



3 March 2021

# Sustainability is good business

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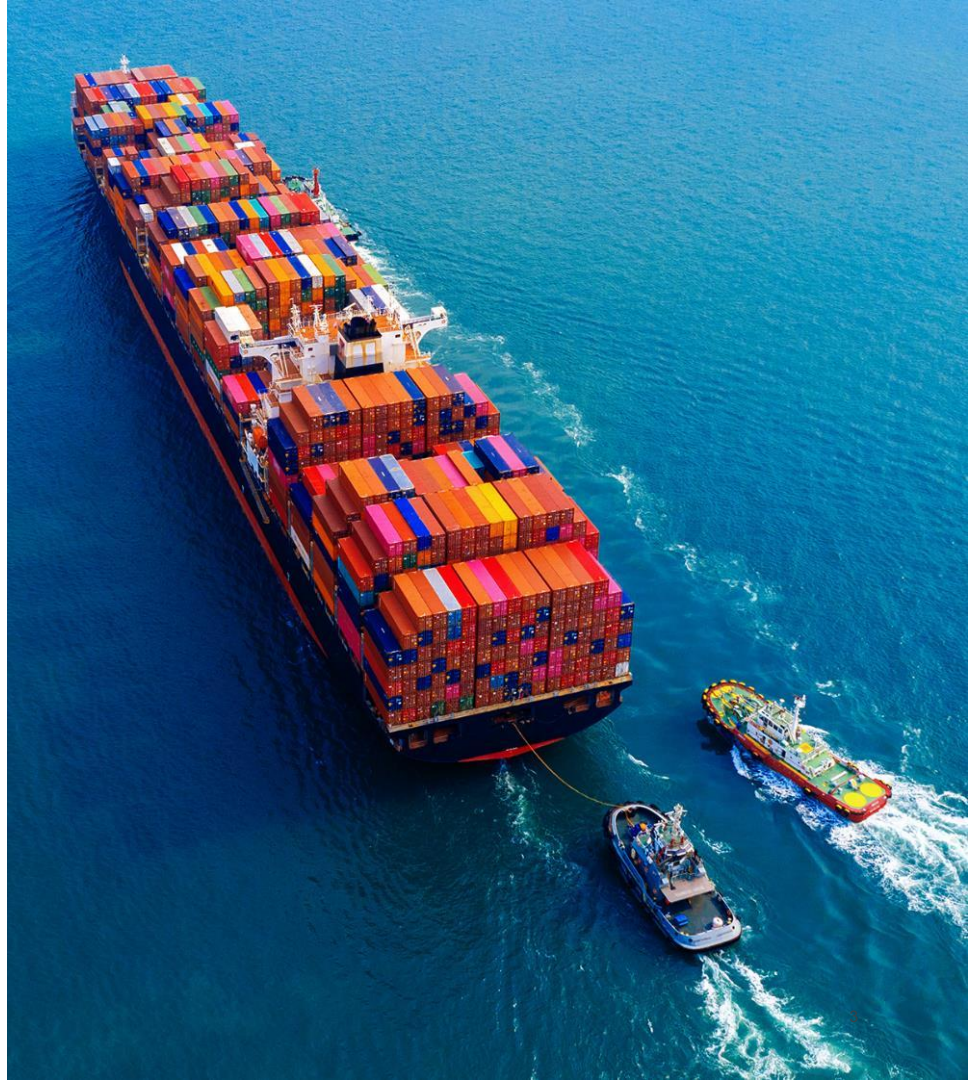
**“Sustainability is a necessity in today’s world and customers are more and more interested in sustainable solutions”**

- Ilkka Herlin, Chairman of Cargotec’s Board of Directors



# Content

- Sustainability at Cargotec
- Social sustainability: Safety and Diversity & Inclusion
- Environmental sustainability: Climate Ambition
- Governance: EU Taxonomy and Eco portfolio sales





**Population growth and  
Urbanisation**

**Climate crisis**

# Megatrends

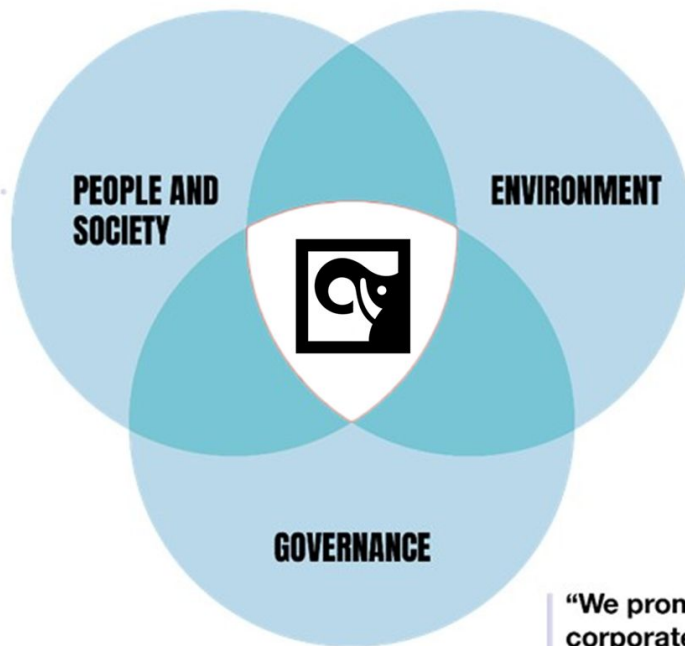


**Digitalisation**



**GDP per capita growth /  
World trade growth**

# WE CREATE VALUE FOR ALL STAKEHOLDERS BY BEING A 1.5 DEGREE COMPANY



**“We operate in an ethical and safe manner and develop our employees”**

Safety and well-being  
Employee engagement  
Diversity and inclusion  
Responsible sourcing

**“We take responsibility for the environment throughout our value chain”**

Greenhouse gas emissions  
Own operations  
Circular Economy  
Eco-efficient solutions

**“We promote good corporate governance and respect our stakeholders”**

Compliant and transparent  
Climate risks and opportunities  
Business ethics  
Financial sustainability

**SMARTER CARGO FLOW  
FOR A BETTER EVERYDAY**



# Customers initiating decarbonization plans due to regulatory and cost pressure

## Key drivers for climate action

**Regulation is changing:** Several of Cargotec's core markets are aggressively pursuing decarbonisation initiatives. EU and now lately US and China have announced radical roadmaps towards carbon neutrality.

**Significant fund allocations:** Most countries have announced significant green deal and green recovery funds to both stimulate economy post Covid – and to drive decarbonisation of the society.

**Prices and tax for carbon:** Instruments like carbon tax and energy tax are being introduced globally at a fast pace. This will result in a financial penalty for polluting - or an incentive to change course.

## Example

The ports of Los Angeles and Long Beach agreed to transition all of the cargo-handling equipment on the docks to zero-emission vehicles by 2030.

A total of €1.8 trillion will help rebuild a post-COVID-19 Europe. National recovery and resilience plans will have to include a minimum of 37% of expenditure related to climate.

Draft legislation to include emissions from ships in the EU Emissions Trading System (ETS) from 1 January 2022.

# Social sustainability

Ensuring a safe, fair and inclusive working environment

# Safety as top priority also during COVID-19

We achieved our safety target in 2020 and there were no major COVID-19 outbreaks at any of our sites.

## PROACTIVE REPORTING

more than

# 14,000

reports



Engagement through action plans, trainings, best practice sharing

## CREATING A MINDSET OF SAFETY FIRST

# IIFR 3.4

in assembly

# 70% 40%

of non-assembly sites have had no incidents this year

of assembly sites have had no incidents this year

## GOOD IMPROVEMENT IN ACCIDENT RATE



Accidents at end of 2018 in assembly sites = 54  
End of 2020 = 24 (reduction of 35/64%)

## WE REACHED THE TARGET <5

when IIFR totaled 3.4 at the end of the year. This is the first year we achieved our target and we're proud of it.





# Diversity and Inclusion as a driver for innovation

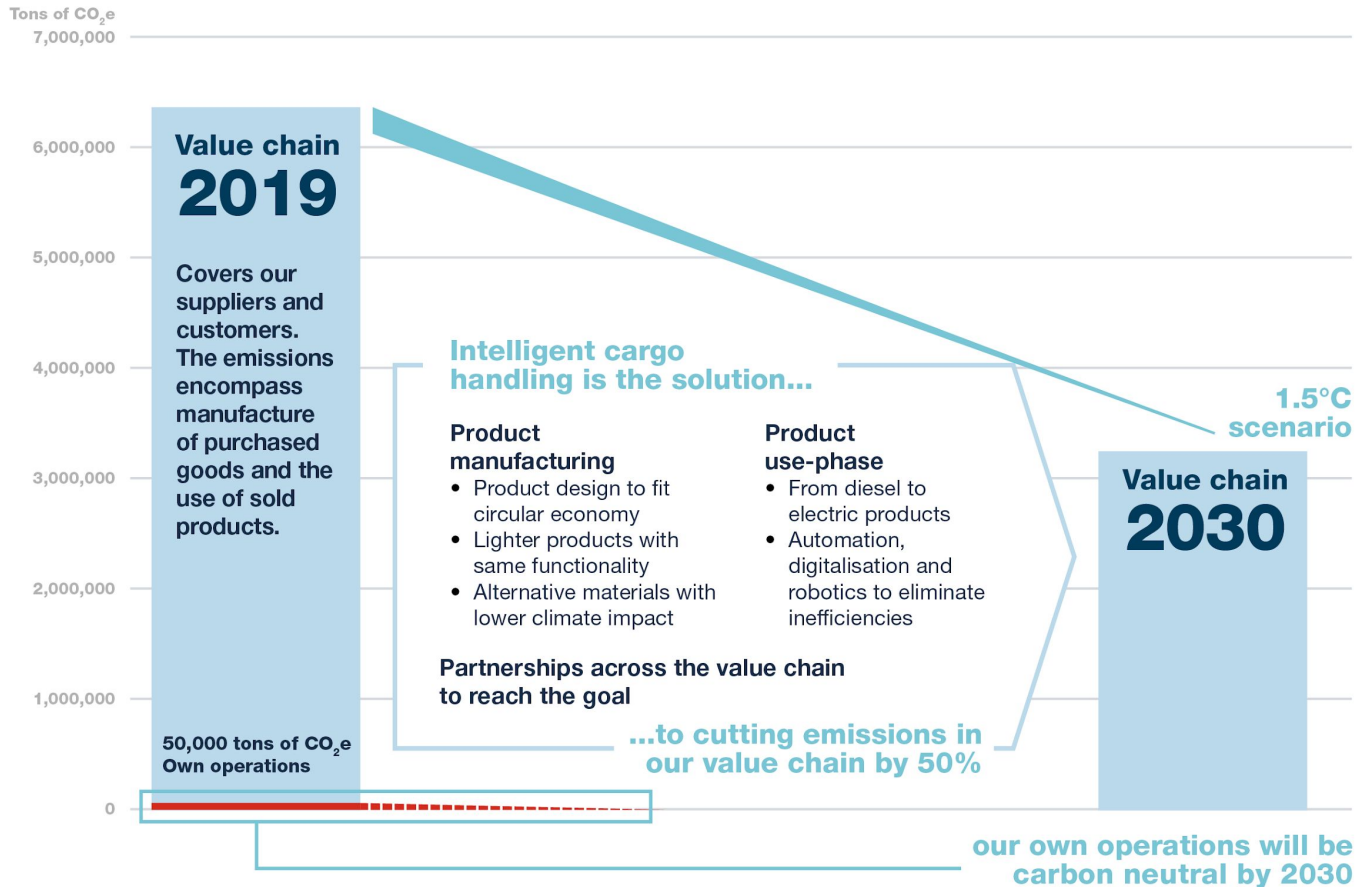
We have signed the Diversity Charter Finland to reflect our commitment to a fair and inclusive organization.



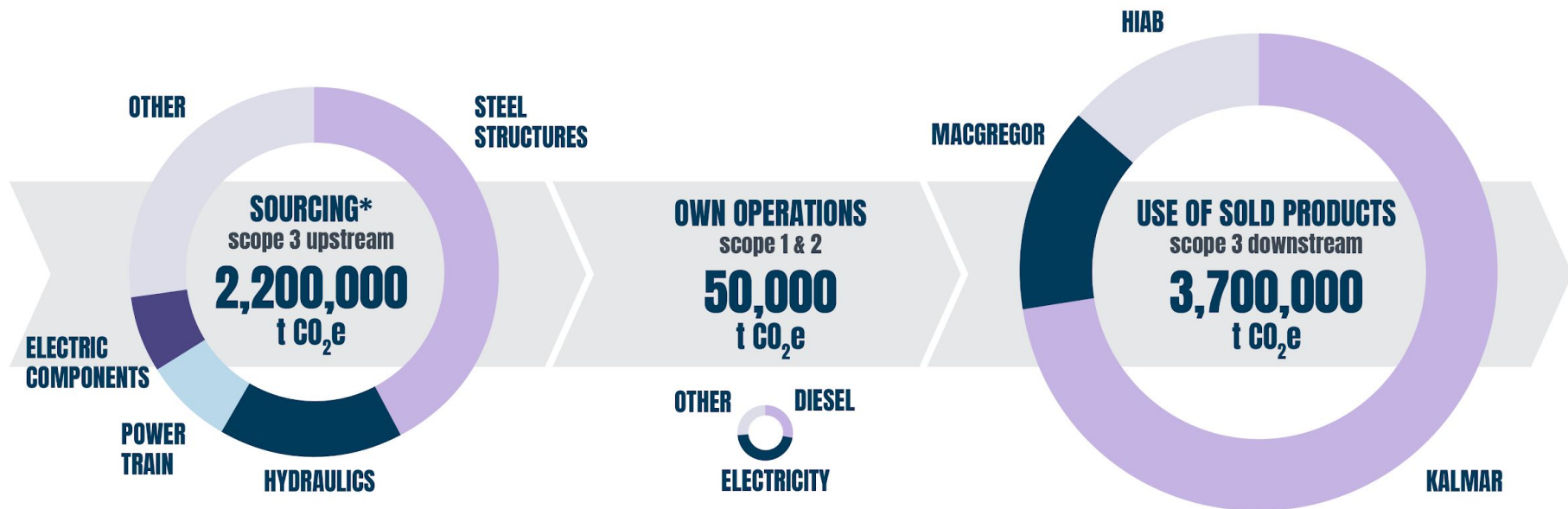
# Environmental sustainability

Climate Ambition: We are committed to the most ambitious Climate Target by having an absolute emission target over the whole value chain

# Our climate ambition is consistent with the emission reductions required to keep warming to 1.5°C



# CARGOTEC'S CARBON FOOTPRINT 2019



\*ESTIMATED BASED ON SPEND

# Governance

EU Taxonomy aligned eco portfolio supports both climate and growth targets

# In 2022 Cargotec will disclose the share of EU Taxonomy eligible revenue

## Regulation

- EU Taxonomy Regulation establishes a classification system (i.e. taxonomy) to define which economic activities are environmentally sustainable.
- Will apply to large companies and financial sector

## When

Covering year 2021, reported in 2022

## What

- 1) the proportion of turnover aligned with taxonomy
- 2) capex & opex aligned with taxonomy

## Why

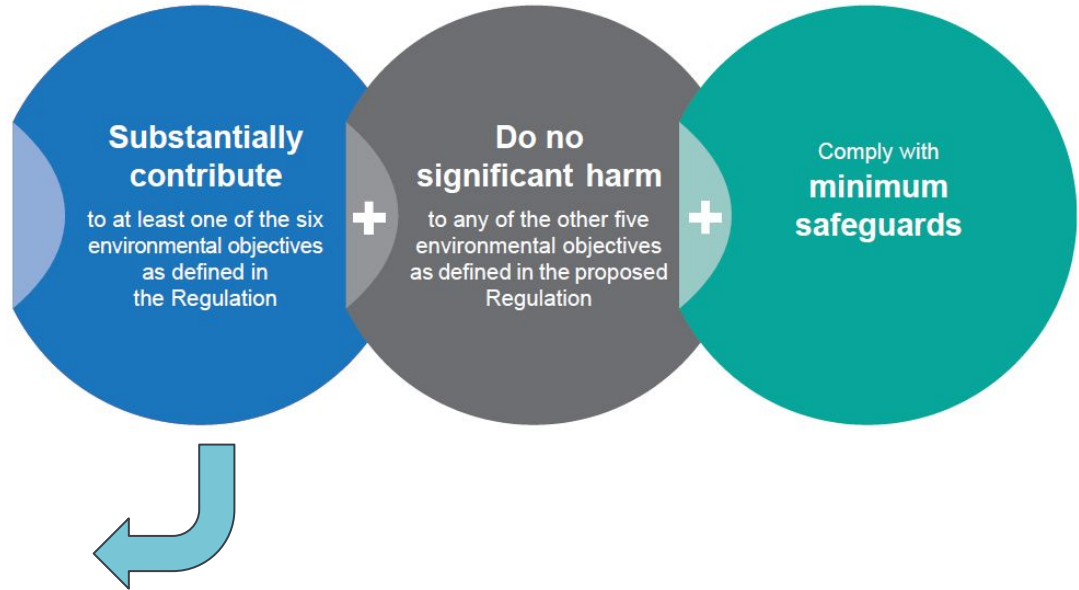
- To decarbonise high-emitting sectors and help low-carbon sectors to grow in order to meet the climate neutrality by 2050 target.
- A tool for investors to understand what is green.



# Taxonomy defines environmentally sustainable economic activities

-  Climate change mitigation
-  Climate change adaptation
-  sustainable and protection of water and marine resources;
-  transition to a circular economy
-  pollution prevention and control;
-  protection and restoration of biodiversity and ecosystems.

For an economic activity to be sustainable, it must



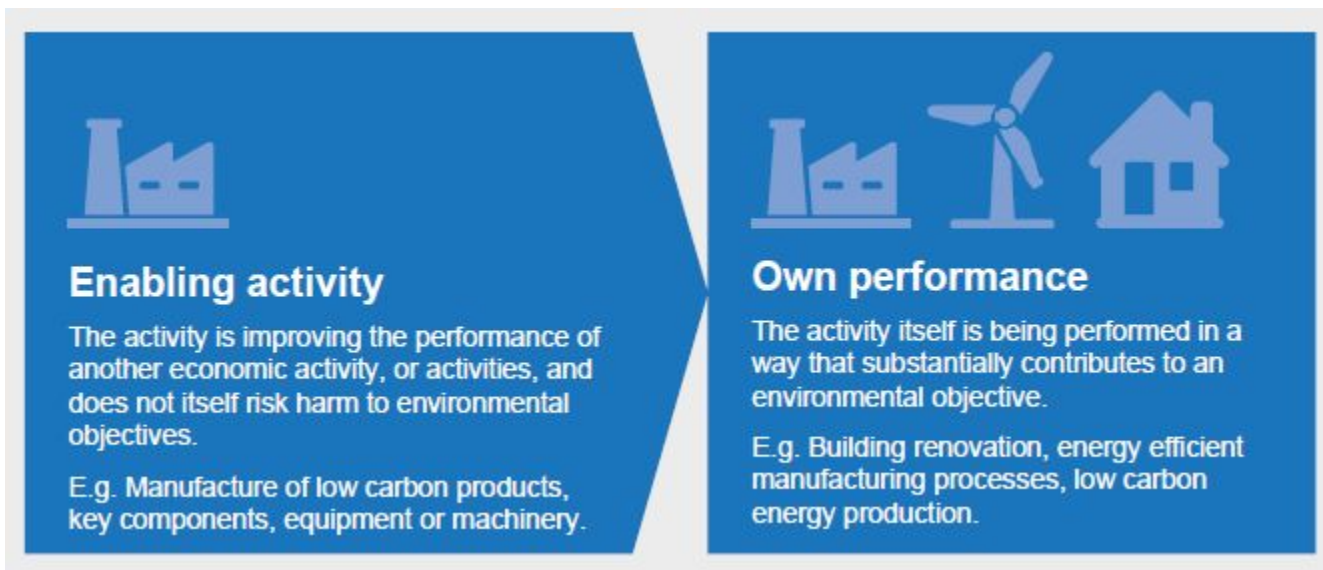
# Cargotec's alignment with Taxonomy's climate change mitigation objective

We focus now on climate change mitigation objective, because Cargotec's potential to substantially contribute to climate change adaptation is limited, and the criteria for the other environmental objectives are not yet published.

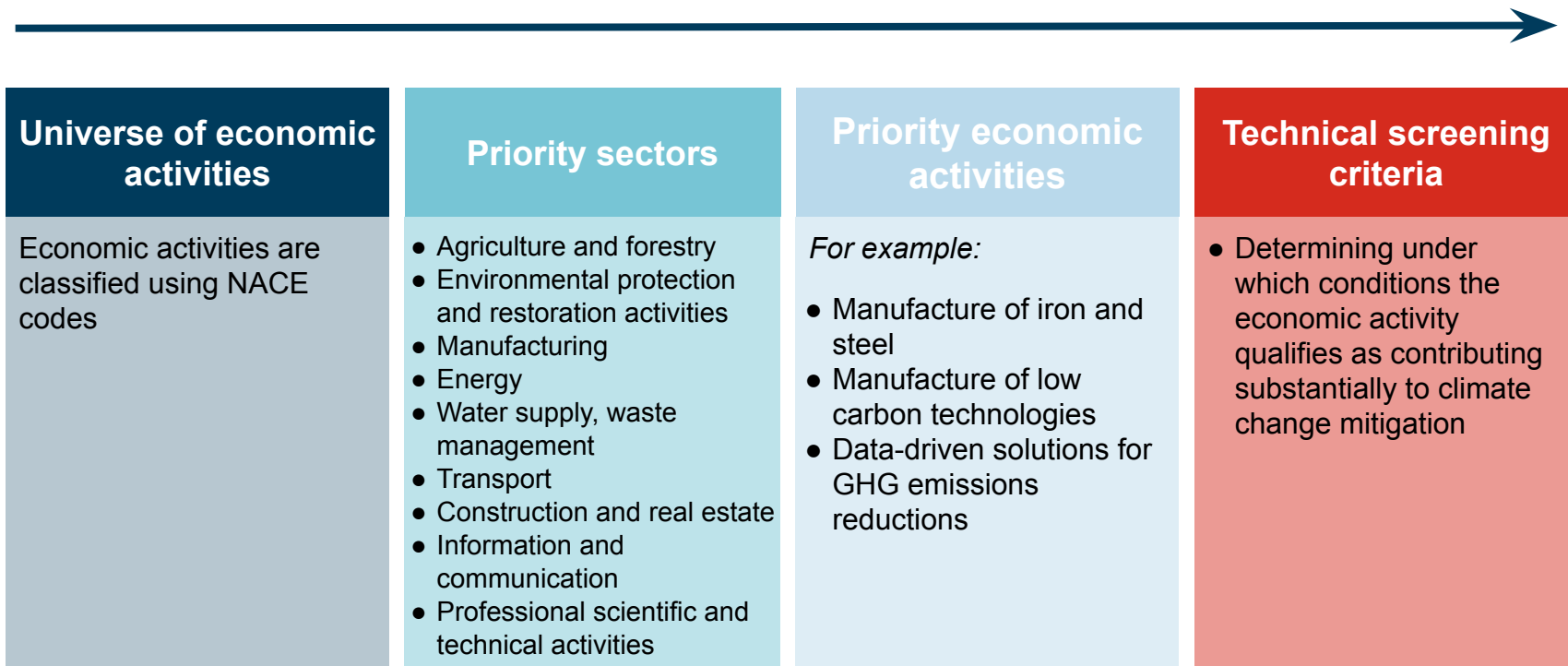


# How can an economic activity contribute to climate change mitigation?

Two distinct types - Cargotec falls into enabling



# Work process for developing the criteria for climate change mitigation activities



# Cargotec's activities are in the scope of the taxonomy



## Identify economic activities in terms of NACE codes

Cargotec's economic activities fall into:

- C28 Manufacture of machinery and equipment
- C33 Repair and installation of machinery and equipment
- J62 Computer programming, consultancy and related activities

## Mapping with activities recognised in taxonomy

Relevant activities in Taxonomy

- Manufacture of other low carbon technologies
- Data-driven solutions for GHG emissions reductions

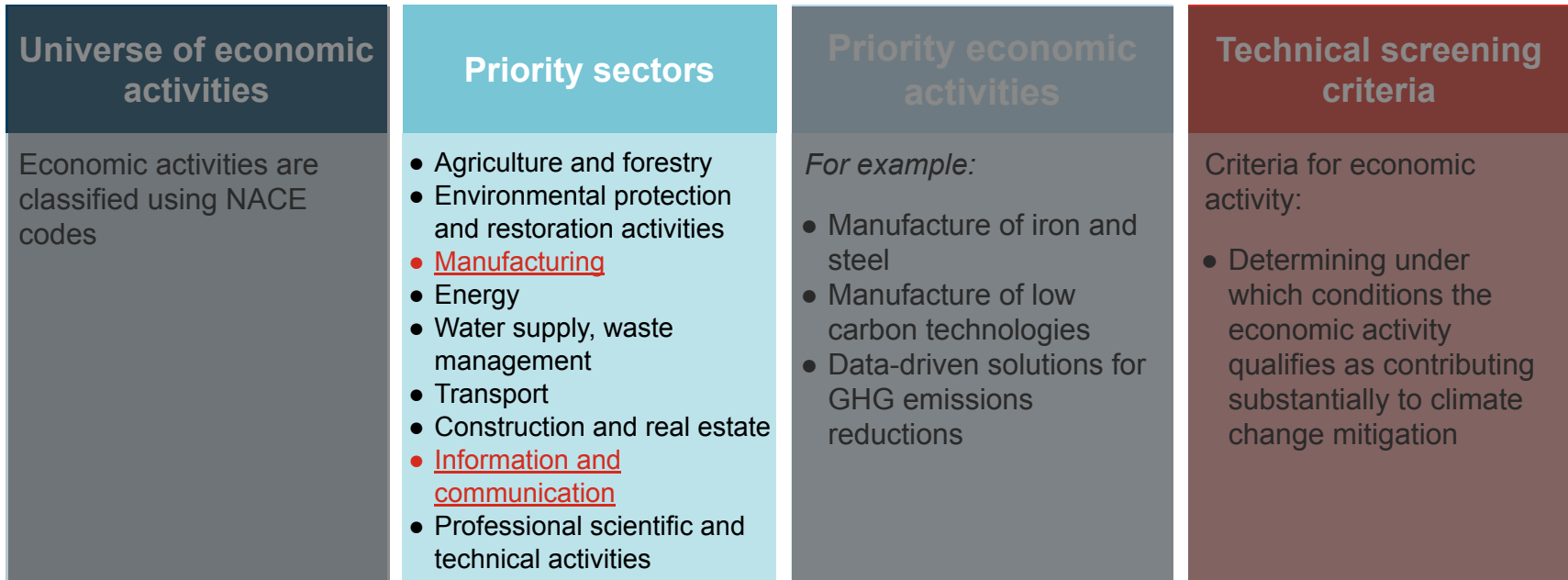
## Prove eligibility

Assess performance against the technical screening criteria in order to prove eligibility

All are in scope of the taxonomy



# Cargotec falls into Manufacturing and Information & communication sectors

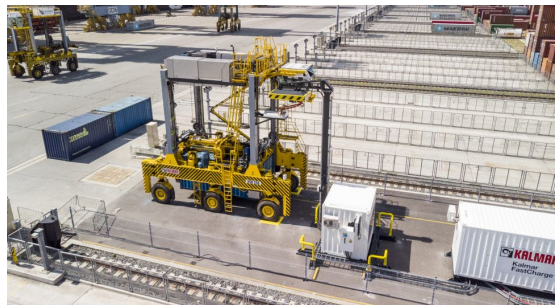


# Cargotec manufactures technologies that enable other sectors to become low-carbon



Manufacturing sector is #3 largest contributor to GHG emissions in the EU

- Manufacture of iron, steel, cement, chemicals etc.



High enabling potential by manufacturing products and technologies that help other sectors to become low-carbon

- Manufacture of renewable energy technologies and low-carbon technologies for transport and other sectors



Cargotec manufactures eco solutions that enable other sectors to become low carbon

- Especially transportation

Taxonomy category:  
Manufacture of other  
low carbon technologies

# Electric Kalmar Terminal Tractor as an example of taxonomy aligned product\*



Kalmar Ottawa T2E Electric Terminal Tractor compared to best performing alternative available on the market

Electric versions are more energy efficient

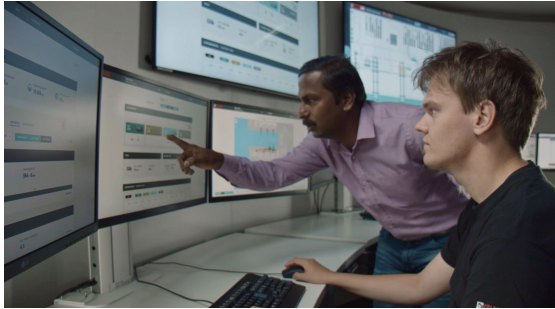
Criteria:  
Substantial life-cycle greenhouse gas emission savings

Taxonomy eligible\*

Taxonomy category:  
Manufacture of other low carbon technologies

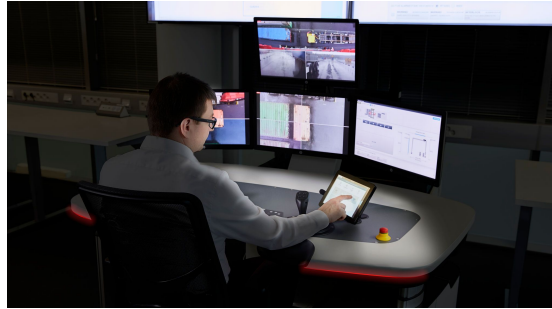


# Cargotec provides ICT solutions for decision making that enable GHG emission reductions



Information and communication sector is growing and the related emissions are growing too

- Data processing and hosting activities are the main source of emissions



Potential to enable emissions reductions in other sectors

- Data-driven solutions to help decision making and enable emission reductions



Cargotec provides ICT solutions for decision making that enable GHG emission reductions, for example:

- Cargo boost
- Predictive maintenance

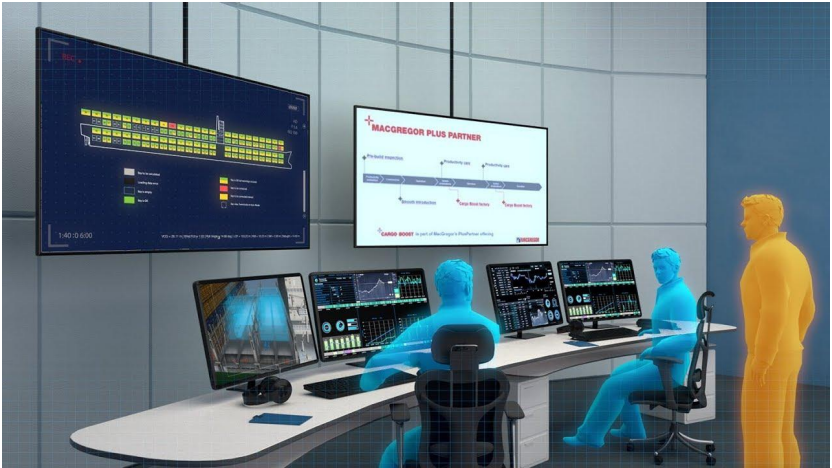
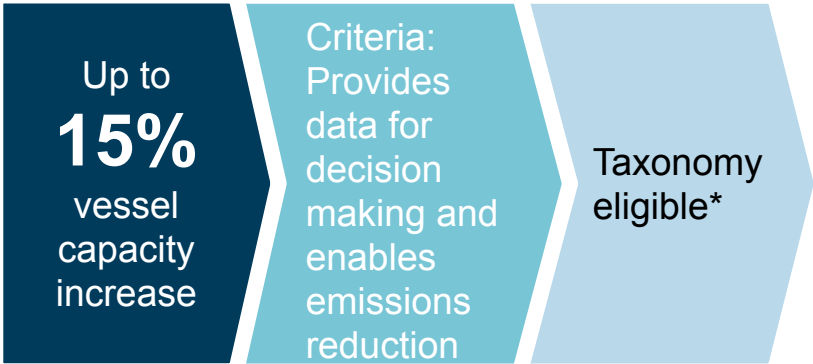
Taxonomy category:  
Data-driven solutions for  
GHG emissions  
reductions

# MacGregor Cargo Boost as an example of taxonomy aligned product\*

Taxonomy category:  
Data-driven solutions for GHG emissions reductions

## **MACGREGOR Cargo Boost**

Cargo boost optimises cargo carrying capacity of a vessel



\*to be verified by third party



# Eco portfolio 24% of Cargotec's total sales in 2020

## New equipment

- Electric and hybrid versions
- Equipment with ecomode
- ProFuture models



- Services
- Software excluding Navis
- Navis
- New equipment



## Service and software

- Software
- Sales of pre-owned equipment
- Retrofits and upgrades

**Target 2021:** Revise the eco portfolio criteria to align with the upcoming EU Taxonomy regulation

# Sales of eco portfolio is growing

## Main growth drivers

Electrification	Software
	
Wider range of electrified products Fully electric Kalmar offering 2021	Data driven solutions



**Target 2021:** Eco portfolio to achieve double sales growth compared to traditional products **Achieved ahead of time**

# Our sustainability work is recognised by ESG ratings



CLIMATE CHANGE 2020



SUPPLIER ENGAGEMENT



79/100

99th percentile ⓘ

MSCI  
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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LAST UPDATE: February 19, 2021

# Questions & Answers

# 15

# Appendix

# Business area R&D highlights in 2020



- ChargePod
- Energy-saving guarantee for electric forklift trucks



- Free version of HiConnect as standard feature
- Electric MOFFETT E4 NX truck mounted forklift



- OnWatch Scout pilots and agreements
- Significant offshore wind deals: OHT and Ebba Wind

# Read more about Cargotec's sustainability

- Annual report 2020
  - See Sustainability section for highlights of 2020 achievements
  - Disclosure on non-financial issues (part of Board of Directors' report, aligned with EU NFR directive)
- GRI Index 2020, including material SASB indicators
- Also our website [cargotec.com/sustainability](https://cargotec.com/sustainability)

