Board of Directors of
Meyer Burger Technology AG
Schorenstrasse 39
3645 Thun

Zurich, March 9, 2019

Remuneration at Meyer Burger Technologies Ltd ("MBT")

Dear Ladies and Gentlemen

With this letter, we would like to explain why we voted against the remuneration report of the Board of Directors at the Annual General Meeting in May 2018. However, we would also like to explain why we are calling for an adjustment of the compensation framework for the Board of Directors and the Executive Committee at the Annual General Meeting in May 2019.

At the 2018 Annual General Meeting, the remuneration report for 2017 was rejected. Although this was quite a unique event in the Swiss capital market, the Board of Directors has never publicly commented on the issue of compensation in detail, nor has it entered into a substantiated dialogue with us on this issue. We therefore do not know what the Board of Directors of MBT plans with regards to the remuneration structure in order to comply with the justified wishes of the shareholders and avoid a defeat in this year's vote on the remuneration report. Our last personal contact with members of the Board of Directors and the Management was back in November 2018.

The only action known to us on this subject was a telephone conversation we had with Dr. Vogel and Dr. Richter on October 4, 2018. On this occasion, the two gentlemen asked us how we would respond to an increase in the management's existing fixed salaries. The reason given for a proposed wage increase was that, due to the company's persistent weakness in earnings, it would be difficult to retain good managers if the achievement of bonus targets was unlikely. From our point of view, this question was more than just strange - weak earnings cannot be the reason for an increase in fixed wages, especially since Art. 30 of the Articles of Incorporation provides for performance-related wages. Ultimately, it is quite simple - the compensation must be lower if success is not achieved. The idea of increasing fixed wages because bonuses remain low for lack of profit, on the other hand, is absurd.

In view of the rejection of the remuneration report in 2018, we recommend that the Board of Directors improve the remuneration system in the following areas:

1. **Bonus payments only when the Company achieves earnings**

The board of directors should primarily ask itself how the company can generate sustainable profits. Instead, a great deal of time has been spent in the past creating complicated compensation models that allow high bonuses to be paid despite massive corporate losses. The most recent proposal by the Board of Directors for a peer group comparison is once again not a suitable means of defining compensation. Voting rights consultants such as Ethos have been demanding for years that the bonus system be keyed to actual profits and that bonuses be waived in loss situations. On the contrary, in the company in which the Vice President and Head of the Nomination Committee, Dr. Franz Richter, is CEO (SÜSS MicroTec), there is a transparent performance-related remuneration model that aims at the absolute success of the company.

Bonuses must be based on actual profits and not on peer group comparisons - it is irrelevant to the company and its shareholders how high the profits and losses of comparable companies are. The bonus must be an incentive to increase the actual profit of one's own company. The bonus can only fulfil this function if it is calculated on the basis of the actual profit of the Company itself.

2. **Total remuneration of the Board and Executive Committee in relation to operating performance**

According to section 5.4.14. of zRating's Corporate Governance Rating 2018, the compensation of members of the Board of Directors and of the Executive Committee should be in a reasonable proportion to the operating earnings of the company, namely in relation to EBITDA. zRating recommends a total compensation for the Board of Directors and Executive Committee of up to 3% of EBITDA. Currently, according to zRating, the majority of Swiss companies achieve at least a value of less than 5% - even 50% of small companies are below this figure. For the 2017 financial year, MBT had a ratio of total remuneration of the Board of Directors and Executive Committee to EBITDA of 37.6%: With an EBITDA of

CHF 12.36 million, the remuneration of the Board of Directors and the Executive Committee reached CHF 4.65 million. In comparison, the company SÜSS MicroTec (CEO Dr. Franz Richter) achieved an EBITDA of EUR 18 million and distributed a total remuneration of EUR 1.52 million to the Supervisory Board and Executive Management. This corresponds to 8.4% of the EBITDA.

It is understandable that in the event of a sharp short-term decline in profits, the remuneration of the Board of Directors and the Executive Committee may exceed the benchmark of 5% of EBITDA. At MBT, however, there has been a structural problem for years - the current compensation of CHF 5.88 million for the Board of Directors and the Executive Committee cannot be justified by the profit expected in the medium term.

The estimates of the analysts who track the Company amount to approximately CHF 48 million for the years 2019 to 2022 (average of all EBITDA estimates available to us from UBS, Credit Suisse, and Vontobel for the years 2019 to 2022). 5% of CHF 48 million result in only CHF 2.4 million. The compensation framework defined by the Board of Directors for the Board itself and for the Executive Committee currently amounts to more than twice this figure. CHF 5.88 million is no less than 12.2% of the average annual profit expected in the next four years. This shows that the compensation of the Board of Directors and the Management Board is structurally disproportionate to the EBITDA expected by the analysts. The following questions therefore arise for shareholders:

- Are the analysts wrong and is the Board of Directors assuming a significantly higher sustainable EBITDA of CHF 100 million?

  or

- Are the analysts correct and has the Board of Directors lost track of its own compensation and that of the Executive Committee?

The Board of Directors will have to give its opinion on this issue: It must either disclose which higher EBITDA it expects for the next few years or adjust the compensation to the realistically sustainable earnings level.

CALCULATION:

If the ratio between the maximum total compensation of the Board of Directors and the maximum total compensation of the Executive Committee for the 2019 financial year is used as a benchmark, the ratio is 16.67% of the total compensation for the Board of Directors to 83.33% of the total compensation for the Executive Committee. This results in the following maximum compensation which is based on 5% EBITDA of the analyst consensus for the years 2019-2022 (see above); this year's Annual General Meeting should limit the compensation for 2020 to these amounts:

a) Maximum compensation for the Board of Directors: 16.67% x 5% x CHF 48 million = CHF 400'000
b) Maximum compensation for the Executive Committee: 83.33% x 5% x CHF 48 million = CHF 2'000'000

If the Board of Directors wishes to exceed these amounts, it must provide convincing reasons or demonstrate that profits will increase more strongly than analysts assume. However, the Board of Directors has not presented such evidence. It has, in particular, never presented a business plan to its shareholders since the company was rescued from insolvency in 2016. **If there is no convincing evidence of higher earnings, we will reject the Board of Directors' proposals for compensation.**

3. Share allotment Board of Directors and management - "Skin in the Game" through minimum ownership

According to zRating's Corporate Governance Rating Report 2018 (page 10/11), zRating supports the allocation of blocked shares to the Board of Directors and the Executive Committee, although zRating considers today's common vesting periods of only 3 years to be too short (page 10) to bring about long-term parallel interests of the Board of Directors, management and shareholders.

The "voluntary" blocking periods that are currently possible at MBT are in any case not an adequate means of inducing a commitment. On the contrary, in December 2017 and January 2018 individual members of the Executive Committee sold a significant proportion of their shareholdings close to their highest prices (500'000 shares on December 7, 2017 and 100'000 shares on January 3, 2018) likely in anticipation of the looming deterioration in the course of business. Only a few weeks after these management sales, the company then published a sales and earnings outlook on March 22, 2018 that was well below analysts' estimates, to which the share reacted with massive price reductions.

These processes are particularly disruptive when you consider that the management and the Board of Directors received these shares from the Company without paying anything. Shareholders can therefore expect a minimum level of decency.

According to zRating's Corporate Governance Rating Report 2018 (page 10/11), a simple method to ensure that board and management have "skin in the game" is to request that members of the Board of Directors and the Executive Committee hold a certain minimum number of shares before they are allowed to sell shares.

In such cases, the CEO and other members of the Executive Committee are required to hold three to five times the base salary in shares before they can sell any shares. As a rule, they have 5 years to fill their securities account with shares allocated to them as part of the remuneration. Shares may only be sold if their ownership exceeds this minimum. Such rules are common in 70% of Swiss blue chips companies. In the case of SMI Mid companies, this is the case for almost 40% of the companies.

We demand that managers who receive shares from an employee compensation model must hold three times the value of their base salary in shares before they can sell shares. This provides a real incentive to create long-term and sustainable corporate value.

4. Anti-Hedging Policy

It must never happen again that a member of the Board of Directors or the Executive Committee speculates against his own Company's shares by means of options or other instruments and profits from a fall in the share price. The case of a member of the Board of Directors (whose name has never been revealed) who speculated against his own shares by means of a zero-cost collar in 2015 shows a lack of respect for his own shareholders and his own company. According to a publication on the Six Swiss Exchange website, on 20 November 2015 a member of the Board of Directors realised a gain of CHF 217'625 from the cash settlement of a put option on MBT.

We therefore call on the MBT Board of Directors to immediately introduce an "Anti-Hedging Policy" which prohibits such transactions.

5. Clawback Policy

The SIX Swiss Exchange ("SIX") examines whether listed companies and their executive bodies comply with their obligations under stock exchange law. As zRating aptly points out in point 5.3.14. of the Corporate Governance Rating Report 2018 (page 10/11), managers who violate obligations under stock exchange law damage public shareholders. The shareholders of MBT can confirm this from their own experience. On June 18, 2018, SIX announced in a public announcement that it had filed a sanction petition against MBT, as the Sanction Commission SIX had determined that there had been a breach of the rules in financial reporting. The share price had a strong negative reaction on this news.

In the event of a sanction decision by the SIX Swiss Exchange or a subsequent adjustment ("restatement") of the financial figures, already allocated shares can be retrieved by means of a "clawback policy".

We therefore call upon the Board of Directors of MBT to immediately introduce a clawback policy that allows the Company to reclaim shares that have been allocated to members of the Board of Directors and Executive Committee who violate stock exchange obligations or internal regulations and directives.

We would be grateful if you could inform us by **March 15, 2019** whether you will accept these proposals and which position the Board of Directors will take with regard to remuneration.

Best regards

Anton Karl
Sentis Capital PCC

Mark Kerekes
Sentis Capital PCC

PS: A copy of this letter will be sent to the designated candidates for the Board of Directors of MBT for election at the Annual General Meeting.