

Konecranes Plc

Remuneration Statement
(March 2016)

REMUNERATION STATEMENT 2016

PRINCIPLES APPLIED TO REMUNERATION SCHEMES

All Konecranes remuneration schemes are designed to promote high performance and emphasize focus and commitment to business targets. Remuneration schemes promote competitiveness and the long-term financial success of the Company and contribute to the favorable development of shareholder value.

The objective is that for all Konecranes employees to have a variable component based on their performance as a part of their overall remuneration. The size of this variable component varies according to a person's position in the organization. Typically, these variable components are based on the financial results of the Group and/or the unit in question as well as personal achievements. These remuneration schemes are drawn up in writing and numerical evaluation is used whenever possible.

All remuneration schemes are designed to meet both global and local needs, and may differ between locations as a result.

Decision-making process

The Annual General Meeting (AGM) adopts resolutions and decides the remuneration of the Board of Directors and the Board's Committees annually. The Nomination and Compensation Committee reviews the President and CEO's performance. Based on the review and other relevant facts, the Board determines the total remuneration package of the President and CEO.

The Nomination and Compensation Committee also evaluates and prepares for Board's decision on the remuneration packages of Group Executive Board (GXB) members who report directly to the President and CEO. The remuneration packages for Senior Management (SM) members who are not part of GXB are decided on by the President and CEO.

All Konecranes remuneration issues are decided by the 'one above' principle, i.e. a manager's superior must always confirm the remuneration of an employee.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board members is resolved by the AGM. Fees payable to the Board members as confirmed by the latest AGM are shown in the following table.

Fees payable to the Board of Directors	Annual fee 2015 EUR
Chairman of the Board	105,000.00
Vice Chairman	67,000.00
Board member	42,000.00
Fee per a Board Committee meeting	1,500.00
Chairman of the Audit Committee per AC meeting	3,000.00
Board members are also reimbursed for their travel expenses.	

50 percent of annual remuneration is paid in Konecranes shares purchased on the market on behalf of Board members. Remuneration may also be paid by transferring treasury shares based on the authorization given to the Board of Directors by the General Meeting. In the event that payment in shares cannot be carried out due to reasons related to either the Company or a Board member, annual remuneration shall be paid entirely in cash.

Total Compensation paid to the Board of Directors in 2015					
	Annual Fee Cash EUR	Shares EUR	Shares #	Committee meetings EUR	TOTAL EUR
Gustavson Stig, Chairman of the Board	52,500.85	52,499.15	1,805	-	105,000.00
Adde Svante, Board member	42,000.00	-	0	18,000.00	60,000.00
Johansson Ole, Vice Chairman	33,522.70	33,477.30	1,151	7,500.00	74,500.00
Järvinen Tapani, Board member	1,500.00	-	-	-	1,500.00
Kavetvuori Matti, Board member	21,000.34	20,999.66	722	3,000.00	45,000.00
Kopola Nina, Board member	21,000.34	20,999.66	722	3,000.00	45,000.00
Langenskiöld Bertel, Board member	21,000.34	20,999.66	722	3,000.00	45,000.00
Persson Malin, Board member	21,000.34	20,999.66	722	7,500.00	49,500.00
Silvennoinen Mikael, Board member	1,500.00	-	-	-	1,500.00
Vitzthum Christoph, Board member	21,000.34	20,999.66	722	3,000.00	45,000.00
Total	236,025.25	190,974.75	6,566	45,000.00	472,000.00

REMUNERATION OF THE PRESIDENT AND CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total compensation package paid to the President and CEO.

Remuneration of the President and CEO from November 1, 2015 onwards

The compensation package includes a base salary, fringe benefits, a pension scheme, performance-related annual variable pay and a long-term, performance-related share plan. The monthly salary of the President and CEO is EUR 35,000.00 excluding benefits (car, mobile phone).

The President and CEO's annual variable pay is based on the financial performance of the company and is, at maximum, 60 percent of the President and CEO's annual base salary. Additionally, the Board of Directors can, but is not required to, set certain strategic targets that can trigger an additional incentive, which can be a maximum of 50 percent of the President and CEO's annual base salary. For the period September 2015–December 2016, 50 percent of the maximum bonus is guaranteed pro rata to the time of employment.

The President and CEO is entitled to participate in the Company's long-term incentive program. According to the initial allocation, the maximum reward for the discretionary period 2014–2016 is 48,000 shares (gross), and the maximum reward for the discretionary period 2015–2017 is 48,000 shares (gross).

The pension scheme for the President and CEO sets his retirement age at 63, and the defined contribution at 30.5 percent of his annual salary, excluding performance-based compensation (annual or long-term incentives).

Remuneration of the President and CEO until 5th of September, 2015

The compensation package included base salary, fringe benefits, a pension scheme, performance-related annual variable pay and a long-term performance-related share plan. The temporary relocation to Singapore of the President and CEO ended in June 2014. As of June 14, 2014, the monthly salary of the President and CEO was EUR 40,000.00 excluding benefits (car, housing, and mobile phone).

The President and CEO's annual variable pay was based on Group profitability and growth and was at maximum 60 percent of the President and CEO's annual base salary. Additionally, the Board of Directors could, but was not required to, set certain strategic targets that could trigger an additional incentive, which could be a maximum of 50 percent of the President and CEO's annual base salary.

The pension scheme for the President and CEO set his retirement age at 63 and the defined contribution at 18.6 percent of his annual salary, excluding performance-based compensation (annual or long-term incentives).

The annual salary and benefits paid to the President and CEO in 2015 and 2014 are shown in the following table.

Compensation paid to the President and CEO

Salary, variable pay, and other benefits

	From November 1, 2015	Until September 5, 2015	2014
1. Salary and benefits	73,760 EUR	427,596 EUR	517,607 EUR
2. Benefits abroad	-	-	78,464 EUR
3. Annual variable pay	-	216,000 EUR	200,000 EUR
4. Variable pay related to time abroad	-	-	270,000 EUR
5. Option rights owned (# of options 31 Dec.)	-	-	45,000
6. Share rights allocated (PSP)	96,000	0	115,200
7. Shares owned (# of shares 31 Dec.)	0	218,479	216,497
8. Retirement age	63 years	63 years	63 years
9. Target pension level	Defined contribution plan	Defined contribution plan	Defined contribution plan
10. Period of notice	6 months	6 months	6 months
11. Severance payment (in addition to notice period compensation)	18 months' salary and fringe benefits	18 months' salary and fringe benefits	18 months' salary and fringe benefits

There were no loans issued by the Company to the CEO as of the end of December 2015.

REMUNERATION OF GROUP MANAGEMENT (GROUP EXECUTIVE BOARD)

The Nomination and Compensation Committee evaluates and prepares for Board's decision on the remuneration packages of Group Executive Board members who report directly to the President and CEO. Remuneration packages for SM members who are not part of GXB are confirmed by the President and CEO. Compensation packages normally include basic salary, fringe benefits (typically company car and mobile phone), contribution-based pension schemes, performance-related annual variable pay and a long-term performance-related share plan.

Incentive schemes are always based on written contracts. Incentive criteria may vary, but are usually based on the Group's five key performance areas: safety, customer, people, growth, and profitability. Annual variable pay is related to the individual's performance and to Group performance and/or the performance of unit that he/she belongs to. Numerical performance criteria are used rather than personal assessments, whenever possible. The annual variable pay percentage is based on the individual's responsibilities and is at maximum 50 percent of individual's annual base salary.

The Finnish members of the GXB participate in a defined contribution-based 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 GXB members have life insurance and disability insurances. Non-Finnish members of the GXB participate in a defined contribution pension plan and have local insurance cover.

Remuneration to the Management

Group Executive Board, excluding the President and CEO

	2015	2014
1. Salary and benefits	1,587,656.95 EUR	1,393,059.11 EUR
2. Annual variable pay	237,015.66 EUR	204,128.38 EUR
3. Option rights owned (# of options 31 Dec.)	15,000	84,000
4. Share rights allocated (PSP)	324,000	249,600
5. Shares owned (# of shares 31 Dec.)	144,517	128,156

There were no loans issued by the Company to the GXB members as of the end of December 2015.

PERFORMANCE SHARE PLAN 2012

At the beginning of 2012, Konecranes launched a new long-term incentive plan for key employees and discontinued the use of stock option plans.

The purpose of the Performance Share Plan (PSP) is to motivate key personnel to contribute to the long-term success of the Company and to create shareholder value and joint sense of common ownership among managers.

The Board decides annually the allocation of shares to key personnel under a proposal made by the President and CEO. In allocating shares to the President and CEO, the Board acts independently.

Discretionary period 2012 – 2014

In the 2012 plan, earning during the one-year discretionary period that began in 2012 was based on the Konecranes Group's EBIT margin, and during the three-year discretionary period that began in 2012, earning was based on the Total Shareholder Return of Konecranes Plc's share. In March 2015, the Board of Directors of Konecranes Plc decided on a directed share issue related to the reward payment of the 2012 Plan. In the share issue, 55,007 Konecranes Plc shares held by the Company were conveyed without consideration to the key employees participating in the plan.

Discretionary period 2013 – 2015

The 2013 plan has one criterion: cumulative EPS 2013 – 2015. Earned shares will be paid out by the end of April 2016. In the 2013 – 2015 plan, if the maximum performance level is achieved, the President and CEO will be eligible for 48,000 shares and the other GXB members a total for 120,000 shares (gross).

The members of the GXB, including the President and CEO, have an obligation to continue owning at least 50 % of the shares they earn annually through the PSP until they own Company shares with a value equal to their annual salary including benefits.

Discretionary period 2014 – 2016

The 2014 plan has one criterion: cumulative EPS 2014 – 2016. Earned shares will be paid out by the end of April, 2017. In the 2014 – 2016 Plan, if maximum performance level is achieved, the President and CEO will be eligible for 48,000 shares and the other members of the GXB a total for 120,000 shares (gross).

The members of the GXB, including the President and CEO, have an obligation to continue owning at least 50 % of the shares they earn annually through the PSP until they own Company shares with a value equal to their annual salary including benefits.

PERFORMANCE SHARE PLAN 2015

As of the beginning of 2015, Konecranes launched a new long-term incentive plan for key employees. The aim is to combine the objectives of the shareholders and the key employees in order to increase the value of the Company, to commit the key employees to the Company, and to offer them a competitive reward plan based on shareholding in the Company. The Board of Directors shall determine the amount of the maximum reward for each key employee belonging to the target group for the discretionary period.

Discretionary period 2015–2017

The 2015 plan has one criterion: cumulative EPS 2015–2017 excluding restructuring costs. Earned shares will be paid out in the first quarter of 2018. In the 2015–2017 plan, if maximum performance level is achieved, the President and CEO will be eligible for 48,000 shares and the other members of the GXB a total of 120,000 shares (gross).

The members of the GXB, including the President and CEO, have an obligation to continue owning at least 50 percent of the shares they earn annually through the PSP until they own Company shares with a value equal to their annual salary including benefits.

STOCK OPTION PLANS

In the past, the Company had stock option plans for its key employees, including top and middle management, and employees in certain expert positions. All these plans were adopted by the relevant General Meetings. The Board has decided to discontinue the use of these plans until further notice. The subscription period for Stock Options 2009C will end on April 30, 2016. As of the end of 2015, Konecranes Plc's stock options 2009 entitled the holders to subscribe to a total of 638,500 shares.

The terms and conditions of Konecranes stock option plans can be consulted on the Company's website at www.konecranes.com > Investors > Share information > Stock option plans.

EMPLOYEE SHARE SAVINGS PLAN

Konecranes launched an Employee Share Savings Plan on July 1, 2012 for all employees except those in countries where the plan could not be offered for legal or administrative reasons. New plan periods began on July 1, 2013, July 1, 2014 and July 1, 2015. Participants saved a monthly sum of up to 5 percent of their gross salary, which was 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.

The plan also covers top management. Participation is voluntary for all concerned.

Summary of Employee Share Savings Plan

Plan period	Savings period	Amount of participants (Dec 31)	Amount of shares acquired	Timing of matching share delivery	Expected matching shares to be delivered (by Dec 31)
2012–2013	July 1, 2012– June 30, 2013	1,259	75,790	Feb 2016	37,895
2013–2014	July 1, 2013– June 30, 2014	1,519	95,557	Feb 2017	47,779
2014–2015	July 1, 2014– June 30, 2015	1,455	87,653	Feb 2018	43,827
2015–2016	July 1, 2015– June 30, 2016	1,495	25,162*	Feb 2019	12,581

**by the end of Q3 2015*