

Corporate Governance Statement 2009

Cargotec's governance and management are based on the Finnish Limited Liability Companies Act and Securities Markets Act, the Company's Articles of Association and the rules and guidelines of NASDAQ OMX Helsinki Oy. Cargotec complies with the Finnish Corporate Governance Code available on the Securities Market Association's website at www.cgfinland.fi. Cargotec's shareholders at the Shareholders' Meeting exercise the highest decision making power. The Company is managed by the Board of Directors and the President and CEO.

This statement is presented as a separate report and disclosed together with the financial statements and the report by the Board of Directors.

Shareholders' meeting

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

The issues decided on by the Shareholders' Meeting include the approval of the financial statements, distribution of profit, amendments to the Articles of Association, granting of release from liability to the members of the Board of Directors and to the President and CEO, the election of the members of the Board and auditor, and their remunerations.

The notice of the Shareholders' Meeting shall be published on the Company's internet pages and in at least two daily newspapers, decided upon by the Board and appearing in the Helsinki region. The notice specifies the matters to be considered by the meeting as well as the proposals made by the Board to the meeting. The shareholders must register for the meeting in the manner specified in the notice.

The names of candidates for Cargotec's Board are published in the notice of the Shareholders' Meeting, if the candidates have given their consent to their election and the proposal has been made by the Board Nomination and Compensation Committee, or if the proposal is supported by shareholders representing at least one-tenth of the total voting rights. The names of any candidates appointed after the notice has been issued will be published separately if the aforementioned conditions are met. Furthermore, the Board Audit Committee's proposal for the auditor will be published in a similar manner prior to the Shareholders' Meeting.

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

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

The AGM held in Helsinki on 5 March 2009 was attended by 402 shareholders representing 79 percent of the total voting rights of the company. In addition to decisions taken on an annual basis, the AGM authorised the Board of Directors to decide on the acquisition of the Company's own shares as well as on a share issue involving the transfer of treasury shares.

Shareholder rights

A shareholder has the right to attend the Shareholders' Meeting if he or she has been entered into the register of shareholders at least eight working days before the meeting and if the shareholder has declared to the Company his/her intention to attend in the manner specified in the notice of the Shareholders' Meeting. A holder of nominee-registered shares can also attend the Shareholders' Meeting by registering him/herself in the register of shareholders on a temporary basis. A shareholder can attend the Shareholders' Meeting either in person or via a representative authorised by the shareholder.

A shareholder has the right to raise issues for consideration by the Shareholders' Meeting if he or she so requests in a written notification to the Board in good time for the matter to be included in the notice of the Shareholders' Meeting.

In the Shareholders' Meeting, all shareholders have the right to raise questions and propose resolutions regarding issues on the agenda.

A dividend will be paid to any shareholder who is reg-

istered in the Company's shareholder register on the record date of the dividend payment.

The number of shareholders increased by 2,000 during 2009 and totalled approximately 18,000 at year-end. A list of Cargotec's major shareholders on 31 December 2009 is provided on page 148 in the Annual Report. A monthly updated list of major shareholders is available on the website at www.cargotec.com/investors.

Board of Directors

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

Cargotec's Board is responsible for the management and proper organisation of the Company's operations as well as representing the Company. The duties of the Board are determined on the basis of the Articles of Association and the Finnish Limited Liability Companies Act. The Board has compiled a written charter for its work that defines its main duties and operating principles. In compliance with the charter, the Board convenes regularly seven times a year, and whenever necessary, by

invitation of the Chairman.

The Board's responsibilities include approving the Company's financial statements and interim reports, the supervision of accounting and the control of the Company's financial matters, and preparing issues to be presented to the Shareholders' Meeting. The Board also decides on the company's contributions, loans, and guarantees. The Board elects Cargotec's President and CEO and decides on the related terms of employment. Furthermore, the Board confirms the Company's strategic plans and annual action plans as well as significant acquisitions and investments and approves the Company's risk management principles.

In the AGM of 5 March 2009, the following were elected as members of the Board: Tapio Hakakari, (b. 1953), LL.M., Ilkka Herlin (b. 1959), Ph.D., Peter Immonen (b. 1959), M.Sc. (Econ.), Karri Kaitue (b. 1964), LL.Lic., Antti Lagerroos (b. 1945), LL.Lic., and Anja Silvennoinen (b. 1960), M.Sc. (Eng.), MBA. Ilkka Herlin acted as Chairman of the Board while Tapio Hakakari acted as Deputy Chairman. Kari Heinistö, SEVP, acted as Board Secretary. The Board members are presented on pages 62–63.

The Board reviews its own performance and procedures once a year through internal self-assessment. Moreover, the Board conducts an annual assessment of the independence of its members. The members of the Board are independent of the Company and, with the exception of Ilkka Herlin, also independent of significant shareholders in the Company. Ilkka Herlin, Chairman of the Board, is one of the largest owners of Cargotec,

holding over 20 percent of the votes and over 10 percent of the shares of the Company.

Cargotec's Board convened eight times during 2009 with an attendance rate of 100 percent.

Committees of the Board of Directors

Two committees assist Cargotec's Board in its work: the Audit Committee, and the Nomination and Compensation Committee. The Board nominates the members and Chairman of the committees from among its members and confirms the committees' charters. The committees have no autonomous decision-making power. They prepare minutes of their meetings and report to the Board on a regular basis.

Audit Committee

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibility to oversee the financial statement reporting process as well as the management's conduct of the Company's financial reporting process. The Audit Committee supervises the adequacy and appropriateness of the Company's internal control, internal auditing and risk management in accordance with its charter as well as handles internal audit plans and reports. Furthermore, the Committee prepares a proposal to the AGM regarding the election and fees of the external auditor(s), defines and monitors the non-audit services purchased from the auditing firm in order to avoid jeopardising the auditors' independence and monitors the statutory audit of annual accounts and consolidated accounts. The Committee also prepares the

Board of Directors' Corporate Governance Statement. The Audit Committee meetings are attended by the members, the secretary to the Committee, the Head of Internal Audit, the President and CEO, and the representatives of the auditing firm. The Committee convenes without the presence of the Company's management if the matters to be dealt with so require.

The Audit Committee consists of a minimum of three Board members. In 2009, Karri Kaitue acted as chairman of the Audit Committee, while Ilkka Herlin and Anja Silvennoinen acted as members of the Committee. Committee members are independent of the Company and, with the exception of Ilkka Herlin, independent of significant shareholders in the Company. Committee members possess years of experience in business management duties.

The Committee convened four times during the financial period, and Committee members' attendance rate in meetings was 100 percent.

Nomination and Compensation Committee

Nomination and Compensation Committee prepares a proposal to Cargotec's AGM concerning the composition and remuneration of the Board. Furthermore, the Committee prepares a proposal to the Board regarding the appointment of the President and CEO and the terms of employment. It is also the Committee's duty to ensure that the resourcing of the Company management is appropriate and that their salary and other terms are competitive. Management here refers to the President and CEO, the Executive Board, and persons reporting

primarily to members of the Executive Board. The Nomination and Compensation Committee confirms the target group and considers, principally once a year, their salary adjustments, bonus principles, bonuses earned, and succession planning. Furthermore, the Committee's tasks include preparing and presenting to the Board stock option, share, and other employee incentive programmes as well as preparing proposals concerning the Company's voluntary pension schemes.

The Nomination and Compensation Committee consists of a minimum of three Board members. The Committee convenes as needed but at least three times a year. In 2009, Ilkka Herlin acted as chairman of the Nomination and Compensation Committee, while Tapio Hakakari, Peter Immonen and Antti Lagerroos acted as members of the Committee. Committee members are independent of the Company.

The Committee convened six times during the financial period, and Committee members' average attendance rate in meetings was 92 percent.

President and CEO

The Board appoints Cargotec's President and CEO and determines the related terms of employment. Mikael Mäkinen (b. 1956), M.Sc. (Eng.), has been Cargotec's President and CEO since 2006. The President and CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within Cargotec. The President and CEO also ensures that the accounting practices of the Company comply with the law and that financial matters are handled in a reliable

manner. The employment terms of the President and CEO are defined in a written employment contract.

Executive Board

In support of the President and CEO, the Executive Board monitors business development, is responsible for Cargotec's operational activities, and defines operative principles and procedures in accordance with guidelines set by the Board. The Executive Board convenes every month and whenever necessary.

Cargotec's Executive Board comprises the President and CEO, the head of the Industrial and Terminal business area as well as the business area's Product Solutions, Service Solutions and regional heads, the head of the Marine business area, the head of Product Supply, as well as heads of the Company's key support functions. The Executive Board's composition changed in 2009 when the Hiab and Kalmar business areas were merged to form the Industrial and Terminal business area, four new members were appointed to the Executive Board and the areas of responsibility were defined.

The President and CEO and other members of the Executive Board are presented on pages 64–65 of this Annual Report.

External audit

The statutory external audit includes control of accounting, financial statements, and administration for the financial period. In addition to the auditors' report issued annually, the auditors report to the Board on their auditing observations on a regular basis. Cargotec's financial period is the calendar year.

According to the Articles of Association, the Company shall have at least one and a maximum of three auditors. The Auditors shall be authorised public accountants. The auditors are elected annually by the AGM and their assignment expires at the end of the first AGM following the election. PricewaterhouseCoopers Oy has acted as Cargotec's auditor since the beginning of the company's first financial period, 1 June 2005.

The AGM of 5 March 2009 elected Authorised Public Accountants Johan Kronberg and PricewaterhouseCoopers Oy as Cargotec's auditors according to the proposal of the Audit Committee. PricewaterhouseCoopers nominated Authorised Public Accountant Jouko Malinen as its principal auditor. Auditors' fees are compensated against an invoice.

For the financial period, Cargotec companies' audit fees totalled EUR 2.4 (2008: 2.3) million, while EUR 1.4 (2008: 1.5) million was paid in non-audit fees to the auditing firm.

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

Cargotec compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the Finnish Accounting Board's guidelines and statements, while complying with the standards of the Financial Supervisory Authority (FIN-FSA) and the rules of NASDAQ OMX Helsinki Oy. The internal control and risk management guidelines and practices pertaining to the Company's financial reporting

process have been designed to ensure that the financial reports disclosed by Cargotec give essential and correct information about its financial performance.

Financial reporting process

Cargotec's financial reporting is supervised on a monthly basis by the business units and the management teams of the business areas as well as the Executive Board (monthly review). Furthermore, financial performance is reported to the Board of Directors on a monthly basis. The reporting schedule has been planned so that performance is first reviewed at unit level, after which it is compiled for a review meeting of the management team of the business area in question. The third level of control comprises meetings of the Executive Board. The finance responsables report any deviations from the plans to the management and analyse the reasons for these. The purpose of the monthly review is also to ensure performance towards annual targets and necessary actions as well as internal control.

The financial reporting guidelines are available for all personnel at Cargotec's Flow collaboration portal. In addition to corporate-level standards (Cargotec Accounting Standards), these comprise business area-specific lower-level guidelines. Finance function regularly arranges controller meetings with the purpose of providing guidelines for the work as well as ensuring uniform procedures and interpretation of guidelines.

In 2009, Cargotec implemented a new joint reporting system aimed at significantly improving the reliability of financial information while creating transparency for Cargotec reporting to each business unit. Following the

implementation, specifications of chart of accounts have been further defined and harmonised. After the implementation of the new system, Cargotec determined control points for the financial reporting process, on the basis of a risk assessment.

The harmonisation of financial reporting is currently underway in Cargotec with the purpose of standardising reporting as well as reducing any business area-specific differences in guidelines. As part of the On the Move change programme, Cargotec is seeking to reduce its number of financial administration systems and upgrade the remaining ones. In line with the change programme, a shared service centre model applied by a number of units has been expanded in such a way that the bookkeeping of all of Cargotec's units in Finland was transferred to a shared service centre during 2009. In Sweden, the shared service centre model has been implemented as of the beginning of 2010. In the beginning of October 2009, a functional structure was implemented in most of Cargotec in which persons responsible for finance report to the finance organisation instead of the line manager.

During 2009, the main risks, control objectives and control points of the financial reporting process were determined. Such control points were determined from the subsidiaries' reporting processes all the way up to Cargotec reporting. These control points include approval procedures, matching, differentiation of tasks pertaining to the operational chains of bookkeeping as well as analysing financial information in order to discover errors. Towards the end of the year, all Cargotec companies were internally informed of the main risks, control objectives and control points of the financial

reporting process, and the related implementation and self-assessments were initiated in the first Cargotec units. The results of said assessments were reported to the Board Audit Committee. The control objectives will be implemented throughout Cargotec during 2010.

Guidelines regarding the disclosure of financial information are included in Cargotec's communications guidelines. The Investor Relations function ensures that these guidelines are up-to-date and that they are observed.

Internal control

The goal of Cargotec's internal control is to ensure that its operations are efficient and profitable, its business risk management is adequate and appropriate and the information it produces is reliable. Cargotec's internal control is based on its values and the Code of Conduct. With respect to the financial reporting process, these are supported by Cargotec's policies and guidelines as well as its clearly defined internal financial reporting and communications. Cargotec's Internal Control Policy defines the control principles and procedures applied. Similarly to other Cargotec operations, responsibility for the internal control of financial reporting is divided into three tiers. Line management is primarily responsible for internal control. It is aided by corporate support functions, which define policies and instruct on and supervise risk management. Internal and external audits form the third tier, their task being to ensure that the first two tiers are functioning effectively.

The Internal Audit functions under the supervision of the President and CEO and the Board Audit Committee.

The unit's responsible persons report on their audit activities and the audit results to the Audit Committee on a regular basis. The purpose of such audits is also to supervise compliance with operating principles and guidelines. Cargotec's Internal Audit controls the operations of major subsidiaries and other units on a regular basis. Furthermore, Internal Audit controls financial reporting processes and compliance with these in the various Cargotec units and reports its findings to the management and the Board of Directors. Internal Audit is also responsible for the auditing of Cargotec's internal control as well as the business risks.

Risk management

Cargotec's Board has approved the Company's risk management policy, which defines the objectives, principles, activities and areas of responsibility of risk management. A core principle is continuous, systematic and preventive action for identifying, assessing and handling risks and, if they materialise, treating them effectively. One of the identified risk areas is financial risks. The President and CEO and the Executive Board are responsible for the methods, implementation and supervision of risk management, and report on these to the Board of Directors. Cargotec's risk management is spread across business areas and units. Each unit is responsible for assigning responsibility for risk management and identifying, managing and reporting risks. Financial risks are centrally managed by the Corporate Treasury, which draws up financial risk reports for Corporate Management and the Board of Directors on a regular basis.