

# REMUNERATION COMMITTEE STATEMENT 2023

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 Keith Svendsen, Patrik Tigerschiöld and Erik Lautmann (Chairman)

Members of the Remuneration Committee are elected annually and individually by the shareholders at the respective Annual General Meeting. The Chairman of the Remuneration Committee reports to the full Board of Directors of Cavotec SA ("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.

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

The remuneration elements for the Executive Management Team renamed in 2022 Cavotec Management Team ("CMT") consist of four components:

- a) salary
- b) pension and 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 CMT 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 CMT 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, CMT 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 CMT members, benefits may include local market benefits such as transportation allowances, health cover, etc. and, where relevant, international benefits such as tax advisory services, 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 senior executives or key employees. 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

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, as well as maximum performance levels, at which payout is capped at 120%, apply. Linear interpolation is used to calculate the payout between threshold, target and maximum. Total payout under the STIP can range from 0% to 120% of the target incentive amount.

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

In 2019 a new equity based long term incentive plan (LTIP) framework was approved by the AGM.

The LTIP is a three-year performance share-based incentive plan. The current plan, called 2022-2024 LTIP, rewards the long-term performance between Jan 1, 2022 and Dec 31 2024 (performance period). Its purpose is to foster long-term value creation for the Group by providing the members of the CMT 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 CEO, CMT members and a selected number of Senior Managers 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. The individual grants under the LTIP are determined based on the role and responsibilities, taking into account external market levels.

Awards under the 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 LTIP.

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

In December 2019, the Board approved to renew the plan for the period 2020-2022 to reward long-term performance between January 1, 2020 and December 31, 2022 (performance period) with the same terms and condition as the 2019-2021 LTIP.

In December 2020, the Board approved to renew the plan for the period 2021-2023 to reward long-term performance between January 1, 2021 and December 31, 2023 (performance period) with the same terms and condition as the 2019-2021 LTIP.

In December 2021, the Board approved to renew the plan for the period 2022-2024 to reward long-term performance between January 1, 2022 and December 31, 2024 (performance period) with the same terms and condition as the 2019-2021 LTIP.

In February, 2023 the Board approved to renew the plan for the period 2023-2025 to reward long-term performance between January 1, 2023 and December 31, 2025 (performance period). The main difference of this new plan is the removal of the stretch.

### **Employment conditions**

The members of the CMT are employed under contracts of unlimited duration with a notice period up to a maximum of twelve months. Some CMT members are entitled to a 6-month salary payment in case their employment is terminated without good cause. Employment contracts for CMT 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 CMT and members of the Board is reviewed on an annual basis to ensure continued alignment with the Group's strategy and market practice.

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.

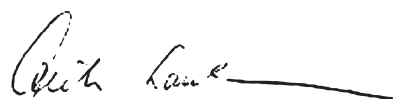
In 2021, the Remuneration Committee has, together with qualified international remuneration consultants, reviewed the remuneration of the CMT to ensure that the remuneration is competitive and in line with the market in comparable companies.

### Remuneration of the Board

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

The Remuneration Committee suggested that the remuneration for Board members will remain unchanged for the year 2023.

Lugano, 26 April 2023



**Erik Lautmann**  
Chairman, Remuneration Committee

**Cavotec SA**

Via G.B. Pioda 14  
CH-6900 Lugano, Switzerland  
+41 91 911 40 10  
[investor@cavotec.com](mailto:investor@cavotec.com)

[www.cavotec.com](http://www.cavotec.com)