

Cavotec's Nomination Committee proposals to the Board of Directors for the Annual General Meeting 2019 and motivated opinion regarding the proposals



Amsterdam, The Netherlands

Nomination process

The process for the nomination of Board members for Cavotec is construed in the light of the Swedish Corporate Governance Code ("the Code"), while still respecting the 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 is a committee established by the Board of Directors of Cavotec. This is in line with Swiss law but constitutes 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 be established by the Board of Directors. The composition of the Nomination Committee is, however, in line with the Code. The Nomination Committee ensures that the company has a formal and transparent method for the nomination and appointment of Board members. The objective of the Nomination Committee is 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 of Directors).

The Board of Directors has decided that the four largest shareholders and the Chairman of Cavotec's Board of Directors shall be represented in the Nomination Committee. Upon nomination from the four largest shareholders, the Board of Directors has appointed the following representatives to the Nomination Committee:

- Henrik Blomquist, who represents Bure Equity AB (Chairman of the Nomination Committee)
- Thomas Ehlin, who represents The Fourth Swedish National Pension Fund (AP4)
- Fabio Cannavale, who represents Nomina SA
- Stefan Widegren, who represents the Founding Shareholders (Stefan Widegren, Lars Hellman and Peter Brandel with families)
- Patrik Tigerschiöld, Chairman of Cavotec's Board of Directors

An evaluation of the work performed by the Board of Directors was completed in October 2018. In November 2018 the Committee began preparing a proposal for the Board of Directors to be submitted to the Annual General Meeting on May 10th, 2019.

After having been approved and by the Board of Directors on April 1st, 2019 the final proposal is defined as follows:

According to Art.13 of Cavotec's Articles of Association, as well as according to Art.3 of the Federal Ordinance on Excessive Compensation, the directors are elected each year to hold office until the following Annual General Meeting. Directors may be re-elected.

It is proposed that the Annual General Meeting in Lugano on May 10th, 2019 be chaired by Patrik Tigerschiöld.

It is proposed that the Board of Directors consist of 6 (six) members.

Fabio Cannavale, Erik Lautmann, Patrik Tigerschiöld and Roberto Italia stand for re-election. Heléne Mellquist and Helena Thrap-Olsen do not stand for re-election.

The Board of Directors proposes Fabio Cannavale, Erik Lautmann, Roberto Italia and Patrik Tigerschiöld to be re-elected as Directors for a further one-year term of office expiring at the Annual General Meeting to be held in 2020.

The Board of Directors proposes to elect Annette Kumlien and Niklas Edling to the Board of Directors.

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

Niklas Edling, born in 1963 and a Swedish citizen, holds since 2013 a position as SVP Strategy & Portfolio Management at Mycronic, where he also during the period 2010-2015 was SVP Operations. He has previously worked as VP Operations at Hudson RCI, Managing Director at Kiewglass and Production and Site Manager at Rökspecialisten. Niklas holds a M.Sc. in Mechanical Engineering from Royal Institute of Technology, Stockholm and a B.Sc. of Economics and Business Administration from Stockholm School of Economics.

Annette Kumlien, born in 1965 and a Swedish citizen, is an advisor for strategic projects for the Diaverum group, where she during 2007-2019 was CFO and later SVP and COO with focus on driving organic growth and operational excellence. She has previously worked as SVP and CFO for Höganäs, Pergo, Perstorp Holding and Sandvik. Annette holds a Bachelor of Business Administration from Stockholm School of Economics.

Detailed information regarding the re-elected board members is available on the company's website, ir.cavotec.com.

With respect to the requirements in the Code, the Nomination Committee has carried out the following assessment: Fabio Cannavale, Roberto Italia, Erik Lautmann, Annette Kumlien, Niklas Edling and Patrik Tigerschiöld are all independent of the company and its executive management. Roberto Italia, Erik Lautmann, Annette Kumlien and Niklas Edling are all also independent in relation to the company's major shareholders. The Nomination Committee and the Board of Directors therefore conclude 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 Board of Directors.

The work of the Nomination Committee

The members of the Nomination Committee have established that there are no conflicts of interest in respect of the work in the Nomination Committee. The Nomination Committee has held three meetings, for which minutes have been kept. In addition, there has been continuous contact between the members. The Nomination Committee has also assisted in the recruitment of the new board members Niklas Edling and Annette Kumlien, who are proposed for election at the Annual General Meeting on May 10th 2019. The Nomination Committee has reviewed all matters that the Nomination Committee is to review according to Cavotec's Internal Regulations, including (a) the Board of Directors' competence and ability in relation to Cavotec's operations and development, (b) the size of the Board of Directors, (c) the composition of the Board of Directors with respect to the board members' experience, gender and background, as well as (d) how the Nomination Committee shall be appointed, as applicable.

Motivated statement

As a part of its work, the Nomination Committee has held interviews with the current board members, and have reviewed the board evaluation questionnaire, prepared by the Chairman of the Board of Directors and answered by the members of the board. Based on this information, the Nomination Committee discussed the requirements for the composition of the Board of Directors and considered factors such as competence, experience and background of the members as well as the size of the Board of Directors. The Nomination Committee has noted that it is especially important that the members give the Board of Directors versatility and breadth, and that the Board of Directors has an even gender distribution. The Nomination Committee has applied 4.1 in the Swedish Code of Corporate Governance as diversity policy. In the light of the aforementioned discussions, the Nomination Committee decided to propose Niklas Edling and Annette Kumlien for new election as board members. The candidates provide the Board of Directors with broad anchoring with the shareholders as well as considerable additional competence within higher education, leadership and financial analysis. The Nomination Committee and the Board of Directors are of the opinion that the proposed board has an appropriate composition and is suitable considering the company's operations, development stage and circumstances in general.

Remuneration Committee

Finally, and in accordance to Art. 7 of the Federal Ordinance on Excessive Compensation and with the Internal Regulations, the Board of Directors proposes to elect the following Board members to be part of the Remuneration Committee for the year 2019/2020:

Erik Lautmann
Patrik Tigerschiöld
Fabio Cannavale

The Nomination Committee and the Board of Directors have come to the conclusion that all candidates proposed by the Board of Directors are independent of the company and its executive management and that the requirements in the Code have been fulfilled.

External auditor

At the Annual General Meeting on May 10th, 2019 the Board of Directors will also propose to re-elect PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Annual General Meeting 2020. Efrem Dell'Era is the auditor in charge.

Lugano, April 2019



Henrik Blomquist

Chairman, Nomination Committee

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