

# Nomination Committee statement 2014



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### Nomination process

The process for the nomination of Board members for Cavotec SA has the objective to apply the Swedish Corporate Governance Code, while still respecting the Swiss laws and regulations applicable to a Swiss company. The goal is to maintain a Nomination Process that is open and transparent to all our shareholders and stakeholders.

The present Nomination Committee was appointed on April 23, 2013 in accordance to the Articles of Association of the company. Please note, that while the Nomination Committee in a Swiss company is appointed by the Board of Directors, the composition of the Cavotec Nomination Committee will follow the recommendations of the Swedish Corporate Governance Code. The Nomination Committee proposes that the Board of Directors shall comprise of eight members.

The appointed Nomination Committee members are:

Lars Hellman, Chairman of the Committee and Founder shareholder  
Peter Brandel, Founder shareholder  
Stefan Widegren, Chairman of Cavotec SA and Founder shareholder

The members of the Nomination Committee represent some 25% of all votes in the company. A way of contact with the Nomination Committee has been established through the company website [www.cavotec.com](http://www.cavotec.com).

In December 2013 the Committee began preparing a proposal for the Board of Directors to be submitted to the Ordinary General Meeting 2014. Since an evaluation of the work performed by the Board was completed in February 2014, a new evaluation is scheduled for 2015.

On December 5th, 2013 the Nomination Committee met in Huntington Beach, CA, USA in order to discuss various proposals with major shareholders (representing more than 45% of the votes) and among other topics also discussed the proposals for the future composition of the Board of Directors. After having received the support and approval by the Board on March 18th, 2014 for its final proposal 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 the Ordinary General Meeting in Lugano to be chaired by Lakshmi C. Khanna, while Stefan Widegren will preside the Information Meeting in Stockholm.

Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco and Stefan Widegren will stand for re-election.

The Nomination Committee proposes that Fabio Cannavale, Leena Essén, Nicola Gerber, Christer Granskog, Lakshmi C. Khanna, Erik Lautmann, Ottonel Popesco and Stefan Widegren be re-elected as Directors for a further one-year term of office expiring at our ordinary general meeting to be held in 2015.

The Nomination Committee furthermore proposes to elect Stefan Widegren 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:

Christer Granskog, Lakshmi Khanna, Erik Lautmann, Nicola Gerber and Fabio Cannavale are all independent of the company and its executive management. Christer Granskog, Lakshmi Khanna, Erik Lautmann and Nicola Gerber 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.

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 2014/2015:

Erik Lautmann, Chairman of the Committee and Independent Director  
Christer Granskog, Independent Director  
Lakshmi Khanna, Independent Director

Shareholders representing more than 45% of the votes support the above mentioned proposals made by the Nomination Committee.

In the Notice of Meeting for the Ordinary General Meeting 2014, the Committee will present its proposal regarding number of Board members, names of the proposed Board members, and the Chair of the Board. The Committee will also submit its proposal for remuneration to the Chair and other Board members not employed in the company, as well as the committee work.

### **External auditor**

At the Ordinary General Meeting 2014 the Nomination Committee will also propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Ordinary General Meeting 2015. Daniel Ketterer will continue as 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 ordinary 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) (As of business year 2014) Preparation of the remuneration report.

By Swiss law, the Board of Directors also has the following non-transferable competencies: 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 nine Board meetings for Cavotec SA in 2013.

**Cavotec SA**

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