Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

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- Interviewed the members of Cargotec’s senior management and relevant staff responsible for providing the Selected Sustainability Information;
- Assessed the application of the *GRI Sustainability Reporting Standards* reporting principles in the presentation of the Selected Sustainability Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Sustainability Information;
- Reviewed the presented Selected Sustainability Information and assessed its quality and reporting boundary definitions and;
- Assessed of the Selected Sustainability Information’s data accuracy and completeness through a review of the original documents and systems on a sample basis and;
- Conducted site sessions to review the Selected Sustainability Information on six Cargotec sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the GRI Sustainability Reporting Standards.

Observations and recommendations

Based on our review, we present the following observations and recommendations which do not affect our assurance opinion.

We have observed differences in maturity of the safety reporting practices across Cargotec’s sites which we sampled. We recommend that Cargotec further raises awareness and solidifies safety reporting practices across Cargotec’s business areas.

Helsinki, 23 February 2021

KPMG Oy Ab



Tomas Otterström
Partner, Advisory

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Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec has committed to the United Nations Global Compact Business Ambition for 1.5°C. Cargotec's sales in 2020 totalled approximately EUR 3.3 billion and it employs around 11,500 people.
www.cargotec.com

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The annual report 2020 consists of the combined Annual review, the Financial review, the Corporate Governance Statement and the Remuneration Statement. The Financial review includes the Board of Directors' report, the financial statements, and the auditor's report. All documents are available at the company website www.cargotec.com/2020.

