

# REMUNERATION COMMITTEE STATEMENT (AGM 2024)

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

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The current members of the Remuneration Committee in Cavotec SA ("**Cavotec**" or "**Company**") are Keith Svendsen, Patrik Tigerschiöld and Peter Nilsson (Chairman).

Members of the Remuneration Committee are elected annually and individually by the shareholders at the respective Annual General Meeting ("**AGM**"). The Chairman of the Remuneration Committee reports to the full Board of Directors of Cavotec ("**Board**") after each meeting. The minutes of the meetings are made available to the members of the Board. The CEO and the chief human resources officer (CHRO) attend the Remuneration Committee meetings in an advisory function but are excluded from certain discussions. The Remuneration Committee may decide to consult an external advisor on specific remuneration matters.

Starting from the FY2024, following an assessment by Cavotec of its organization (and in particular the internal decision-making process), Cavotec will formally consider not only the CEO to form part of the Company's management team, but also additional members working for the management team of Cavotec who have substantial decision-making power (the "**Management Team**"). For this reason, the Remuneration Report starting from the FY2024 (AGM 2025) will provide additional information not only related to the CEO, but also to the Management Team in accordance with the above-mentioned extended definition.

Any reference to "Management" or "Management Team" limited for the FYs up to and including FY2023 refers thus to the CEO only.

### Remuneration Guidelines for Senior Executives in the Cavotec Group

The remuneration elements for the Management Team consist of four components:

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

#### Base salary

Base salary is the fixed remuneration paid to employees for carrying out their role. It is designed to be attractive and market competitive and is established considering the following factors:

- scope and responsibilities of the role, as well as qualifications and experience required to perform the role, market value of the role in the location in which Cavotec competes for talent
- skills and expertise of the individual in the role

The base salary is paid out to Management Team members in twelve equal monthly cash instalments.

#### Pension benefits

The purpose of pension benefits is to provide security for employees and their dependents in the event of retirement, sickness, inability to work and death. The Management Team members participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans vary according to local market practice and legislation; at a minimum they reflect the statutory requirements of the respective countries. In line with local employment practice for Swiss employees, Management Team's members under Swiss employment contracts are covered by the Company's compulsory occupational pension scheme.

#### Other benefits

In addition, Cavotec aims to provide competitive employee benefits. Benefits are considered from a global perspective, while appropriately reflecting differing local market practices and employment conditions. For the Management Team's members, benefits may include local market benefits such as transportation allowances, health cover, etc. The monetary value of these remuneration elements as disclosed in the remuneration tables is based on the amount paid as well as the best estimate for the amount yet to be paid.

#### Short-Term Incentive Plan ("STIP")

The short-term incentive plan (STIP) is the cash-based element of the variable pay for inter alia the Management Team. Its objective is to:

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

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The current STIP framework was introduced in 2018 to provide a simple, fair and transparent approach.

Plan participants at Group and division level are incentivized based on the achievement of financial performance targets, which are determined by the Board at the beginning of each financial year. The performance targets are defined in line with the year's commitments to contribute to the long-term strategy. They are aligned with business priorities, with the aim of achieving sustainable profitability.

These targets represent commercially sensitive information and are therefore not disclosed.

Payouts under the STIP are calculated based on the achievement level of the respective performance targets, with 100% achievement resulting in 100% payout. For each financial performance target, minimum threshold performance levels, below which there is no payout. Total payout under the STIP can range from 0% to 100% of the target incentive amount.

### **Long-Term Incentive Plan ("LTIP")**

The previously equity based long term incentive plan framework in place, so called 2021-2023 LTIP, has expired in FY2023.

In 2023, the Board established a new equity based long term incentive plan framework called 2023-2025 LTIP ("2023-2025 LTIP"). The 2023-2025 LTIP is a three-year performance share-based incentive plan. The 2023-2025 LTIP rewards the long-term performance between Jan 1, 2023 and Dec 31 2025 (performance period). Its purpose is to foster long-term value creation for the Group by providing the members of the Management Team and other eligible key managers with the possibility:

- to become shareholders or to increase their shareholding in the Company,
- to participate in the future long-term success of Cavotec, and
- to further align the long-term interests of the plan participants with those of the shareholders.

The Management Team, i.e. including the CEO, and a selected number of senior managers are eligible for the 2023-2025 LTIP. The 2023-2025 LTIP grants performance shares to the participants at the beginning of the period as a percentage of the base salary. The individual grants under the 2023-2025 LTIP are determined based on the role and responsibilities, taking into account external market levels.

Awards under the 2023-2025 LTIP are a contingent entitlement to receive Cavotec shares at the end of the three-year performance period (vesting), provided certain performance targets are achieved and subject to continuous employment.

The number of shares that will vest at the end of the performance period depends on the performance of two indicators:

- 35 % of the award is linked to the Total Shareholder Return ("TSR") measured over three years relative to the OMX Nordic Industry – Industrial Index and
- 65% of the award is linked to the Earnings per Share ("EPS").

In case the performance does not reach certain pre-determined thresholds, no Performance Shares will vest under the 2023-2025 LTIP.

EPS targets represent commercially sensitive information and are therefore not disclosed.

### **Employment conditions**

The members of the Management Team are employed under contracts of unlimited duration with a notice period up to a maximum of twelve months. Employment contracts for Management Team members include non-competition agreements not exceeding a period of twelve months following the end of employment.

### **The Remuneration Committee's Evaluation of the Remuneration Guidelines**

Cavotec's remuneration programs are designed to recognize and reward performance, enabling the organization to attract, motivate and retain talented employees who drive performance to ensure both sustained growth and value creation.

The compensation of the Management Team and members of the Board is reviewed on an annual basis to ensure continued alignment with the Group's strategy and market practice.

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

### Remuneration of the Board

The Remuneration Committee is responsible for advising the Board on the remuneration of its members.

The Remuneration Committee suggested that the remuneration for Board members will remain unchanged for the year 2024.

Lugano, 11 April 2024



**Peter Nilsson**

Chairman, Remuneration Committee

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