

Sustainability Report 2021



A word from the CEO	02
About Cavotec	04
Ports and Maritime.....	06
Industry	06
Services.....	06
Governance	07
Main steering documents.....	07
Creating a sustainability foundation	09
Sustainability risk assessment.....	09
Materiality analysis.....	09
Roadmap to cleantech	11
Caring for our people	12
Ensuring occupational health and safety.....	16
Being a responsible business	18
Data and information security	18
Responsible tax management.....	19
Managing our environmental impact	20
Managing impacts in our own operations	20
Energy and climate change.....	21
Water Management.....	22
Biodiversity	22
Waste Management	22
Managing environmental impact in our value chain.....	23
EU Taxonomy.....	23
Moving forward	24

A word from the CEO

Looking back at 2021, it has been a truly remarkable year for Cavotec. We have seen a major increase of orders for our cleantech solutions and services. It is interesting to see how the attitude towards the decarbonisation of ports and heavy industries have changed over the last couple of years. Global environmental challenges, end-customer preferences as well as national and regional regulations and multilateral treaties have made it clear: Companies that have a comprehensive and holistic sustainability agenda will be more resilient in meeting future challenges than the competition.

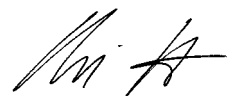
Cavotec has a strong foundation in innovative engineering, building on decades of experience in developing electrification and automation solutions for our customers. During 2021 we decided to focus even more on this strong position and therefore divest our Airports business segment. The reason is clear – we see that our biggest potential for growth and to make a positive contribution to sustainability for our customers lies within our other business segments: Ports & Maritime and Industry.

The opportunity is twofold, first to further advance our customer offering and thereby our positive contribution to global climate mitigation, and second to optimise our own operational and

supply chain footprint. 2021 saw us put our money where our mouth is in this regard. We announced that, starting in 2021, we would over the next five years invest 20 million euro in technology, engineering, and business development to strengthen our leading position as a cleantech company and to meet the expected demand. This will include recruitment of brilliant minds, collaboration with key partners and extensive R&D into new cleantech technology.

We have conducted our primary materiality analysis, identifying our material topics, which are presented in this sustainability report. In 2022 we will build on this analysis and formulate a cleantech roadmap centred around three key focus areas: Accelerating Decarbonisation, Safety Excellence and Cavotec as a responsible and attractive employer. We have embarked on our journey of becoming a key player in the decarbonisation of the industries we serve, and I am excited to see what the future holds.

Lugano, April 2022



Mikael Norin
Group CEO





About Cavotec

Cavotec is a global engineering group that designs and manufactures innovative automation and electrification systems for ports and industrial applications that support our customers in their transition to low carbon emissions. Our connection systems electrify ships, cranes, and trucks at ports and terminals around the world, and we are a leading provider of automation and electrification solutions for a wide variety of industrial applications. We have operations in 19 countries and our headquarters is located in Lugano, Switzerland. The parent company of Cavotec group is Cavotec SA, which is a limited liability company incorporated and domiciled in Switzerland and is listed on Nasdaq in Sweden.

Cavotec consist of two business segments: Ports & Maritime, and Industry, following the divestment of the Airport business segment, which was initiated

in Q1 of 2021, creating what we call New Cavotec. When the world came to a standstill during the global Covid-19 pandemic, we, like many other companies took the opportunity to scrutinise ourselves and the impact we have on the world. As an engineering company with a solid foundation in advanced solutions that allow for decarbonisation, we see that the biggest contribution to sustainability that we can have, is found within the customer offerings of the Ports & Maritime and Industry business segments. As the market trends and regulatory requirements on air pollution, fossil fuels and greenhouse gas emissions, we expect to see significant growth in the demand for electrification and energy efficient solutions for heavy industries such as shipping and mining. The divestment allows us to focus our resources and investments on these areas to further strengthen our position and accelerate growth.

LOCATION OF OPERATIONS



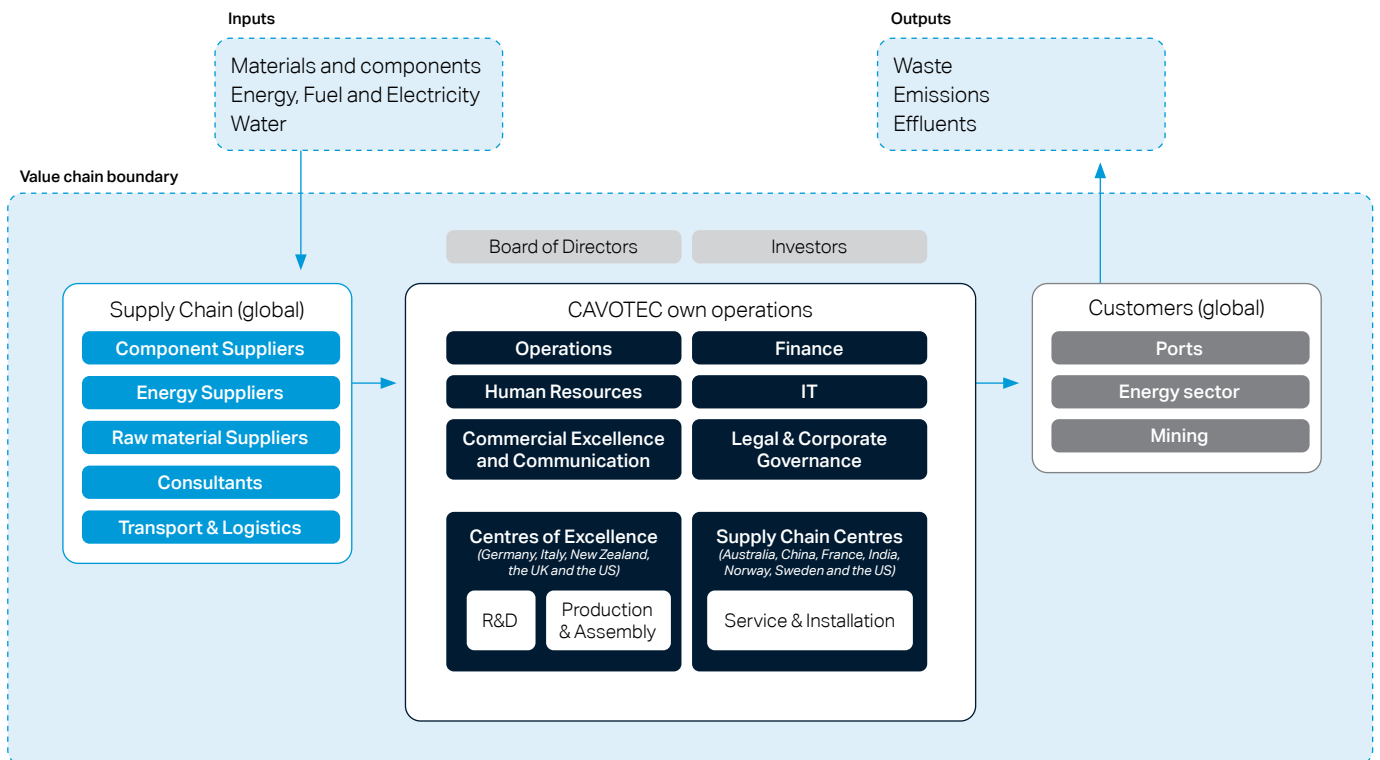
We market our systems primarily through wholly owned sales companies around the world, focusing especially on Europe, Asia, North America, Oceania and Middle East. Products design and engineer takes place at our

dedicate Center of Excellence located in China, Germany, Italy, New Zealand, UK and US. Assembly activities are carried out by our Supply Chain Centers located in Australia, China, Germany, Italy, UK and US.



Cavotec Italy's entrance

FIGURE 1: CAVOTEC'S VALUE CHAIN





MoorMaster® at Port of Turku, Finland

PORTS & MARITIME

Cavotec's Ports & Maritime business segment develops automation and electrification technologies that drive sustainability at ports, terminals, and other marine applications. Our systems enable customers to optimise operational efficiency, improve safety, and, at the same time, reduce environmental impact. The Ports & Maritime offerings include crane electrification and automation, Shore Power, and our automated mooring system MoorMaster®. Our solutions are key to the modernisation of ports and terminals, increasing efficiency and reducing environmental impact, as well as increasing occupational health and safety. Shore Power enables the connection of ships in port to onshore power supplies that provide electricity for on-board services allowing diesel generators to be switched off, meaning that Cavotec can contribute to reduced scope 1 emissions for our customers.

MoorMaster® is an automated mooring system using vacuum mooring technology, invented and pioneered by Cavotec 20 years ago. MoorMaster® eliminates the need for mooring lines, increasing efficiency, and reducing the risk for serious injury, as well as reducing CO₂ emissions.

INDUSTRY

Cavotec's business segment Industry designs and assembly automation and electrification systems for a wide range of industrial segments. All our industry technologies support our customers achieve safe and efficient operations. The Industry business segment offers electrification solutions for surface and underground mining, cranes, energy, processing and transportation solutions, as well as e-vehicles such as the electrification of a passenger ship navigating the Fjords of Norway.

Cavotec is a one-stop-shop where our customers can find not only the solution itself, but the qualified service that goes with it. Our customer centric and global organisation enables the delivery of high-quality products and solutions. We work by the motto to "Think global, act local" where we, by being close to our customers, can deliver better services while also reducing travels and shorter lead times. An integral part of the business model includes partnerships with clients right from the design stage of projects which guarantees engineering solutions that match specific requirements and challenges.

SERVICES

Cavotec's Services plays a key role in our overall strategy to drive sustainability. We are committed to support our customers in achieving safe, efficient, and reliable operations. The Service business segment leverages the technical expertise of our engineers to generate value for customers by maximising the availability of their assets, reducing operating costs, and extending equipment lifespan.

Sharing our knowledge and experience with clients is a key element of our long-term working partnership. Our local sales offices around the world are backed by expertise from our research and engineering centres and respond to all types of service and support requests coming up. Our service teams are also on hand for any repair projects that might need to be undertaken, either on or off site. With some 24,000 Cavotec installations worldwide, the growth potential through offering comprehensive after-sales support is substantial.

Examples on Cavotec's Services offerings:

- Installation
- Commissioning
- Training
- Inspection and repairs
- One-off preventive maintenance
- Long-term service agreements
- Remanufacturing
- Upgrades

Governance

Cavotec strives to operate sustainably, safely, and responsibly in all its markets and activities. In addition to reducing the environmental impact of our operations, our commitment includes being a responsible employer and supplier who creates safe, efficient, and rewarding workplaces.

Our solutions give us the opportunity to help our customers to transition their business operations to become more sustainable, with reduced environmental impact and increased safety. To achieve that, we work closely with our clients to develop systems and technologies to address their specific requirements and challenges. Building on many years' experience and strong customer relationships, we stay close to the customer throughout the operational lifetime of our systems.

MAIN STEERING DOCUMENTS

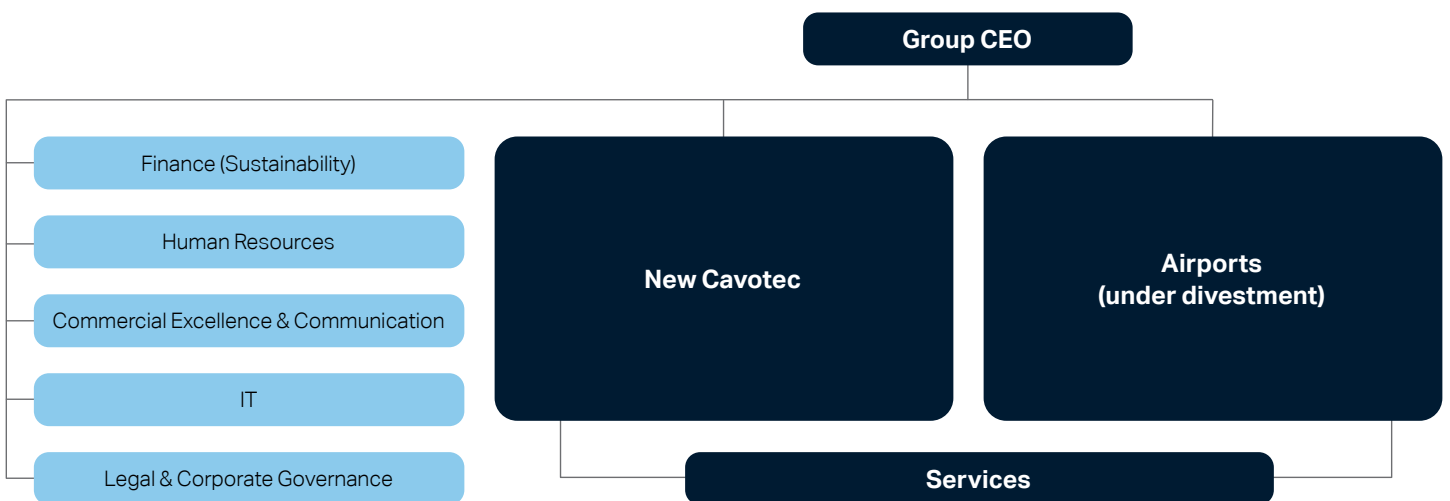
Cavotec's Code of Conduct forms the basis of our operations, with the purpose of ensuring protection

of human rights, promotion of fair employment conditions, safe working conditions, responsible management of environmental issues, and high ethical standards. Our Code of Conduct sets out the standards that all Cavotec Group employees and directors are required to follow and uphold, regardless of where you are in the world. It summarises the internal policy documents related to business ethics, quality as well as social and environmental performance. The Code of Conduct is publicly available and can be found [here](#).

Countering bribery and corruption

Cavotec has zero-tolerance towards all forms of corruption. We are determined to conduct all our operations in an honest and ethical manner. We are committed to combating all forms of corruption and acting professionally and fairly in all our business activities and relationships, wherever we operate. We have adopted several policies to complement relevant laws and regulations such as Anti-Bribery and

FIGURE 2: CAVOTEC CORPORATE GOVERNANCE STRUCTURE



Corruption Policy, Anti-Fraud Policy, and Gifts and Entertainment Policy. In the section "Being a responsible business", more information on our work to counter corruption and uphold high business ethics is presented.

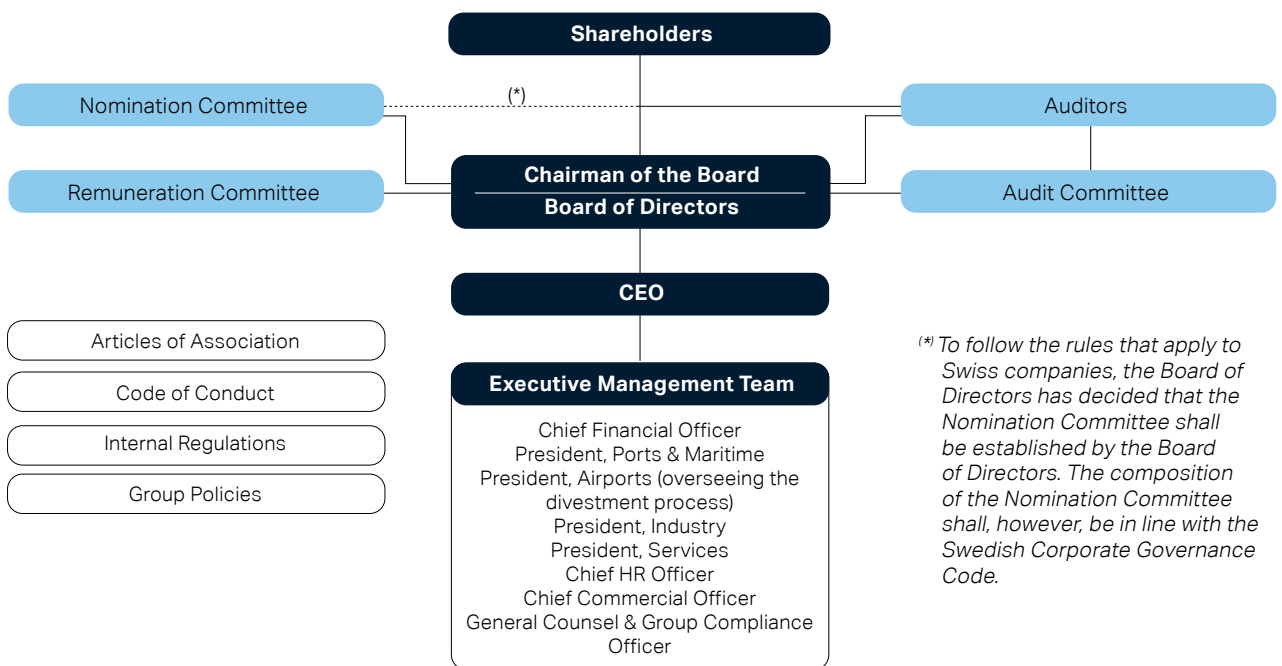
Working for sustainability in our supply chain

We understand that our impact goes beyond our own business operations, whereby we put sustainability requirements on our suppliers through our Supplier Code of Conduct. The Cavotec Supplier Code of Conduct sets out the basis of our responsible sourcing approach. It defines not only the non-negotiable minimum standards that we ask our suppliers to respect when conducting business with Cavotec, but also the expression of values which are shared throughout Cavotec, its various

businesses and affiliates and that we encourage our suppliers to adhere to.

Our Supplier Code of Conduct covers, among other things, respect for human rights and fair labour practices, health and safety, environment, business ethics as well reporting requirements. It is applicable to all our suppliers (including their corporate bodies, employees, representatives, subcontractors and sales partners) and shall be signed by the Supplier, whereby it commits to adopt and comply with our code. At the end of 2021, 38% of our suppliers had signed the Supplier Code of Conduct. As we move forward with sustainability, we will increase our efforts to ensure a sustainable supply chain. This will include risk assessments, screening of new suppliers, and defining a process for follow-up, to name a few measures.

FIGURE 3: CAVOTEC CORPORATE GOVERNANCE STRUCTURE



Creating a sustainability foundation

At Cavotec we are determined to advance how we work with sustainability, maximising our positive contribution and minimising negative impact throughout our value chain. Our business model itself rests on the solid foundation of innovative and adaptative engineering, yet we acknowledge that we must define a sustainability strategy that will lead us on the road ahead.

Sustainability risk assessment

We have conducted a sustainability risk assessment, covering sustainability risks throughout our operations and our supply chain. Risks have been assessed on the potential impact on Cavotec were the risk to materialise, and likelihood in company markets. Main risks include: inability to capitalise on sustainability due to limited sustainability knowledge and increasing investor demands, use of natural resources, lack of skilled labour, emissions of greenhouse gases and

effluents to soil, water and air. We will work to integrate sustainability risks into our overall risk management framework, enabling continuous follow-up and risk mitigation.

Materiality analysis

In 2021, Cavotec took an important step to advance how we work with sustainability, when we conducted our first materiality analysis of sustainability aspects. The assessment followed a proven process in line with industry best practice and international reporting frameworks, as well as incorporating the dual materiality perspective.

The materiality analysis builds on the sustainability risk assessment, stakeholder dialogues and an impact assessment.

Stakeholder dialogues were conducted with key stakeholders, identified by a sustainability steering committee

TABLE 1: STAKEHOLDER DIALOGUES

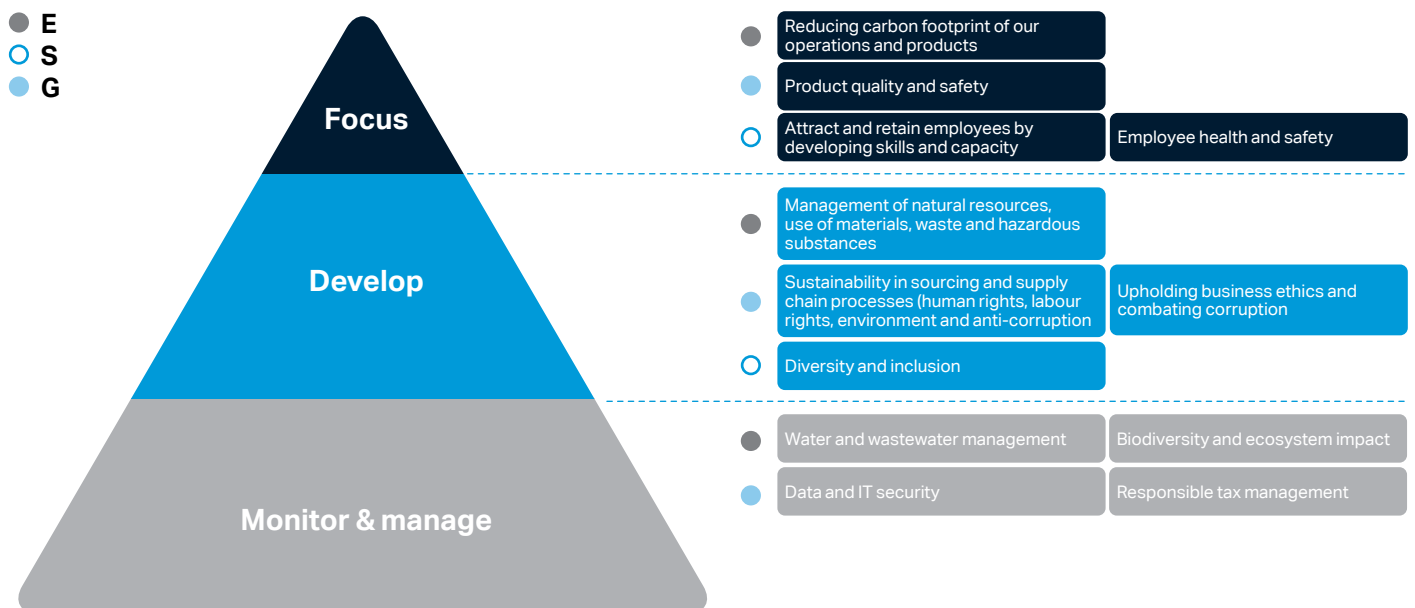
Stakeholder group	Form of engagement	Respondents	Key concerns
Board of Directors	Interviews	2	<ul style="list-style-type: none"> Reduce carbon footprint of our operations and products Attract and retain employees by developing skills and capacity Sustainability in sourcing and supply chain processes (human rights, labour rights, environment and anti-corruption) Diversity and inclusion
Executive Management	Interviews	5	<ul style="list-style-type: none"> Reduce carbon footprint of our operations and products Attract and retain employees by developing skills and capacity Sustainability in sourcing and supply chain processes (human rights, labour rights, environment and anti-corruption) Diversity and inclusion
Employees and central functions	Online survey and interviews	339 (of 739) responses to the survey 3 interviews with central functions	<ul style="list-style-type: none"> Employee health and safety Diversity and inclusion Attract and retain employees by developing skills and capacity Reduce carbon footprint of our operations and products

established to facilitate the process, with support of external sustainability management consultants. Our key stakeholders are those who have a considerable influence on Cavotec as a company, or those who can be considerably impacted by Cavotec.

The stakeholder dialogues showed an overwhelming support for Cavotec's ambition to work with sustainability, with 97% of employees considered it very important or important. All stakeholders raised concerns regarding climate impact and occupational health and safety, and this sustainability report is part of our efforts to respond to these concerns. We are in continuous dialogue with our customers and will further strengthen our materiality assessment by involving customers in dedicated stakeholder dialogues in 2022.

As a company, Cavotec has social, environmental and economic impacts on society and its surroundings. However, the sustainability aspects also impact Cavotec financially, legally, and reputationally as well as operationally. This dual materiality perspective has been key within our materiality analysis. The results of the stakeholder dialogues and the impact assessment together form a materiality, which was presented to the steering committee, whereby some material topics were consolidated. The final result can be seen in figure 4.

FIGURE 4: MATERIALITY PYRAMID



ROADMAP TO CLEANTECH

Cavotec is on a sustainability journey to become a leading cleantech company. In 2021, Cavotec took our first step by developing the materiality analysis that will be the foundation for the development of our sustainability strategy. We took the first steps in 2021 when we conducted our materiality analysis, and in 2022 we will build on the materiality and develop a sustainability strategy and cleantech roadmap, which will be integrated throughout our business, product portfolio and supply chain. The strategy will be based on three pillars that align with Cavotec's mission to be a global, customer centric, and responsible business partner that provide high-quality products and solutions.

The three pillars are:

- Safety Excellence
 - Accelerating Decarbonisation
 - Responsible and Attractive Employer
- Cavotec's vision is to accelerate decarbonisation and guarantee safety

excellence for our customers. By applying a customer centric business model, Cavotec can contribute to the sustainability transition through our high-quality products and systems.

Our employees are the foundation for our ability to deliver safe, high quality, and energy efficient products and solutions. Therefore, for Cavotec needs to be a great place to work that prioritise the health and safety of our employees, diversity and inclusion, and development of skills as well as attracting new talent. To be the natural partner for customers that want safe and energy efficient solutions, Cavotec needs to be a responsible business partner by upholding highest possible business ethics and fight corruption. The development of the roadmap is ongoing during 2022 and Cavotec look forward to presenting the strategy to our employees, our customers, and stakeholders.



Caring for our people

Attracting skilled, open, and curious people is fundamental to an engineering company like Cavotec. For over 20 years we have been pioneering innovative solutions and are determined to continue like so, building company resilience in a world of uncertainties. With global presence in many countries, we can reap the benefits of our various culture, yet it poses some challenges in terms of commitment to learning from one another.

Cavotec is a global company with operations in 19 countries and have therefore created a model where the HR organisation is embedded in all local operations. The impulse is given by the Group and relayed in the regions by HR

Business partners who support leaders locally. HR is furthermore supported by finance and admin functions at each Cavotec location, who are responsible for the day-to-day implementation and upholding of our HR practices and processes. The Code of Conduct is the main steering document covering HR, which is supplemented by local employee handbooks encompassing local laws and regulations. Depending on legal entity and local laws, Cavotec's employees are covered by collective bargaining agreements. This imply that 60% of the employees within New Cavotec are covered by collective bargaining agreements. Further supporting documents includes usual policies that defines the way we do things.

NEW CAVOTEC

Employment contract	Female	Male	Total
Permanent	109	444	553
Temporary	8	42	50
Total	117	486	603

Employment type

Full-time	112	485	597
Part-time	5	1	6
Total	117	486	603

Regions	Permanent	Temporary	Total
Asia	111	6	117
Europe	358	43	401
North America	28	1	29
Middle East	6	-	6
Oceania	50	-	50
Total	553	50	603

*The data is rounded to present integers. In addition to the 603 employees of New Cavotec, we also had 212 employees in our Airport business segment, which we started to divest during 2021.

We are committed to developing and maintaining a workplace where our employees can learn and develop with the respect and support of their colleagues and managers, upholding human rights and labour rights in our own operations just as we expect our suppliers to do on their part. Different backgrounds, experiences and opinions enrich our expertise and drive innovation and growth. Our open, non-hierarchical working environment encourages the free exchange of ideas and mutual respect between individuals that underpin our unique capabilities as a leading engineering group. We respect and

promote fairness, and the right of each employee to a safe working environment where all employees are treated with dignity and respect.

Regardless of where they work, we want our people to feel safe and develop a sense of belonging that will fuel our success in being a leader in decarbonising maritime and industrial activities around the globe. Employees from different cultures and with different backgrounds enables us to deliver high-quality solutions and be customer centric business. Employees with comparable qualifications, experience

and performance will receive equal pay for equal work with respect to those performing similar tasks under similar working conditions and similar output. The Cavotec Code of Conduct strictly prohibits direct and indirect forms of discrimination and harassment of any kind. This includes, but is not limited to, discrimination based on age, ethical and cultural background, gender, religion, sexual identity, disability, race, colour, political opinion, social origin, social status, indigenous status, union membership or employee representation and any other characteristic protected by local law, as applicable.

DIVERSITY BY GENDER AND AGE

Employee category	Female	Male	Age <30	Age 30-50	Age >50
Executive Management Team	13%	88%	0%	25%	75%
Division / Central Functions Management Team	23%	77%	10%	80%	10%
Employees	19%	81%	6%	76%	18%
Total	19%	81%	6%	77%	17%

**The data is rounded to present integers and includes New Cavotec (i.e., employees related to the Airport business segment are not included).*



Cavotec employee operating MoorMaster® at Port of Salah

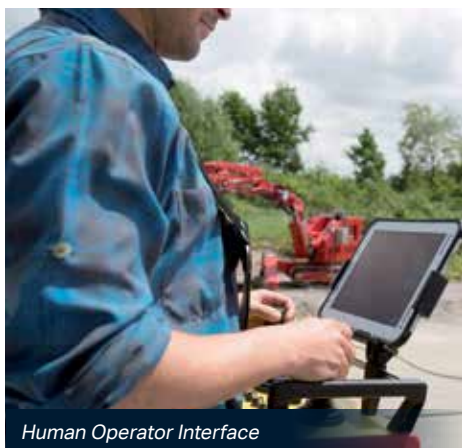
For Cavotec to remain innovative and competitive, we need to attract, develop, and retain top-talents. We believe that our purpose of bringing high-quality solutions that drive the sustainability transition of our customers, both regarding safety and decarbonisation can attract talented engineers that wants to make a difference. We believe that the key to retain our employees is to focus on health and safety, to be

a responsible employer, and to offer development programs. During 2021, many employees participated in training of different kind, accessible through our online training platform and through locally organised trainings. We are at the beginning of structuring of development offering to offer our existing workforce the possibility to reinforce their knowledge and competences.

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (NEW CAVOTEC)

	New employee hires	Employee turnover	New employee hires	Employee turnover
Female	26	20	4%	3%
Male	95	37	16%	6%
Age <30	7	5	1%	1%
Age 30-50	104	48	17%	8%
Age >50	10	4	2%	1%
Asia	42	16	7%	3%
Europe	66	30	11%	5%
North America	3	6	0.5%	1%
Middle East	0	0	0%	0%
Oceania	10	5	2%	1%
Total	121	57	20%	9%

*The data is rounded to present integers and includes New Cavotec (i.e., employee turnover and new hires related to the Airport business segment are not included).



Human Operator Interface



Motorised Cable Reel assembling

In 2022 we will be recruiting at scale to meet the increasing demand for Cavotec's solutions and services. We will continue the work to strengthen our HR processes and finalise our updated yearly HR cycle, including aspects such as annual performance and salary reviews and occupational health and safety assessments. We will also assess how to increase internal capacity

building, both with regards to technical skills and to more intangible learnings about work-place culture.

PERFORMANCE REVIEWS (NEW CAVOTEC)

Employee category	Female	Male	Total
Executive Management Team	100%	100%	100%
Division / Central Functions Management Team	100%	100%	100%
Employees	78%	79%	79%
Total	80%	80%	80%

**The data is rounded to present integers and only includes data related to New Cavotec.*



Employees at Cavotec Italy's facility

ENSURING OCCUPATIONAL HEALTH AND SAFETY

Cavotec is committed to provide a safe and healthy working environment for all our employees. We integrate health and safety in the management of our business to prevent accidents and to protect people at work, with a vision of zero work-related accidents. In 2021, we had 5 recordable work related injuries which included for example minor burns, falls and smaller cuts. Overall, our operations does not imply high safety risks. In general, our operations handle smaller cuts and other incidents that can be treated on site using bandaid. We have a robust set of procedures and standards to reinforce a strong health and safety culture across the organisation. We review any shortcomings in health and safety management, learn from experience to improve our performance. We continuously assess the operational health and safety aspects of our operations, processes, and services, and act upon safety improvements and incidents in accordance with our escalation procedure.

Given our global presence and varied operations, from our Centres of Excellence to our headquarters in Lugano, we have to tailor our occupational health and safety routines to suit each Cavotec site. Safety walks are conducted at each operation

center on a regular basis. When safety improvements are identified during these walks, employees are invited to record safety improvements and share them. It is our ambition to certify all Centres of Excellence according to ISO 45001 or similar standard and follow equivalent procedures at all our operations.

Our Italian Centre of Excellence, the Cavotec location with most employees, is already ISO 45001 certified and procedures such as weekly safety walk are carried out. If a health and safety hazard is identified during a weekly safety walk, appropriate corrective actions are taken, by for example creating a work group. Each issue is recorded, and the staff is informed when a corrective action has been implemented and proven efficient. In addition to weekly safety rounds, the Italian site engage in a regionally promoted "Work-health Program" that encourages health initiatives. In 2022, the site will focus on promoting healthy diets and physical exercise. Following the progress of the Centre of Excellence in Italy we will work to implement efficient measures at our other sites in all our countries of operation, ensuring state of the art occupational health and safety across the organisation.

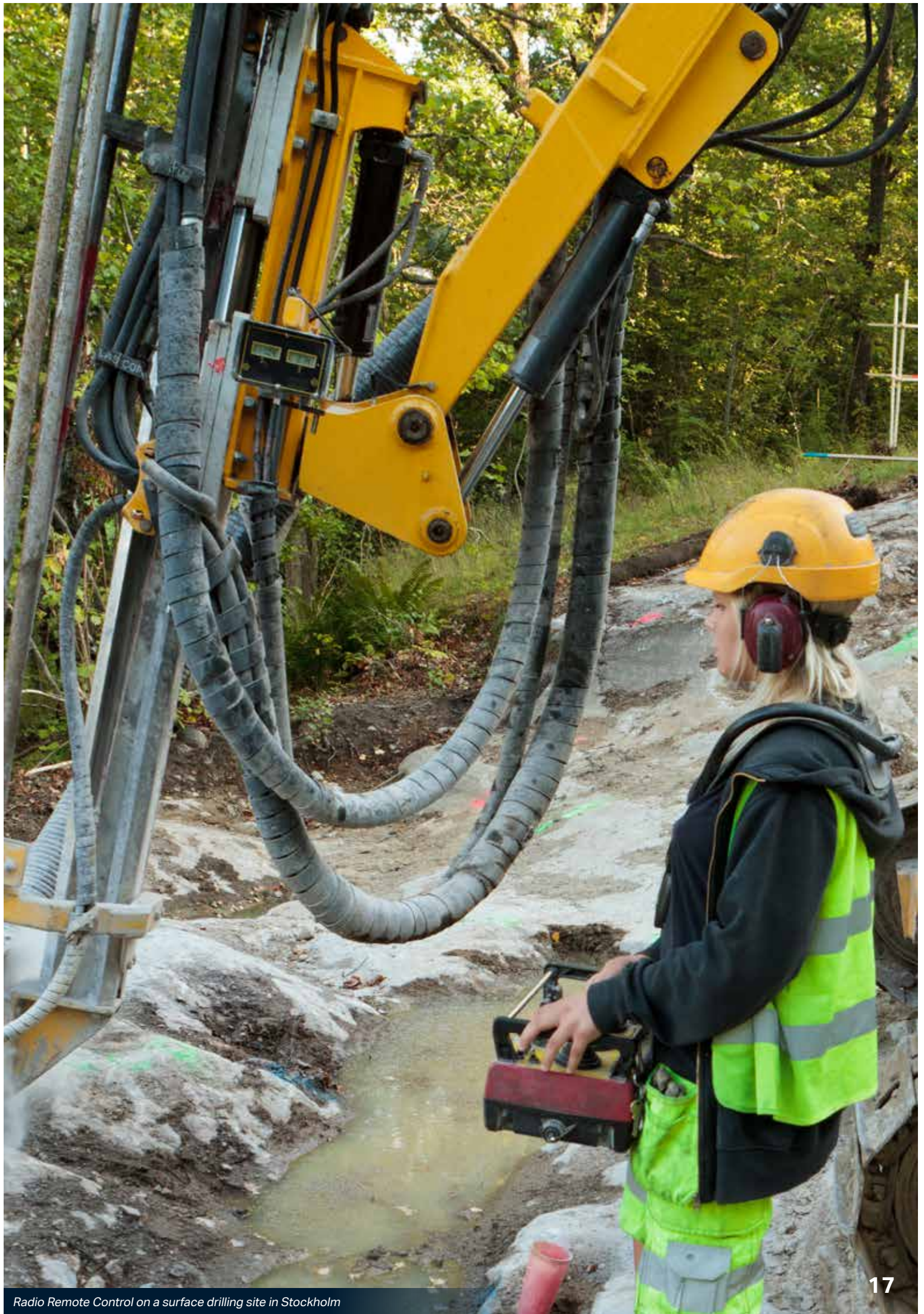
The continuation of the Covid-19 pandemic during 2021 has meant that we have followed developments closely

and continued to adjust and comply with local regulations and recommendations in all countries of operation. We have encouraged people to work from home where possible and for those unable to work from home, we introduced staggered shift patterns to limit the risk of infection and made face masks and hand sanitiser widely available. We conducted exercises to ensure we had the necessary procedures in place in the event of an employee testing positive for covid. As part of our Safety Roadmap, we held regular local and global meetings to share best practice on mitigation and sustaining actions.

H&S TABLE

	Employees	Rate
Fatalities due to work related injury	0	-
High consequence injury	0	-
Recordable injury	5	0.1 per 200,000 worked hours

**The data covers New Cavotec (i.e., work-related injuries connected to the Airport business segment's employees are not included). No work-related injuries related to workers who are not employees by Cavotec have been reported during 2021.*



Radio Remote Control on a surface drilling site in Stockholm

Being a responsible business

Cavotec wants to be the business partner of choice for both our customers and suppliers and meet expectations from our stakeholders. Therefore, we commit to upholding high business ethics, countering corruption, and guarantee responsible tax management. In addition, in today's digital world a responsible business needs to reduce risks related to cyber security and data privacy.

The work is led by our Group General Counsel & Chief Compliance Officer, who is based at our headquarters in Lugano and operates in close collaboration with all local operations. As a growing company there is a need to further strengthen the core compliance team, we will be looking to doing in 2022. The Code of Conduct is the main steering document, supported by our Anti-Bribery Policy, our Anti-Fraud Policy and our Gifts and Entertainment Policy. Our Whistleblower Policy covers all Cavotec employees and is available to business partners as well. It is possible to be anonymous and whistleblowers are protected against retaliation. The Chief Human Resources Officer and the Chief Compliance Officer hold the responsibility for the Whistleblower Policy.

Cavotec has a zero-tolerance policy towards all forms of corruption. In order to build capacity and knowledge of corruption and fraudulent behaviour, all our new employees receive training on our internal policies when joining Cavotec, as well as a complete policy package. The onboarding training is supplemented by additional trainings covering issues such as anti-trust and anti-bribery, which is done on a bi-annual and/or on-demand basis.

We are committed to combating all forms of corruption and acting professionally and fairly in all our business activities and relationships, wherever we operate. How we manage anti-bribery and corruption is governed by our internal policies, and we evaluate all potential business expansions from a bribery and corruption perspective, where we conduct a third-party due diligence when high risks are identified. It is the responsibility of all those working with us to prevent, detect and report any kind of corruption, bribery, or other forms of unethical business conduct. It is the responsibility of each employee to read, understand and comply with the policies. During 2021, we have had zero incidents of corruption, and there has not been any legal actions regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation.

DATA AND INFORMATION SECURITY

Information is a valuable asset to Cavotec and exercise care when handling, receiving and storing sensitive information from customers, stakeholders and suppliers. Further, Cavotec respects the privacy of all individuals and the confidentiality of any personal data that Cavotec holds about them. We commit to improve our data and information security and to proactively reduce risks. Through our Code of Conduct, our employees are informed on how to handle data and information. Any data breaches are reported and appropriately escalated. In 2021, no data breaches were reported or escalated.

RESPONSIBLE TAX MANAGEMENT

Tax matters are discussed with the Audit Committee and governed by our Tax Policy in our Finance Manual. Cavotec's approach is to improve tax efficiency by using tax credit initiatives offered in the different countries where we operate. The income tax expense for the period is the tax payable on the current year taxable income. This is based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences as the tax rates are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit and loss. Deferred tax assets are recognised

for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Uncertain tax positions are measured either at the most likely outcome or at the expected value, depending on which method better predicts the resolution of the uncertainty. Thereby detection risk is not taken into account.

Managing our environmental impact

Owing to our engineering solutions we can contribute to reduced environmental impact downstream in our value chain, yet work remains to understand and manage the impact that we may have upstream. Cavotec acknowledges climate change as one of the major global challenges facing the world today, and we are determined to play our part in climate change mitigation and adaptation. We are also concerned with questions regarding water stewardship and impacts on biodiversity. Cavotec strive to collaborate with our port and industry customers to co-create solutions that combats climate change, biodiversity loss, and water stress.

Our main environmental impacts include energy consumption and resulting greenhouse gas emissions, natural resources use in our products, waste generation, and interactions with water. Cavotec are committed to limit the negative environmental impacts from our operations, our supply chain, and our products and services.

MANAGING IMPACTS IN OUR OWN OPERATIONS

Cavotec operates in accordance with our Environmental & Sustainability Policy, and

we apply the precautionary principle to situations where harm may be done to the environment or human health, following legislation and international initiatives. The Environmental & Sustainability Policy is supplemented by the Code of Conduct, local employee instructions, and the Supplier Code of Conduct.

Our facility in China became ISO 14001 and ISO 9001 certified during 2021, which will contribute to our continued environmental management.

At our assembly facility in Italy, 2021 saw the intense work of a ISO 14001 certification, which we believe will be finalised by Q1 of 2022. The implementation and certification of ISO 14001 requires rigorous processes to manage environmental impacts and measure resource consumption. The learnings from Italy will be shared with other Cavotec facilities to increase collaboration on sustainability aspects. The Italian facility is heated by geothermal energy, and there are solar panels on the roof that covers approximately 20% of the facility's total energy consumption. For our other facilities we will be reviewing the possibility of moving to sustainable energy sources in the upcoming years.



Cavotec Italy's facility with solar panels

Energy and climate change

Cavotec wants to contribute to mitigation and adaptation of climate change not only by providing solutions that have potential benefits but also in our own operations. In 2021, we started our journey to understand our greenhouse gas (GHG) emissions by collecting data for energy use such as

fuels, electricity, and heating as well as business travels. In 2021, ten Cavotec offices including our largest Centre of Excellences reported on their energy use which covers a majority of all full-time employees.

Cavotec is already taking action to reduce our impact from energy use

by investing in renewable energy resources. The Italian Centre of Excellence have geothermal energy and photo-voltaic panels installed. In 2021, 39% of Cavotec's electricity consumption was renewable and 98MWh was sold back to the grid.

Energy consumption	MWh
Fuels (including natural gas, petrol, and diesel)*	84
Electricity**	2,356
Non-renewable electricity	1,448
Renewable electricity***	908
District heating	1,090
Total energy consumption	3,529

* Fuel data collected for 6 out of 13 company cars. We will improve our data collection in the upcoming years.

** Electricity data collected for sites covering 85% of total FTEs, including Cavotec's largest assembly facilities.

*** Represents 39% of Cavotec's total electricity consumption includes both renewable electricity from the national grids and consumed electricity produced by solar panels on the Italian site.

Energy produced and sold	MWh
Sold electricity – renewable*	30
Sold electricity - non- renewable	68
Total	98

* The renewable electricity is generated by solar photovoltaics and the non-renewable from combined heat and power with natural gas as the energy source.

Cavotec commits to continue to monitor our energy use and to improve the data collection by including more Cavotec sites.

Energy use is the primary contributor to greenhouse house emissions from our own operations. The table below presents a breakdown of our GHG emissions according to scopes where scope 1 refers to direct emissions,

scope 2 indirect energy related emissions, and scope 3 indirect emission in the value chain.

During 2022, we will increase our efforts to understand the emissions generated in our value chain as well as the potential avoided emissions that occur when our customers install our products that increase energy efficiency. Cavotec understand the need for comprehensive

data to communicate potential climate benefits. Therefore, we are looking forward to improving our data collection and increase our understanding to be able to substantiate all future environmental claims. To meet future challenges of substantiation green and clean claims, we will together with our customers measure the potential benefits of Cavotec's products.

	GHG-emissions (tCO2e)
Scope 1 (direct emissions) *	243
Scope 2 (indirect energy related emissions) **	976
Scope 3 (indirect emission in the value chain) ***	331
Total	1,550

* Includes emissions for fuel from 6 of 13 company cars as well as fuels for heating offices. Emission factors from DEFRA (2019) have been used.

** Includes electricity use for ten sites and district heating for a German site. Emission factors from the International Energy Association (IEA) have been utilised.

*** Includes electricity use for ten sites and district heating for a German site. Emission factors from DEFRA (2019) have been utilised.

Water Management

Cavotec acknowledges that fresh water is a scarce resource, and we aim to foster responsible water stewardship in all our facilities by monitoring water use and ensure water effluents is treated correctly. Through the development of our first sustainability report, Cavotec have started the journey to understand how and where we interact with water resources. For our own operations, Cavotec's primary use of water is for sanitary purposes and drinking water. However, the geothermal energy for the Italian site utilises water which is controlled regularly and follows all legal requirements. For the 2021 sustainability report we have collected water use and discharge data for five sites covering 71% of all full-time employees.

Biodiversity

According to the Intergovernmental Panel on Biodiversity and Ecosystem services (IPBES) the main drivers of biodiversity loss are climate change, land and sea use change, invasive species, direct exploitation and pollution. Cavotec acknowledges the importance of biodiversity and ecosystem services and aim to reduce our negative impact. We need to further identify the potential potential and actual impact that we may have on biodiversity based on the IPBES key drivers.

Waste Management

Cavotec generates waste on our assembly sites from packaging of parts from suppliers and general waste from the offices. We acknowledge the need for a transition to a circular economy and minimise waste. Our site in China for example, recycles approximately 80% of the total waste. During 2021, we collected waste data for our Centre of Excellences which covers approximately 70% of all full-time employees. Our total amount of waste was 149 tonnes. In upcoming years, we aim to continue to monitor and manage our waste to be able to present more detailed data on generated waste as well as disposal of waste.

We acknowledge the need for us to collaborate with our suppliers to reduce waste and increase circularity which will not only reduce waste but also the need for virgin raw materials. In 2021, 38% of our suppliers had signed the Cavotec Supplier Code of Conduct which promotes environmental responsibility and the precautionary principle. Cavotec aims to increase the collaboration with suppliers regarding both environmental and social sustainability aspects in the upcoming years.

	Volume (megaliters)
Water usage*	56.5
Water discharge	56.4**

* Water data was reported by Cavotec's largest sites that covers 71% of total FTEs.

** In 2021 Cavotec had no water consumption i.e., water used by an organisation such that it is no longer available for use by the ecosystem or local community. The reason for the difference between usage and discharge is due to a national reporting practice for one of our sites where the discharge is reported as 90% of the water use.

MANAGING ENVIRONMENTAL IMPACT IN OUR VALUE CHAIN

During 2021, Cavotec embarked on a journey to understand our value chain's environmental impact. We are convinced that by understanding our potential negative and positive impact, we can co-create better products and processes together with our suppliers and customers that accelerate decarbonisation and competitiveness.

One measure to reach an increased understanding during 2021 was to support a case study evaluating the potential emission reduction efficiency of automatic mooring system and cold ironing in a port in Izmit Bay, Turkey. The case study conducted by the Department of Maritime Transportation and Management Engineering and the Department of Marine Engineering in Istanbul Technical University, found that automatic mooring can significantly reduce emissions of CO₂, NO_x, and PMs. Cavotec are humbled to see an academic article that testify to our product's positive impact and give credit to our purpose. We are looking forward to continuing the collaboration with academia to deepen our own understanding of the how our products can contribute to both accelerating decarbonisation and safety excellence.

Our largest assembly site Cavotec Nova Milanese in Italy also conducted an internally managed simplified life cycle

analysis (LCA) on four of the site's main product families: Azipod, MoorMaster, Motorised Cable Reels, and Alternative Maritime Power (AMP). The LCA was developed in accordance with ISO 14040-14044:2021 on Environmental Management: Life Cycle Assessment (LCA) and identified key activities in our value chain with most significant negative impacts on water, air emissions, soil contamination, noise emissions, and hazardous and non-hazardous wastes. In summary, the results showed that we have the most significant environmental impact in our upstream value chain with special emphasis on foundries and carpentries, which impact all environmental aspects.

Working with suppliers will therefore be key to Cavotec's environmental performance and it is an area that will be addressed in the years to come. For example, steel is one of the primary materials used in our products, which has a considerable environmental impact due to the extraction of iron ore and production of steel. We are keeping an eye on the development of steel produced without the use of fossil fuels and will review suppliers' processes for minimising environmental impact at the time of mining.

Cavotec strongly believes that sustainability will be crucial for all businesses' future competitiveness, and we want to be the natural partner for our customers in meeting stakeholder

expectations, regulations, and internal goals. To collaborate with our customers is another key to Cavotec's environmental performance. By co-creating solutions, we can drive decarbonisation, reduce risks related to water interactions in ports, and identify innovative solutions to reduce biodiversity risks in mining and other industry operations. We are looking forward to embarking on this journey together.

EU TAXONOMY

Cavotec has started to analyse the EU Taxonomy and its requirements, initially by identifying economic activities that could be subject to, or is eligible, for taxonomy alignment. The identified activities are '3.3 Manufacture of low carbon technologies for transport', '3.6 Manufacture of other low carbon technologies' and '6.16 Infrastructure enabling low carbon water transport', whereas the initial analysis indicates that two out of these three activities (activity 3.3 and activity 6.16) fulfill the technical screening criteria for substantial contribution to EU's first sustainability objective climate change mitigation. Further analysis is however required to determine compliance with the remaining criteria for taxonomy alignment, i.e., an analysis of do no significant harm (DNSH) and minimum social safeguards. Cavotec will therefore continue to assess the EU Taxonomy and its requirements during 2022, focusing on the above-mentioned identified activities.



PowerReach charging Vision of the Fjords e-vessel in Norway



Cavotec Service Technician working on-site

Moving forward

Cavotec has accelerated the agenda to improve our sustainability performance, where we are on the journey to develop a cleantech roadmap. This journey will include the recruitment of a dedicated ESG function, updated internal policies, processes, and reporting for the coming year, for us to secure our own transition towards becoming the leading cleantech company. We will put emphasis on

spreading awareness of sustainability throughout the organisation, from the R&D department to our sales staff, to the engineers and service staff on the ground. It is our firm belief that we can thrive as a company, promoting safety excellence, accelerating decarbonisation, and making a mark as a responsible and attractive employer.



About this report

This is the sustainability report for the financial year of 2021(2021.01.01 - 2021.12.31) of Cavotec, company registration number CHE-440.276.616, registered in Lugano, Switzerland. HR data has been collected from all countries of operation. Environmental data has been collected from ten of our countries of operation, and we will work to include all countries in the upcoming years. Greenhouse gases have been calculated in accordance with GHG Protocol, using emission factors from DEFRA (2019) for scope 1 and 3, and IEA (2019) for scope 2.

This material references:

GRI 102: General disclosures (2016), disclosure used: GRI 102-8

GRI 205: Anti-corruption (2016), disclosure used: GRI 205-3

GRI 302: Energy (2016), disclosure used: GRI 302-1

GRI 303: Water and effluents (2018)

GRI 305: Emissions (2016), disclosures used: 305-1, 305-2, 305-3

GRI 401: Employment (2016), disclosure used: 401-1

GRI 404: Training and Education (2016): disclosure used: GRI 404-3

GRI 405: Diversity and equal opportunity (2016), disclosure used: GRI 405-1

For questions about how Cavotec works with sustainability, or this sustainability report, please contact sustainability@cavotec.com

Have Cavotec contact you!

To discuss your specific requirements
for making your operations safer, more
efficient and more sustainable.

Simply book a call at
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Cover picture:
PowerReach installation at Port of Stockholm.