



Konecranes Plc

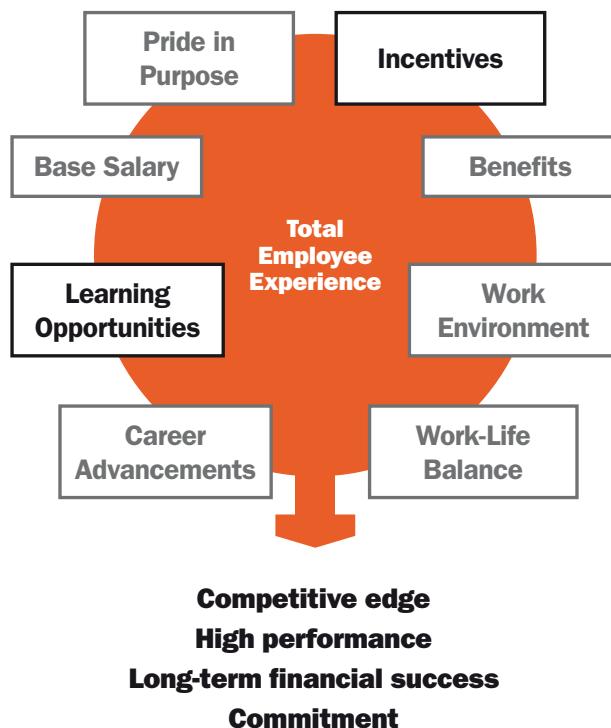
Remuneration Statement 2017

Rewards Philosophy

At Konecranes, we aim to attract, retain and motivate talented employees through our rewards philosophy. We emphasize incentives and learning opportunities as drivers and as vital parts of the total employee experience. We link rewards to performance and achievements in all levels in the organization.

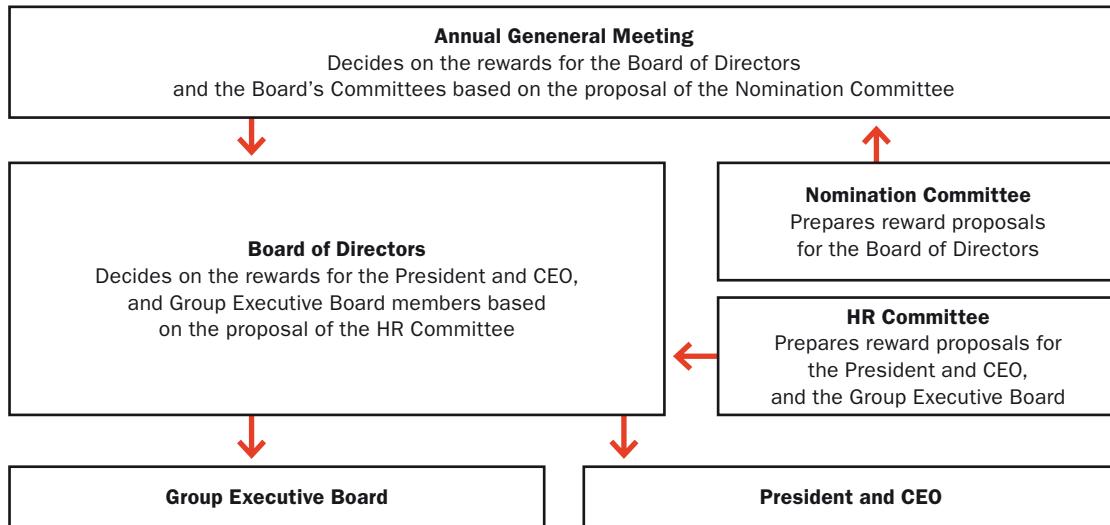
Our rewards are designed to promote high performance and commitment to our business targets. Konecranes reward schemes drive competitiveness and long-term financial success of the company, contributing to the positive development of shareholder value.

Konecranes positions itself to the employer market based on the locations of the employees and employee group. We are ready to invest more on markets where the employer position of Konecranes is low and where there are fewer career opportunities inside the company, as well as in fast-developing markets, such as high inflation countries. The definition of market varies also between employee groups. For operatives and staff, Konecranes predominantly uses local comparison companies and for management we compare ourselves with international companies based on management location.



Decision-making Process

All Konecranes reward issues are decided by the 'one above' principle, meaning that an employee's rewards must always be confirmed by his/her manager's superior. The decision-making process is depicted in the chart below.



Rewards for Board of Directors

The Annual General Meeting decides on the rewards for the Board of Directors and the Board's Committees annually. The proposals are prepared by the Nomination Committee.

Rewards for President and CEO

The HR Committee prepares and reviews the President and CEO's performance. External market data and experts are used to support the preparation and review. Based on the HR Committee's review, market comparison and other relevant facts, the Board determines the total remuneration element of the President and CEO.

Rewards for Group Executive Board and Senior Management

The Board evaluates and decides the total remuneration of the Group Executive Board members and other executives reporting directly to the President and CEO.

Remuneration Elements

Salaries

The base salaries and fringe benefits reflect the performance and individual job responsibilities, experience, skills and knowledge of the Konecranes President and CEO and other Group Executive Board members.

Konecranes salaries are set according to the relevant local market in each country. Globally Konecranes targets itself to be at the median of the chosen markets in terms of base salary. There is variance between countries and some employee groups.

At Konecranes, Managers review their employees' salaries annually in context to the Konecranes Rewards Philosophy, ensuring that possible increases are allocated effectively to reward individual employees based upon their performance and contributions. The Annual Salary Review Process also applies to Group Executive Board members and senior management who report directly to the CEO, reviewed by the Board of Directors.

Incentives

Short-term Incentives

The Konecranes Group reward structure includes an incentive plan. Konecranes short-term incentives are designed to support the Company's financial success and the employees' commitment to fulfilling set targets on a semi-annual or annual basis depending on the year. Participants, in addition to Senior Management, are decided locally based on market practice.

Konecranes incentives are typically based on the financial results of the Konecranes Group; business area, business unit and/or a smaller unit, and the employee's personal achievements against preset targets. Incentive criteria may vary, but are usually based on the Konecranes Group's five key performance areas: safety, customer, people, growth, and profitability. Currently a minimum of 50 percent of all employees' targets need to be based on financial performance and for executives (examples such as business area/unit or service region/subregion management) 70–100 percent of the annual incentive is typically based on financial performance.

The size of the incentive opportunity is defined by a person's position in the organization, and location. The actual payout is based on the combination of personal and financial performance. The local and global market needs to guide the use of incentives in each location individually.

Konecranes incentive schemes are always based on written documentation. Quantitative performance criteria are used rather than qualitative personal assessments, whenever possible.

The President and CEO's annual incentive is based on the comparison of financial performance of the Company and the expectations of the Board of Directors for the applicable year. The maximum incentive opportunity for the President and CEO is 85 percent of the annual base salary.

The Group Executive Board members' annual variable pay is related to Group and if applicable for the person, business area performance and to the individual's performance against preset targets. The annual variable pay percentage is based on the individual's responsibilities and is at maximum 50 to 75 percent of the individual's annual base salary (2/3 from the maximum being the target level).

Remuneration Elements

Long-term Incentives

The aim of Konecranes long-term incentive plans, i.e. the **Performance Share Plans**, is to align the objectives of shareholders and Konecranes' key employees to increase the value of the Company, to commit key employees to the Company and reward them for achieving set targets.

In 2017 Konecranes had four active Performance Share Plans. Konecranes Performance Share Plans have a three-year performance period, during which the plan participants may earn rewards according to the realization of the criteria set in the beginning of the performance period. The exception to this is the 2016 Performance Share Plan which, due to the ongoing corporate transaction process with Terex Corporation at that time, has a one-year performance period and 2 years' holding period. In 2017, the Board of Directors issued an additional Performance Share Plan for the CEO with a five-year performance period.

Each Performance Share Plan period defines a maximum reward in shares. For practical reasons part of the earned share reward is paid in cash to ensure that the participants can pay the necessary taxes for the reward. The actual reward payment is based on the performance of the Company against the preset criteria – if a threshold level for the criteria is not met, rewards will not be awarded.

Konecranes long-term incentive plans include ownership obligations that pose restrictions to named plan participants selling shares paid as reward. The members of the Konecranes Group Executive Board, including the President and CEO, have an obligation to continue owning at least 50 percent of the shares they earn annually through the Performance Share Plan until their ownership of Company shares equals their annual salary. Since 2017, the CEO is not entitled to sell shares paid as reward through the Performance Share Plan until he owns Konecranes shares worth EUR 750,000 in total.

Performance Share Plan	2014	2015	2016	2017	2018	2019	2020	2021	2022
2014				●					
2015					●				
2016				●					
2017						●			
CEO's plan								●	

Performance period ■

Restriction period ■■

Share delivery ●

In 2012, Konecranes launched an **Employee Share Savings Plan** for all employees, including the Management, except in those countries where the plan could not be offered for legal or administrative reasons. Participants save a monthly sum of up to 5 percent of their gross salary, which is used to buy

Konecranes shares from the market on behalf of the participants. If participants are still in possession of these shares after an approximate three-year holding period, they will receive one matching share for every two initially purchased.

Employee Share Savings Plan	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	■				●					
2014		■				●				
2015			■				●			
2016				■				●		
2017									●	

Savings period ■

Holding period ■■

Delivery of matching shares ●

Remuneration Elements

Pensions

The Finnish statutory pension system covers the Finnish Konecranes Group Executive Board members. The non-Finnish members participate in pension systems in their local countries. In addition to statutory pensions, Konecranes provides supplementary contribution-based pension schemes to the President and CEO.

The pension scheme for the President and CEO sets his defined contribution at 20 percent of his annual salary, excluding performance-based compensation (annual or long-term incentives).

The Finnish members of the Group Executive Board participate in a defined group pension insurance scheme, which can be withdrawn from at the age of 60. However, the retirement age is set according to the Finnish Employees Pensions Act (TyEL). The Finnish Group Executive Board members have life insurance and disability insurances. The non-Finnish members participate in a contribution-based pension plan and have local insurance cover.

Rewards for President and CEO and Konecranes Group Executive Board

	President and CEO	Group Executive Board
Base salary	Fixed salary with fringe benefits	Fixed salary with fringe benefits
Short-term incentives	<ul style="list-style-type: none">Based on financial performanceMax. 85% of annual base salary	<ul style="list-style-type: none">Based on individual performance and Group/Business area performanceMaximum reward 50–75% of individual's base salary
Long-term incentives	Paid according to Performance Share Plans	Paid according to Performance Share Plans
Pensions	<ul style="list-style-type: none">Finnish Statutory pensionDefined contribution plan at 20% of annual salary	<p>Finnish members</p> <ul style="list-style-type: none">Statutory pensionContribution-based group pension insurance schemeLife insurance and disability insurances <p>Non-Finnish members</p> <ul style="list-style-type: none">Defined contribution pension planLocal insurance cover
Shareholding requirements	<p>Performance Share Plan 2017 or Performance Share Plan 2017–2021 for the CEO</p> <ul style="list-style-type: none">Must hold until he owns shares worth EUR 750,000 in total <p>Previous plans</p> <ul style="list-style-type: none">Must hold min. 50% of any net shares given based on reward plans, until the value of shareholding equals annual salary	<p>Must hold min. 50% of any net shares given based on reward plans</p> <ul style="list-style-type: none">Until the value of shareholding equals annual salary andMembership in the Group Executive Board continues

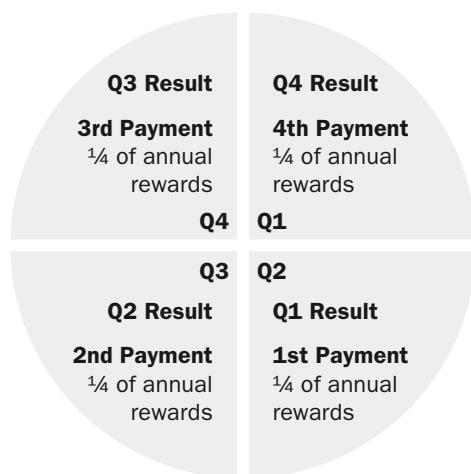
Remuneration Elements

Terms of Employment for President and CEO

- Period of notice for either party: 6 months
- Severance pay: equal to 12 months' salary and fringe benefits, in addition to the notice period compensation
- Retirement age: 63 years
- Total remuneration:
 - Monthly salary: EUR 50,000 excluding benefits
 - Fringe benefits: car, mobile phone
 - Contribution-based pension: 20% of annual salary
 - Short-term incentive: maximum 85% of annual salary
 - Long-term incentive: paid according to Performance Share Plans

Compensation for Board of Directors

The Konecranes Annual General Meeting resolves the rewards for the Board members. In case the term of office of a Board member ends before the closing of the next Annual General Meeting, he or she is entitled to the prorated amount of the annual remuneration calculated based on his or her actual term in office.



50 percent of annual rewards are paid in Konecranes shares purchased on the market on behalf of Board members. Rewards may also be paid by transferring treasury shares based on the authorization given to the Board of Directors by the General Meeting. If payment in shares cannot be carried out due to reasons related to either the Company or a Board member, annual rewards will be paid entirely in cash. The rewards are paid in four equal instalments, each instalment being purchased or transferred within the two-week period following each of the Company's interim report announcements and the Company's financial statements bulletin for each year.

The Konecranes Board members are not in an employment relationship or service contract with Konecranes. They do not participate in Konecranes' incentive programs or have a pension scheme arranged by Konecranes.

Annual remuneration report 2017

This part presents the rewards paid and payable to Konecranes President and CEO, Group Executive Board and Board of Directors in 2017.

Short-term Incentives

In 2016 Konecranes moved to a semi-annual incentive program that was continued in 2017. For H1 2017 EBIT and for H2 2017 EBITA percent was used as main criteria for Group and BA management.

Long-term Incentives

The long-term incentives awarded in the recent years are shown in the table below.

Rewards for President and CEO and Konecranes Group Executive Board members

The remuneration of the Konecranes Group Executive Management in 2017 is shown in the table on page 9. The salaries, fringe benefits and shortterm incentives paid to the President and CEO and the Group Executive Board amount to a total of EUR 5,434,014.

In addition to annual incentives, Group Executive Board members, excluding CEO, participated in an MHPs Acquisition incentive scheme, in which the maximum payout was 50 percent of the participant's annual salary if certain criteria were met. The MHPs Acquisition incentive was paid out 6 months after the transaction was closed. This is included in the Short-term incentives in the table on page 9.

Long-term Incentives				
Performance Share Plan (year)	PSP 2014	PSP 2015	PSP 2016	PSP 2017
Performance period	2014–2016	2015–2017	2016	2017–2019
Measure	Cumulative EPS	Cumulative EPS	EBITDA	Cumulative EPS
Total gross shares delivered	99,180	N/A	667,509	N/A
Restriction period	–	–	Until 31.12.2018	–
Gross shares delivered				
Panu Routilä, CEO	8,352	N/A	48,000	N/A
Other members of Group Executive Board, TOTAL	19,836	N/A	120,000	N/A

Annual remuneration report 2017

Rewards for President and CEO and Konecranes Group Executive Board Members

	President and CEO		Other members of Group Executive Board	
	2017	2016	2017	2016
	Panu Routila	Panu Routila		
Salaries and fringe benefits	664,836	467,071	2,297,895	2,047,243
Short-term incentives	575,500	143,500	1,895,783	498,009
Share rights allocated (PSP) # of share rights	248,000	144,000	258,000	318,000
Shareholding in Konecranes Plc # of shares*)	28,315	16	229,727	170,921
Expense of statutory/voluntary pension plans	315,100	227,570	474,536	246,364

*) Includes 24,000 (for CEO) and 60,000 (for other GXB members) shares, which are under transfer restriction until December 31, 2018.

There were no loans issued by the Company to the GXB members as of the end of December 2017.

Summary of Employee Share Savings Plan

Performance Share Plan (year)	ESSP 2013	ESSP 2014	ESSP 2015	ESSP 2016	ESSP 2017
Savings period	July 1, 2013– June 30, 2014	July 1, 2014– June 30, 2015	July 1, 2015– June 30, 2016	September 1, 2016– June 30, 2017	July 1, 2017– June 30, 2018
Amount of participants*)	1,338	1,164	1,218	1,176	2,042
Amount of shares acquired	83,324	71,664	93,596	49,378	22,273 (On-going)
Delivered or expected matching shares to be delivered*)	41,662	35,832	46,798	24,689	11,136 (On-going)

*) By the end of Q4 2017.

Annual remuneration report 2017

Remuneration of Board of Directors

Fees payable to the Board members as confirmed by the latest Annual General Meeting on March 23, 2017 and the total compensation paid in 2017 are shown in the tables below.

Fees payable to the Board of Directors		Annual fee 2017, EUR
Chairman of the Board		140,000
Vice Chairman		100,000
Board member		70,000
Fee per Board Committee meeting		1,500
Chairman of the Audit Committee per AC meeting		3,000

Board members are also reimbursed for their travel expenses.

Total Compensation paid to the Board of Directors during 2017					
Member	BOARD REMUNERATION 2017				
	EUR Cash portion as part of Total Annual Remuneration	Nr of shares as part of Total Annual Remuneration	EUR value of shares as part of Total Annual Remuneration	EUR Committee Meetings	TOTAL EUR
Chairman					
Vitzthum Christoph	105,006	903	34,994	18,000	158,000
Other Board Members:					
Johansson Ole	67,543	644	24,957	18,000	110,500
Kugel Janina	52,523	451	17,477	10,500	80,500
Langenskiöld Bertel	52,523	451	17,477	15,000	85,000
Liljedahl Ulf	52,523	451	17,477	22,500	92,500
Persson Malin	52,523	451	17,477	15,000	85,000
Other Board Members:	277,634	2,448	94,866	81,000	453,500
Left Board Members					
Gustavson Stig	25,000			10,500	35,500
Sachs David*)	26,252	226	8,748	4,500	39,500
Shaffer Oren*)	26,252	226	8,748	4,500	39,500
Svante Adde	17,500			10,500	28,000
Left Board Members	95,005	452	17,495	30,000	142,500
Total board compensation	477,645	3,803	147,355	129,000	754,000

Due to the payment cycle, Board remuneration during 2017 includes the Board of Directors' partial remuneration from January 1, 2017 until AGM 2017 (1/4 installment and committee meeting fees), and from AGM 2017 until December 31, 2017 the partial remuneration (3/4 installment and committee meeting fees) that was decided by AGM 2017.

*) Meeting attendance: Excluding the meetings that Board member was unable to attend due to disqualification.

Annual remuneration report 2017

Total Compensation paid to the Board of Directors during 2017

BOARD MEETING ATTENDANCE 2017					
Member	Board meetings attended	Audit Committee meetings attended	HR Committee meetings attended	Nomination Committee meetings attended	Nomination and Compensation Committee
Chairman					
Vitzthum Christoph	22/22	(-)	4/4	2/2	2/2
Other Board Members:					
Johansson Ole	22/22	5/5	(-)	2/2	(-)
Kugel Janina	19/22	(-)	3/4	(-)	2/2
Langenskiöld Bertel	22/22	(-)	4/4	(-)	2/2
Liljedahl Ulf	22/22	5/5	(-)	2/2	(-)
Persson Malin	21/22	5/5	(-)	(-)	(-)
Left Board Members					
Gustavson Stig	7/7	(-)	(-)	(-)	2/2
Sachs David*)	6/6	2/2	(-)	(-)	(-)
Shaffer Oren*)	6/6	(-)	1/1	(-)	2/2
Svante Adde	6/7	1/1	(-)	(-)	(-)

Due to the payment cycle, Board remuneration during 2017 includes the Board of Directors' partial remuneration from January 1.2017 until AGM 2017 (1/4 installment and committee meeting fees), and from AGM 2017 until December 31, 2017 the partial remuneration (3/4 installment and committee meeting fees) that was decided by AGM 2017.

*) Meeting attendance: Excluding the meetings that Board member was unable to attend due to disqualification.

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. The Group has 16,400 employees at 600 locations in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).