

# Corporate Governance Statement 2013

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 Ltd. Cargotec complies with the Finnish Corporate Governance Code 2010 ([www.cgfinland.fi/en](http://www.cgfinland.fi/en)). Tapio Hakakari, Vice Chairman of the Board, was also a member of the Nomination and Compensation Committee when in his role as Interim President and CEO until 28 February 2013, during which time Cargotec departed from recommendations 29 and 32.

At the Shareholders' Meeting, Cargotec's shareholders exercise the highest decision-making power. The company is managed by the Board of Directors and the President and CEO.

Cargotec has developed its governance model towards an organization driven by the three business areas MacGregor, Kalmar and Hiab. Cargotec's role includes supporting the business areas in fulfilling the requirements, rules and regulations set to listed companies.

The corporate governance statement is issued as a separate report and disclosed, together with the financial statements, Board of Directors' report and the remuneration statement, on the company website at [www.cargotec.com](http://www.cargotec.com) > Investors > Governance. This information is also included in the annual report for 2013.

## Shareholders meeting

Cargotec's Shareholders' meeting is convened by the Board of Directors and held in the company's domicile, Helsinki, Finland. The Annual General Meeting (AGM) is held annually within three months of 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 a company auditor or by shareholders representing at least ten percent of all the issued shares of the company.

The issues decided on by the AGM include the adoption of the financial statements, distribution of profit, granting of release from liability to the members of the Board of Directors and to the President and CEO, the election of and remuneration payable to the members of the Board and auditor. The Shareholders' meeting also has the right to amend the Articles of Association, and make decisions and authorise the Board of Directors to make decisions on the acquisition of treasury shares, on share issues and on option programmes.

Notice of the Shareholders' meeting is published as a stock exchange release and on Cargotec's website. This notice includes the agenda for the meeting, proposals made by the Board and the Board committees to the meeting and instructions regarding registration and attendance. The names of candidates for the Board of Directors are published in connection with 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 ten percent of the total voting rights of the company. 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 and Risk Management Committee's proposal for the auditor will be published in a similar manner.

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.

## 2013

The AGM held in Helsinki on 20 March 2013 was attended by 445 shareholders representing 80 percent of the total voting rights of the company. Mika Vehviläinen, President and CEO, Ilkka Herlin, Chairman, Tapio Hakakari, Vice Chairman, members Peter Immonen, Antti Lagerroos, Teuvo Salminen and Anja Silvennoinen as well as Board candidate Jorma Eloranta were present at the meeting. Also present was Jouko Malinen, Authorised public accountant, and management of Cargotec. In addition to decisions taken on an annual basis, the AGM authorised the Board of Directors to decide on the acquisition of treasury shares. The authorisation has not been exercised during the year. All documents related to the AGM are available in the AGM archives on the company website at [www.cargotec.com](http://www.cargotec.com) > Investors > Governance > Shareholders' meeting.

At the end of 2013, the company had nearly 22,000 shareholders. Cargotec's major shareholders on 31 December 2013 are listed in the Shares and shareholders section of the financial statements, and a monthly updated list is available on the company's website at [www.cargotec.com](http://www.cargotec.com) > Investors > Shareholders.

## Board of Directors

### Composition

Cargotec's Board of Directors 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 Annual General Meeting (AGM) for a one-year term of office that expires at the end of the first AGM following the election. The Board elects the Chairman and Vice Chairman from among its members. The majority of Board members shall be independent of the company and a minimum of two of the independent directors are to be independent of significant shareholders. In 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.

### Responsibilities

The 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 to eight 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 and loans. The Board appoints Cargotec's President and CEO and determines the related terms of employment. Furthermore, the Board confirms the company's strategic plans as well as significant acquisitions and investments, and approves the company's risk management principles. In each of its meetings, the Board also discusses issues associated with Cargotec's strategic priorities or other current theme.

### Self-assessment and assessment of independence

The Board conducts an annual internal self-assessment to review its own performance and procedures. The Board also conducts, annually and when necessary, an assessment of its members as regards their independence of the company and major shareholders.

### Committees

The Board has set up two committees to improve the efficiency of board work: the Audit and Risk Management Committee and the Nomination and Compensation Committee. The Board nominates the members and the Chairmen of the committees from among its members annually,

and confirms the committees' written charters. The committees have no independent decision-making power. They prepare minutes of their meetings and report to the Board of Directors on a regular basis.

### 2013

The composition of Cargotec's Board of Directors in 2013 was as follows:

- Ilkka Herlin, Chairman
- Tapio Hakakari, Vice Chairman
- Peter Immonen
- Antti Lagerroos
- Teuvo Salminen
- Anja Silvennoinen
- Jorma Eloranta, member as of 20 March 2013
- Karri Kaitue, member on 20 March 2013

Otti Aaltonen, Senior Vice President, General Counsel, served as the Secretary to the Board of Directors.

According to the assessment conducted in March 2013, all members of the Board were independent of the company and, with the exception of Ilkka Herlin and Peter Immonen, also independent of major shareholders. Ilkka Herlin, Chairman of the Board, is one of the largest owners of Cargotec through the company Wipunen varainhallinta oy controlled by him, holding over 23 percent of the votes and almost 13 percent of the shares of the company. He is also a Board member in two major shareholder companies, Mariatorp Oy and D-sijoitus Oy. Peter Immonen is a Board member of Wipunen varainhallinta oy and Mariatorp Oy. Tapio Hakakari, who acted as Interim President and CEO until 28 February 2013, was dependent on the company during his position as CEO.

In 2013, the Board met 15 times. Along with the annual tasks, the Board concentrated on strategic development and improvement of profitability of the three business areas. The Board was following the ongoing acquisition projects closely, as well as those measures related to the listing of MacGregor. Some Board members also participated in the business area review meetings during the year.

The Board evaluated its work in December with help of a self-evaluation questionnaire. Among other things, the members considered the role of the Board, the quality and effectiveness of its work, the strategy work and the Board's ability to perceive the social and environmental effects of its resolutions.

## Member attendance in meetings 2013

	Board	Audit and Risk Management Committee	Nomination and Compensation Committee
Ilkka Herlin	15/15	7/7	6/6
Tapio Hakakari	15/15		6/6
Jorma Eloranta, as of 20 March 2013	13/13		
Peter Immonen	15/15		6/6
Karri Kaitue, until 20 March 2013	2/2	1/1	
Antti Lagerroos	14/15		6/6
Teuvo Salminen	15/15	7/7	
Anja Silvennoinen	15/15	6/7	

## Audit and Risk Management Committee

The committee's duty is to supervise the financial reporting executed by the management, and to monitor the financial statement and interim reporting process. The committee supervises the adequacy and appropriateness of the company's internal control, internal audit and risk management in accordance with its charter, and handles Corporate Audit plans and reports. Furthermore, the committee prepares a proposal to the Annual General Meeting regarding the election and fees of the external auditor, defines and monitors the non-audit services performed by the auditing firm to ensure the auditors' independence, and supervises the statutory audit of financial statements and consolidated financial statements. The committee also reviews the Corporate governance statement.

The Audit and Risk Management Committee consists of a minimum of three members of the Board of Directors. The directors of Finance, Treasury, Corporate Audit and Risk Management report to the committee on a regular basis. Representatives of the auditing firm also attend meetings. If the matters to be dealt with so require, the committee convenes without the presence of the company's management. The committee conducts annual internal self-assessments to review its own performance.

### 2013

The Audit and Risk Management Committee was chaired by Teuvo Salminen and its members were Ilkka Herlin, Karri Kaitue (until 20 March 2013) and Anja Silvennoinen. Committee members were independent of the company and, with the exception of Ilkka Herlin, independent of major shareholders. It is the Board of Directors' opinion that Ilkka Herlin's committee membership as a major shareholder is justified. Committee members possess years of experience in business management duties.

In 2013, the committee met seven times. The attendance details of the committee members are available on the Board of Directors page. Along with the financial, treasury, tax and risk management issues, the committee monitored Kalmar's project management closely, as well as the implementation of the enterprise resource planning system for the sales and service network. By means of self-evaluation, the committee considered, among other things, the division of tasks between the Board and the committee, the contribution of the committee to the risk management of the company, and the need to develop committee work.

## Nomination and Compensation Committee

The Nomination and Compensation Committee's duty is to prepare a proposal to Cargotec's Annual General Meeting concerning the composition and remuneration of the Board of Directors. 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 people 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 successor planning. Furthermore, the committee's tasks include preparing and presenting to the Board stock option, share, and other employee incentive programmes as well as 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.

### 2013

Ilkka Herlin acted as chairman of the committee, with Tapio Hakakari, Peter Immonen and Antti Lagerroos as members. Committee members are independent of the company, with the exception of Tapio Hakakari during his interim position as President and CEO until 28 February 2013. The President and CEO and the Senior Vice President, Human Resources, attended the committee meetings, except when they themselves were the subject of discussion.

In 2013, the Nomination and Compensation Committee convened six times and all committee members participated in each meeting. In addition to the annual duties, the committee's agenda comprised of the recruitment of the new President and CEO, the planning of an incentive programme for the top management, and development of the remuneration direction and strategy.

## CVs of Board members



**Ilkka Herlin**  
Chairman

b. 1959, Finnish, Ph.D.

Member and Chairman of the Board 2005–  
Chairman of Nomination and Compensation Committee  
Member of Audit and Risk Management Committee

Independent of the company  
Significant shareholder (Wipunen varainhallinta oy)  
Dependent of significant shareholders (Member of  
the Board of D-sijoitus Oy and Mariatorp Oy)

Chairman of the Board, Wipunen varainhallinta oy 2005–  
Managing Director, Security Trading Oy 1987–2000  
Member of the Board, KONE Corporation 1990–2000

**Chairman of the Board:**

Foundation for a Living Baltic Sea, also co-founder 2008–  
Finnish-Chinese Trade Association 2009–

**Member of the Board:**

D-sijoitus Oy 2005–  
Mariatorp Oy 2005–  
WIP Asset Management Ltd 2005–, Chairman 2000–2005  
Finnish Foundation for Share Promotion 2005–2011  
John Nurminen Foundation 2005–2008

**Other:**

Deputy Chairman of the Advisory Board,  
Aleksanteri Institute 2011–

**Ownership in Cargotec 31 Dec 2013:**

2,940,067 class A shares  
5,379,887 class B shares



**Tapio Hakakari**  
Vice Chairman

b. 1953, Finnish, LL.M.

Member of the Board 2005–, Vice Chairman 2009–  
Member of Nomination and Compensation Committee

Independent of the company and significant shareholders

Interim President and CEO,  
Cargotec Corporation 10/2012–2/2013  
Director, Secretary to the Board,  
KONE Corporation 1998–2006  
Director Administration, KCI Konecranes Plc, 1994–1998  
Employed by KONE Corporation 1983–1994

**Chairman of the Board:**

Enfo Oyj 2007–  
Opteam Yhtiöt Oy 2013–, member 2011–  
Esperi Care Oy 2006–2010

**Member of the Board:**

Etteplan Oyj 2004–  
Hollming Oy 2008–  
Martela Oyj 2003–2013  
Havator Holding Oy 2007–2010

**Ownership in Cargotec 31 Dec 2013:**

158,245 class B shares



### Jorma Eloranta

b. 1951, Finnish, M.Sc. (Tech.)

Member of the Board of Directors 2013–

Independent of the company and largest shareholders

President and CEO, Metso Corporation 2004–2011  
 President and CEO, Kvaerner Masa-Yards Inc. 2001–2003  
 President and CEO, Patria Industries Group 1997–2000  
 Deputy Chief Executive, Finvest Group and  
 Jaakko Pöyry Group 1996  
 President, Finvest Ltd 1985–1995

#### Chairman of the Board:

Neste Oil Corporation 2012–, Vice Chairman 2011  
 Suominen Corporation 2011–  
 ZenRobotics Oy 2011–  
 Foundation for Technology 2012–  
 Directors' Institute of Finland –  
 Hallitusammattilaiset ry 2013–, member 2012–

#### Vice Chairman of the Board:

Uponor Corporation 2012–, member 2005–  
 The Finnish Fair Foundation 2013–, member 2012–

#### Member of the Board:

Ovako Group AB 2011–

#### Chairman of the Supervisory Board:

Gasum Oy 2008–

#### Ownership in Cargotec 31 Dec 2013:

1,334 class B shares



### Peter Immonen

b. 1959, Finnish, M.Sc. (Econ.)

Member of the Board 2005–

Member of Nomination and Compensation Committee

Independent of the company  
 Dependent of significant shareholders (Member of the Board  
 of Wipunen varainhallinta oy and Mariatorp Oy)

Chairman of the Board 1995–2001 and 2005–, managing  
 director 2002–2005, WIP Asset Management Oy

#### Deputy Chairman of the Board:

Foundation for a Living Baltic Sea 2008–

#### Member of the Board:

Mariatorp Oy 2005–  
 Wipunen varainhallinta oy 2005–  
 Finnish Shareholders Association 1988–2013

#### Ownership in Cargotec 31 Dec 2013:

69,445 class B shares





### Antti Lagerroos

b. 1945, Finnish, LL.Lic.

Member of the Board 2008–  
Member of Nomination and Compensation Committee

Independent of the company and significant shareholders

President & CEO, Finnlines Plc 1990–2007  
Executive President, Nokia Mobile Phones 1989–1990  
Member of the Board 1986–1990, member of the Operating Board 1984–1986, Nokia Corporation  
Chairman & CEO, Salora–Luxor Division 1984–1986  
President & CEO, Salora Oy 1981–1984  
President of Legal Affairs and Finance 1979–1981, member of the Board 1978–1983, Hollming Oy  
Acting Professor of Fiscal Law, Vaasa School of Economics 1973–1979  
Lecturer in Process, Criminal and Public law, University of Turku 1971–1978

#### Chairman of the Board:

Wärtsilä Corporation 2003–2011, member 2002–2003

#### Member of the Board:

Finnlines Plc 1999–2007  
Finnish Maritime Administration 1990–2003  
Memberships in several Finnish listed companies 1990–2011

#### Member of the Supervisory Board:

Sampo Group 1993–2000  
Ilmarinen Mutual Pension Insurance Company 1996–2009

#### Ownership in Cargotec 31 Dec 2013:

2,445 class B shares



### Teuvo Salminen

b. 1954, Finnish, M.Sc. (Econ.)

Member of the Board 2010–  
Chairman of Audit and Risk Management Committee

Independent of the company and significant shareholders

Advisor, CapMan Plc 2010–2011  
Employed by Pöyry Plc 1985–2009:  
Group Executive Vice President, Deputy to the President and CEO 1999–2009  
Head of Infrastructure & Environment Business Group 1998–2000  
Head of Construction Business Group 1997–1998  
Chief Financial Officer 1988–1999  
Manager of Finance and Accounting 1985–1988

#### Chairman of the Board:

Holiday Club Resorts Oy 2008–  
Havator Oy 2010–

#### Vice Chairman of the Board:

CapMan Plc 2005–2013, member 2001–2005

#### Member of the Board:

Evli Bank Plc 2010–  
Glaston Corporation 2010–  
Tieto Corporation 2010–  
3 Step IT Group Oy 2011–  
YIT Corporation 2001–2009

#### Ownership in Cargotec 31 Dec 2013:

3,767 class B shares

**Anja Silvennoinen**

b. 1960, Finnish, M.Sc. (Eng.), MBA

Member of the Board 2009–  
Member of Audit and Risk Management Committee

Independent of the company and significant shareholders

Vice President, Pöyry Management Consulting Oy 2013–  
Managing director, Renewa Oy 2013  
Senior Vice President, Energy Business Area, Energy and  
Pulp Business Group, UPM-Kymmene Oyj 2004–2013  
Employed by Electrowatt-Ekono Oy (part of the Pöyry  
Group) 2000–2004  
Industrial Counsellor, Ministry of Trade and Industry,  
Finland 1998–2000  
Employed by Kymppivoima Oy 1995–1998  
Technical Manager, Sheffield Heat and Power Ltd,  
UK 1990–1993  
Senior Consultant, Ekono Energy Oy 1989–1995

**Chairman of the Board:**

PVO-Vesivoima Oy 2010–2013  
VentusVis Oy 2011–2013

**Member of the Board:**

Dovre Group Plc 2013–  
Renewa Oy 2011–2013  
Fingrid Oyj 2006–2011  
Kaukaan Voima Oy 2007–2010

**Member of the Supervisory Board:**

Kemijoki Oy 2005–2013

**Other:**

National Emergency Supply Council, member 2008–

**Ownership in Cargotec 31 Dec 2013:**

2,445 class B shares



## President and CEO and Executive Board

### President and CEO

The Board of Directors appoints Cargotec's President and CEO and determines the related terms of employment. The President and CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within Cargotec. He 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.

Cargotec's Board of Directors appointed on 27 January 2013 Mika Vehviläinen, Master of Science (Economics), as the new President and CEO as of 1 March 2013. Tapio Hakakari, Vice Chairman of the Board of Directors, acted as Interim President and CEO until 28 February 2013 during the recruitment phase of the new President and CEO.

### Executive Board

Supporting the President and CEO in his duties, the Executive Board is responsible for business development and the company's operational activities in accordance with targets set by the Board of Directors and the President and CEO. The Executive Board also defines operative principles and procedures in accordance with guidelines set by the Board. The Executive Board convenes every month and whenever necessary. The President and CEO acts as Chairman of the Executive Board.

The composition of the Executive Board during 2013 was as follows:

- Mika Vehviläinen, President and CEO as of 1 March 2013, acting President of Hiab as of 25 October 2013
- Tapio Hakakari, Vice Chairman of the Board, Interim President and CEO until 28 February 2013
- Eeva Sipilä, Executive Vice President, Chief Financial Officer
- Mikko Pelkonen, Senior Vice President, Human Resources as of 12 August 2013
- Olli Isotalo, President, Kalmar
- Eric A. Nielsen, President, MacGregor as of 16 September 2013
- Mikael Mäkinen, President, MacGregor until 15 September 2013
- Axel Leijonhufvud, President, Hiab until 25 October 2013

Outi Aaltonen, Senior Vice President, General Counsel, served as the Secretary to the Executive Board.

In its meeting on 20 March 2013, Cargotec's Board of Directors decided to form an Extended Executive Board to support the company's Executive Board from 1 April 2013. The main responsibilities of the Extended Executive Board include support for the President and CEO and the Executive Board in business area reviews, major projects, shared services and brand coordination.

In addition to the Executive Board members, the Extended Executive Board included the following members: Outi Aaltonen, Senior Vice President, General Counsel; Stephen Foster, Senior Vice President, Corporate Audit; Soili Mäkinen, Chief Information Officer; Matti Sommarberg, Executive Vice President, Chief Technology Officer and Anne Westersund, Senior Vice President, Communications and Public Affairs.

## CVs of Executive Board



**Mika Vehviläinen**  
President and CEO

b. 1961, Finnish, M.Sc. (Econ.)

Employed by Cargotec and Chairman of the Executive Board 2013–  
Acting President of Hiab as of 25 Oct 2013

**Primary working experience:**

President and CEO, Finnair Plc 2010–2013  
COO, Nokia Siemens Networks 2007–2009  
Employed by Nokia, holding different positions 1991–2007

**Key positions of trust:**

Vice Chairman of the Board:  
Vacon Plc 2010–, member 2009–

Member of the Board:  
Elisa Corporation 2012–  
Confederation of Finnish Industries (EK) 2012–2013

**Ownership in Cargotec 31 Dec 2013:**

3,755 class B shares  
60,500 2010A stock options



**Eeva Sipilä**  
Executive Vice President, CFO

b. 1973, Finnish, M.Sc. (Econ.), CEFA

Employed by Cargotec and member of the Executive Board 2005–

**Primary working experience:**

SVP, IR & Communications, Cargotec 2005–2008  
VP, Investor Relations, Metso Corporation 2002–2005  
Equity Analyst, Mandatum Stockbrokers Ltd (Sampo Bank plc) 1999–2002

**Key positions of trust:**

Member of the Board:  
Metso Corporation 2012–  
Basware Corporation 2010–2013

**Ownership in Cargotec 31 Dec 2013:**

14,040 class B shares



**Mikko Pelkonen**  
Senior Vice President, Human Resources

b. 1970, Finnish, B.A.

Employed by Cargotec and member of the Executive Board 2013–

**Primary working experience:**

Vice President of Human Resources, Nokia Siemens Networks, Mobile Broadband 2012–2013, Network Systems 2009–2012, Greater China 2006–2009  
Head of Human Resources, Nokia Networks, North America 2004–2006  
Employed by Nokia, holding different HR positions 1997–2004

**Ownership in Cargotec 31 Dec 2013:**

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**Eric A. Nielsen**  
President, MacGregor

b. 1959, American, B.Sc. (Mech.Eng.), MBA

Employed by Cargotec and member of the Executive Board 2013–

**Primary working experience:**

Executive Vice President, Corporate Development, Joy Global Inc. 2010–2012  
Group President, Terex Materials Processing and Mining, Terex Corporation 2008–2010  
President and CEO, Volvo Excavators and Volvo Group Korea, Volvo AB 2000–2008  
CFO and CIO, Volvo Construction Equipment - Korea, Volvo AB 1998–2000  
CFO, Weco Metals 1997–1998  
Vice President, Business Control & Information Systems, Volvo Construction Equipment Parts, Volvo AB 1994–1997  
Group Financial Manager, Agricultural Chemicals Group, FMC Corporation 1992–1994

**Ownership in Cargotec 31 Dec 2013:**

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**Olli Isotalo**  
**President, Kalmar**

b. 1959, Finnish, M.Sc. (Eng.)

Employed by Cargotec 1993–  
Member of the Executive Board 2006–

**Primary working experience:**

Executive Vice President, Marine (MacGregor)  
2006–2012  
President, Bromma Conquip AB 2003–2006  
Managing Director, Velsa Oy 1999–2002  
VP, Technology and Production Development,  
Kalmar Industries AB 1997–1999

**Key positions of trust:**

Member of the Board:  
GS-Hydro Ltd 2011–

**Ownership in Cargotec 31 Dec 2013:**

213 class B shares  
10,000 2010A stock options

## Insiders

Cargotec applies the insider guidelines of NASDAQ OMX Helsinki Ltd, in addition to which Cargotec's Board of Directors has approved internal insider guidelines based on the NASDAQ OMX guidelines.

### Insider registers

In compliance with the Finnish Securities Markets Act, Cargotec's permanent public insiders due to their positions are the members of the Board, the President and CEO, the auditors, and members of the Executive Board as defined by the company. Information in the public register of insiders is updated every stock exchange trading day and is available on the company website [www.cargotec.com](http://www.cargotec.com) > Investors > Shareholders > Insider register.

The company's permanent company-specific group of insiders includes people employed by the company, and people who work for it under contract, and who, due to their duties, have regular access to insider information. People who, on the basis of an employment or other contract, work for the company and obtain insider information associated with a specific project, are entered in the company's project-specific insider register, which is established when necessary.

### Trading rules

Permanent insiders are prohibited from trading in Cargotec's securities for 21 days prior to the publication of Cargotec's interim reports or financial statement releases (closed window). Project-specific insiders are prohibited from trading in the company's securities until the project concerned has been cancelled or disclosed.

### Insider administration

Corporate Legal is responsible for adherence to insider guidelines and for monitoring the duty to declare as well as the maintenance of insider registers. The company maintains its insider registers in Euroclear Finland Oy's SIRE system.

## External audit

The statutory external audit for the financial period includes auditing of accounting records, financial statements and administration. In addition to the auditor's report issued annually, the auditors report to the Board of Directors on their audit findings on a regular basis, and attend the Board Audit and Risk Management Committee meetings. According to the Articles of Association, the company has at least one and a maximum of three auditors. The auditors must be public accountants authorised by the Central Chamber of Commerce, or an auditing firm. The auditors are elected annually by the Annual General Meeting (AGM) and their assignment expires at the end of the first AGM following the election.

### 2013

The AGM elected Authorised Public Accountants (APA) Jouko Malinen and PricewaterhouseCoopers Oy as Cargotec's auditors. PricewaterhouseCoopers nominated APA Tomi Hyryläinen as its principal auditor. Auditors' fees are compensated against an invoice.

PricewaterhouseCoopers Oy, APA, has acted as Cargotec's auditor since 2005. Jouko Malinen, APA, has acted as the principal auditor nominated by the auditing firm 2005–2012.

### Audit fees

MEUR	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Annual audit	2.4	1.9
Tax advice	0.7	1.0
Other services	2.4	0.9
<b>Total</b>	<b>5.5</b>	<b>3.8</b>

## Internal control of 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 Ltd. The internal control and risk management principles, guidelines, practices and responsibilities pertaining to the company's financial reporting process, have been designed to ensure that the financial reports disclosed by Cargotec are reliable and meet the requirements of the law, regulations and company principles.

Instructions regarding the publication of financial information and external communications are included in Cargotec's disclosure policy approved by the Board of Directors. This is available in Cargotec's intranet and on the company website at [www.cargotec.com](http://www.cargotec.com) > Investors > Investor services. Investor Relations together with Corporate Communications are responsible for ensuring the accuracy of and compliance with the policy.

### Internal control

The objective of Cargotec's internal control is to ensure that its operations are efficient and profitable, its risk management is adequate and appropriate, and that financial and other information produced 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 internal financial reporting process and communication. Cargotec's internal control policy, which is approved by the Board of Directors, specifies the applicable control principles, procedures and responsibilities. Similarly to other Cargotec operations, responsibility for internal control is divided into three tiers. The line management is principally responsible for internal control. This is backed by corporate support functions, which define instructions applicable across the company and supervise risk management. Internal and external audits form the third tier, their task being to ensure that the first two tiers function effectively.

Cargotec's Corporate Audit is an independent and objective assurance and consulting activity that operates separately from the operative organisation and reports to the Board Audit and Risk Management Committee and, administratively, to the President and CEO. Corporate Audit takes account of the major risks identified in the company's risk map when developing the audit plan and monitors the risk mitigation of selected risks. The audits of the operations of selected subsidiaries and business units assess the effectiveness of internal control and risk management, as well as compliance with operating principles and guidelines. Furthermore, Corporate Audit audits and assesses financial reporting processes and compliance with the related control measures in Cargotec units. It regularly reports on its findings and audit activities to the company management and the Board Audit and Risk Management Committee.

### Risk management

In Cargotec, risk management forms part of internal control operations. Approved by the Board of Directors and based on Cargotec values, the risk management policy specifies the objectives and principles of the risk management as well as the responsibilities involved. A core principle is continuous, systematic and preventive action taken to identify risks, define the company's risk appetite, assess and handle risks and, if they materialise, deal with them effectively. 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 units and corporate support functions that assign responsibility for risk management and which are in charge of 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.

### Financial reporting process

The effectiveness of internal control measures related to financial reporting is monitored by the Board of Directors, the Audit and Risk Management Committee, the President and CEO, the Executive Board and business area management teams. Various control measures, such as reconciliations, logic analyses and comparative analyses, are performed at different organisational levels. The purpose of these control measures is to detect, prevent and correct any errors and deviations in financial follow-up.

Cargotec's financial reporting is based on monthly performance monitoring in a centralised reporting system. Financial reports are first reviewed at reporting unit level, and then in review meetings of operative management on division level, followed by business area level review. Finally, the reports are discussed at the Extended Executive Board's meeting. Financial information is also reported to the Board of Directors on a monthly basis. Controllers report any deviations from the plans to the management teams, analyse the reasons for such deviations and support the management in decision-making. Monthly reviews also ensure that performance is in line with annual targets and financial forecasts are up to date.

The financial reporting and planning instructions (Cargotec accounting standards and Cargotec reporting manual) are available to all employees on Cargotec's intranet. The company's finance function aims to harmonise the practices and procedures applied by controllers, while ensuring consistent interpretation of instructions and further improving them.

### 2013

The roll-out of a common enterprise resource planning (ERP) system for the sales and service network of Hiab and Kalmar continued. At the end of 2013, the system covered all key European countries as well as the core countries in Asia Pacific, while an implementation project was ongoing in the United States. During the year the ERP was also expanded to cover project and spare parts businesses. As part of the common system, countries have started to make use of Cargotec's Service Centre for financial services. The common system and process improve transparency and the internal controls of the reporting process. The implementation and further reporting tool and analytics development will continue during 2014.