

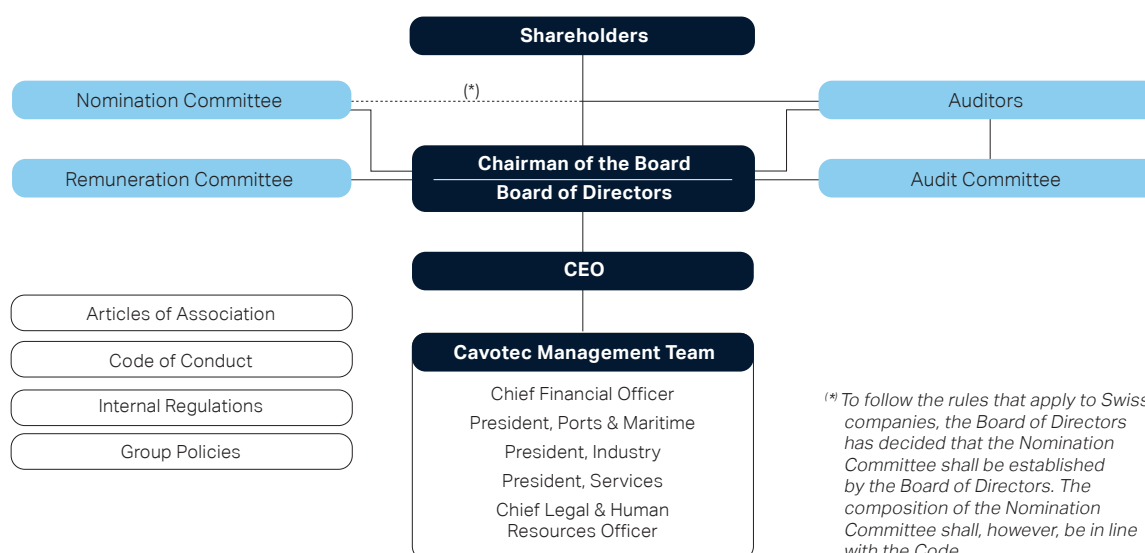
CORPORATE GOVERNANCE REPORT 2023

Since Cavotec is a Swiss company listed on Nasdaq Stockholm, the corporate governance of Cavotec is based on Swiss and Swedish rules and regulations, such as the Swiss Code of Obligations (the "CO") and the Swedish Code of Corporate Governance (Sw. Svensk kod för bolagsstyrning) (the "Code"). This corporate governance report reflects the changes occurred with the Swiss corporate law reform that came into force on 1 January 2023. The new provisions of the CO implement, inter alia, the previous regulations of the Minder Ordinance.

The Swedish code of Corporate Governance

Swedish companies with shares admitted to trading on a regulated market in Sweden, including Nasdaq Stockholm, are subject to the Code. The Code is a codification of best practices for Swedish listed companies based on Swedish practices and circumstances. Cavotec has decided to apply the Code, however, the Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the so-called "comply or explain principle"). Deviations that the Company is aware of have, as far as possible, been explained in the Company's corporate governance report.

CAVOTEC CORPORATE GOVERNANCE STRUCTURE



Shareholders' meetings

General

Shareholders' rights to resolve on company matters are exercised at shareholders' meetings. An ordinary shareholders' meeting is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors. Extraordinary shareholders' meetings may be called by the Board of Directors, the liquidators or the auditors as often as necessary to safeguard the interests of the Company. Shareholders' meetings are held at the domicile of the Company or at such other place in Switzerland as the Board of Directors shall determine. The shareholders' meetings, deviating from the Code, will be held in English and information and material will be available in English only. This is in accordance with an exemption granted by the Swedish Financial Supervisory Authority. The minutes of shareholders' meetings, and the election results with details of the exact the percentage of votes for and against containing the resolutions and the election results with details of the exact percentage of votes for and against, will be published on the Company's website within 15 days following the general meeting.

Right to attend shareholders' meetings

All shareholders who are registered directly in Euroclear Sweden's and SIX SIS's share registers on the record date, as applicable, and who notify the Company of their intention to attend the shareholders' meeting at the latest by the date specified in the convening letter, shall be entitled to attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may usually register for shareholders' meetings in several different ways, which are described in the Notice of meeting (the "Notice of Meeting").

Notice of shareholders' meetings and shareholder initiatives

The Notice of Meeting is given by means of a publication in the Swiss Commercial Gazette or by letter to the shareholders of record as well as through a press release. Between the day of the publication or the mailing of the notice and the day of the meeting there must be a time period of not less than 20 calendar days. The notice of the shareholders' meeting must indicate the agenda and the motions. The notice of the shareholders' meeting must indicate in particular the agenda items to be discussed, the motions of the board of directors together with a short explanation, and, if applicable, the shareholders' motions together with a short explanation. The notice will also be published on the Company's website. At the time of the notice, the Company may publish in Svenska Dagbladet an announcement with information that the notice has been issued. The notice will also be published on the Company's website. At the time of the notice, the Company may publish in Svenska Dagbladet an announcement with information that the notice has been issued.

Shareholders may request that items be placed on the agenda of a meeting convened by the Board of Directors, provided they together hold at least 0.5 per cent of the share capital or of the votes.

Stating the purpose of the meeting and the agenda to be submitted, one or more shareholders representing at least five per cent of the share capital or the votes may request the Board of Directors, in writing to call an extraordinary shareholders' meeting. In such case, the Board of Directors must call a shareholders' meeting within two weeks.

Nomination Process

The process for the nomination of Board members for Cavotec is construed in light of the Code, while still respecting Swiss laws and regulations applicable to a Swiss company. The ultimate goal has been to adopt a Nomination Process that is open and transparent to all shareholders and stakeholders.

The Nomination Committee shall be a committee established by the Board of Directors of Cavotec. This is in line with Swiss law but will constitute a deviation from the Code that prescribes that the Nomination Committee shall be determined by the shareholders. To follow the rules that apply to Swiss companies, the Board of Directors has decided that the Nomination Committee shall be established by the Board of Directors. The composition of the Nomination Committee shall, however, be in line with the Code. The Nomination Committee shall ensure that the company has a formal and transparent method for the nomination and appointment of Board members. The objectives of the Nomination Committee are to regularly review and, when appropriate, recommend changes to the composition of the Board of Directors to ensure that the company has, and maintains, the right composition of Board members to effectively govern and provide guidance to business, and identify and recommend to the Board of Directors individuals for nomination as members of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Board members, as well as the diversity of the Board).

From October 18, 2022 the Nomination Committee members are Henrik Blomquist (representing Bure Equity AB), Per Colleen, who represents TomEq Private (Thomas von Koch), Thomas Ehlin (representing The Fourth Swedish National Pension Fund – AP4), and Patrik Tigerschiöld (Chairman of Cavotec's Board of Directors).

In October 2022 the Committee began preparing a proposal for the Board of Directors to be submitted to the Annual General Meeting 2023.

According to Art.13 of the current Articles of Association, as well as according to Art. 710 para 1 CO, the directors are elected each year to hold office until the following annual shareholders' meeting. Directors may be re-elected.

It is proposed that the Annual General Meeting in Lugano is to be chaired by Patrik Tigerschiöld, Chairman of the Board.

Patrik Tigerschiöld, Niklas Edling, Annette Kumlien and Keith Svendsen stand for re-election.

Erik Lautmann does not stand for re-election.

The Nomination Committee proposes Patrik Tigerschiöld, Niklas Edling, Annette Kumlien and Keith Svendsen to be re-elected as Directors for a further one-year term of office expiring at the Annual General Meeting to be held in 2024.

The Nomination Committee proposes to elect Peter Nilsson as new board member one-year term of office expiring at the Annual General Meeting to be held in 2024.

The Nomination Committee furthermore proposes to nominate Patrik Tigerschiöld as Chairman of the Board of Directors.

With respect to the requirements in the Swedish Corporate Governance Code (the Code) that a majority of the directors elected by the shareholders' meeting are to be independent of the company and its executive management and that at least two of this majority also are to be independent in relation to the company's major shareholders, the Nomination Committee has carried out the following assessment:

Annette Kumlien, Niklas Edling, Patrik Tigerschiöld, Keith Svendsen and Peter Nilsson are all independent of the company and its executive management.

Annette Kumlien, Niklas Edling, Keith Svendsen and Peter Nilsson are all also independent in relation to the company's major shareholders.

The Nomination Committee therefore concludes that all requirements of director independence as set out in the Code are met.

Shareholders representing more than 40 per cent of the votes support the above-mentioned proposals made by the Nomination Committee.

Finally, and in accordance to Art. 698 para 3 and 733 CO n and with the Internal Regulations, the Nomination Committee proposes to elect the following Board members to be part of the Remuneration Committee for the year 2023/2024:

- Peter Nilsson
- Patrik Tigerschiöld
- Keith Svendsen

With respect to the requirements in the Code that all members of the Remuneration Committee, apart from the chairman of the Remuneration Committee, are to be independent of the company and its executive management, the Nomination Committee has come to the conclusion that all candidates proposed by the Board of Directors are independent of the company and its executive management.

External auditor

At the Annual General Meeting 2022 the Nomination Committee will also propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Annual General Meeting 2023. Efram Dell'Era is the auditor in charge.

The Board of Directors

The composition of the Board of Directors is set out in section "Board of Directors" in the Cavotec Annual Report and the members of the Board are elected for the period until the end of the next Annual meeting of shareholders. The Board of Directors constitutes itself, but the Chairman of the Board of Directors is elected by the shareholders' meeting as set out in the Articles of Association and by Swiss law. The members of the Nomination Committee and the Audit Committee, as well as the respective Chairmen, are elected from and by the Board members. The Board of Directors has a Company Secretary that has the duties and competencies set out by Swiss law. Furthermore, the Secretary assists the Board, the Chairman and the Committees, to co-ordinate and fulfil their duties and assignments in accordance with the Board of Directors Internal Regulations (comparable to rules of procedures and adopted by the Board of Directors).

The Board of Directors is entrusted with the overall management of the Company, as well as with the supervision and control of the management. The Board of Directors is the ultimate executive body of the Company and shall determine the principles of the business strategy and policies. The Board of Directors shall exercise its function as required by law, the Articles of Association and the Board of Directors' Internal Regulations. The Board shall be authorised to pass resolutions on all matters that are not reserved to the general meeting of shareholders or to other executive bodies by applicable law, the Articles of Association or the Internal Regulations.

By Swiss law, the Board of Directors has in particular the following non-transferable and inalienable duties:

- a) the overall management of the company and issuing the required directives;
- b) to determine the Company's organization;
- c) organising the accounting, financial control and financial planning systems as required for management of the company;
- d) appointing and dismissing persons entrusted with managing and representing the company;
- e) overall supervision of the persons entrusted with managing the company, in particular with regard to compliance with the law, articles of association, operational regulations and directives;
- f) compiling the annual report, preparing for the general meeting and implementing its resolutions, including interim published reports and determination of the accounting standard;
- g) filing an application for a debt restructuring moratorium and notifying the court in the event that the company is overindebted;
- h) preparing the remuneration report.

By Swiss law, the Board of Directors also has in particular the following non-transferable responsibilities: (i) decision pursuant to art. 653e CO (preparation of the capital increase report); (ii) decisions in connection with capital increases pursuant to art. 652g, 653g, 653i (acknowledgement of capital increase); (iii) decision pursuant to art. 653o (acknowledgement of capital reduction); (iv) decisions pursuant to art. 634b I CO (require outstanding contributions on shares not fully paid in); (v) to monitor the solvency of the company and to take all actions within the meaning of art. 725, 725a and 725b; and (vi) specific resolutions pursuant to the Swiss Merger Act.

The Board of Directors held seven ordinary Board meetings and six extraordinary Board meetings for Cavotec SA in 2022



BOARD AND COMMITTEE MEETINGS IN CAVOTEC SA IN 2022

	Board		Audit		Remuneration		Nomination	
	Held (ordinary and extraordinary)	Attended	Held	Attended	Held	Attended	Held (including via circular resolution)	Attended
Henrik Blomquist							3	3
Fabio Cannavale	6	6						
Peer Colleen							3	1
Niklas Edling	13	12	11	11				
Thomas Ehlin							3	3
Keith Svedsen	13	11			4	3		
Annette Kumlien	13	13	11	11				
Erik Lautmann	13	13			4	4		
Claes Murander							3	3
Patrik Tigerschiöld	13	12	11	11	4	4	3	3

Board Committees

The Board of Directors currently has two Board committees, the Nomination Committee and the Audit Committee. Furthermore, the shareholders' meeting has constituted a Remuneration Committee, in accordance with Swiss law. The composition and tasks of the Board's Committees are regulated in the Board of Directors' Internal Regulations. The composition and tasks of the Remuneration Committee are regulated in the Articles of Association as well as in the Board of Directors' Internal Regulations. Below is a brief description of the Committees as per the current Internal Regulations (which are continuously reviewed and if deemed appropriate by the Board of Directors amended). The shareholder can request to the board of directors to issue information in writing or electronically concerning the organisation of the business management.

Nomination Committee

The Nomination Committee shall be a committee established by the Board of Directors of the Company. This is in line with Swiss law but will constitute a deviation from the Code that prescribes that the Nomination Committee shall be determined by the shareholders. To follow the rules that apply to Swiss companies the Board of Directors has decided that the Nomination Committee shall be established by the Board of Directors. The composition of the Nomination Committee shall however be in line with the Code.

The Nomination Committee shall ensure that the Company has a formal and transparent method for the nomination and appointment of Board members. The objectives of the Nomination Committee are to regularly review and, when appropriate, recommend changes to the composition of the Board of Directors to ensure that the Company has, and maintains, the right composition of Board members to effectively govern and provide guidance to business, and identify and recommend to the Board of Directors individuals for nomination as members of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgment and the ability to work with other Board members).

From October 18, 2022 the Nomination Committee members are Henrik Blomquist (representing Bure Equity AB), Per Colleen, who represents TomEq Private (Thomas von Koch), Thomas Ehlin (representing The Fourth Swedish National Pension Fund – AP4), and Patrik Tigerschiöld (Chairman of Cavotec's Board of Directors).

Audit Committee

The objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relative to financial reporting and regulatory compliance. Members of the Audit Committee shall exclusively comprise of members of the Board appointed by the Board in accordance with the Code. The Audit Committee will comprise of not less than three members with a majority to be Independent Directors of the Board. One member must have a financial or accounting background.

The Audit Committee of Cavotec SA is involved in a wide range of activities including inter alia, the review of all quarterly, half - yearly and annual financial statements prior to their approval by the Board and release to the public. The Committee has periodic contact with the external auditors, PricewaterhouseCoopers, through the PwC engagement partner responsible for the Audit and through the principal engagement manager, to review any unusual matters and the effect of new accounting pronouncements. As a matter of policy, the Audit Committee meets with the PwC engagement partner without the presence of Management at least once every year. Further, the Committee reviews the annual audit plan, as prepared by the external auditors, including the adequacy of the scopes of the audits proposed for the principal locations and the proposed audit fees. The engagement of the Auditors for non-audit services of significance is approved in advance by the Audit Committee.

At least once every year Management gives a presentation to the Audit Committee on the risk profile of the Group and on the procedures in place for the management of Risk. Risks related to the potential impairment of assets and the related provisions required for financial exposures are reviewed and discussed with Management at least once a year, normally in conjunction with the third quarter closing.

The Audit Committee of Cavotec SA met eleven times in 2022.

The current members of Audit Committee are Annette Kumlien (Chairwoman), Patrik Tigerschiöld and Niklas Edling.

Remuneration Committee

The main purpose of the Remuneration Committee is to act as remuneration committee pursuant to Swiss law against excessive compensation with respect to listed corporations. The Remuneration Committee has in particular the following duties and responsibilities:

1. Reviewing and advising the Board of Directors on the terms of appointment of the CEO;
2. Reviewing working environments and succession planning for members of the Management;

3. Reviewing the terms of the employment arrangements with members of the Management, as well as to develop consistent group employment practices subject to regional differences;
4. Reviewing of and making proposals to the Board of Directors on the remuneration of the members of the Board of Directors and of the Chief Executive Officer;
5. Reviewing the terms of the Company's short and long term incentive plans;
6. Submission of a draft of the remuneration report to the Board of Directors.

The current members of the Remuneration Committee in Cavotec SA are Erik Lautmann (Chairman), Keith Svendsen and Patrik Tigerschiöld.

In accordance to Art. 698 para 3 and 733 CO and with the Internal Regulations, the Nomination Committee proposes to elect the following Board members to be part of the Remuneration Committee for the year 2023/2024: Keith Svendsen, Patrik Tigerschiöld and Peter Nilsson.

The Remuneration Committee of Cavotec SA met four times in 2022.

Cavotec Management Team – CMT

The CMT is selected by the CEO and as of December 31, 2022 consists of seven members, combining Cavotec's senior operational and corporate functions. The CMT fulfils the Group Management role – empowered by the CEO – and ensures efficient implementation of strategic decisions into Cavotec's global organisation and leads local management on key operational issues. The CEO, defines and implements operational strategy, policies, technical and commercial developments, as well as new acquisitions in line with targets set by the Cavotec's Board of Directors. Cavotec's operational structure is reasonably fat in order to ensure that the Group's operations and decision-making processes are efficient and responsive. Strategic, Group-related operations are the responsibility of the CEO with the support of the CMT. All material decisions within the day-to-day operations of the Company are taken by the CEO.

Remuneration and incentive plans

Remuneration of the Board of Directors

The yearly shareholders' meeting prospectively approves the total maximum aggregate remuneration for the Board of Directors for the following business year. The remuneration to the members of the Board of Directors in Cavotec SA, is then, in deviation from the Code, resolved by the Board of Directors as set out in the Articles of Association, upon proposal of the Remuneration Committee. In addition, Board members may receive remuneration for consultancy services provided to the Company. None of the members of the Board of Directors are entitled to any benefits when resigning from the Board, in their capacity as Board members. However, Board members may be entitled to benefits according to employment or consultancy agreements that will continue even if the Board member would resign as Board member. The yearly shareholders' meeting approves with a non-binding consultative vote the Remuneration Report.

Remuneration for FY 2022 in EUR	Board fees	Social Security Contributions	Pension	Consultancy	Total 2022	Total 2021
Fabio Cannavale	-	-	-	-	-	40,000
Niklas Edling	40,000	1,400	2,120	-	43,520	41,313
Annette Kumlien	45,000	1,575	2,385	-	48,960	49,035
Erik Lautmann	45,000	711	2,385	-	48,096	47,323
Keith Svendsen	40,000	1,400	2,120	-	43,520	22,245
Patrik Tigerschiöld (Chairman)	95,000	3,325	5,035	-	103,360	103,509
Total remuneration	265,000	8,411	14,045	-	287,456	303,426

Remuneration for FY 2022 in CHF	Board fees	Social Security Contributions	Pension	Consultancy	Total 2022	Total 2021
Fabio Cannavale	-	-	-	-	-	42,646
Niklas Edling	40,188	1,407	2,130	-	43,725	44,046
Annette Kumlien	45,212	1,582	2,396	-	49,191	52,279
Erik Lautmann	45,212	714	2,396	-	48,323	50,454
Keith Svendsen	40,188	1,407	2,130	-	43,725	23,717
Patrik Tigerschiöld (Chairman)	95,447	3,341	5,059	-	103,847	110,357
Total remuneration	266,248	8,451	14,111	-	288,810	323,499

CHF/EUR exchange rate 1.0047093

Remuneration of the CEO

Amounts for FY 2022 in EUR	Base Salary	Short-term Incentive Plan ⁽¹⁾	Long-term Incentive Plan ⁽²⁾	Benefits in kind ⁽³⁾	Social Security, Insurance and Pension Contributions ⁽⁴⁾	Total 2022	Total 2021
Mikael Norin	788,306	-	-	1,427,239	219,051	2,434,596	1,066,630
David Pagels	321,938	-	-	9,783	218,372	550,093	-

Amounts for FY 2022 in CHF	Base Salary	Short-term Incentive Plan ⁽¹⁾	Long-term Incentive Plan ⁽²⁾	Benefits in kind ⁽³⁾	Social Security, Insurance and Pension Contributions ⁽⁴⁾	Total 2022	Total 2021
Mikael Norin	792,018	-	-	1,433,960	220,083	2,446,061	1,137,194
David Pagels	323,454	-	-	9,829	219,400	552,683	-

CHF/EUR exchange rate 1.0047093

⁽¹⁾ As the objectives of the 2022 STIP were not achieved, there is no payout in 2023 for FY 2022.

⁽²⁾ As the objectives of the 2020-2022 LTIP were not achieved, no shares to vest in 2023.

⁽³⁾ Allowances (Child, school fees, health insurance and transportation, non-competition agreements).

⁽⁴⁾ Pension contribution to the CEO has been made both in form of cash and defined contribution payments.

Principles

Please refer to the Remuneration Committee statement.

Internal Control System (ICS)

The internal control function has been embedded in the finance organisation. This task is performed by Group Finance, that together with the local entity's finance department and the Legal Compliance officer is responsible for ensuring that the necessary controls are performed along with adequate monitoring. Internal controls comprise the control of the Company's and Group's organisation, procedures and remedial measures. The objective is to ensure reliable and correct financial reporting, and to ensure that the Company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the Company's and Group's policies, principles and instructions. In addition, the control system monitors security for the Company assets and monitors that the Company's resources are exploited in a cost-effective and adequate manner. Internal control also involves following up on the implemented information and business system, and risk analysis.

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