

Cavotec's Nomination Committee proposals to the Board of Directors for the Annual General Meeting 2020 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 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 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 November 15, 2019 the Nomination Committee members are:

- Henrik Blomquist, representing Bure Equity AB
- Fabio Cannavale, representing Nomina SA
- Stefan Widegren, representing the Founding Shareholders
- Thomas Ehlin, representing The Fourth Swedish National Pension Fund
- Patrik Tigerschiöld, Chairman of Cavotec's Board of Directors

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

After having received the support and approval by the Board, the Nomination Committee defined its final proposal as follows:

According to Art.13 of the current 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 shareholders' meeting. Directors may be re-elected.

It is proposed that the Annual General Meeting in Lugano is to be chaired by Roberto Italia.

Fabio Cannavale, Erik Lautmann, Patrik Tigerschiöld, Roberto Italia, Niklas Edling and Annette Kumlien stand for re-election.

The Nomination Committee proposes Fabio Cannavale, Erik Lautmann, Patrik Tigerschiöld, Roberto Italia, Niklas Edling and Annette Kumlien to be re-elected as Directors for a further one-year term of office expiring at the Annual General Meeting to be held in 2021.

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:

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 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. 7 of the Federal Ordinance on Excessive Compensation 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 2020/2021:

- Erik Lautmann
- Patrik Tigerschiöld
- Fabio Cannavale

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 2020 the Nomination Committee will also propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Annual General Meeting 2020. Efrem 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. 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 fulfill 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 ultimate 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.

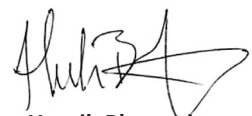
By Swiss law, the Board of Directors has the following non-transferable and inalienable duties:

- a) The determination of the strategy of the Company and the Group and the issuance of the necessary directives;
- b) The establishment of a framework of the organisation;
- c) The basic structuring of the accounting system, of a system of internal financial controls, and of the financial planning;
- d) The approval of the appointment (and suspension) of the officers entrusted with the management of the Company or with its representation;
- e) The supervision of management, in particular in relation to compliance with the law, the Articles and corporate regulations, charters and directives;
- f) Decisions on the business report consisting of the annual financial statements, the annual report, and consolidated financial statements including interim published reports and determination of the accounting standard;
- g) The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
- h) Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a CO).
- i) Preparation of the compensation report.

By Swiss law, the Board of Directors also has the following non-transferable responsibilities: Decisions in connection with capital increases pursuant to art. 651a, 652g, 653g CO (acknowledgement of capital increase) and art. 651 IV CO (increase of share capital in the case of authorised capital); decisions pursuant to art. 634a I CO (shares not fully paid in) and resolutions pursuant to the Swiss Merger Act.

The Board of Directors held eleven Board meetings for Cavotec SA in 2019.

Lugano, April 2020



Henrik Blomquist

Chairman, Nomination Committee

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