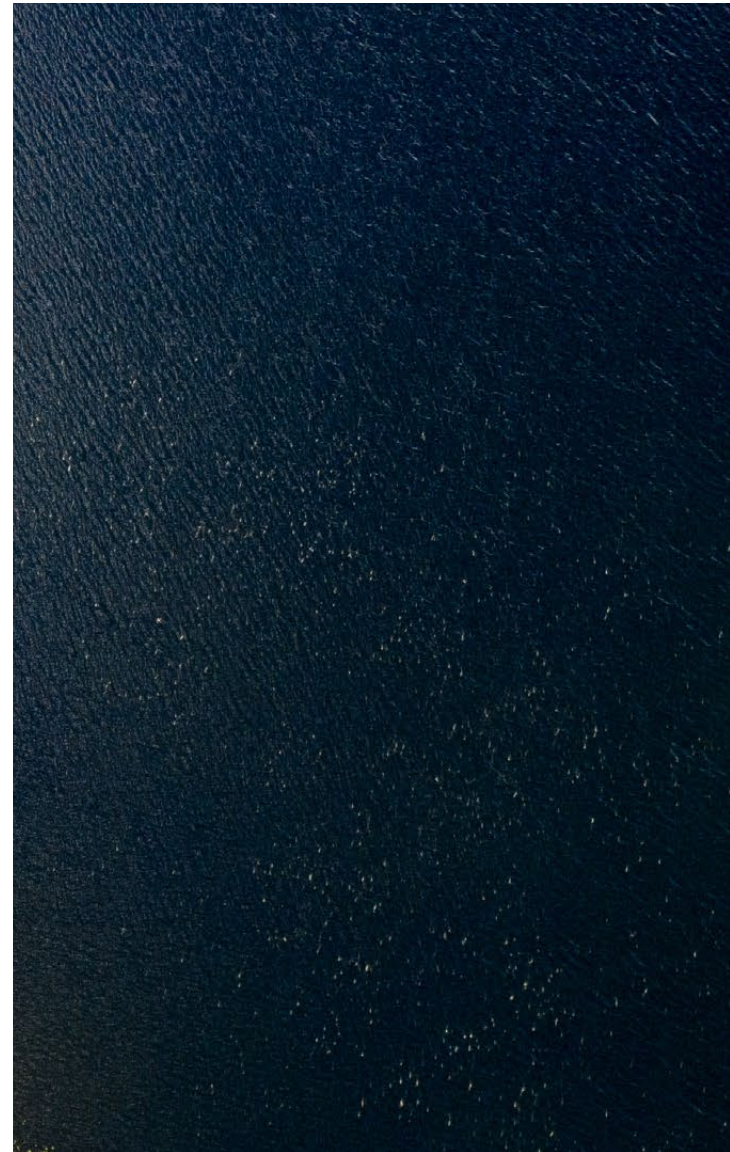
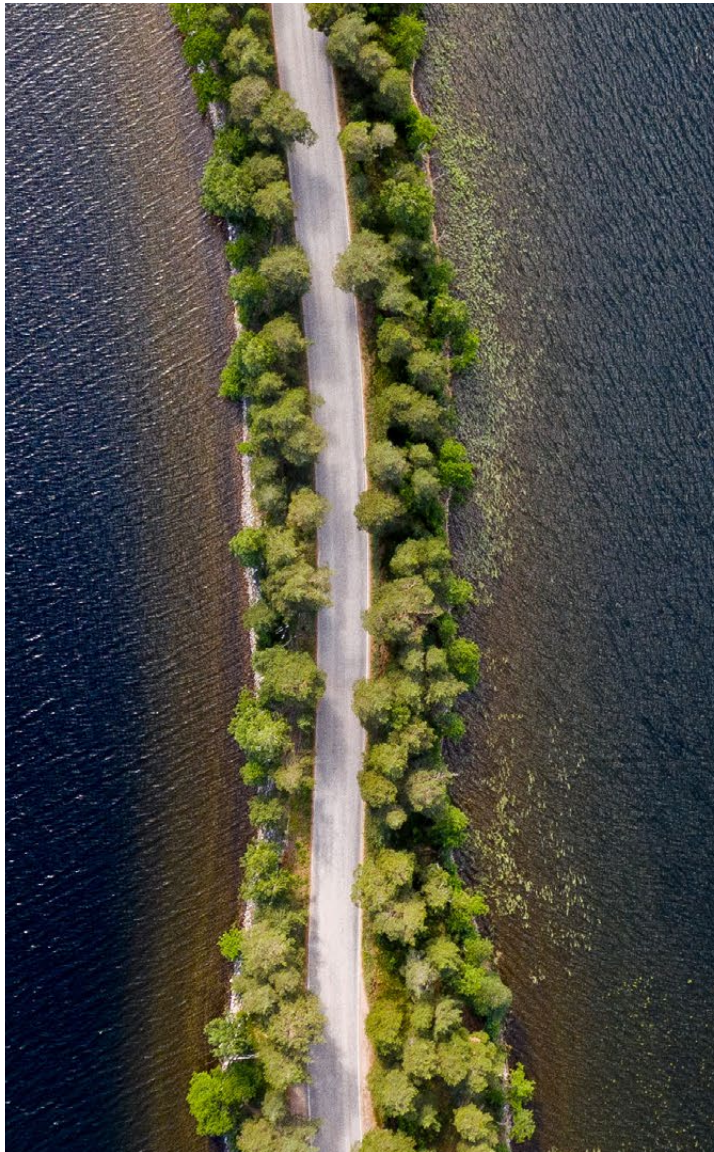
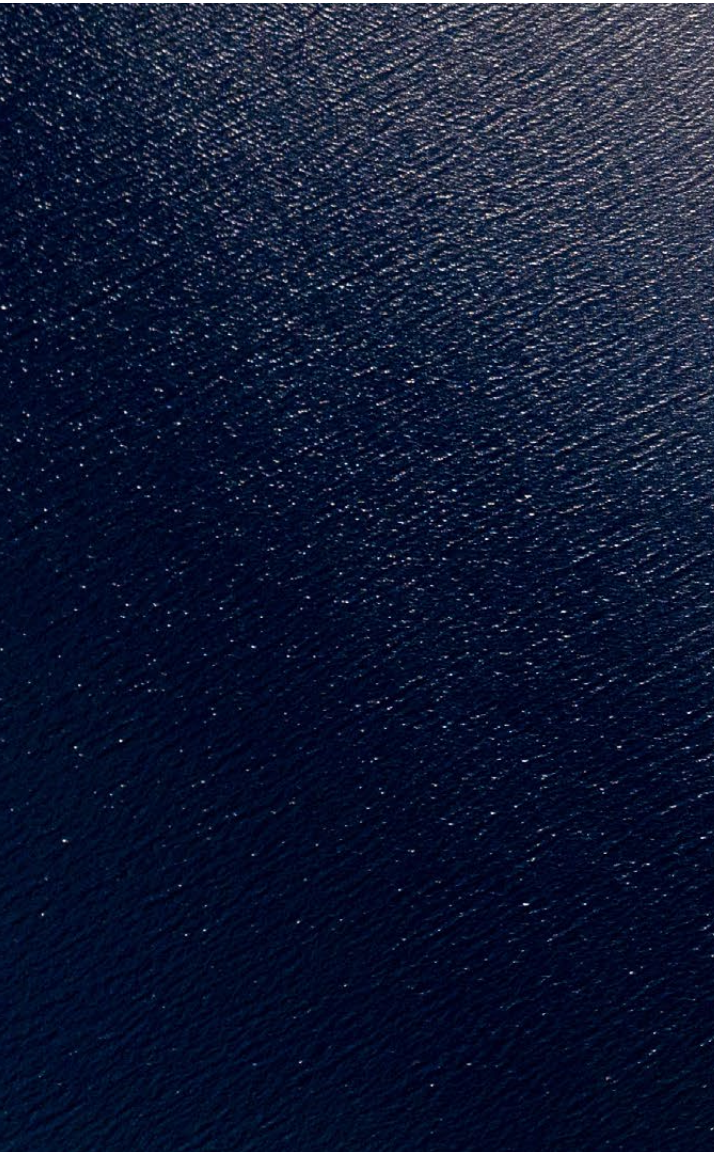


# SUSTAINABILITY REPORT 2020



# Introduction

This Sustainability Report provides information about our major economic, environmental and social impacts, areas of improvement, our risk mitigation activities and how we maximize the positive environmental contributions of our solutions. The report covers in detail how sustainability is woven into our business strategy, practices and daily decisions as well as our role in the surrounding society's ability to prosper.

Our sustainability work is driven by our key stakeholders, their ambitions and needs as well as business opportunities that can be gained from driving our sustainability agenda. This report explains the strategic link between ambitious sustainability targets and customer benefits and discloses data about our performance and progress in reaching our targets. We have also taken our climate action planning further by analyzing the next steps we need to take to cut our carbon emissions and what kind of opportunities this presents for our business areas.

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### Information about Konecranes' Annual Report 2020

Konecranes' Annual Report 2020 consists of three separate reports: Annual Review, Governance and Financial Review, and the Sustainability Report. All documents are downloadable on our Annual Report website at [https://investors.konecranes.com/annual\\_report\\_2020](https://investors.konecranes.com/annual_report_2020)

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## Year 2020 in brief

**3,178.9**

**MEUR (-4.4%)  
Net sales**

**8.2%**

**Adjusted  
EBITA margin**

**16,900**

**Numbers of employees  
(At the end of year)**

**50**

**Countries where we  
operate**

Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers. We are truly a global company: in 2020, we had 16,900 employees in 50 countries. As a leading manufacturer of lifting equipment, Konecranes offers a vast range of advanced lifting solutions and services to different industries worldwide. The solutions provided by our three Business Areas – Service, Industrial Equipment and Port Solutions – complement each other and enable our customers to

meet their lifting and material handling needs through one supplier. In addition to offering a wide range of lifting solutions, we provide specialized maintenance services and spare parts for all types and makes of industrial cranes, hoists and port equipment – from single pieces of equipment to entire operations.

Our customers operate in various fields, including the automotive sector, waste to energy and biomass, general

manufacturing, mining, nuclear energy, petroleum and gas, paper and forest, container handling, shipyards, power and metals production. We are a part of our customers' processes, as they do not only invest in equipment and services but look for solutions they can rely on. We constantly strive to improve our performance in product design, service solutions, safety and sustainability to stay ahead of our customers' needs.



## 2020 focal points

### Maintaining health and safety in the era of COVID-19

The year 2020 was exceptional in Health and Safety due to the global COVID-19 pandemic. The pandemic has had an impact on both our employees and our customers and subcontractors, necessitating precautions at our own factories and customer sites. We are a key enabler of secure material flow, also in crisis situations. We ensure maintenance, repair and spare parts in all industries, including critical process industries such as waste-to-energy plants and in ports. We maintain and deliver equipment to many essential services globally, which means that we have had to retain our level of operations to be able to support our customers in delivering those services, but doing it in a way that protects both our own employees and customer staff.

Our mitigation actions have been quick and effective. In March, every Konecranes location developed a local response plan both to prevent infections at the workplace and to have clear procedures on how to act should an employee become infected or exposed to infected people. The response plans were also drilled at the sites to ensure that they were effective and practical. Early on we also issued guidelines to our field staff on how to act at customer sites to prevent any exposure to and from our customers as well as a risk assessment procedure to evaluate the risk of sending people abroad to, for example, customer projects. A major part of the prevention and mitigation actions are taken by country-specific response teams, based on local circumstances and guidelines from authorities.

We have issued general guidelines globally for e.g. work arrangements and travel, but ownership of the COVID-19 response has remained local. A weekly global

leadership follow-up call has enabled us to have a full picture of global COVID-19 developments and to share best practices between countries and regions. We have received positive feedback from both our employees and our customers on our response and guidelines. Despite a number of employees being infected, we have seen a very limited amount of intra-company exposure and transmission. In most of our countries, we have also introduced procedures and tools to support the mental health and well-being of the people affected by the pandemic as well as training for the organization to adapt to remote work.

COVID-19 continues to impact our people and business operations during 2021. We will continue to monitor the global situation and to carry out mitigation and response measures in all units. Read more about COVID-19 mitigation in the chapter **Safe products and workplaces**.



## Driving a culture of diversity & inclusion

We aspire to represent the multicultural communities in which we operate, and we made clear progress in 2020 on our diversity and inclusion roadmap. Wanting to raise awareness globally and locally, we trained the organization about unconscious biases and the importance of founding the company's culture on diversity and inclusion (D&I). The unconscious bias e-learning is mandatory for all employees. As part of our talent development initiatives, we introduced several programs to accelerate the representation of women in leadership positions. In addition, D&I activities were used to boost the sense of togetherness especially during the COVID-19 pandemic.



## Finding the focus points in managing human rights

To ensure we are not neglecting typical human rights risks that exist in the sectors and countries in which we operate, we conducted a human rights risk screening in 2020 with the help of an external service provider specializing in human rights. The exercise covered our own activities, the supply chain, and the use of our products. The focus of the risk screening was on people instead of business impacts. Health- and safety-related risks stand out as a potential high-risk area both for our own employees and people in our value chain. To manage and mitigate possible risks, we have strong programs in place addressing areas including health, safety and privacy. In order to preserve employee rights, Konecranes applies dedicated management processes as well as a centralized compliance approach. Read more about the screening and mitigation of human rights risks in the chapter **Responsible business conduct**.



## Advancing our climate roadmap

Limiting global warming requires decarbonization of all industry sectors, and everyone should analyze their ability to do their part. It means reviewing how climate change affects the company and how the company contributes to climate change. In 2020, we continued discussions with top management and conducted a set of workshops for all business areas and the procurement function to define detailed climate-related risks and opportunities. Based on this work, we will sharpen our Climate roadmap for years to come. In December, Konecranes signed the Science Based Targets Initiative (SBTi) letter of commitment and will define new climate targets for its operations, reinforcing its commitment to mitigate climate risks, cut emissions and enhance its low-carbon portfolio.

# The strategic role of sustainability

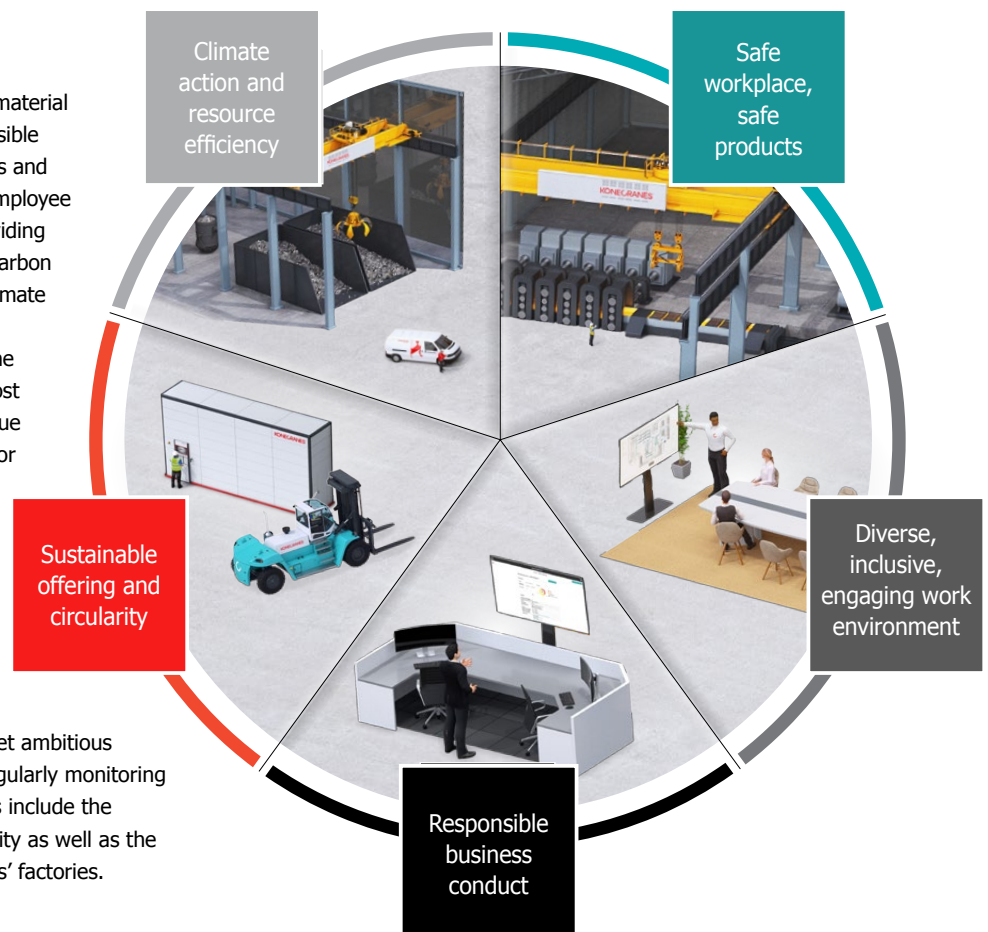
Future-proofing Konecranes' business means providing advanced low-carbon and energy-efficient technology for products and services that enable our customers to shift to a low-carbon future, accelerating circular economy. On top of tangible sustainability benefits, we create value through enhancing circularity and through our deeply rooted safety culture. Sustainability has become even more relevant not only for our customers but also for financiers and especially for our employees. Having a clear purpose and understanding the impact we can make throughout our value chain are clear engagement factors for current and future employees.

## Five cornerstones

We annually review the expectations of key stakeholders and map the megatrends impacting our business. In topics where Konecranes can make a difference, we also analyze the alignment of our efforts with UN Sustainable Development Goals. Through this process, we identified the most relevant

sustainability topics for Konecranes. The material aspects of our operations include: responsible business conduct, the safety of employees and our products, respecting human rights, employee engagement, diversity and inclusion, providing sustainable solutions for customers, the carbon footprint of our own operations, taking climate action, advancing circular economy and enforcing sustainability requirements in the supply chain. These topics include our most relevant stakeholder expectations and value creation elements, defining the baseline for our sustainability strategy.

We have combined the topics into five cornerstones of sustainability: sustainable offering and circularity; climate action and resource efficiency; safe workplace and products; diverse, inclusive and engaging workplace; and responsible business conduct. We have set ambitious targets for all five focus areas and are regularly monitoring the progress. Quantifiable climate targets include the reduction of emissions and energy intensity as well as the use of renewable electricity in Konecranes' factories.





## Value creation

Our business aims to deliver optimal productivity and improve safety and sustainability by making intelligent and connected lifting devices, adopting new technologies and optimizing customers' material handling flows.

We enable our customers to shift to a low-carbon future by being the key link in their material flow. Our knowledge, products, services and solutions seek to maximize the positive contributions to our different stakeholders and the surrounding society.

With our products and solutions, we provide monetary value with sustained profitability and stability. We enable reliable and optimized performance and can assist the low-carbon transition with our innovative technologies. Safe ways of working are an integral part of our business, and prioritizing safety in all areas of our operations brings us a competitive advantage. This approach allows us to improve safety throughout our value chain and advance circularity by focusing on optimized service and a longer lifecycle.

Our innovation not only focuses on products, technologies and service solutions but also on new ways of working and leveraging workforce diversity to amplify innovation. Our employees, with their expertise and motivation, are central to our success and bring our strategy to life. In our view, varied skill sets are a key driver of creativity and value creation. To ensure that we continue to deliver value, we focus on maintaining close ties with our key stakeholders to understand their evolving needs and expectations; engaging and developing the best talent; implementing smart technologies in our product and service offering; innovating new business models; and developing our product design and reliability. Read more about how we create an impact in our **Annual Review**.

### Safety culture

Our safety culture is based on the principle that there is no work so urgent or important that it cannot be done safely. We strive for a working culture where workplace injuries and illnesses are prevented, where people drive improvements by leading by example, and where everyone plays a part in building a safe and healthy working environment. We incorporate safety into the design, manufacturing, maintenance and service of our products. We provide customers with equipment and services that enable them to work efficiently and safely throughout the product lifecycle. Safe ways of working are an integral part of our business and prioritizing them in all areas of our operations brings us a competitive advantage. We create value for crane operators by providing applications that increase safety, usability and efficiency. For example, remote operation (using the Remote Operating Station) enables the crane operator to work in safe areas with better ergonomics. This also increases safety in the factories, as people are further away from the machines. Konecranes' Smart Features (such as sway control and target positioning) also help crane operators operate the crane more smoothly. Read more about safety in the chapter **Safe products and workplaces.**

### Use of innovative technology

As a leading manufacturer of lifting equipment, we bring cutting-edge technology to the market with our products, services and solutions to advance sustainable material flow. Technology plays a crucial part in our business, and we closely follow technological developments in sectors material to us and our customers. We need to understand how different technologies are developing and ensure that our low-carbon solutions and selected technologies are attractive to our clients. Substituting existing technology with lower-emission alternatives is a big opportunity for us and for our customers. We offer several retrofit and modernization solutions for customers to update their

technology up to current standards and to enable them to reduce emissions and increase fuel efficiency.

On the service side, our Lifecycle Care in Real Time approach is a comprehensive, systematic approach to lifting equipment maintenance. Our vast service and spare part offerings and systematic approach to maintenance are supported by digital tools that allow real-time visibility and insight. We create value for crane operators by providing applications that increase safety, usability and efficiency. Digitalization improves predictive maintenance by harnessing the industrial internet to connect data, machines and people to provide the right service at the right time, being a key enabler for circular economy. Our service technicians also use different Konecranes mobile applications, such as CheckApp, that support executing service programs and assessing possible safety risks while guaranteeing authorized service.

We adopt new technologies that help our customers make their operations safer and more productive with intelligent and connected lifting devices and optimized material handling flows. Digitalization brings new security challenges and compliance requirements that Konecranes must address. In a continuously changing business and technology environment, Konecranes needs to be certain that we grasp the business opportunities in building a secure offering to advance customers' material flows and ensure that security requirements for Konecranes' own operations are taken into account. Safety, reliability and cybersecurity are the core elements we aim to enhance with our digital solutions. To protect all forms of information, build resilience for cyber-attacks and reduce the risk related to evolving threats, Konecranes has implemented an Information Security Management System that is based on the industry best practices of the ISO 27001 standard. The management system includes security governance and process, technical and physical



controls to protect the confidentiality, integrity and availability of information.

### Circular Economy

Circular economy aims to get more value from existing products while decoupling value creation from resource consumption, optimizing resource use within industries. Working together with our value chain, we can enable more efficient use of raw materials, increase energy efficiency, and create value for all parties. Building our processes around circular economy principles helps us improve our resource and energy efficiency while creating value for the customer by reducing their carbon footprint. We have one of the largest service networks using modern technical solutions to unlock unique circular economy opportunities that benefit customers. Having the whole value chain in our own hands (design, manufacturing, data about equipment maintenance) gives us the opportunity to impact the whole chain.

Our significant investments in digital solutions and state-of-the-art technology support circularity. Digitalization improves predictive maintenance by harnessing the industrial internet to connect data, machines and people to provide the right service at the right time, being a key enabler for circular economy. We can reduce and optimize the need to move goods and people when we use real-time data to predict maintenance needs. Connected devices and online platforms provide data on the state of components in real time, showing when to maintain, replace or repair components, leading to smarter use of resources and longer product lifecycles. With predictive maintenance, unplanned service hours can be avoided, and equipment performance can be maintained at the highest possible level, extending a product's lifecycle.

Our product design is based on smart design principles focusing on reparability, durability as well as material and energy efficiency. Customers see the clear benefits

of investing in durable equipment that can be repaired and modernized and the value that comes from increased production uptime. Additionally, significant savings can be obtained through renting, repairing, modernizing and purchasing used, fully serviced equipment. Modernizations and retrofits also enhance the energy efficiency and performance of equipment by saving a great deal of raw materials, cutting emissions from logistics and reducing the energy used in manufacturing processes. Modernization also increases safety, productivity, reliability and usability while decreasing the need for repairs and unscheduled maintenance. Read more about circular economy in the chapter **Sustainable offering and circularity**.

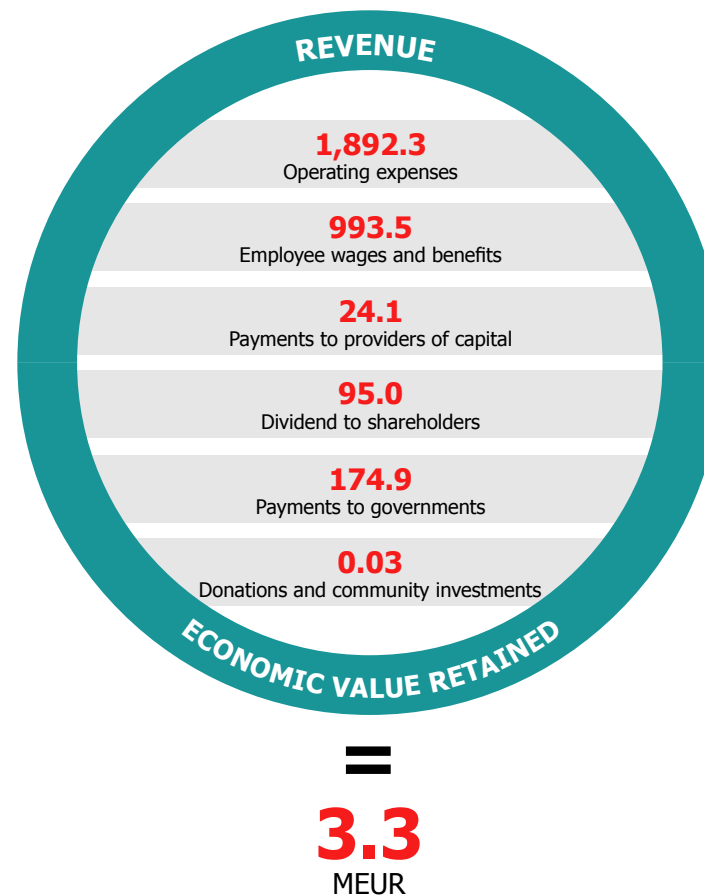
### Long-term stakeholder value

Sustainable business practices and risk management are crucial for creating long-term shareholder value. Meeting the non-financial expectations of stakeholders helps a company manage risks, protect its reputation, attract and retain talent, grow its markets and improve its financial performance. Being a preferred partner creates stability for our whole value chain, which gives us greater confidence in longer-term planning.

We strive to deliver a positive impact on the societies in which we operate, to remain a key player within local communities as well as an attractive employer. This is achieved by providing rewarding jobs and competitive salaries for employees, by boosting local economies as an employer, supporting non-profit organizations, providing and buying local goods and services, and being a significant taxpayer in many countries where we operate. Having considerable purchasing power, we can impact the whole value chain with our supplier requirements. We also create shared value by maintaining close and mutually beneficial relationships with educational institutions and top universities in Finland and other countries where we operate, including financial endowments. We see that we

### Direct economic value generated and distributed

**3,183.1**  
MEUR



Operating costs and employee wages and benefits exclude payments to government.

have a clear purpose in society, one that goes beyond just the generation of financial value.

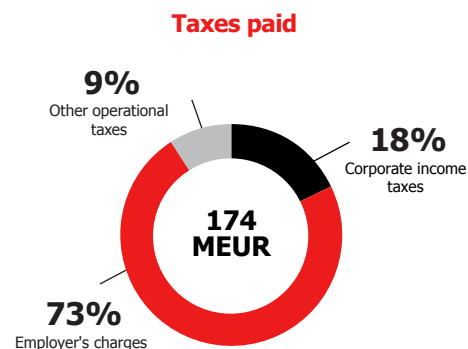
### Tax footprint

We are committed to paying taxes and tax-like fees in the countries where we operate. In 2020, taxes paid and remitted by Konecranes were an important source of income for public administrations. A total of EUR 403 million (476 million in 2019) in taxes and other compulsory tax-like payments were paid and collected in countries where the Group operates, implying an effective tax rate of 27.9 percent (30.1 percent). A total of EUR 174 million (198 million) was paid (taxes paid) directly by the Group itself, while EUR 228 million (277 million) was collected (taxes collected) on behalf of governments.

Konecranes Group operates in 50 countries. We are committed to conducting our business in compliance with all applicable tax laws, rules and regulations; to complying with all reporting requirements; and to filing all tax returns and fulfilling all tax obligations to high ethical standards within the time requirements of local regulations. The management and monitoring of tax-related matters is centralized in the Group's Finance department. Konecranes manages taxes according to the principles set out in our Group Tax Policy. The Group Tax Policy is aligned with our corporate strategy and values as well as our Code of Conduct.

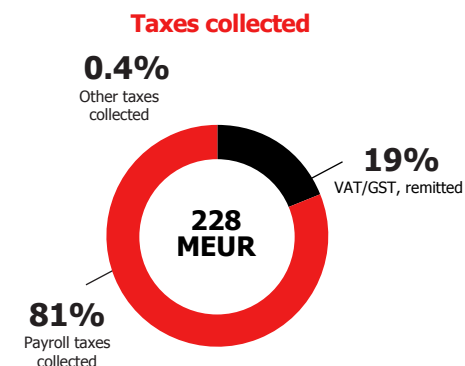
Significant matters of principle are presented to the Board of Directors for decision-making. The Group's Chief Financial Officer reports regularly on tax-related issues to the Group's Audit Committee. The key aim of the management of tax-related issues is to safeguard that all Group companies comply with the regulations of tax legislation in all countries of operation as well as manage both financial and non-financial tax risks. Tax risk management is conducted and monitored on a day-to-day basis by the Global Tax Department in cooperation with the respective business areas, units and supporting functions.

Konecranes does not practice aggressive tax planning that aims to decrease the Group's taxable income artificially by, for example, exploiting gaps in the architecture of the international tax system to shift profits to places with little to no economic activity or taxation. The Group follows the framework of legislation and legal practice in planning the taxable profit of Group companies. Our data on the

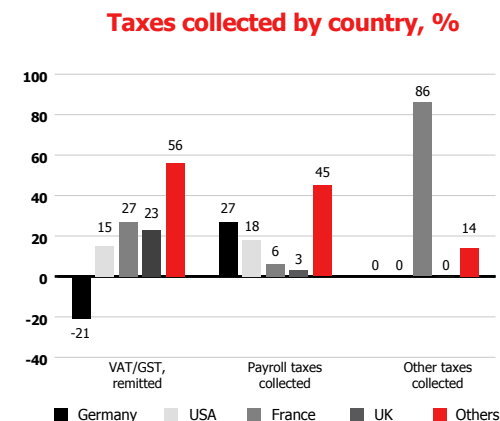
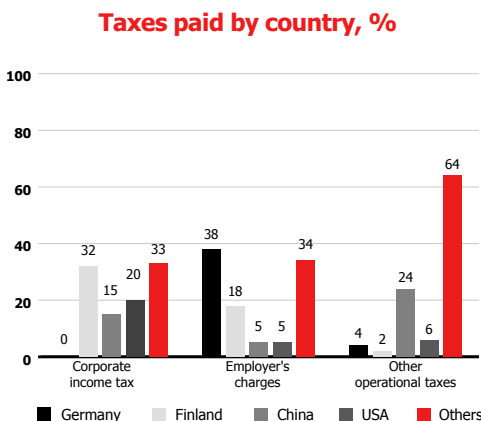


Taxes paid include all tax and tax-like payments that Konecranes has paid as its own taxes. Tax-like payments include, among other things, compulsory payments of social-security contributions.

payment of taxes in 2020 has been compiled while taking materiality, confidentiality, business reasons and cost-effectiveness into account. The data presented in this report is based on information collected from the Group's reporting systems. Additional information on taxes can be found in the Financial Review.



Taxes collected include tax and tax-like payments that Konecranes has collected on the behalf of the government such as VAT and similar turnover related taxes paid, payroll taxes and other taxes. The economic burden for such taxes end up with the buyer or final consumer.



Konecranes is in recovery position of VAT in Germany due to significant sales abroad.



## Engaging stakeholders

We place a great deal of importance on public disclosure of our performance and our role in addressing sustainability challenges. In addition to being responsible, we must also be responsive to society's fast-changing expectations by engaging in regular and close dialogue with our key stakeholders – including our employees, customers, business partners and investors – to understand their evolving needs and expectations. In addition to our key stakeholders, we have identified other relevant stakeholder groups that are increasingly important for Konecranes, including local communities and authorities, associations, universities and research institutes, trade unions, non-profit organizations (NGOs), rating agencies, analysts and media.

We want to foster relationships that provide extra value to stakeholders by contributing to issues relevant to them.

We listen and align our priorities based on stakeholder needs and relevant issues. The value of engagement lies in understanding dialogue dynamics and enabling participation. To be able to properly engage stakeholder groups, not just address them, we need to understand their concerns, interests and passions.

Transparency is key for one simple yet critical reason: it builds trust. It is important that both the frequency and content of communications are consistent. Strategic dialogue helps us ascertain that our corporate responsibility strategy supports market demands and that the information we provide is relevant and transparent. The feedback we gather from our Voice of Customer (VoC) surveys and continuous stakeholder dialogue is essential when reviewing our sustainability strategy.

Keeping stakeholders around the globe engaged entails communicating in multiple languages, using different channels, and cultivating and maintaining ongoing discussions. We employ Konecranes' intranet and several other online tools as engagement platforms for our internal stakeholders. We interact with external stakeholders in

a number of ways. We communicate with the broader external community through content delivered via channels such as Konecranes.com and through social media outlets like Facebook, Twitter and Instagram.

### Community involvement and donations

Konecranes has a long history of community involvement done independently in different locations and business units. Activities include different fund-raising events, employees collecting goods for those in need, for example during holiday season or after disasters, and employees volunteering for the benefit of local schools, elderly houses or alike. As an example of these small local activities conducted in 2020, employees in the Jejuri factory, India, made foot press sanitizer dispensers from scrap materials and donated them to a nearby school.

Furthermore, we as a company have made a donation on behalf of the staff at Konecranes Finland to the Good Holiday Spirit, a fund-raising campaign that gives food vouchers to families in need due to for instance unemployment, illness, debt, low income or some other kind of crisis.

## Interaction with stakeholders

Stakeholders	Topics	Channel	Frequency of engagement
<b>Employees</b>	Safety of employees and our products, COVID-19 Responsible business conduct, respecting human rights, employee engagement, diversity and inclusion Sustainability of our solutions, carbon footprint of our own operations, taking climate action	We engage our employees through internal communications (email, Konecranes' intranet, Yammer), employee engagement survey (EES), pulse checks, e-learning, Whistleblowing Channel and compliance email, internal team meetings and internal training and development.	Weekly/monthly.
<b>Customers</b>	Safety of employees and our products, COVID-19 Sustainability of our solutions, carbon footprint of our own operations Responsible business conduct, respecting human rights, employee engagement, diversity and inclusion Responsibility of the supply chain	Customers are mainly engaged with our sales department, their key account managers and service technicians. We also use surveys and the Voice of Customer (VoC) feedback tool after every delivery or installation. In addition, we annually reply to a significant number of data requests by our stakeholders.	Based on customer's size and needs. Contact made at least annually.
<b>Shareholders, investors</b>	Safety of employees and our products, COVID-19 Sustainability of our solutions, carbon footprint of our own operations Responsible business conduct, respecting human rights Responsibility of the supply chain Employee engagement, diversity and inclusion	Shareholders and investors through investor briefings and meetings, Annual General Meetings, Annual Report and sustainability reporting, and by replying to investor questionnaires.	Annually through public reporting and meetings.
<b>Business partners, suppliers, subcontractors</b>	Responsible business conduct, respecting human rights Responsibility of the supply chain Safety of employees and products, COVID-19	Suppliers through procurement, supplier assessments and negotiations, and ongoing contract management.	Engagement mainly through correspondence by email as needed and providing data in questionnaires.

# Managing sustainability

Creating sustainable and long-lasting results is a process. Sustained organizational growth is the direct result of intentional and constant development in the areas that have the largest sustainability impact. Conducting responsible leadership practices means responsibility for the societies and communities in which we work, since they have expectations of us. We are committed to providing our customers with safe and sustainable solutions and services they can rely on while preventing and minimizing emissions and waste. We strive to continuously improve our products, processes and services and deliver on our commitments through concrete actions. Our service concept guarantees that all lifting equipment can be maintained at top performance, extending their lifespan to the fullest.

Our conception of sustainability incorporates our five cornerstones including sustainable offering and circularity; climate action and resource efficiency; safe workplace and products; diverse, inclusive and engaging workplace; and responsible business conduct. For each area, we have reviewed the main risks and allocated corrective or maintaining actions. Identified sustainability risks are managed by several different Group functions. We review key sustainability risks on an annual basis to ensure that our mitigation activities throughout the Group are effective. In prioritizing risks, we use a scale of probability and estimate

the impact of those risks on the business. The Group's risk management principles provide a basic framework for all, and each Business Area and operating unit is responsible for its own risk management. This approach guarantees the best possible knowledge of local conditions, experience and relevance. Read more about risk mitigation activities in the table **Sustainability management approaches**.

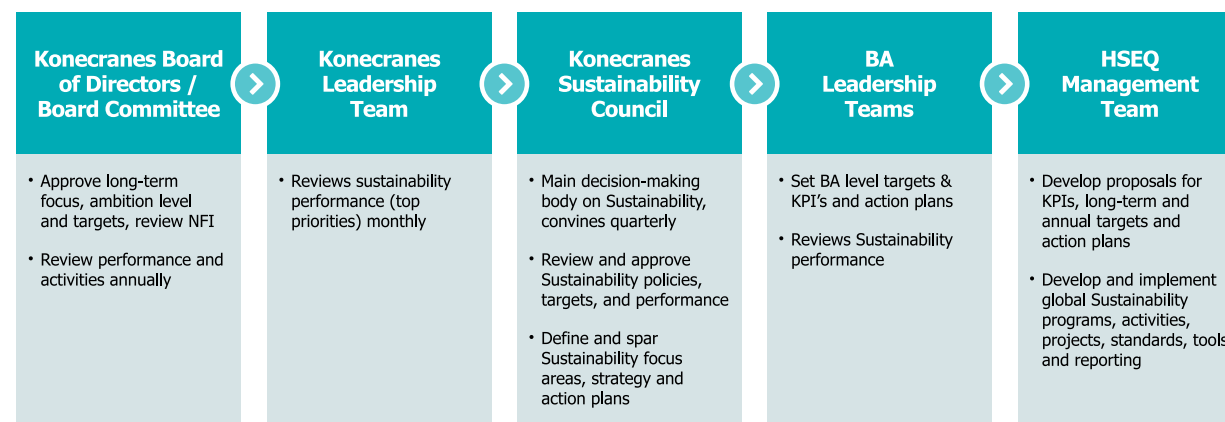
## Governance

Sustainability work at Konecranes is embedded into our governance processes at several levels. It is managed by Konecranes' Sustainability team and through the Sustainability Council, which convenes four times a year. In addition, sustainability themes and metrics are also regularly on the agenda of the Konecranes Leadership Team. The Board of Directors reviews sustainability performance and approves the long-term focus annually. Our operations

and ways of working are guided by Konecranes' Code of Conduct and our values and principles for economic, social and environmental responsibility.

We execute our sustainability activities through projects, programs and processes. In practical terms, this means conducting business with high ethical standards and extending these principles also down the supply chain. We work on decreasing our own energy consumption and emissions, engineering low-carbon products, optimizing material and energy use, maximizing the lifecycle of products with our service offering, taking care of human rights throughout the value chain, accelerating the movement from linear to circular economy and making sure people get home safe, every day. We are working towards being the company of choice through constant development and active engagement in diversity and inclusion.

## Sustainability Governance Structure



## Sustainability management approaches

Topic	Principles	Management approach, tools, processes, risk mitigation activities
<b>Ethical business conduct</b>	Setting a common standard for responsible business conduct, the Konecranes Code of Conduct takes into account principles regarding environmental management, health and safety, equal opportunity, fair employment practices and anti-discrimination, diversity and inclusion, anti-corruption, reporting ethical and compliance concerns and sourcing and purchasing.	Compliance & Ethics program, Code of Conduct and other compliance related policies, Code of Conduct training, Whistleblowing channel, Compliance & Ethics Committee, Internal audit. Reporting annually to Global Compact, ICT working group. Operating according to the ten principles to meet the fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption (Global Compact commitments).
<b>Human rights</b>	Aligning human rights principles.	Code of Conduct Policy, Code of Conduct training, Respect in the Workplace Policy, Supplier Code of Conduct Policy, Whistleblowing channel, Compliance & Ethics Committee, Internal audit. Respecting and valuing our people by providing equal working opportunities and a workplace free from discrimination and harassment. Regarding human rights due diligence, we have conducted a risk screening exercise.
<b>Anti-corruption</b>	Setting a common standard for responsible business conduct, working against corruption in all its forms, including extortion and bribery.	Anti-Corruption Policy, Code of Conduct Policy, Anti-Corruption training, Whistleblowing channel, Compliance & Ethics Committee, Internal audit, Gifts & Hospitality Portal.
<b>Responsible supply chain</b>	Setting the standard for responsible business conduct expected from suppliers.	Supplier Code of Conduct including corporate responsibility requirements we expect to be fulfilled by third parties, due diligence and background checks, Supplier Code of Conduct audits.
<b>Diversity &amp; Inclusion</b>	Increasing diversity and inclusion including gender, ethnicity, religion, sexual orientation and disability to ensure everyone can be themselves in the workplace.	Diversity and Inclusion Policy, talent management process, recruitment policy, trainings, management meetings, webinars and workshops, dedicated D&I champions per Region.
<b>Safety</b>	Behaving safely always and having zero tolerance towards unsafe acts and safety violations. Continuously improving our safety culture and performance.	Safety Policy, Life-Saving Behaviors, TRIF-rate (total recordable incident frequency), observations monitoring, ISO 45001 management systems, legal compliance.

Topic	Principles	Management approach, tools, processes, risk mitigation activities
<b>Product compliance</b>	Safe products.	Substance management, legal compliance, Quality Policy, product and service excellence. In product development process we have check points such as initial requirements for product safety and FMEA evaluation for safety and reliability risks. There are e.g. different crane safety standards that guide the minimum requirements for products. For individual deliveries we have separate factory acceptance and site acceptance to ensure a product is functioning properly.
<b>Environmental responsibility</b>	Minimizing all environmental impacts (e.g. waste, energy). Efficient resource use. Lean manufacturing. Using a precautionary approach to environmental challenges by examining the whole scope of impact that our operations might have. This is applied especially in environmental risk management.	Environmental Policy, Code of Conduct, HSE minimum requirements, global energy and emissions targets. Signatory of United Nations Global Compact and its ten principles. Local environmental risk assessment as part of environmental management system. Environmental risk assessments and mitigation actions are done on a local level based on environmental aspects and impacts. Environmental incidents and near-miss safety cases are reported through our global Health, Safety and Environment (HSE) reporting tool, and the investigations of root causes and corrective actions are conducted accordingly.
<b>Climate action</b>	Strive for climate action with external targets. One of the principles from UNGC underlines the need to adopt a precautionary approach to environmental challenges by examining the whole scope of impact that our operations might have.	Environmental Policy, Code of Conduct, HSE minimum requirements, global energy and emissions targets. Signatory of United Nations Global Compact and its ten principles. Climate risk scenario analysis, BA level physical and transitional risk reviews, actively following upcoming legislation related to climate reporting or new requirements, natural hazard assessments with insurance company. More information can be found in the Statement of non-financial information in our <b>Governance and Financial Review</b> . The governance for driving our climate change roadmap follows the general governance structure managed by Konecranes' Sustainability team and through the Sustainability Council. Climate themes and metrics are also regularly on the agenda of the Konecranes Leadership Team as well as the Board of Directors annually.
<b>Sustainable offering</b>	Providing eco-efficient solutions and services for our customers. Advancing circular economy. Keeping materials and products in use longer.	Design for Environment, taking circularity into account in designing services and products, follow-up on upcoming legislation on circularity and low-carbon products and solutions. Most of our solutions in different product categories are designed to fit both current and upcoming efficiency standards. Preventive maintenance also supports customers' emission reductions.

## Our core sustainability themes

The most material aspects of sustainability for Konecranes were determined by conducting an annual materiality assessment involving key stakeholders and the company's management. Through this process, we identified the most significant aspects of sustainability for Konecranes, which became our sustainability cornerstones. For each area we have set clear targets on what we want to achieve.





## CLIMATE ACTION AND RESOURCE EFFICIENCY

### **A year of climate progress and commitments**

We are committed to expanding Konecranes' climate ambition to mitigate climate risks, cut emissions and enhance our low-carbon portfolio. In 2020, we analyzed our total impact and will continue building a climate roadmap in 2021. Konecranes has signed the commitment letter for the Science Based Targets Initiative (SBTi). We will set new, even more ambitious climate targets for our operations in line with the goals of the Paris Agreement.

In 2020, we continued discussions with top management and conducted a set of workshops to define detailed climate-related risks and opportunities. We reviewed Konecranes' impact on the climate and how climate change potentially impacts Konecranes' business. Based on this work, we made a commitment to increase our climate ambition and to set ambitious Science Based Targets to reduce greenhouse gas emissions. Konecranes will concentrate on the largest impacts of its footprint, supply chain, manufacturing, service fleet emissions and product use phases. When assessing the whole lifecycle of our products, the most significant impacts come from energy consumption during the product use phase and from the

production of raw materials and components. With our commitment to the Science Based Targets, we will increase our ambition for mitigating climate change and continue building a climate roadmap in 2021.

### Targets and governance

The focus of our climate work is to reduce the greenhouse gas emission intensity of our own operations (tCO<sub>2</sub>e/sales) by 50 percent during 2017–2025. We collect scope 1 and 2 emission data quarterly to secure and monitor progress. Scope 3 data is also collected on an annual basis. In 2020, we managed to decrease our scope 1 and 2 emissions by 29 percent compared to the 2017 baseline.

We have a Group-wide process also for evaluating climate-related risks. The Board of Directors of Konecranes has defined and adopted a set of risk management principles based on widely accepted international management practices. These principles serve as part of our system of controls and are designed to ensure that any risks related to the company's business operations are identified and managed adequately and appropriately to safeguard the continuity of our business at all times. The key risks are reported to the risk management (legal department)

and Internal Audit Committee. Konecranes' risk appetite reflects our business objectives and strategic targets. The governance driving the climate change roadmap follows the general governance structure managed by Konecranes' Sustainability team and the Sustainability Council. We execute our sustainability activities through projects, programs and processes. In addition, climate themes and metrics are also regularly on the agenda of the Konecranes Leadership Team as well as the Board of Directors annually.

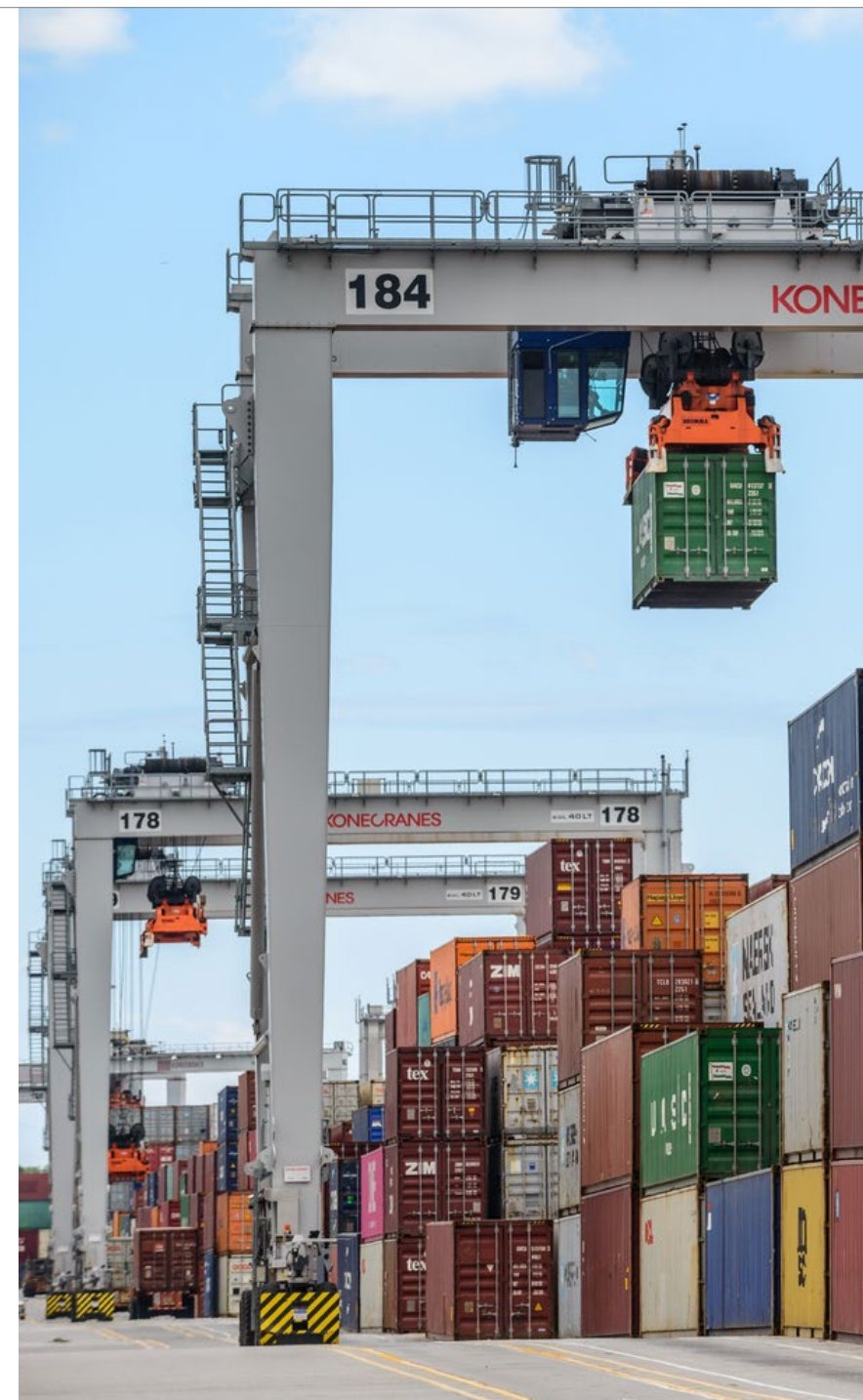
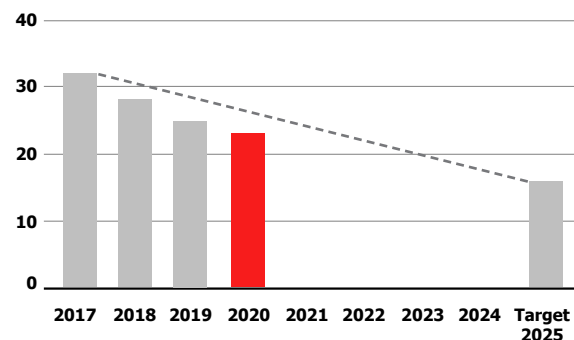
### Climate risk management

The potential effects of climate change are far reaching, from the natural disasters that could affect our supply chain to increased local regulation and the cost of energy and materials, impacting production in our manufacturing sites and the servicing of lifting equipment. Climate-related risks and opportunities are assessed by conducting annual company-level risk assessments, natural hazard risk evaluations, climate risk scenario analyses and local ISO 14001 risk evaluations. Annual exercises assess risk likelihoods and impacts (tolerance) to enable estimating the potential impact on business and prioritizing key risks. The relevant risk information is actionable and supports strategic decision-making.

### Emission intensity target

**-50%**

(tCO<sub>2</sub>e/sales) 2017–2025



When it comes to climate-related opportunities, we have a unique position to help decarbonize other industries by providing equipment solutions that help industries, such as ports, restructure to a low-carbon future. There are immense positive impacts of electrically powered equipment as the operational use of such equipment significantly decreases CO<sub>2</sub> emissions. Preventive maintenance also supports customer emission reductions. Konecranes' product offering also includes modernizations. One benefit of modernization is material savings in steel and avoiding the emissions that come from steel production. Read more about our detailed climate risks and opportunities in the Statement of non-financial information in our **Governance and Financial Review**.

#### Climate risk scenario analysis

At the end of 2019, we finalized a climate risk scenario analysis to strengthen our understanding of climate change and its possible physical and transitional risks for the company. Physical risk assessment took into account three scenarios over a medium time horizon to 2040. Selected focus countries were decided based upon the significance of the respective operations in these countries. The main climate-related risks of the vulnerability screening were heatwaves (damage to infrastructure and productivity loss) and windstorms (damage to facilities and indirect damage to infrastructure and power lines).

In 2020, we expanded our climate insight by conducting a set of workshops for all business areas and the procurement function to define detailed climate-related risks and opportunities. We identified the most relevant risks based on likelihood and potential impact and the most relevant opportunities based on importance and feasibility. Based on the 2019 climate risk scenario analysis and our internal workshops, we have reviewed both aspects of climate change in terms of double materiality – how does climate change affect Konecranes and how does Konecranes contribute to climate change – and will sharpen our Climate roadmap for years to come.



## Konecranes received Leadership recognition from CDP

The ambitious climate work of Konecranes was recognized with an 'A-' rating by the Carbon Disclosure Project (CDP), representing a Leadership ranking (A or A-). In the results released by CDP on December 8, 2020, Konecranes was among the select few Nordic companies at the climate Leadership level. The 'A-' rating is based on Konecranes' climate-related sustainability performance in 2019. The purpose of the assessment is to recognize the role of enterprises in meeting the goals of international climate agreements.

#### Targets and progress: Climate

Target	Progress	UN Sustainable Development Goals
Emission intensity reduction of 50% tCO <sub>2</sub> e/sales in own factories and service operations by the end of 2025 (Base year 2017)	Emission intensity (tCO <sub>2</sub> e/sales) reduced by 29% compared to base year 2017	12, 13

## Decreasing our environmental impact

The day-to-day challenge of reducing our environmental impact is already business as usual. We have moved beyond this and develop products, services and technologies that also reduce the environmental impacts of our customers.

To continuously improve our own performance, we set a target for all our manufacturing sites to be ISO 14001:2015 EMS certified by the end of 2020. This target has been postponed by a year due to COVID-19. Currently 83 percent of our factories have an ISO 14001 environmental management system in place. In addition, we have introduced global Health, Safety and Environment (HSE) tools for chemical handling and waste management that sets a minimum level for environmental management. Each of our units is responsible for evaluating, prioritizing and mitigating their risks at a local level. Environmental incidents and near-miss cases are reported through our global HSE reporting tool, and the investigations of root

causes and corrective actions are conducted accordingly. Our Supplier Code of Conduct forms a sustainability standard for our suppliers that we audit systematically. To meet customers' increasing need for low-carbon products, we focus on providing eco-efficient solutions and extending product lifecycles with our solutions and service concepts. Read more about how we help customers reduce their environmental impacts in the chapter **Sustainable offering and circularity**.

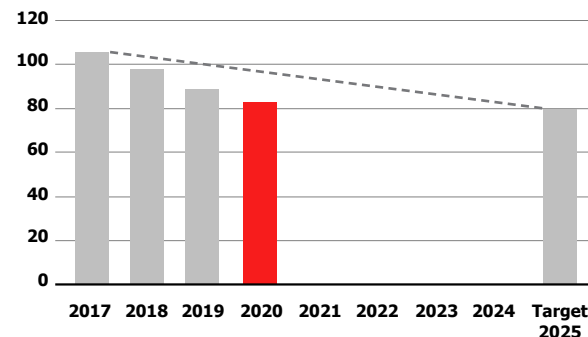
### Focusing on energy efficiency in our own operations

We focus on the energy efficiency of our own operations regarding manufacturing and service. Our target is to reduce our energy intensity (MWh/sales) by 25 percent during 2017–2025. We have also signed national voluntary agreements on energy efficiency. Our ambitious target can be reached by investing in energy efficiency actions such as heat recovery, LED lighting and improving the fuel efficiency of our service vehicle fleet to become

### Energy Intensity target

# -25%

(MWh/sales) 2017–2025



more eco-efficient. We systematically evaluate potential energy efficiency investments and calculate which are the most impactful ones considering the amount of decreased emissions and money invested.

One example of how to better manage energy topics is the adoption of an Energy Management System by Konecranes Finland. The system follows national ETJ+ standard rules. Konecranes Finland decided to start building an energy efficiency management system in 2019. This required engagement from the management to set an energy policy and to follow the topic systematically. The most important tool to manage energy efficiency is an energy data system, which enables the following of real-time consumption of electricity, water and heat in each building on a site – making improvement potential easy to spot. In 2020, energy intensity was reduced significantly by 23 percent compared to the 2017 baseline.

KPIs			2020 <sup>1,2)</sup>	2019	2018
Energy and emissions	Total energy consumption (MWh) <sup>1)</sup>		262,500	297,500	309,900
	Fuel consumption <sup>1)</sup> (MWh)		124,600	143,000	151,000
	Natural gas and LPG consumption (MWh)		62,900	77,900	74,100
	Electricity consumption (MWh)		63,900	63,500	70,100
	District heat consumption (MWh)		11,000	13,100	14,700
	Total energy consumption per sales (MWh/MEUR)		83	89	98
	Renewable energy percentage (%) <sup>2)</sup>		10%	8%	8%
	Renewable electricity percentage (%) <sup>3)</sup>		30%	26%	24%
	Total emissions <sup>4)</sup> (tCO <sub>2</sub> e)		71,900	82,600	89,000
	Scope 1, direct emissions <sup>5)</sup> (tCO <sub>2</sub> e)		43,400	52,700	54,000
	Scope 2, indirect emissions tCO <sub>2</sub> e <sup>6)</sup>	Location-based method	25,600	26,400	31,300
		Market-based method	28,400	29,900	35,000
Scope 3, business travel (tCO <sub>2</sub> e) <sup>7)</sup>		3,000	10,800	10,700	
Total emissions <sup>4)</sup> per sales (tCO <sub>2</sub> e/MEUR)		23	25	28	
Total emissions <sup>4)</sup> per energy unit (tCO <sub>2</sub> e/MWh)		0.27	0.28	0.29	
Waste	Metal scrap <sup>8)</sup> (tons)		13,700	15,700	14,900
	Cardboard, paper and wood <sup>8)</sup> (tons)		2,400	2,800	2,700
	Hazardous and electronic and electrical waste <sup>9)</sup> (tons)		2,000	2,200	1,600
	Other waste <sup>10)</sup> (tons)		2,600	2,300	2,000
	Water consumption (m <sup>3</sup> )		168,000	194,400	244,944

Figures represent our manufacturing locations, except fuel consumption (includes also service vehicle fleet) and Scope 3 emission figure (represents emissions from business traveling).  
1 MWh = 3.6 GJ. MEUR = million euros.

1) Fuel consumption consists of diesel and petrol.

2) Amount of renewable energy divided by total energy consumption.

3) Amount of renewable electricity divided by total electricity consumption.

4) Total emissions include scope 1 and scope 2 (market-based method). CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O included. GWP: 2014 IPCC Fifth Assessment Report. Scope 3 is not included in the total emission figures, as collecting comprehensive Scope 3 data is still in progress.

5) Scope 1 includes emissions from fuel, natural gas and LPG consumption.

6) Scope 2 includes emissions from electricity and district heat consumption. Scope 2 indirect emissions are calculated according to the GHG Protocol Scope 2 Guidance dual reporting

requirement: location-based and market-based method. Konecranes Finland Oy acquired RES-GO guarantees of origin for electricity (Renewable Energy Sources - Guarantee of Origin), which are subject to EECS (European Energy Certificate System). These guarantees of origin covered 15,877 MWh electricity consumption for the year 2020. Production method was Finnish bioenergy.

7) Scope 3 includes emissions only from business travel.

8) Waste streams are directed to recycling.

9) Waste stream handling split into recycling, incineration and other adequate treatments depending on location.

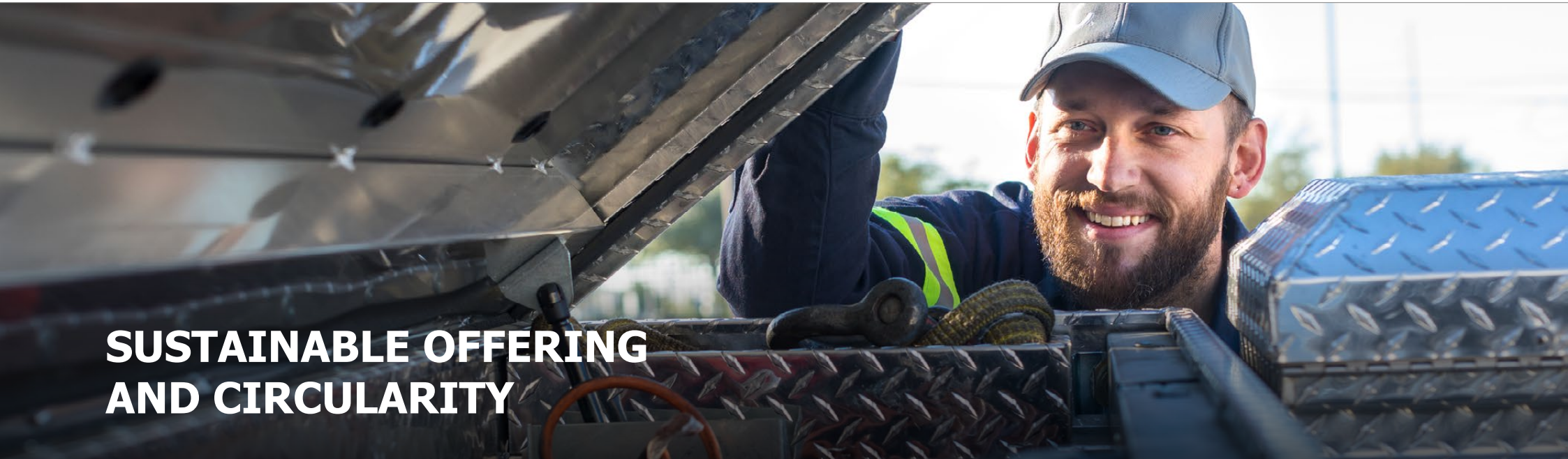
10) Other waste includes plastic, organic, mixed and energy waste. Waste stream handling split into recycling, incineration, composting, and landfill depending on location.

11) The table covers all forms of energy used. There are no other forms of energy other than those listed in the table. Potential renewable shares are not taken into account for fuels.

12) Integration of MHE-Demag business from beginning of 2020.

## Targets and process: Resource efficiency

Target	Progress	UN Sustainable Development Goals
Certified ISO 14001 EMS in all factories by the end of 2020.	Certified ISO 14001:2015 EMS in 83% of our manufacturing facilities.	12, 13
Energy intensity reduction of 25% MWh/sales in own factories and service operations by the end of 2025 (Base year 2017).	Energy intensity (MWh/sales) reduced by 23% compared to the base year 2017.	12, 13
By the end of 2025, power all our factories with 100% renewable electricity.	30% of electricity in factories is from renewable sources.	7, 12, 13



## SUSTAINABLE OFFERING AND CIRCULARITY

### Enabling low-carbon transition and optimizing resource use

Building our processes around circular economy principles helps us improve our resource and energy efficiency while creating value for the customer by reducing their carbon footprint. Circularity plays an essential role also in tackling climate change.

#### **Sustainable offering reducing customers' environmental impacts**

We help our customers solve their sustainability challenges through our sustainable offering, our ability for innovation and by harnessing the potential of circularity and digitalization. To meet our customers' increasing need for low-carbon products, we focus on providing eco-efficient solutions and extending product lifecycles with our

solutions and service concepts to decrease our customers' carbon footprint.

We design our products with their complete lifecycle in mind, as the majority of the environmental impact of a product's lifecycle is defined at the product design stage. Our product design is based on smart design principles focusing on repairability, durability as well as material and energy efficiency. Usability, eco-efficiency, and safety are our guiding principles in product design, along with lifecycle thinking.

For diesel-driven vehicles, we provide innovative power options from hybrids to full electric and battery technology with additional energy-saving features such as regenerative braking. To provide accurate data on the environmental impact of our solutions for decision-making, we calculate our products' energy consumption and CO<sub>2</sub> emissions and

critically assess this data with the help of a third party (as part of our Environmental Product Declarations).

### Circularity

Circularity plays an essential role in tackling climate change, as there needs to be a fundamental shift in the global approach to the way we value raw material. Greenhouse gases can be reduced if resource efficiency is improved, waste and pollutions are designed out, materials and products are kept in use longer and more circular business models are developed.

Circular economy aims to get more value from existing products while decoupling value creation from resource consumption. For example, our service business advances circular economy by focusing on extending the lifecycle of equipment via maintenance and repair, remanufacturing, modernizations and retrofits. By providing predictive maintenance services, we help our customers extend and maximize the lifecycle value of their products. Preventive maintenance also supports customers' emission reductions by using data and remote monitoring to optimize visits by a service technician.

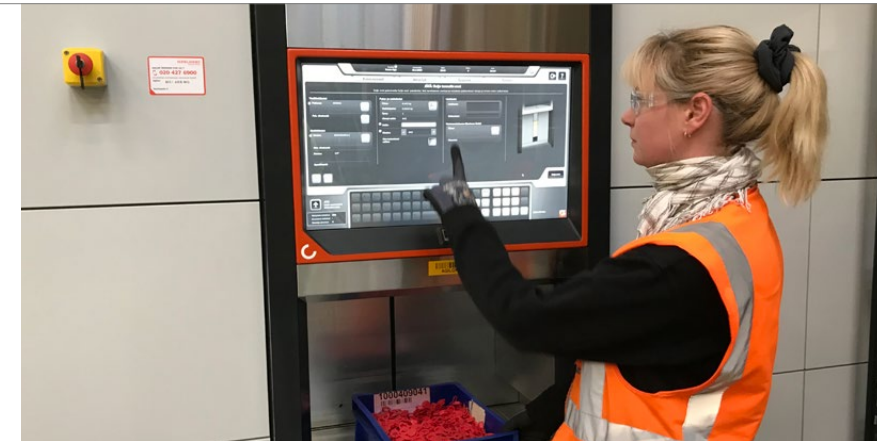
The lifecycle of our products can last for decades, so investing in data-driven, eco- and resource-efficient products means the customer can preserve the value of their equipment for a longer period of time and

consequently decrease their environmental impact and cost. Customers see the clear benefits of investing in durable equipment that can be repaired and modernized, and the value that comes from increased production uptime.

Modernization can decrease direct and indirect emissions. It is possible to avoid a significant amount of CO<sub>2</sub> emissions if the existing steel structures are enhanced and inspected instead of being replaced. Modernizations and retrofits also enhance the energy efficiency and performance of equipment. Our products can be modernized and retrofitted several times during their lifespan and reused to extend their lifespan, and then finally recycled at End-of-Life.

### 2020 performance

In 2020, we conducted a set of workshops for all business areas and the procurement function to define detailed climate-related risks and opportunities. When it comes to climate-related opportunities, we have a unique position to help decarbonize other industries by providing equipment solutions that help industries restructure to a low-carbon future. The discussions on opportunities led to a series of development projects to improve the sustainability of our product offering. We also continued defining our Circular Economy Roadmap by planning workshops for the Business Areas for 2021 to take the discussions on opportunities forward.



## Product-as-a-service: Case Agilon

Agilon® is Konecranes' automated storage and retrieval system and service that gives a customer exact information on their materials in real time. Agilon's advanced modularity optimizes in-house logistics and increases transaction capacity and storage area. The solution consists of a closed unit shelving system, robots travelling within the shelving and an online portal where the customer can remotely track stock information. The system can be adjusted to the customer's volume, for example, adding modules if they are experiencing a ramp up in volumes.

The system is maintained by Konecranes and can be fully utilized for another customer. A dedicated Konecranes team performs continuous remote monitoring of the system. In the case of system failure, the service team replaces the defect module with a replacement module. Further diagnostics of the defect module is conducted at a Konecranes service center, ensuring minimum downtime on the site. The failed components are analyzed and repaired for re-use.

The system itself is very energy-efficient, easy to set up and does not require modifications to the customer's premises. This product-as-a-service is an easy solution for the customers, because major up-front investment costs of the equipment can be avoided by leasing the system to the customer with a monthly fee. The lifecycle risk of owning equipment is eliminated, as the leasing agreement can be terminated if there are any changes in demand and the service of the equipment is handled by Konecranes. It is also possible to purchase the Agilon system with the same maintenance services with a smaller monthly fee.

### Targets and progress: Sustainable offering and circularity

Target	Progress	UN Sustainable Development Goals
Circular economy roadmap by the end of 2020.	Held four climate risks and opportunities workshops with all the BAs about the opportunities we have mitigating climate change, agreed on next steps. Planning workshops for circular economy innovation in 2021.	12, 13

# Circular economy solutions for different customer needs

## KONECRANES' CIRCULAR STRATEGIES

### SMART DESIGN:

Products designed to be modular, repairable, upgradable and recyclable  
Built to last  
Optimized use with intelligent features

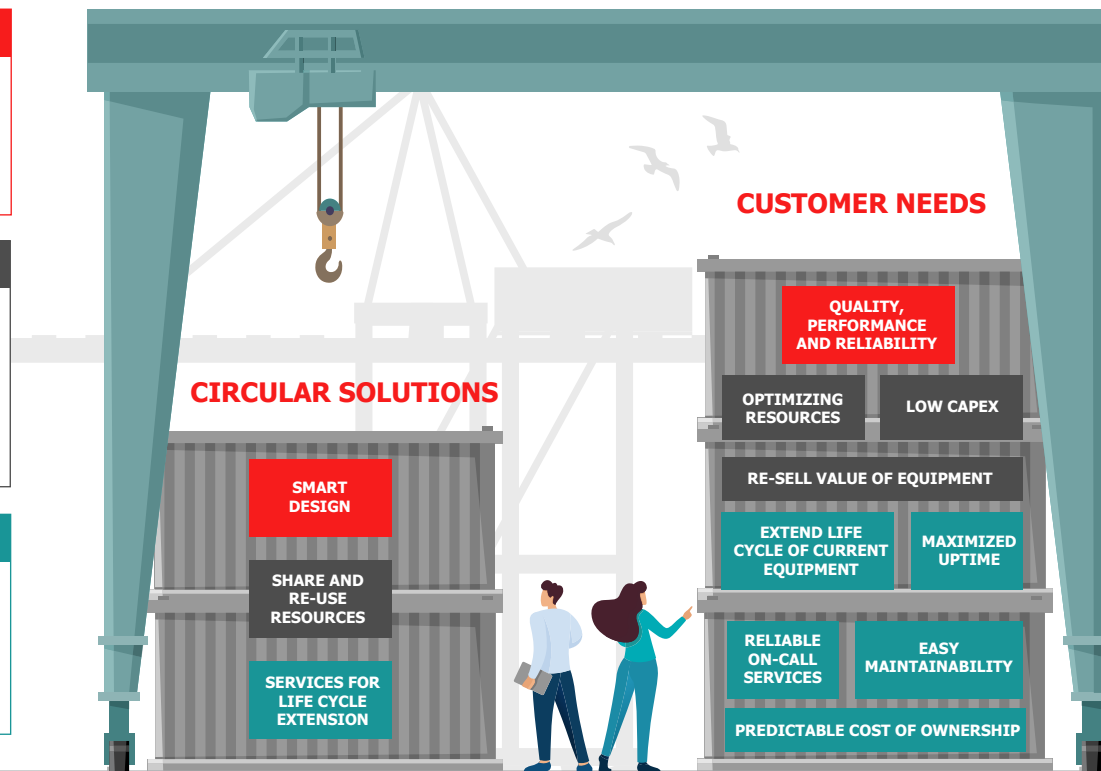
### SHARING AND RE-USING RESOURCES:

Industrial internet solutions (remote maintenance)  
Leasing and rental concepts  
Re-sell equipment that has life cycle left  
Knowing when to maintain, replace or repair components (sensor data, digital tools)

### SERVICES FOR LIFE CYCLE EXTENSION:

Service concepts for repair and maintenance (e.g. predictive maintenance)  
Spare part services, refurbishment of parts  
Remanufacturing of crane parts (retrofits, modernizations/overhauls)

KONECRANES®



## CUSTOMER VALUE

Long-term value of investment  
Safe, eco-efficient and reliable product/service  
Enhanced energy efficiency  
Modular products, possibility for performance upgrades and customization

Optimize resource use  
Low capital expenditure for rental and leasing solutions  
Possibility to re-sell fully refurbished equipment that has life cycle left

Maximizing uptime, productivity and reliability  
Minimize maintenance costs and maintenance visits  
Guarantee of spare parts availability  
Prolong the already long lifecycle of equipment with retrofits and modernizations



## SAFE PRODUCTS AND WORKPLACES

### Safety grants competitive advantage

Safety is an integral part of our business and prioritizing it in all areas of our activities gives us a competitive advantage. With the help of our products, solutions and services, our customers not only enhance the safety of their businesses but also improve the efficiency and productivity of their operations.

Our work in managing safety starts from our own employees but extends beyond the company's boundaries, covering our product offering, our suppliers, subcontractors, everyone engaged with our products and everyone we work with. Safety is vital in everything we do; our overall approach and commitment to safety is outlined in our Health and Safety Policy, and we make it come alive through our safety management tools and global practices.

In 2020, we continued our global safety work around our three key pillars: Life-Saving Behaviors, Core Compasses

(our global HSE standards) and certified management systems. The most visible aspect of developing safety was our company-wide Life-Saving Behaviors communications campaign, which promoted general safety awareness and expected safety behavior in eight high-risk areas of our operations. Our three regions had different yet effective promotion campaigns to both spread awareness and actively engage our employees through e.g. pledges and sharing best practices. The Life-Saving Behaviors campaign continues in 2021 with an increased focus on regular and harmonized communication. We continued having our operations certified according to OHSAS 18001 and ISO 45001 management system standards. A total of 65.8

percent of all manufacturing units were certified against the OHSAS 18001 and the ISO 45001 standards at the end of 2020. Work towards the target of getting all manufacturing units certified against ISO 45001 continues according to plans defined within the Business Areas.

#### Safe material flow with safe cranes

There are considerable occupational health and safety risks in industrial material handling. Our aim is to provide products and services that make our customers' material flow efficient and safe. Our offering includes technologically advanced equipment with innovative safety features as well as efficient preventive and predictive maintenance that keeps equipment

in good working order throughout its lifespan. In 2020, we kicked off a project around product excellence, to further define how we integrate safety and sustainability elements into our product development and design. We continued to follow product safety performance through our product compliance management (AIR) process, reporting and investigating occurrences such as load drops. This process helps us ensure that the products and services we design and supply worldwide reliably meet all applicable safety requirements throughout all phases of their lifecycles.

Our cranes can be fitted with a wide variety of our existing safety features. Sway Control, Hook Centering and Snag

#### Targets and progress: Safety

Target	Progress	UN Sustainable Development Goals
TRI-rate <3 by the end of 2025.	TRI rate for the whole company was 7.5. Several Group-wide initiatives were launched to improve safety.	3
20% year-on-year reduction of SIF exposure for own and contractor employees by end of 2025.	Serious Injury and Fatality (SIF) incidents total 56 (71). SIF potential reduction of 21.2% from 2019. There was one fatality to an employee in 2020. Improvements were made in SIF incident review and follow-up, especially in SIF management reviews.	3
Certification for Health & Safety Management system ISO 45001: Factories by the end of 2021 Service by the end of 2022 Frontlines by the end of 2023	Certified OHSAS 18001/ISO 45001:2018 management systems: 65.8% of factories. The coverage percentage declined from 2019 due to factory closings.	3, 12
Safety observations per year by the end of 2025: 5 per person.	Total number of recorded safety observations was 28,472, which is 1.64 per person. Target for 2020 was 1.0.	3

Prevention limit unwanted movements of the load during lifting or moving or if the load or hook gets caught on something. Remote operation (using the Remote Operating Station) enables the crane operator to work in safe areas with better ergonomics. This also increases safety in the factories, as people are further away from the machines. Konecranes' smart features such as Target Positioning also help crane operators operate the crane more smoothly. Geofencing, i.e. limiting load movements in areas that might cause risks to people or property, is made possible through the Work Zone Smart Feature application. Solutions such as Assisted Load Turning, Target Positioning and End Positioning ensure that load manipulation is safe and that the load is delivered safely and accurately where needed. Our Live Channel, an online virtual crane demonstration tool, has enabled us to showcase our crane safety features to our customers in real time also during the COVID-19 pandemic.

### Mitigating safety risks

In our own activities, the most significant safety risks are related to factory work, vehicle incidents, crane and equipment installation, and our service business where our technicians' working conditions vary from job to job. All Konecranes employees are properly trained to perform their tasks safely and correctly. There is no job so important and no service so urgent that we cannot take the time to perform our work safely and correctly.

From 2020 onwards we changed our main lagging KPI from LTA1 (lost-time incident rate) to TRI (total recordable incident rate). The aim is to capture a wider picture of what our safety performance looks like by including all injuries requiring professional medical treatment in our performance evaluation. We also report and follow up on contractor incidents in our reporting system, but those are not included in our incident rate. The objective is to



The awarded Safety Champion team Tuomas Vainio, Jani Liedes and Marek Debkowski with the lifting lug.

## CASE: Promoting Safety Champions

Safety is important to us all and it is everyone's responsibility. Thus, during 2020, we began a global campaign to promote a monthly Safety Champion: an individual or a team who has had a significant impact in building our safety culture. We had 12 different Safety Champions awarded across the whole company: from Bangladesh to the US, from managers to technicians, the whole variety of employees from all parts of the organization. Showcasing positive safety topics within the company has been a great way to enhance our safety culture – the stories and examples have brought safety back into discussions, offering an opportunity to learn from one another.

At the beginning of the year, a cross-functional team in Port Solutions initiated a work process change that greatly improves safety during loading and unloading of Rubber Tired Gantry Cranes (RTGs). They created a new type of lifting lug for the shipment of fully erected RTGs, with many benefits compared to the traditional lifting eyes, which most importantly increased safety and decreased costs. The awarded team highlights the rethinking of work practices as a good way to improve safety: "Safety means good planning and thinking before doing. That way we can all go home safe after a challenging day at work."

In the midst of the first wave of the pandemic, our customers, employees and service technicians were struggling to keep up with the protective measures taken and required against COVID-19. The Safety Champion of June wanted to come up with an easy approach to help with this. Together with a colleague, they developed and implemented a mobile COVID-19 application to help in tracking the measurements and show what is being done. The application was warmly welcomed and has been used widely.

A true ambassador of safety, with more than 7,000 observations made and handled within their organization, the Safety Champion of August sees observations as a great tool to improve safety. This organization has been setting an example by actively making observations, both safe and unsafe, and ensuring that corrective actions are done. With the help of observations, they have been able to eliminate many potential hazards as well as build their safety culture with positive observations. Safety is truly a mindset to this Champion: "Safety is always my number one value. Every person that works here is a part of my life, they are my work family. I am always looking for ways to keep my family safe and remove any potential hazards that could harm them. I would never want anything to happen to myself or any of them."

reach a TRI rate below three by 2025. We work to achieve these targets through strategic, Group-led programs and business-specific initiatives. We follow incidents, near-misses and observations through management systems, the HSE reporting system and the AIR product compliance management system, as well as through customer feedback.

### Safety performance

Our safety performance once again showed significant year-on-year improvement during 2020. The TRI rate for the year was 7.5 (8.1), an improvement of 7.4 percent compared to 2019. We continued to focus on learning from incidents through an increased emphasis on investigation and corrective actions, supported in part by the HSE reporting system. The reporting system allows us to better track the quality of incident investigations and the completion of corrective actions, including the classification of the corrective actions according to the hierarchy of controls. The main types of injuries were superficial injuries such as sprains and strains (37 percent); bruises and scratches (26 percent); and open wounds (18 percent). Injuries occurred mostly during manual handling of materials (19 percent), working with hand-held tools (17 percent) and movement of people (17 percent). The overall correction action closing rate during 2020 was 86.6 percent.

In 2020, we sustained our strong focus on reporting and following up actual and especially potential Serious Injury and Fatality (SIF) cases. We also examined less serious incidents or near-misses that had the reasonable potential to cause serious injury or fatality. This involved reporting the potential SIF incidents and organizing incident-specific reviews to check the quality of the investigations and the effectiveness of the identified corrective actions. We also classified actual and potential SIF Exposures based on

the causes to better understand which hazards are most common for us and to target our actions accordingly. We had a total of 55 non-fatal SIF injuries among our own employees. The overall SIF exposure decreased by 21 percent compared to 2019, with the total number of reported incidents or near-misses with Actual or Potential SIF consequences down to 56 from 71 in the previous year. The main causes for SIF exposures were being in the line of fire (24 percent), being crushed/pinched (23 percent) and contact with live electricity (20 percent). We unfortunately had one fatal incident in 2020 at our factory in Australia, relating to a lifting operation as part of our crane manufacturing work.

The reporting of near-misses and safety observations increased sharply in 2020. The total number of reported near-misses was 1,335 and observations was 26,889. Our increased emphasis on safety observation reporting caused a slight decrease in near-misses. There were significant differences in the level of reporting between different units, and further efforts will be made in the future to promote the

recording of near-misses and observations and to ensure that actions are taken based on the reports. Improving incident investigation and the quality of corrective actions, promoting near-miss and observation reporting, and following up on actual and potential SIF incidents will remain key activities in 2021. Safety performance is regularly monitored and discussed in the monthly Konecranes Leadership Team meetings as well as in the Board of Directors' meetings.

### Safety Data 2020

		Combined company	Legacy Konecranes <sup>2)</sup>	
		2020	2019	2018
Total Recordable Incident Frequency (TRI) <sup>1)</sup>	Konecranes total <sup>2)</sup>	7.53	8.05	8.72
Fatalities <sup>3)</sup>	Konecranes total <sup>2)</sup>	1	0	0

1) TRI = Number of work-related incidents causing medical treatment or lost time / working hours performed over the reference period x 1,000,000 hours

2) MHE-Demag business not included in the legacy Konecranes figures

3) Covering own personnel. We unfortunately had one fatal incident in 2020 at our factory in Australia, relating to a lifting operation as part of our crane manufacturing work.



# A DIVERSE, INCLUSIVE AND ENGAGING WORK ENVIRONMENT

## Progress in diversity and inclusion

In 2020, we made swift progress on our diversity and inclusion roadmap. We fulfilled our commitments in our three-year plan and renewed our vision and goals, rising above and beyond our ambition level. Our global employee net promoter score is at a good level, with 43 percent of the employees being active promoters for Konecranes as an employer.

### Diversity and inclusion

Diversity encourages innovation, intentional learning, exceptional organizational performance, and outstanding customer service. At Konecranes, we aim to foster a diverse and inclusive working environment where people feel trusted, and where everyone can be themselves and feel valued for their contribution. We value the sense of belonging and leveraging the strengths of our differences. We welcome, develop and nurture people of all ages, genders, ethnicities, religions, disabilities, sexual orientations and backgrounds, and we strive for equality. We consider the variety of talents and backgrounds to be one of the key assets driving our success as a company. The different skill sets nourish creativity and value creation and help deliver results. Fair and responsible practices, equal career development opportunities and embracing diversity are examples of central aspects we work on.

## Progress in Diversity and Inclusion in 2019–2021

Guided by our Diversity and Inclusion (D&I) Policy and strategy, we proceed according to a three-year roadmap.

### 2019: Creating foundations and engagement

- Global Chief Diversity and Inclusion Officer role established
- Roadmap completed, and analytics system built to measure D&I journey
- Worked on processes and procedures for assuring equal principles
- Special attention to recruitment and succession practices as well as learning and development
- Diversity built in all major Konecranes training programs
- Leadership education on unconscious biases

Furthermore, in 2020 we embraced multiple dimensions of diversity through internal and external facing campaigns, such as #beyouatkonecranes during the Pride month and #iamkonecranes for encouraging women to have careers in

### 2020: Gaining industry reputation and challenging the goals

- Strong awareness-building globally and locally for drawing attention to diversity and inclusion
- Education on unconscious biases, the importance of D&I and on cultural diversity
- Konecranes D&I e-learning made obligatory for all employees
- Fast-track program launched to support the acceleration of women in leadership positions
- Mentoring programs to improve acceleration and sponsorship for female talents
- Coffee and Culture webinar series targeted to strengthen sense of togetherness
- Launched an employee resource group focusing on empowering women in science, technology, engineering and math (STEM)
- Grew the number of nationalities among Konecranes' employees
- Included D&I in our talent process

technology and engineering. In addition, collaboration with the Conference Board association continued, and Konecranes representatives participated in various panels and webinars, such as Strategy Insights and LinkedIn.

### 2021: Reshaping the D&I strategy

- Launch the new D&I vision and goals
- Develop an even more holistic approach to D&I with a bolder ambition level
- Embed D&I in all people processes and introduce the concept of Inclusive Sourcing
- Continue to promote training and awareness
- Develop specific programs to increase the share of women in Service and Supply functions
- Increase our social responsibility taking an active role in the STEM area



We want to be a dynamic partner for our customers, and an employer of choice.

### Managing talent to gain a competitive advantage

Konecranes' people management strategy ensures that we have the needed resources and skill sets for the future and that our employees are motivated and capable of meeting business requirements. We invest in the continuous development of our employees. It means both empowering Konecranes' people to seek learning opportunities as well as providing tools and methods that support efficient learning. Konecranes offers a variety of training courses

and development activities on different topics ranging from technology to leadership and specific development programs on health and safety, language courses and project management.

We continued our endeavor to provide equal opportunities for all our employees. This is achieved by assuring equality principles and giving special attention to recruitment practices, learning and development and talent and career

development. Information on all our vacant positions is published in one central, public recruitment system open to current and potential future employees. In 2020, we continued a harmonizing salary review process for facilitating salary-related decision-making, supported by our central management tool.

Personal development is a key factor in employee engagement. In 2020, our annual Trust, People,

### Targets and progress: Diverse, inclusive and engaging work environment

Target	Progress	New target as of 2021	UN Sustainable Development Goals
At least 15% gender diversity in Senior Management (= everyone on job level 11 and above).	13.11% women at the end of 2020 (11.4% end 2019).	By the end of 2025, female share of leadership positions (= everyone on job level 11 and above) 22%.	5, 10
At least 25% gender diversity in Executive Management Team (= Group, Business Area and Function Management Teams).	24.2% women at the end of 2020 (22% end 2019).	Executive Management Team target omitted since the measurement is included in leadership positions.	5, 10
No single nationality should represent more than 50% of the Executive Management Team.	59% at the end of 2020 (61% end 2019).	Composition of global management teams in business areas and functions reflects the variety of nationalities and geographies of customers and employees.	10
		Female gender share of total organization 22% by end 2025.	5, 10
		By 2025 increase female share to 22% in areas related to science, technology, engineering, mathematics and technology.	5, 10
		In countries: share of minority groups in organizations reflects local demographic by 2025.	10
		100% completion rate of D&I e-learning by end Q1 2021 (Q1 completion compatible with COVID-19 rules).	10



**95**  
Nationalities  
employed

Performance (TPP) manager-employee discussions were divided into two time periods, enabling a detailed focus and quality dialogue. The first discussion period concerned target setting and overall feedback, whereas the other focused on development: behavioral competencies, strengths and development areas, learning and career aspirations. All employees are in the scope of the TPP process. However, instead of documenting the discussions in a centralized global TPP system, 24 percent of employees follow other local practices for performance management, and MHE-Demag employees will be integrated into the TPP system in 2021. In 2020, in the scope of employees who have performance management in the TPP system, 91 percent of those had completed either a performance or career development review.

### Learning opportunities

Our formal learning offering in 2020 covered, for example, new trainings designed to support leaders during the exceptional circumstances of the pandemic. Over 400 leaders participated in the Remote Work virtual training. In addition, nearly 500 of the 2,200 Konecranes leaders started a five-month Staying Connected virtual learning path

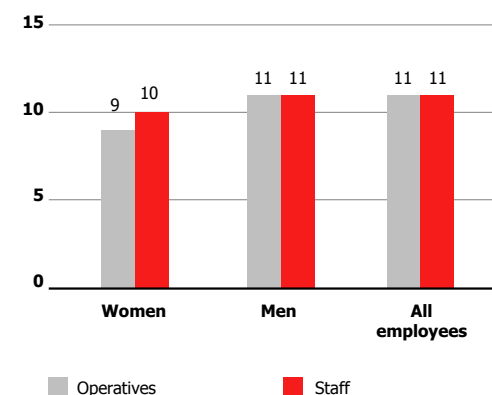
to further strengthen teamwork skills. On top of this, our flagship KC Leader program for managers and other talent continued and was redesigned to serve as a virtual offering.

In 2020, we saw a significant decrease of learning hours compared to 2019 (41 percent fewer learning hours in 2020 than in 2019). This was mainly because of the COVID-19 pandemic, which forced Konecranes to heavily focus on the core business to ensure business continuity and to control costs. As a result of the pandemic, many external training events were cancelled or postponed, there were fewer onboarding trainings for new employees due to decreased recruitment, and employees had less time to focus on non-mandatory training. When comparing 2019 and 2020, it is important to note that there have been radical changes to data categorization: we worked heavily in 2020 on improving data quality and made several corrections to the ways we define different categories.

### Measuring engagement through KC Pulse surveys and Net Promoter Score

We measure engagement by surveying employees regularly across the organization. To strengthen our understanding of

### Average hours of training per year per employee



employee engagement and well-being during the COVID-19 pandemic, Konecranes launched the KC Pulse 2020 survey. It is a set of surveys to measure the development of sentiment throughout the organization. The survey included questions about different topics, such as communications, diversity and inclusion, culture, engagement, ethics and compliance, health and safety, leadership and support.

### Employee information by regions and gender

	EMEA			AME			APAC			Konecranes total
	Men	Women	Doesn't want to specify gender	Men	Women	Doesn't want to specify gender	Men	Women	Doesn't want to specify gender	Total
Number of employees, at year-end	8,135 (84%)	1,552 (16%)	2	2,447 (83%)	513 (17%)	4	3,451 (82%)	758 (18%)	0	16,862
<31	1,189	228	1	341	65	0	648	169	0	2,641
31-50	4,276	852	1	1,349	262	3	2,450	520	0	9,713
>50	2,670	472	0	757	186	1	353	69	0	4,508
Number of hires	475	155	0	355	68	1	166	68	0	1,288
Number of departed employees	821	166	0	586	159	5	486	101	0	2,324
Total attrition rate *	10%	11%	-	24%	29%	80%	14%	13%	-	13%
Number of permanent employees	7,802	1,472	2	2,411	510	4	3,096	616	0	15,913
Number of temporary employees	333	80	0	36	3	0	355	142	0	949

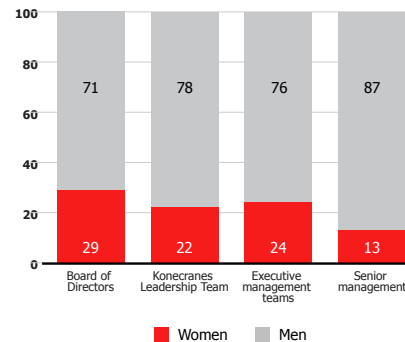
\*Attrition rate= Number of leavers during the year divided by average annual headcount. The calculation is including all voluntary, involuntary and other exit reasons, including transfers within the company. Calculation method has changed from 2019.

The global Konecranes employee Net Promoter Score decreased from 22 in August 2020 to 14 in December 2020. It is at an acceptable level, with 43 percent of the employees being active promoters for Konecranes as an employer. The decrease is most likely due to the prolonged pandemic situation and the news about the planned merger with Cargotec, announced October 1, 2020, which is naturally causing some uncertainty.

According to the results, employees were very satisfied with remote work arrangements; they felt included and being treated equally. Moreover, questions related to engagement received positive results, and the results show that the majority of our employees are willing to go beyond their normal work duties when necessary and they desire to continue working for the company. Workload proved to be a key area of improvement in 2020: 31 percent (08/2020) and 37 percent (12/2020) of employees described their workload as very high, whereas only 2 percent (08/2020) and 1 percent (12/2020) said that they do not have enough work to do. Furthermore, questions concerning sense of togetherness and well-being received relatively low scores.

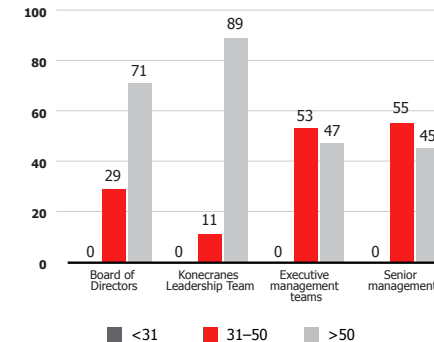
We have taken actions for improvement. Leaders are discussing the results and action plans with their teams. We have also launched global programs, such as a modular blended learning program focusing on well-being and togetherness, as well as a series of webinars. To follow employee engagement, sentiment and needs, Konecranes is currently renewing the employee survey approach. The aim is to move towards a more flexible process, ranging from large global surveys to ad hoc pulse surveys with limited scope in either target group or topic. This will allow Konecranes to pinpoint emerging topics and take precise action whenever and wherever necessary.

### Gender structure of governance bodies, %

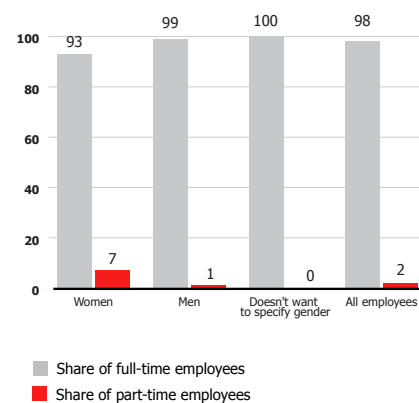


\* Executive Management Teams = Group, Business Area and Function Management Teams, Senior Management = everyone on job level 11 and above

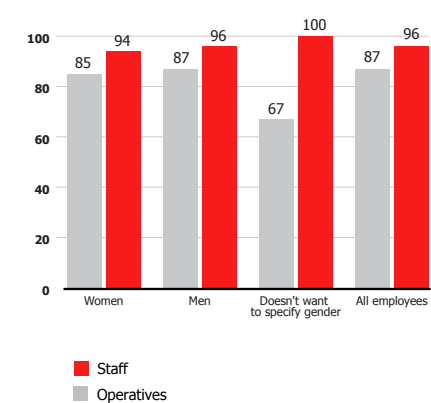
### Age structure of governance bodies, %



### Employees by employment type and gender, %



### Percentage of employees who received a performance or career development review\*



\* Percentages are calculated out of 12,836 employees who are in the scope of a global tool (TPP tool). 4026 employees were in a scope of local reviews and by the end of year 2020 we did not have central visibility there.



## RESPONSIBLE BUSINESS CONDUCT

### **Tangible progress on compliance and ethics program and roadmap**

Multiple awareness-raising activities were executed during 2020 with the main focus on the new Code of Conduct training. Despite the challenging epidemic situation, we were able to train over 16,000 employees. We also started third-party audits concentrating on compliance with our Supplier Code of Conduct.

#### **Ethics and compliance are based on our values**

The management culture of Konecranes is based on our company values: trust in people, total service commitment and sustained profitability. Our goal is not just to comply with the laws, rules and regulations that apply to our business; we also strive to abide by high standards of business conduct. Konecranes' Code of Conduct and Corporate Governance Framework guide the everyday activities of the company by clearly describing our internal standards and ethical values as well as our legal obligations. The Code of Conduct is complemented by several Group-wide policies regarding quality, safety,

environment, supplier requirements, anti-corruption, data protection, competition law and equal treatment and diversity, among others. We conducted a Group-wide compliance and ethics risk assessment in 2019, interviewing more than 200 employees from various countries and business units. Based on this assessment, we renewed the responsible business conduct KPIs and continued to follow up on these risks during 2020 as part of the overall compliance and ethics program and roadmap. We also renewed our competition policy during 2020.

We have an executive-level Compliance and Ethics Committee to oversee the implementation and development of our compliance and ethics program, which is managed by the Compliance and Ethics Team. During 2020, we reinforced our Compliance & Ethics team led by the Head of Compliance & Ethics with new Compliance & Ethics Officers in three different geographical locations. With the added resources we can better support the business and execute on our ambitious compliance and ethics program.

We promote a healthy "Speak Up" culture where people can feel safe reporting compliance and ethics concerns. We offer multiple ways to raise concerns, including an externally managed Whistleblowing Channel which enables also anonymous reporting when allowed by local laws. We have a clear policy of no retaliation and all reports made are reviewed and replied to confidentially. We also encourage our suppliers and other business partners to report on any compliance and ethics concerns relating to Konecranes.

We executed several awareness raising activities during 2020 with the main focus on the new Code of Conduct training. Our new Group-wide Code of Conduct training is now available in 35 different languages. The training is mandatory for all employees globally, including operatives, and we were able to train more than 16,000 employees

despite the challenging pandemic. During 2020, we also prepared and rolled out global trainings on competition law and trade compliance matters. We conducted several other trainings covering various compliance topics such as ethical leadership, anti-corruption and whistleblowing during the year.

### **Anti-corruption and bribery prevention**

Our Anti-Corruption Policy and Code of Conduct demonstrate our commitment to work against corruption in all forms, including extortion and bribery. They define the level of ethical conduct we seek to uphold and support our long-term competitiveness in the global markets. Our Anti-Corruption Policy has compliance protocols and guidelines in place to detect risks, embedding our zero-tolerance approach towards corrupt practices into our monitoring and follow-up processes. Several actions and processes are set up to mitigate corruption and fraud risks including a Gift and Hospitality Portal. The portal is a central location for employees to report and gain pre-approval for offering and receiving gifts and hospitality, in accordance with the rules set out in our Anti-Corruption Policy.

Anti-Corruption matters form an important element of our newly launched Code of Conduct training, which is mandatory for all employees globally. The target was to reach a 100 percent training completion rate but that was not yet reached mainly due to the requirement of face-to-face trainings in some parts of the organization, which were not possible due to the COVID-19 situation. In addition, we organized other advanced anti-corruption trainings to targeted audiences such as procurement, sales and finance teams.

We also promote our zero-tolerance approach to our business partners in our Supplier Manual and Supplier Code of Conduct. By the end of 2020, globally around



## **Trade Compliance – everyone's job**

In terms of Trade Compliance, we rolled out an e-learning module about Trade Sanctions and Export Control. This module – completed by more than 6,000 employees in 2020 – gives a basic overview about this complicated matter and provides practical advice on how to comply with all the rules and regulations. Knowing about Trade Sanctions and Export Control helps our employees to avoid violations and safeguard our good reputation.

1,300 suppliers, representing around 58 percent of our total procurement spend, have committed to our Supplier Code of Conduct. Among the top 1,000 suppliers by spend, the coverage was 76 percent. We are also auditing our suppliers for their anti-corruption work. We use a risk-based Know-Your-Counterparty process whereby the level of scrutiny is determined by considering, for example, the risks associated with the business in question, country risks and business partner risks.

**Targets and progress: Responsible business conduct**

Target	Progress	UN Sustainable Development Goals
Mandatory Code of Conduct training completed by all employees.(*	During 2020, more than 16,000 employees representing 96% of all employees (* completed the Code of Conduct training (EMEA 95%, APAC 99%, Americas 96%). Reaching 100% was hindered particularly by the COVID-19 pandemic, which prevented organizing some of the face-to-face trainings.	8, 12, 16
Competition Compliance training completed by 100% of defined target audience.	The rollout of the new Competition Compliance training started in December 2020 in English and by the end of the year, 10% of the target audience had completed the training. The rollout of different language versions continues in 2021.	
100% positive response on engagement survey questions: 1) "Management of my unit is committed to integrity and ethical business practices" 2) "I would feel comfortable reporting unethical behavior if I saw it in Konecranes"	Based on two employee engagement surveys conducted during 2020, the average percentage of employees responding positively (with score 7 to 10 out of 10) to questions (1) and (2) was 83% and 84%, respectively.	

\*) Excluding recent new hires and people on leave of absence.

**Committed to human rights**

By signing the United Nations Global Compact in 2010, Konecranes committed to support and apply the compact's fundamental human rights and working condition principles. Konecranes respects human rights and promotes the principles set in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals, and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

We have translated our commitment to human rights into internal policies that are to be used as the minimum applicable standards. We have included the basic principles of human rights in our Code of Conduct. We also have a corporate policy, Respect in the Workplace, which deals with equal opportunities and fair employment practices, and creates a common framework for employee practices. Additionally, we have separate policies, for example, on Health and Safety, Diversity and Inclusion and Data protection compliance requirements. To ensure that human rights are also respected in our supply chain, we have

included our basic requirements in our Supplier Code of Conduct. Human rights are part of our annual, mandatory Code of Conduct training.

To improve our human rights due diligence process, Konecranes conducted a human rights risk assessment in spring 2020 with the help of a third party specializing in human rights management. A desktop analysis screened typical risks for a company with manufacturing operations, suppliers and customers in the geographies in which we and our value chain operate. Adding to its relevancy, the

assessment also included internal and external expert consultations. Health- and safety-related risks stand out as a potential high-risk area both for our own employees and for people in our value chain. Typical human rights risks for office employees are discrimination and violations to the privacy of personal data. Labor rights – such as wages, working hours and freedom of association – can be at risk in complex supply chains. Outsourced labor, whether working at our own sites or in the supply chain, are often more prone to face risks than regular workforce. To manage and mitigate possible risks, we have already strong programs in place in many of the different areas. Safety has been a priority for us for years. Read more about our work to reduce health and safety risks in the chapter **Safe products and workplaces.**

We take privacy very seriously and place a high priority on personal data protection. We have a dedicated data

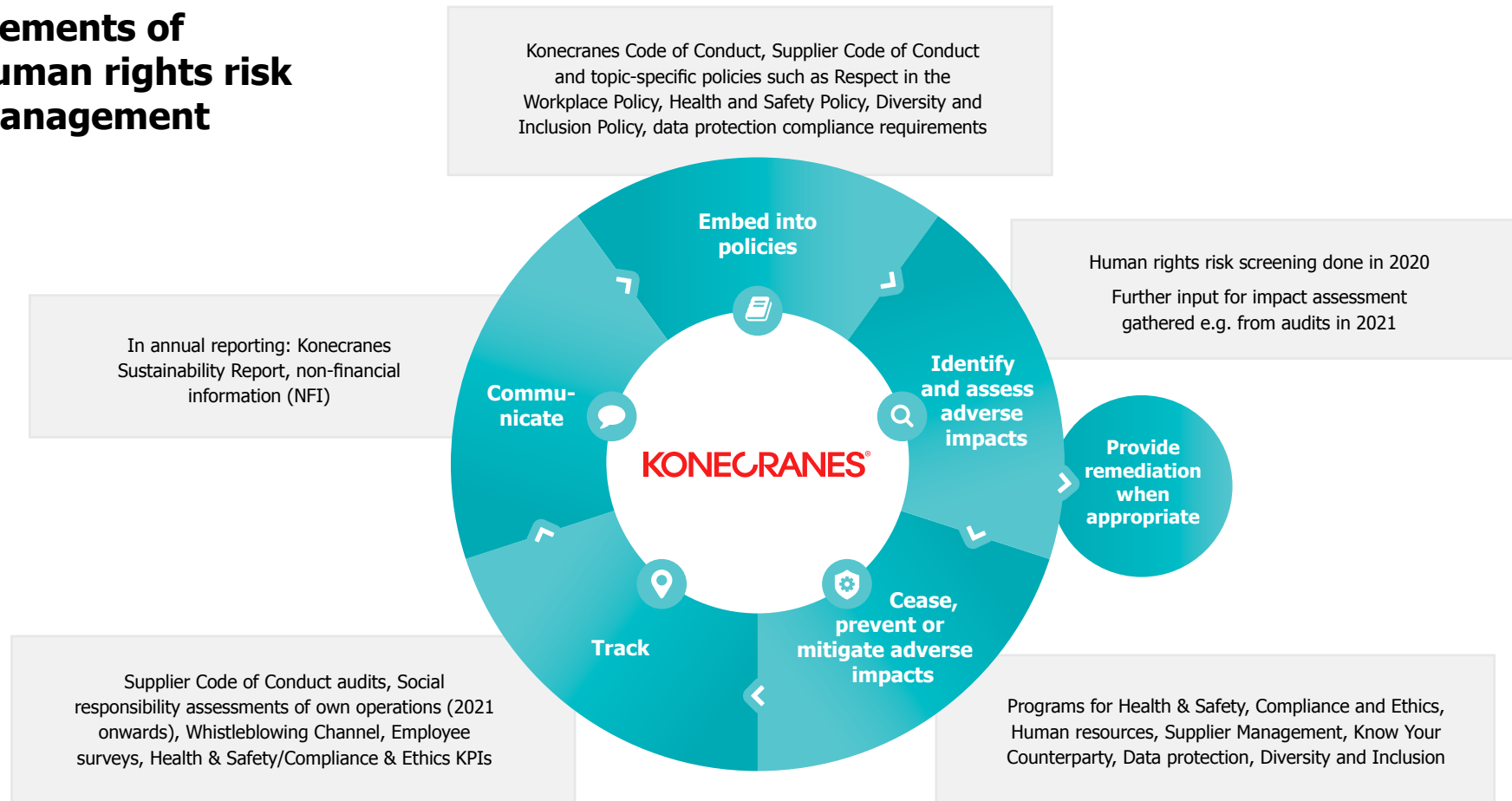
protection organization and defined processes, guidelines, requirements and procedures covering all personal data in our control regardless of whether or not it is of our own employees, customers, suppliers or subcontractors. Read more about our activities to reduce IT risks, including integrity, in the risk management section of our **Governance and Financial Review.** To proactively prevent discrimination, we have a strong Diversity and Inclusion program, and we have established a “Speak Up” culture. Should discrimination nevertheless be identified, we have a clear process how to investigate the case. We also have dedicated management processes and centralized compliance processes to preserve employee rights such as freedom of association and collective bargaining as well as freedom from harassment and discrimination. We do not accept the use of forced or child labor in any form. In 2021, we will conduct social assessments in our own operations located in high-risk countries, paying special attention to

issues identified in the risk screening. To mitigate labor rights risks, our Supplier Code of Conduct includes our expectations towards our supply chain. For years, we have included elements of social responsibility in our supplier management processes, such as supplier selection and the audits run by supplier quality teams. Audits concentrating particularly on compliance with our Supplier Code of Conduct began in 2020. You can read more on this in the next chapter.

### Targets and progress: Human rights

Target	Progress	New targets	UN Sustainable Development Goals
Conduct a corporate-level Human Rights risks assessment by the end of 2020.	A human rights risk screening was conducted with the help of an external service provider specializing in human rights.	By the end of 2021 we aim to conduct at least 5 onsite social responsibility assessments at our own operations, assuming the COVID-19 situation allows for it. The assessments will concentrate on risk countries and topics identified in the human rights risk screening.	8

## Elements of human rights risk management



Human rights cover a wide spectrum of civil and political, labor, social and cultural rights, as well as the rights of vulnerable groups. As per UN Guiding Principles, companies do not only need to avoid causing and contributing to adverse human rights impacts through their own activities,

but they should also seek to prevent or mitigate negative impacts that are directly linked to their operations, products or services by their business relationships. Our Sustainability team is driving forward corporate-level due diligence processes, such as a holistic human rights risk screening.

Specific risks are managed accordingly in different parts of the organization. We will continue our work to understand the impacts better and to strengthen our controls accordingly.

**Responsibility in our supply chain**

The Procurement organization is responsible for compliance with the legal, ethical, environmental and other sustainability obligations of Konecranes' supplier base and sets the requirements and processes for procurement. We apply a category management procurement model to optimize our global supplier base, enhance relationships and set requirements for all our suppliers. With regard to materials, Konecranes mainly procures steel and mechanical and electrical components. We also procure, for example, logistics services and subcontracting of both components and field activities, such as crane installations. When we talk about suppliers in this section, it covers all these different actors in our supply chain except where a subcontractor is separately mentioned.

We offer a wide range of products and service solutions globally, which means we also have an extensive global

supplier base and that brings challenges in terms of supplier management. As one solution to practical management challenges, we launched an electronic procurement system at the end of 2020, which will increase automation and offer us, for instance, new efficient ways to target different supplier categories with tailored requirements and action follow-up. A global supply chain also brings sustainability-related risks. Below, we describe the key processes procurement has in place at the moment to mitigate sustainability-related risks both in the supplier selection phase and during the business relationship.

**Selecting our suppliers**

The anticipated spend with a supplier has an impact on the checks done during the selection phase. We will do a basic background check for all proposed new suppliers, unless the spend is very low. With this check we verify e.g. that the company in question pays taxes, has all necessary

insurances in place and agrees to comply with our key environmental and social requirements. A larger self-assessment is required for all proposed new subcontractors and for other new suppliers with spend over a certain threshold. This self-assessment has questions on finance, production, quality, safety and environment. With the self-assessment we also verify that the supplier complies with our Supplier Code of Conduct.

The Konecranes Supplier Code of Conduct includes the minimum requirements for suppliers' business conduct, on topics such as human rights, health and safety, environmental management, anti-corruption and compliance with laws and regulations. The Code requires suppliers to push similar requirements towards their sub-suppliers and subcontractors. We started applying the Supplier Code of Conduct in 2018, before which we required suppliers to follow Konecranes' general Code of Conduct. By the end of

**Targets and progress: Sustainable supply chain**

Target	Progress	UN Sustainable Development Goals
Continue to roll out Supplier Code of Conduct (SCOC) for existing and new suppliers and subcontractors based on identified risks and spend.	By the end of 2020, globally around 1,300 suppliers, representing around 58% of our total procurement spend, have committed to our Supplier Code of Conduct. Among the top 1,000 suppliers by spend, the coverage was 76%.	8, 12, 16
Execute at least 30 supplier sustainability audits per year with internal and external resources.	19 supplier sustainability audits (i.e. Supplier Code of Conduct audits) were conducted in 2020. The COVID-19 situation prevented completion of the rest of the planned audits.	8, 12, 16

2020, globally around 1,300 suppliers, representing around 58 percent of our total procurement spend, have committed to our Supplier Code of Conduct. We will continue to increase the share in 2021.

### **Managing sustainability during the business relationship**

We conduct two types of on-site audits mainly for existing suppliers, even though sometimes audits are done already in the selection phase. Global procurement conducts annually around 100 on-site process audits based on identified risks, 78 in 2020. Around 20 percent of the standard points checked in these process audits are sustainability-related: from working hours to collective bargaining, and from waste management to safety rules.

In 2020, we started on-site supplier sustainability audits, which concentrate particularly on the Konecranes Supplier Code of Conduct (SCoC) requirements and local regulations on the Code themes. The audits are done by a third party specializing in sustainability audits and include employee and management interviews, site tours and document reviews. Auditee selection is done based on country and category risks, also taking into account category strategies and supplier segmentation. We have a defined escalation process for critical findings, which can, in the worst case, lead to ending a business relationship with a supplier. In 2020, altogether 19 audits were conducted in China and Turkey. We did not meet our target of 30 audits, as the COVID-19 situation resulted in postponing the rest of the audits, for example all audits planned in India. In total, there were around 380 findings related to, for example, working hours, use of personal protective equipment and incomplete anti-corruption policies. We are working with suppliers to close the findings in due time. We will also share the lessons

learned in the audits in our procurement teams to increase awareness and knowledge on the realized sustainability risks. The identified risks can be then better mitigated also within other supplier management processes.

Our sustainability management focus is on our Tier 1 suppliers. The Konecranes Supplier Code of Conduct nevertheless requires suppliers to push similar requirements for their suppliers, and we sometimes also audit the suppliers of our supplier as part of the on-site audits. Conflict Minerals reporting forms an exception; to ensure the used minerals are conflict-free, we collect standard information across the tiers up to the smelter or refinery level.



# Reporting principles and data collection

Disclosing information on how we manage our economic, environmental and social impacts is an integral part of Konecranes' Annual Report and financial statements. The disclosures aim to fulfil the requirements of the EU's Non-Financial Information (NFI) directive and communicate information on diversity while using the Global Reporting Initiative (GRI) framework. The reporting scope includes business over which the Group has operational control, and reporting is aligned with reporting on the financial year (calendar year 2020).

We have commissioned a limited third-party assurance for safety, energy and emission data. The official base year for Konecranes' energy and emission data is 2017. For more information, please see the external assurance statement by Ecobio Oy. More information about the calculation methodology can be found at <https://www.konecranes.com/about/corporate-responsibility/targets-and-progress>.

This Sustainability Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards along with the most recent versions of the following documents: GRI 101 Foundation, GRI 102: General Disclosures, and GRI 103: Management Approach. We have applied the Reporting

Principles for defining report content by identifying our material economic, environmental and social topics, and employed the topic-specific standards in reporting.

This report has been prepared in accordance with the GRI Standards: Core option. Unless otherwise stated, the report covers all Konecranes operations in all the countries where we operate, focusing on our core business, excluding joint ventures and subsidiaries. For 2020, we have also included the MHE-Demag operations. The most material aspects for Konecranes were determined by conducting an annual materiality assessment involving key stakeholders and the company's management. This report discloses significant material aspects and describes our core impacts and how we manage them. A list of key reported items can be found in the GRI Index Table. We believe that the reported disclosures provide appropriate information on our performance.



# GRI index 2020

		Page/link	Additional information
GENERAL DISCLOSURES			
Organizational profile			
102-1	Name of the organization	p. 3	
102-2	Activities, brands, products, and services	<a href="http://www.konecranes.com">www.konecranes.com</a>	
102-3	Location of headquarters		Hyvinkää, Finland
102-4	Location of operations	<a href="http://www.konecranes.com">www.konecranes.com</a>	
102-5	Ownership and legal form		Legal Form: Public Company Changes in ownership updated every quarter ( <a href="http://www.konecranes.com">www.konecranes.com</a> )
102-6	Markets served	<a href="http://www.konecranes.com">www.konecranes.com</a>	
102-7	Scale of the organization	Annual Review	
102-8	Information on employees and other workers	p. 29–33	Data is compiled from the central HR system (SuccessFactors Employee Central), visualized with Power BI and showing status of December 31, 2020.
102-9	Supply chain	p. 39–41	
102-10	Significant changes to the organization and its supply chain		The acquisition of MHE-Demag was completed in early 2020. Due to the acquisition, we received six new manufacturing sites, new service locations and suppliers in APAC region. Business from Vernouillet, East Kilbride and Montceau-les-Mines factories was terminated during 2020, and their operations were partly moved to other factories.
102-11	Precautionary principle or approach	p. 14–15	
102-12	External initiatives	p. 14–15	See Table 2. Sustainability management approaches
102-13	Membership of associations		Konecranes holds positions on the boards of the European Materials Handling Federation (FEM), Port Equipment Manufacturers Association (PEMA), East Office of Finnish Industries Ltd, The Federation of Finnish Technology Industries, Finnish Metals and Engineering Competence Cluster, Digital, Internet, Materials & Engineering Co-Creation(DIMECC), Forum for Intelligent Machines ry (FIMA) and The Mechanical Engineering Industry Association (VDMA - Materials Handling and Intra-logistics). In addition, Konecranes participates in committees of the European Committee for Standardization (CEN) and International Organization for Standardization (ISO)
102-14	Statement from senior decision maker	Annual Review	
102-15	Key impacts, risks, and opportunities	p. 13–15	More information on climate risks and opportunities in the Statement of non-financial information in our Governance and Financial Review. More information on climate risks available in Konecranes CDP disclosure available at <a href="http://www.cdp.net">www.cdp.net</a> .

Page/link		Additional information	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	p. 14–15	
102-17	Mechanisms for advice and concerns about ethics	p. 35–37	
Governance			
102-18	Governance structure	p. 13	The Group Executive Board is responsible for decision making on environmental and social topics. More information about Corporate Governance: <a href="https://investors.konecranes.com/governance_and_financial_review_2020">https://investors.konecranes.com/governance_and_financial_review_2020</a>
102-19	Delegating authority	p. 13	
102-20	Executive-level responsibility for economic, environmental, and social topics		On a global level, the Director of Corporate Responsibility and VP HSEQ. In the Group Executive Board, these matters are the responsibility of the SVP of Human Resources.
102-22	Composition of the highest governance body and its committees	p. 13	
102-29	Identifying and managing economic, environmental, and social impacts	p. 14–15	
Stakeholder engagement			
102-40	List of stakeholder groups	p. 11–12	
102-41	Collective bargaining agreements		The amount of collective bargaining agreements is based on local legislation. In the end of 2020, 36% of employees were covered by collective bargaining agreements and the pay scale of 44% of employees was defined on Konecranes level. The database is missing information from the rest of (20%) employees.
102-42	Identifying and selecting stakeholders	p. 11–12	
102-43	Approach to stakeholder engagement	p. 11–12	
102-44	Key topics and concerns raised	p. 11–12	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Governance and Financial review	See Financial Statements
102-46	Defining report content and topic Boundaries	p. 41	
102-47	List of material topics	p. 13	
102-48	Restatements of information		None
102-49	Changes in reporting	p. 41	Included MHE-Demag from the beginning of 2020 in HSE data, more thorough reporting on climate risks
102-50	Reporting period		The reporting period for this Corporate Responsibility Report is the financial reporting period of January 1 to December 31, 2020.
102-51	Date of most recent report		The previous report was published in March 2019. This report is published in three languages: English, Finnish and Swedish.
102-52	Reporting cycle		Konecranes publishes economic, social and environmental information annually.

		Page/link	Additional information
<b>102-53</b>	Contact point for questions regarding the report		Please contact Konecranes' Sustainability team at corporate-responsibility(at)konecranes.com
<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	<b>p. 41</b>	This report has been prepared in accordance with the GRI Standards: Core option
<b>102-55</b>	GRI content index	<b>p. 42–45</b>	
<b>102-56</b>	External assurance	<b>p. 41</b>	Assurance statement can be found at <a href="https://www.konecranes.com/about/corporate-responsibility/targets-and-progress">https://www.konecranes.com/about/corporate-responsibility/targets-and-progress</a>
<b>MANAGEMENT APPROACH</b>			
<b>103-1</b>	Explanation of the material topic and its Boundary	<b>p. 4–5 p. 6 p. 7–10 p. 13–15</b>	2020 focal points Strategic role of sustainability Value creation Managing sustainability  Omission: The reporting scope includes business over which the Group has operational control, excluding other entities in its value chain.
<b>103-2</b>	The management approach and its components	<b>p. 13–15 p. 16–40</b>	Managing sustainability Cornerstone sections for detailed targets, responsibilities, resources and specific actions
<b>103-3</b>	Evaluation of the management approach	<b>p. 13–15</b>	Managing sustainability
<b>TOPIC-SPECIFIC DISCLOSURES</b>			
<b>Economic standards</b>			
<b>Economic performance</b>			
<b>201-1</b>	Direct economic value generated and distributed	<b>p. 9</b>	
<b>Anti-corruption</b>			
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	<b>p. 34–35</b>	Omission: We have broken down the training coverage by region, not on all combinations listed by GRI.
<b>Environmental standards</b>			
<b>Energy</b>			
<b>302-1</b>	Energy consumption within the organization	<b>p. 21</b>	Electricity, district heat, natural gas and LPG figures for service locations are not included as information is not available.
<b>Emissions</b>			
<b>305-1</b>	Direct (Scope 1) GHG emissions	<b>p. 21</b>	Electricity, natural gas, LPG and district heat figures for service locations are not included as information is not available
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	<b>p. 21</b>	Electricity, natural gas, LPG and district heat figures for service locations are not included as information is not available
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	<b>p. 21</b>	Includes emissions only from business travel. Other Scope 3 emissions not included as information not available: collection of these is in progress.
<b>305-4</b>	GHG emissions intensity	<b>p. 21</b>	Electricity, district heat, natural gas and LPG figures for service locations are not included as information is not available

		Page/link	Additional information
<b>Waste</b>			
<b>306-3</b>	Waste generated	<b>p. 21</b>	Waste from service locations is not included as information is not available.
<b>Supplier environmental assessment</b>			
<b>308-1</b>	New suppliers that were screened using environmental criteria	<b>p. 39–40</b>	Omission: We are not yet able to disclose the percentage, but we describe the process.
<b>Social standards</b>			
<b>Employment</b>			
<b>401-1</b>	New employee hires and employee turnover	<b>p. 32</b>	In addition to regional and gender break downs available in the report, here the age information. Number of employee hires by age group: <31 years 492; 31–50 years 669; >50 years 127. Number of left employees by age group: <31 years 529; 31–50 years 1140; >50 years 655.
<b>Occupational health and safety</b>			
<b>403-2 (2018)</b>	Hazard identification, risk assessment, and incident investigation	<b>p. 25–28</b>	Competence of our employees is assured by clear guidance in the workplace, work instructions, including it in the onboarding and by using e-learning. The corrective actions are taken into account in the ISO 45000 management system by documenting them into our online HSE reporting tool (ARMOR) and tracking the corrective actions and communicating them in weekly meetings on site level.
<b>403-9</b>	Work-related injuries	<b>p. 25–28</b>	Omission: Our reporting covers only our own employees. We negotiate and train our subcontractors in safety but do not include them in our safety reports. (boundaries. operational control)
<b>416-1</b>	Assessment of the Health and Safety of product and service categories	<b>p. 25–28</b>	In the product development process, we have check points such as initial requirements for product safety and FMEA evaluation for safety and reliability risks. There are e.g. different Crane safety standards that are guiding the minimum requirements for products. For individual deliveries we have different factory acceptance and site acceptance to ensure product is functioning properly. We are not able to disclose the percentage of assessments per category as information is not available.
<b>Training and education</b>			
<b>404-1</b>	Average hours of training per year per employee	<b>p. 32</b>	
<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews	<b>p. 32</b>	
<b>Diversity and equal opportunity</b>			
<b>405-1</b>	Diversity of governance bodies and employees	<b>p. 33</b>	
<b>Supplier social assessment</b>			
<b>414-1</b>	New suppliers that were screened using social criteria	<b>p. 39–40</b>	Omission: We are not yet able to disclose the percentage, but we describe the process.



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Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes. In 2020, Group sales totaled EUR 3.2 billion. The Group has around 16,900 employees in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).