

# Insider Policy



Stockholm, Sweden

## Insider Policy

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*This document shall only be used as general guidance and for information purposes only. Authoritative advice should be sought in each specific case if you have questions regarding potential insider problems. The regulations either constantly change or, in the case of the Market Abuse Act, constitute criminal offences, and thus it is important to understand that these are only general guidelines and one should always consult the actual regulations before taking any actions. It must also be remembered that references to documents, forms and web sites may become obsolete, and one should always consult the applicable sources to make sure that the information is correct.*

Until 2016 the foundation of the Swedish insider legislation was mainly constituted by two statutes; the Financial Instruments Trading (Market Abuse Penalties) Act (2005:377), (the “**Market Abuse Act**”) and the Act concerning Reporting Obligations for Certain Holdings of Financial Instruments (2000:1087), (the “**Reporting Act**”). The former is a criminal statute dealing with various forms of insider offences that will be prosecuted by a public prosecutor if an offence is suspected, whereas the latter covered reporting obligations for statutory insiders and listed companies and non-compliance is subject to administrative sanctions imposed by the Swedish Financial Supervisory Authority (the “SFSA”). On the 3rd of July 2016 the Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse (MAR) entered into force and become directly applicable in Swedish law. The rules governing the reporting obligation for insiders as per the “Reporting Act” (2000:1087) concerning Reporting Obligations for Certain Holdings of Financial Instruments (ROCHF), in addition to certain issuers’ obligation to keep an insider list, have been replaced in the aforementioned Act with references to Article 18 (Insider lists) and Article 19 (Managers’ transactions) in MAR.

The regulations apply to a stock market company (a company whose shares are admitted to trading on a regulated market) hereinafter referred to as the Company.

The description below should only be seen as an overview and introduction to the legislation. Regarding the Market Abuse Act, all terms used below are defined in the original acts (in Swedish) and unofficial, translated versions of the terms are used in this document. In the event of uncertainty whether an action or omission is in compliance with the legislation, legal expertise should always be consulted.

**It is important to note that the Market Abuse Act and the Market Abuse Regulation apply in parallel and are not mutually exclusive.**

### THE MARKET ABUSE ACT

The prohibitions in the Market Abuse Act apply to all persons, regardless of whether they are working at the Company or not. The act delineates the boundaries for trading in securities in respect of which a person is in possession of insider information. The act is a criminal statute and has sanctions ranging from fines to several years imprisonment.

*Insider information* is information regarding a circumstance which has not been made public or which is not generally known and is likely to materially affect the price of financial instruments. The Market Abuse Act mainly deals with three different offences: insider dealing, unlawful disclosure of insider information, and market manipulation.

*Insider dealing* is committed if a person receives insider information and then on his or her own behalf or on behalf of any third party, through trading on the securities market, acquires or sells such financial instruments to which the information relates. The offence of negligent insider activities is committed if a person receives insider information and then negligently on his or her own behalf or on behalf of any third party, through trading on the securities market, acquires or sells such financial instruments to which the information relates.

*Unlawful disclosure of insider information* is an offence that is committed if a person intentionally discloses information which he or she realises or should realise constitutes insider information. The act contains an exception if the disclosure occurs as a normal part of the performance of a service, activities or obligations.

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*Market manipulation* relates to the situation where a person who, either in conjunction with trading on the securities market or otherwise, acts in a manner which the person realises is likely to manipulate the market price or other terms and conditions in respect of trading in financial instruments or to otherwise mislead purchasers or sellers of such instruments. For an excerpt of the Market Abuse Act containing the relevant sections for the above text, please refer to **Appendix 1**.

### MARKET ABUSE REGULATION (MAR) – EU NO. 596/2014

#### INSIDERS LIST (LOGBOOK)

According to Article 18 of MAR, a Company is required to maintain a logbook of persons who are working for the Company as employees or consultants and who have access to insider information concerning the Company. This includes Persons Discharging Managerial Responsibilities (PDMR – previously known in the Reporting Act as Insider persons) but also other persons who have insider information without meeting the requirements for being PDMRs. This is an obligation for the Company to include persons in the logbook that de facto have access to insider information: issuers or any person acting on their behalf or on their account must take all reasonable steps to ensure that any persons on the insider list acknowledge in writing the duties entailed and are aware of the sanctions related to insider regulation. For every project-specific acknowledgement it is sufficient that the insider acknowledges the duties once, after which a reference to the duties and sanctions will suffice. Issuers or a person acting on their behalf or on their account must ensure that the insider list include only details of individuals having access to such particular inside information (a project-specific insider list).

Issuers or a person acting on their behalf or on their account may, in addition to a project-specific insider list, draw up a supplementary section on permanent insiders. Maintenance of a permanent insider list is voluntary. The permanent insiders section is to include only information on persons who have access at all times to all inside information within the company.

According to Annex I of the Commission Implementing Regulation, a project-specific insider list must contain the following information:

- First name(s) and surname of the insider and birth surname(s) of the insider if different from the present surname
- Professional telephone number(s) of the insider, incl. work direct telephone line and work mobile numbers
- Name and address of the issuer
- Function of the insider and reason for being insider
- Date and time at which a person obtained access to inside information
- Date and time at which a person ceased to have access to inside information
- Date of birth of the insider
- National Identification Number of the insider (if applicable)
- Personal telephone numbers of the insider (personal mobile telephone number and any other home number)
- Personal full home address of the insider (street name and number, post code, locality and country)

Persons included in the logbook shall be informed by the Company in writing about what this involves when they are entered into the logbook. The logbook shall be continuously updated by the Company and saved for at least five years from the date when it was created or five years from the date when it was updated.

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### PDMR AND REPORTING REQUIREMENTS

The Market Abuse Regulation (Art. 19) obliges issuers' managers and persons closely associated with them to notify the issuer and SFSA (*Finansinspektionen*) of their transactions relating to said issuer's shares, debt instruments, derivatives or other financial instruments.

The transactions must be notified promptly and no later than three (3) business days after the date of the transaction, and *Finansinspektionen* will disclose these transactions on its website and keep a public register of the reported information.

The obligation to notify transactions applies to all transactions once a total amount of EUR 5,000 is reached within a calendar year. The threshold is calculated by adding, without netting, all transactions referred to in paragraph 1 of Article 19 of MAR within a calendar year.

Issuers must notify in writing the persons discharging managerial responsibilities of their obligations under Article 19 of MAR. Issuers are also required to draw up a list of all persons discharging managerial responsibilities and persons closely associated with them. However, it is important to note that under MAR regulation the issuer's current obligation to file reports of new insider persons to *Finansinspektionen* ceases to apply. People that have registered before MAR implementation is not required to do anything since *Finansinspektionen* is not retaining these lists anymore.

### DEFINITIONS

The obligation to notify transactions applies to managers and persons closely associated with them.

A **person discharging managerial responsibilities** is defined in Article 3.1(25) of MAR. It refers to a person within an issuer who is:

- a) a member of the administrative, management or supervisory body of that entity;
- b) a senior executive who is not a member of the bodies referred to in point a), but who has regular access to inside information relating directly or indirectly to that entity and who has power to take managerial decisions affecting the future developments and business prospects of that entity.

A **person closely associated** is defined in Article 3.1(26) of MAR. Persons closely associated with managers include:

- a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;
- b) a dependent child, in accordance with national law;
- c) a relative who has shared the same household for at least one year on the date of the transaction concerned;
- d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point a), b) or c) above or which is directly or indirectly controlled by such a person or which is set up for the benefit of such a person or the economic interests of which are substantially equivalent to those of such a person.

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### Trading window and black-out period

The trading window opens one trading day after the publication of Cavotec's results (quarterly, half-yearly and yearly) and remains open until 30 days prior to a reporting date. In between the trading windows there is a black-out period.

During the black-out period there is an absolute prohibition for you and your related parties to Trade in the Cavotec share. The black-out period starts 30 days prior to a reporting date, and includes a prohibition to Trade on the date of the publication of the report. This is an absolute prohibition, i.e. regardless if you have Insider information or not, you and your related parties are prohibited from Trading in the Cavotec share during the black-out period.

Regardless if it is a trading window or not, you and everyone else are of course always prohibited from Trading in the Cavotec share when holding Insider information as per the general prohibition to Trade when holding Insider information as further described above.

### APPENDIX 1 – EXCERPT FROM THE MARKET ABUSE ACT

*N.B. this is only an excerpt from the Market Abuse Act and should not be relied upon for any decisions. The text is an unofficial translation of the Swedish original relevant as of October 2011. Before any decisions are taken the complete Act should be consulted.*

#### DEFINITIONS

##### Section 1

For the purposes of this Act:

1. "Insider information" means information regarding a circumstance which has not been made public or which is not generally known and is likely to materially affect the price of financial instruments;
2. "Trading on the securities market" means trading on a regulated market or other organised marketplace or trading with or through any person who professionally conducts such activities as referred to in Chapter 2, section 1 of the Securities Market Act (SFS 2007:528);
3. "Financial instruments" has the same definition as in Chapter 1, section 4, first paragraph, subsection 1 of the Securities Market Act; and
4. "Regulated market" has the same definition as in Chapter 1, section 5, sub-section 20 of the Securities Market Act. (SFS 2007:564).

#### INSIDER DEALING OFFENCES

##### Section 2

Any person who receives insider information and who on his own behalf or on behalf of any third party, through trading on the securities market, acquires or sells such financial instruments to which the information relates shall be convicted of the offence of insider dealing and sentenced to a term of imprisonment not exceeding two years. The same shall apply to any person who receives insider information and who, through advice or in any other manner, causes any third party to acquire or sell financial instruments to which the information relates through trading on the securities market. Where the offence as referred to in the first paragraph is deemed minor, the perpetrator shall be convicted of the offence of insider dealing misdemeanour and sentenced to a fine or imprisonment not exceeding six months. Where the offence is deemed aggravated taking into consideration the scope of the transaction and other circumstances, the perpetrator shall be convicted of the offence of aggravated insider dealing and sentenced to a term of imprisonment of not less than six months and not exceeding four years.

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The first and second paragraphs shall also apply to any person who possesses insider information which consists of knowledge of that person's own criminal activities.

### Section 3

Any person who negligently commits an offence as referred to in section 2 shall be convicted of the offence of negligent insider activities and sentenced to a fine or a term of imprisonment not exceeding one year. Liability shall not be imposed where the offence is minor.

### Section 4

Any person who attempts to commit insider offences and aggravated insider offences shall be held liable in accordance with Chapter 23 of the Swedish Penal Code.

### Section 5

Notwithstanding the provisions of sections 2–4:

1. officers of an undertaking that conducts securities operations by virtue of Chapter 2, section 1 or Chapter 4, sections 1 or 2 of the Securities Market Act (SFS 2007:528) may execute orders submitted to the undertaking to acquire or divest financial instruments and, without using insider information, perform activities which follow from agreements to maintain a market in one or several financial instruments or to provide advice for management engagements;
2. financial instruments may be acquired where the insider information is intended to reduce the price of the instrument and sold when the information is intended to increase the price of the instrument;
3. duties may be performed as are incumbent on any person pursuant to law or any other statute;
4. shares in a limited liability company or a European company may be acquired on behalf of a natural or legal person where the insider information solely consists of information concerning a measure, the object and intention of which is to lead to a public tender offer by the person or to an extended class of persons concerning acquisition of shares in the company;
5. any holder of an option which has financial value may, upon expiry of the option term, sell or exercise the option in accordance with its terms and conditions;
6. the issuer of an option may, in conjunction with exercise, sell or acquire the underlying asset to which the option relates;
7. futures may be performed on the expiration date;
8. any person who holds an allotted subscription right or right of redemption which has financial value may sell the right or exercise such in accordance with its terms and conditions;
9. financial instruments other than shares may be acquired or sold where the acquisition or sale takes place without the use of insider information.

The provisions of this section relating to shares as contained in the first paragraph subparagraphs 4 and 9 shall also apply to share-related financial instruments such as subscription rights, interim certificates, options certificates, convertible debentures, debentures with warrants, participating debentures, share options and share futures. (SFS 2007:564).

### Section 6

The provisions of sections 2–5 shall also apply to procedures in accordance with these provisions which do not constitute or cause trading on the securities market provided the procedures relate to financial instruments:

1. which are admitted to trading on a regulated market;
2. for which an application for admission to trading pursuant to subparagraph 1 has been submitted; or
3. the value of which is dependent upon a financial instrument pursuant to sub-paragraphs 1 or 2. (SFS 2007:564).

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### Section 7

*Any person who intentionally discloses information which he or she realises or should realise constitutes insider information shall be convicted, with the exception of those cases where the disclosure occurs as a normal part of the performance of a service, activities or obligations, of the offence of unlawful disclosure of insider information and sentenced to a fine or a term of imprisonment not exceeding one year.*

No liability shall be imposed where the information is placed into the public domain concurrently with disclosure thereof.

### MARKET MANIPULATION

#### Section 8

Any person who, either in conjunction with trading on the securities market or otherwise, acts in a manner which he or she realises is likely to manipulate the market price or other terms and conditions in respect of trading in financial instruments or to otherwise mislead purchasers or sellers of such instruments, shall be convicted of the offence of market manipulation to a term of imprisonment not exceeding two years or, where the offence is minor, to a fine or imprisonment not exceeding six months. Where, taking into consideration the scope of the market manipulation and other circumstances, the offence is deemed aggravated, the perpetrator shall be sentenced to a term of imprisonment of not less than six months and not exceeding four years.

Any person shall also be convicted of market manipulation where such person, in conjunction with trading on the securities market or otherwise, acts in a manner which he or she should have realised was intended to affect or mislead in the manner specified in the first paragraph. In such cases, the perpetrator shall be sentenced to a fine or a term of imprisonment not exceeding one year. Liability shall not be imposed where the offence is of a minor nature.

### EXEMPTION

#### Section 9

The provisions of sections 2–8 shall not apply to trading in own shares in buy-back programmes or to stabilisation of financial instruments, provided that trading is conducted in accordance with Commission Regulation (EC) No. 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments. (SFS 2007:372)

[...]

### FORFEITURE

#### Section 15

The proceeds of any offence committed pursuant to sections 2–8 shall be subject to forfeiture unless such is clearly unreasonable.

For more information regarding this policy please contact:

#### **Kristiina Leppänen**

Group Chief Financial Officer & IR

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# Appendix: Guidelines to prevent insider trading

A Code of Conduct for Directors, Officers, and Employees of Cavotec SA (Cavotec) and its subsidiaries to prevent insider trading

2018-01-01

To: \_\_\_\_\_

## Important information

These guidelines are only intended to help Cavotec employees in their understanding of Cavotec's policy to prevent insider trading. They must be read together with the General introduction to the Swedish insider rules, full policy including the appended overview of applicable legislation. The guidelines are for information purposes only and authoritative advice should be sought in each specific case if you have questions regarding potential insider problems.

Compliance with the guidelines is not an assurance of immunity from insider trading regulations.

## RULE 1

### **Don't Trade Cavotec Securities if you have inside information about Cavotec.**

"Insider information" is information of a precise nature, which has not been made public, and which if it was made public, would be likely to have a significant effect on the prices of Cavotec's financial instruments or related derivative financial instruments.

Possible examples could be, but are not limited to:

- an unannounced significant proposed acquisition of or sale to another company or business;
- an unannounced change in credit rating or a material breach of a banking covenant;
- an imminent announcement about Cavotec's financial performance or a change to its financial position;
- an unannounced change in dividend;
- an undisclosed profit forecast;
- a significant change in the volume of business which is not publicly known or reflected in the latest financial statements;
- the termination of or entry into material contracts, which are not publicly known; and
- a change in key senior personnel.

It is important to note that this list is not exhaustive and even if you have information that is not mentioned on the list, such information can still constitute Insider information. If you know of any of these things or any other matters likely to constitute inside information, you should not Trade in Cavotec Securities until those matters become public.

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### **Remember that even if you do not have Insider information about Cavotec you need approval to Trade.**

Trades of Cavotec Securities are only allowed if they have been approved by Cavotec and are completed in compliance with the insider policy, as briefly described in Rules 2 to 5 below. This procedure requires the applicant to be able to certify that the proposed Trade is not being made on the basis of Insider information.

Note: All Cavotec directors, officers and all employees are required to follow this procedure if they intend to trade in Cavotec Securities. Compliance is not a guarantee that the employee will not be exposed to insider trading liability.

#### **RULE 2**

##### **Before you Trade, you must obtain the consent of Cavotec's Chief Financial Officer by completing the Request for Consent form attached.**

Failure to obtain this consent will be treated seriously. Full and accurate disclosure of all relevant facts must be made when completing the Request for Consent form.

#### **RULE 3**

##### **Trading must be completed within the same day + 1 of such consent.**

A new Request for Consent must be completed and the necessary consent obtained for trades which will be completed more than 1 day after a previous consent was given.

#### **RULE 4**

##### **Trading window and black-out period.**

The trading window opens one trading day after the publication of Cavotec's results (quarterly, half-yearly and yearly) and remains open until 30 days prior to a reporting date. In between the trading windows there is a black-out period.

During the black-out period there is an (absolute) prohibition for you (and your related parties) to Trade in the Cavotec share. The black-out period starts 30 days prior to a reporting date, and includes a prohibition to Trade on the date of the publication of the report. This is an absolute prohibition, i.e. regardless if you have Insider information or not, you and your related parties are prohibited from Trading in the Cavotec share during the black-out period.

Regardless if it is a trading window or not, you and everyone else are of course always prohibited from Trading in the Cavotec share when holding Insider information as per the general prohibition to Trade when holding Insider information as further described above.

#### **RULE 5**

##### **Trade only in your name or the name of your spouse or children except with the written consent of Cavotec's Chief Financial Officer.**

To Trade only in your own name or the name of your spouse or children will increase transparency.

#### **RULE 6**

##### **Avoid short term Trading.**

You should avoid Trading in Securities over a short time period, say 3 months. No person in the Cavotec group of companies may engage in short term Trading unless there are exceptional circumstances discussed with and approved by Cavotec's Chief Financial Officer.

#### **RULE 7**

##### **Don't Tip.**

Intentionally disclosing Insider information to others could breach insider trading regulations.

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### **RULE 8**

**Only disclose Insider information to other persons within the Cavotec group of companies when they “need to know” it for the purposes of their job.**

Insider information should not be freely discussed by employees other than for work purposes and information should be shared only in accordance with the obligations and procedures in the insider policy.

### **RULE 9**

**Only disclose Insider information to third parties if the disclosure occurs as a normal part of the performance of a service, activities or obligations.**

Insider information should not be disclosed to third parties unless the disclosure occurs as a normal part of the performance of a service, activities and information should be shared only in accordance with the obligations and procedures in the insider policy.

### **RULE 10**

**Don’t mislead others.**

A person who acts in a way that the person realises (or should realise) is likely to manipulate the market price or other terms and conditions in respect of Trading in Securities or to otherwise mislead purchasers or sellers of such instruments could breach insider trading regulations.

### **RULE 11**

**If you have Insider information about another company or industry, act in accordance with the above guidelines.**

You can breach insider trading laws without being employed by the company or in the industry that the information concerns.

### **RULE 12**

**Trading by persons discharging managerial responsibilities must be disclosed to the Company SFSA within 3 working days.**

Not all employees of Cavotec are such persons and those persons who are not need not make disclosure to the SFSA. Please consult the insider policy and its appendix in order to find out more about statutory insiders and their obligations.

### **RULE 13**

**If in doubt - Don’t!**

These rules are not exhaustive. Compliance is not an assurance of immunity from insider trading liability.

The laws have unexpected and far reaching effects. They may affect conduct which all concerned parties might consider to be perfectly ethical. Accordingly, you should seek authoritative advice if you have any reason to wonder about the application of these guidelines.

Signed:

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For more information regarding this policy please contact:

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*For further information*

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