

Remuneration Committee statement 2020



Frankfurt am Main, Germany

The Remuneration Committee's Statement Regarding, and Evaluation of, the Remuneration and Remuneration Guidelines for Senior Executives in the Cavotec Group and the Board of Directors of Cavotec SA

The current members of the Remuneration Committee in Cavotec SA are Fabio Cannavale, Patrik Tigerschiöld and Erik Lautmann (Chairman)

Remuneration Guidelines for Senior Executives in the Cavotec Group

Compensation for all employees, and in particular for the Executive Management Team (EMT), focuses on achieving a high level of performance to ensure both sustained growth and value creation. The compensation of the EMT and members of the Board of Directors is reviewed on an annual basis by the Remuneration Committee, which proposes appropriate measures to the Board of Directors.

All amounts stated are gross and include all fixed and variable remuneration allocated to the members of the Board and to the CEO for the year under review.

The remuneration programme for senior executives in the Cavotec Group (the "Group") consists of four components:

- a) salary
- b) annual non-equity cash compensation ("STIP")
- c) equity-based incentives ("LTIP")
- d) pension benefits

The four components can be divided into fixed and performance-based elements. Salary and pension benefits are fixed, whereas STIP and LTIP are performance-based. Qualified international remuneration consultants from Willis Towers Watson were consulted when the remuneration system was designed to ensure that the remuneration system is competitive, attractive and in line with remuneration systems that exist in comparable companies.

Fixed pay	Variable pay
Base Salary	STIP
Pension benefits	LTIP
Based on: <ul style="list-style-type: none">- functions and responsibilities- mandatory pension plans of the country of employment	For: <ul style="list-style-type: none">- performance and results- participation in long-term success

a) Base Salary

The base salary for a senior executive of the Group is designed to be attractive and market competitive. In 2018, the benchmark analysis was made by using all companies listed in the general industry survey from Willis Towers Watson for the countries of residency of the senior managers.

The salary is revised once a year. The average yearly increase is historically below five per cent, but depends on the country of employment (where the inflation rate is an important factor for determining the increase). The salary can also be adjusted in the case of a change of responsibility or relocation.

b) STIP

The short-term incentive plan (STIP) is the cash-based element of the variable remuneration for senior executives. Its objective is to:

- encourage performance and motivates the beneficiaries to work together for the sustainable success of the Group
- enable the alignment of objectives throughout the Company

The amount of the STIP paid out depends on the achievement of agreed targets that are defined at the beginning of each year. The targets are between 80-100 per cent quantitative financial objectives, and 0-20 per cent quantitative personal objectives. A new framework was introduced in 2018 to provide a simple, fair and transparent approach.

c) LTIP

The 3 following LTI plans were running in parallel in 2019:

2019-2021 LTI Plan

The implementation of a new equity based long term incentive plan (LTIP) was approved by the 2019 AGM. This plan is a 3 year plan that rewards the performance between Jan 1, 2019 and Dec 31 2021 (performance period). The CEO and EMT members are eligible for the plan. The plan grants performance shares to the participants at the beginning of the period as a percentage of the base salary (80% for the CEO, 20-40% for the EMT members). The number of shares that will vest at the end of the performance period depends on the performance of two indicators:

- 1) Growth in Earnings Per Share (EPS) with 65% weight
- 2) Relative Total Shareholder Return (relative TSR) with 35% weight

Threshold, target and stretch levels are defined for the achievement level calculation.

2018-2019 LTIP Bridge Plan

EMT members that joined the Group after April 1, 2017 are eligible for the bridge plan. Pay-out will be in cash and determined by the level of growth in earnings per share (EPS) achieved at the end of 2019 in comparison to its value on Dec 31, 2017. Threshold, target and stretch levels are defined for the achievement level calculation. The 2018-2019 LTI Bridge Plan will pay-out in 2020, based on the achievement level of the EPS on December 31, 2019.

2017-2019 Co-investment shares plans

Senior management members that joined the Group prior to 2017 are benefiting from the existing co-investment share LTIP. The Co-investment shares plan aimed at creating a managing shareholder culture by allowing selected key employees of the Group to become shareholders of Cavotec SA. The Plan Participant has the possibility, but is not obligated to purchase Co-investment Shares at fair value on the stock-market during the Co-investment Period of the Respective Plan. The amount of the Matching Incentive depends on the number of Co-investment Shares still held by the Plan Participant on the Matching Date, as well as, on the achievement of the Revenue Target and the EBIT Margin Target.

d) Pension benefits

Pension benefits are based on defined contributions that are determined by mandatory pension plans of the country of employment and other local conditions. In certain selected cases an extra pension benefit equal to 10 to 15 per cent of the base salary can be agreed with key managers as an extra compensation. This extra compensation can be revised on a yearly basis.

The Remuneration Committee's Evaluation of the Remuneration Guidelines

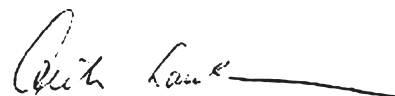
The Remuneration Committee has monitored and evaluated the application of the remuneration guidelines set forth above, the programme for variable remuneration for the senior executives and the remuneration structure and levels in the Group. Based on the evaluation, the Remuneration Committee considers that the guidelines, programme, structures and levels fulfil their objectives and are serving their purposes well.

Remuneration of the Board of Directors

The Remuneration Committee is responsible for advising the Board of Directors on the remuneration of its members. In 2018 the Remuneration Committee has, together with qualified international remuneration consultants, reviewed the remuneration of the Board of Directors. The purpose of the review was to ensure that the remuneration is competitive and in line with the remuneration of Boards of Directors in comparable companies.

The Remuneration Committee suggested that the remuneration for board members will remain unchanged for the year 2020.

Lugano, April 2020



Erik Lautmann
Chairman, Remuneration Committee

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