

8.3.2007

## **CHARTER OF THE BOARD OF DIRECTORS OF KONECRANES PLC**

The Board of Directors of Konecranes Plc has adopted this Charter to govern its work as part of the corporate governance in Konecranes Plc (the “Company”).

The Company is incorporated and registered in Finland as a public limited company operating under Finnish law. This Charter will supplement the provisions of the Finnish Companies Act (the “Companies Act”) and the Company’s Articles of Association (the “Articles of Association”). Information on this Charter shall permit the shareholders of the Company to evaluate the operation of the Board of Directors.

### **1. Election of the Board of Directors**

The Board of Directors shall under the Articles of Association have a minimum of five (5) and maximum of eight (8) members elected at each Annual General Meeting for a term of one (1) year.

The Board of Directors elects among its members a chairman for a term of one (1) year.

### **2. Responsibilities of the Board of Directors**

The Board of Directors is vested with powers and duties to manage and supervise the operations of the company as set forth in the Companies Act, the Articles of Association and any applicable Finnish laws and regulations. The Company aims to comply with any applicable rules and regulations affecting the Company or its affiliates (the “Group Companies”) outside Finland provided that such compliance does not constitute violation of the laws of Finland. As a publicly listed company the Rules of the Helsinki Stock Exchange will apply to the Company and the Company has undertaken to comply with the Corporate Governance Recommendation for Listed Companies issued by OMX Exchanges Plc, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers in December 2003.

The Board of Directors has a general obligation to pursue the best interest of the Company and it is accountable to the shareholders of the Company. The members of the Board of Directors shall act in good faith and with due care and exercise their business judgment on an informed base in what they believe to be in the best interest of the Company and its shareholders.

The Board of Directors shall decide on a business strategy for the Company, appointment and dismissal of the President and CEO (holding the position of the managing director under the Companies Act), deputy to the President and CEO and other senior management, group structure, acquisitions and disposals, financial matters and investments, continuous review and follow-up of the operations and performance of the Group Companies, risk management

and the compliance by the Company with applicable laws as well as any other issues determined by the Board of Directors.

The President and CEO shall report to the Board of Directors. The allocation of responsibilities between the Board of Directors and the President and CEO shall be decided by the Board of Directors to the extent not set forth in the Companies Act.

The Board of Directors shall adopt guidelines or similar instructions for the Company to be complied with by the President and CEO and other management of the Group Companies.

### **3. Board Committees**

The Board of Directors has established two permanent committees to assist the Board of Directors in its work. These committees are the Audit Committee and the Nomination and Compensation Committee.

The Audit Committee shall prepare matters in the areas of finance, accounting and auditing all as more precisely set forth in the Charter adopted for the Audit Committee by the Board of Directors.

The Nomination and Compensation Committee shall advise and prepare matters related to the nomination and election of the members of the Board of Directors and prepare all matters related to the appointment of the President and CEO and his deputy and other senior management. The Committee shall also prepare matters in the areas of remuneration and other benefits for the President and CEO and his deputy as well as other Group Management. Furthermore, the Committee shall follow up compensation development within the Group Companies and within the industries which are relevant to the Company and suggest guidelines for remuneration to be followed in the Group Companies all as more precisely set forth in the Charter adopted for the Nomination and Compensation Committee by the Board of Directors.

### **4. The Duties of the Chairman of the Board of Directors**

The Chairman of the Board of Directors (the “Chairman”) shall have the rights and duties vested on the Chairman under the Companies Act. The Chairman shall lead the work of the Board of Directors in general and shall in particular prepare the notice and the agenda for the meetings of the Board of Directors in consultation with the President and CEO. All members of the Board of Directors may suggest items to be included in the agenda.

### **5. The Meetings of the Board Directors**

The meetings of the Board of Directors are held either in Hyvinkää or in Helsinki but may be also held in any other place stated in the notice of the meeting.

For special reasons meetings can be held as conference calls to be recorded in minutes or decisions made by a unanimous consent in writing (per capsulam) delivered to all

members for approval. The decisions made at such meetings are valid when all members of the Board of Directors have signed or otherwise approved the minutes of the meeting. The Board of Directors shall meet as frequently as necessary to properly discharge its responsibilities. There shall be 6-8 regular meetings annually, all scheduled well in advance.

The agenda for the meeting and any background material in relation to items on the agenda shall be sent to the members of the Board of Directors sufficient time before the meeting. The members of the Board of Directors shall make their reasonable efforts to participate in all meetings and use appropriate time for being prepared for the meetings. The members are also expected to participate in the shareholders meetings of the Company.

The matters at the meetings of the Board of Directors are presented by the Chairman, the President and CEO or by their order.

The President and CEO shall, unless expressly resolved otherwise, participate in the meetings of the Board of Directors. The Chief Financial Officer (CFO) and Chief Operating Officer (COO) shall normally be invited to be present at the meeting. Other members of the management may be invited to present a particular matter at a meeting.

The auditors of the Company shall have a right to be present in the meetings of the Board of Directors at the discretion of the auditors for the purpose of bringing up a specific matter to the attention of the Board of Directors. The Board of Directors shall invite the auditors to the meetings whenever considered necessary or upon the proposal of the Audit Committee.

The Board of Directors shall appoint a secretary to the Board of Directors to be present in all meetings.

The minutes of the meeting of the Board of Directors shall be approved by the Chairman and one other member of the Board of Directors. The minutes of the meetings held as conference call or per capsulam shall be signed by all members.

The minutes of the meeting of the Board of Directors shall be made in Swedish or in English and be signed also by the secretary to the Board of Directors.

## **6. Information**

The Board of Directors shall on an ongoing basis be kept informed on issues and business activities of major strategic impact.

The President and CEO shall regularly provide the Board of Directors with business and financial information following reporting guidelines to be adopted by the Board of Directors. All new members of the Board of Directors must be provided with relevant documentation relating to the governance of the Company and group operations shall be introduced to them as soon as practicable after having been elected to the Board of Directors. This introduction

shall include presentations to familiarize new members with the Company's business, its strategic plans, significant financial, accounting and risk management issues and its compliance programs as well as the duties and responsibilities as members of the Board of Directors. All members of the Board of Directors are invited to visit group operations both in Finland and overseas at their discretion.

## **7. Evaluation of the Performance of the Board of Directors**

The Nomination and Compensation Committee will evaluate the President and CEO's performance and propose the President and CEO's compensation level based on this evaluation. The independent members of the Board of Directors will discuss the report by the Nomination and Compensation Committee in order to ensure that the President and CEO continuously represents adequate leadership for the Company. The Chairman will communicate the findings of the Board of Directors to the President and CEO.

The Nomination and Compensation Committee will report to the Board of Directors annually on succession planning for the President and CEO and other senior management team members.

The Board of Directors and each of its committees will conduct an annual performance evaluation to determine whether the full Board of Directors and each of its committees is functioning effectively. The Board of Directors will establish the criteria to be used in such evaluations. The performance review will be discussed with the full Board of Directors following the end of each fiscal year, at the latest.

## **8. Corporate Communications**

As a general rule, the President and CEO speaks on behalf of the Company. On the order of the President and CEO other representatives of the senior management may also speak on behalf of the Company. Comments and other statements from the entire Board of Directors will generally be made by the Chairman. The Chairman speaks on behalf of the Company on issues concerning the ownership structure of the Company, major strategic issues or issues relating to the President and CEO.