

Remuneration Committee statement 2019



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 remuneration committee of the Board of Directors of Cavotec SA (the “**Remuneration Committee**”) consists of Erik Lautmann, chairman, Helena Thrap-Olsen and Patrik Tigerschiöld and is, inter alia, responsible for advising the Board on the remuneration of its members and in discharging the Board of Directors responsibilities in relation to the remuneration for senior executives. Since June 2018, Fabio Cannavale is invited to attend the Remuneration Committee’s meetings.

Remuneration Guidelines for Senior Executives in the Cavotec Group

The compensation at Cavotec for all employees, and in particular for the Executive Management Team (EMT), focuses on achieving a high level of performance to ensure sustained growth of the Company and value creation. The compensation of the EMT and of the 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 EMT for the year under review.

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

- a) base 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; the salary and the pension benefits are fixed, whereas the STIP and LTIP are performance based. Qualified international remuneration consultants from Willis Towers Watson have been consulted when the remuneration system was designed in order to ascertain 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:	For:
- functions and responsibilities	- performance and results
- mandatory pension plans of the country of employment	- participating in long term success

a) Base Salary

The base salary for a senior executive of the Group is defined to be attractive and market competitive. In 2018, the benchmark analysis (or the competitive market analysis) has been 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 5 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 STIP is a cash bonus, expressed in percentage of the Base salary, that provides incentives for senior executives. Its objective is to

- Enable the alignment of objectives throughout the company (employees, managers and entities) with the Group's objectives.
- Provide a fair and transparent approach to determine the STIP. The approach is simple, practical and applicable to all beneficiaries.
- Encourage performance and motivates the beneficiaries to work together for the sustainable success of the Group and all its employees.

The actual STIP paid out depends on the achievement of the agreed targets which are set at the beginning the year. The targets are quantitative financial objectives 80% as well as qualitative and quantitative personal objectives 20%.

c) LTIP

Starting in 2018, a transition phase has begun with the LTIP and the goal is to move from the existing co-investment shares program to a performance share plan. The performance share plan will be introduced in 2019. For 2018, the Board has validated a two-year bridge plan that will pay-out in 2020, based on the growth in earnings per shares achieved in 2019. The eligible senior managers that joined prior to 2018 are benefiting from the existing co-investment shares plans.

2018-2019 LTIP bridge plan

The EMT members that joined the Group in 2018 are eligible for the bridge plan. The pay-out will be triggered by the level of growth in earnings per share (EPS). Threshold, target and stretch levels are defined for the achievement level calculation. The target amount is expressed as a percentage of the base salary.

2017-2019 and 2018-2020 Co-investment shares plans

The senior management members that joined the Group prior to 2018 are benefiting from the existing co-investment share LTIP. The LTIP is a long-term incentive plan that is 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

The pension benefits are based on defined contributions that are determined based on the 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 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

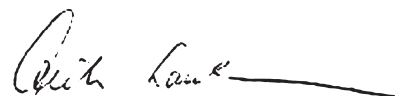
The Remuneration Committee has monitored and evaluated the application of the remuneration guidelines set forth above, the programme for variable remuneration for the senior executives and the remuneration structure and levels in the Group. Based on the evaluation, the Remuneration Committee considers 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. During 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 2019.

Lugano, April 2019



Erik Lautmann
Chairman, Remuneration Committee

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