

Press release, 19 March 2020

# Notice to attend the Annual General Meeting of Semcon AB (publ)

Shareholders of Semcon AB (publ), corporate identity number 556539-9549, are hereby invited to attend the Annual General Meeting on Tuesday 28 April 2020 at 2.00 p.m. at the company's office on Lindholmsallén 2 in Göteborg, Sweden.

## PARTICIPATION IN THE ANNUAL GENERAL MEETING AND REGISTRATION

Shareholders wishing to participate in the Annual General Meeting must be registered in the shareholders' register maintained by Euroclear Sweden AB as of Wednesday, 22 April 2020 and have notified the company of their intention to attend by 4:00 p.m. on Wednesday, 22 April 2020. Shareholders may be accompanied by not more than two advisors, provided that the company is notified of this by the above date. Notification of attendance at the Annual General Meeting must be made in writing to Semcon AB, attn: Annika Tedenhag, 417 80 Göteborg, Sweden, by e-mail to [annika.tedenhag@semcon.com](mailto:annika.tedenhag@semcon.com) or by telephone to +46 [0] 736 840 799. Notification should include the shareholder's name, personal identity number or corporate identity number, address, telephone number [business hours], shareholding and name[s] of any advisor[s].

## SHARES REGISTERED TO TRUSTEES

Shareholders whose shares are registered in the name of a trustee and who would like to attend the Annual General Meeting must temporarily re-register their shares in their own name. Re-registration must be requested from the trustee and be executed at Euroclear Sweden AB not later than Wednesday, 22 April 2020. Shareholders who request such re-registration must notify their trustees well in advance of this date.

## PROXY

If a shareholder is represented by a proxy, the proxy must bring a written, signed and dated proxy form [original] to the Annual General Meeting. The proxy form may not be more than one year old, unless a longer period of validation [no more than five years] is stated on the form. If the proxy form is issued by a legal entity, a certified copy of the registration certificate, or other document demonstrating the signatory's authority to sign for the legal entity, must be included. To facilitate entry to the meeting, copies of the proxy form and other

necessary documents must have reached the company by 22 April 2020 at the latest via the above e-mail or postal addresses and be attached to the notification of attendance at the meeting. Proxy forms are available in Swedish and English on the company's website at [www.semcon.com](http://www.semcon.com) and may also be ordered from the addresses and telephone number used for notification of attendance at the meeting.

#### NUMBER OF SHARES AND VOTES

There are 18,112,534 shares and votes in the company. All shares are ordinary shares. On the date of publication of the notice to attend, the company holds 754,416 own shares. The company may not vote using its own shares.

#### PROPOSED AGENDA

1. Opening of the Annual General Meeting
2. Election of Chairman of the Annual General Meeting
3. Drafting and approval of the voting list
4. Approval of the agenda
5. Election of two people to approve the minutes together with the Chairman
6. Review as to whether the Annual General Meeting has been duly convened
7. Presentation of the Annual Report, auditors' report and consolidated accounts and consolidated auditors' report, along with a presentation of the work of the Board during the year, presentation by the CEO and questions from the shareholders to the Board and management team
8. Decision regarding adoption of the income statement and balance sheet and the consolidated income statement and the consolidated balance sheet
9. Decision regarding appropriation of the company's profits according to the adopted balance sheet and record date for dividend
10. Decision regarding discharge of liability for the Board members and the CEO
11. Presentation of the work and proposals of the Nominations Committee
12. Decision regarding the number of Board members and deputies
13. Decision regarding number of auditors and deputy auditors or registered public accounting firm
14. Determination of remuneration to the Board
15. Determination of remuneration to the auditors
16. Election of the Chairman of the Board, Board members and possible deputies
17. Election of auditors and any deputy auditors or registered public accounting firm
18. Decision regarding changes to the Articles of Association
19. Decision regarding guidelines for remuneration to senior executives
20. Decision to authorise the Board to decide on new issues of shares
21. A) Decision to authorise the Board to decide on the acquisition of the company's own shares  
B) Decision to authorise the Board to decide on the transfer of own shares
22. Other matters

## 23. Closing of the Annual General Meeting

### PROPOSED RESOLUTIONS

#### **Item 2 - Election of Chairman of the Annual General Meeting**

The Nominations Committee, which was appointed in accordance with the procedure resolved on by the 2019 Annual General Meeting, comprises Ulf Gillberg [JCE Group Aktieföretag] Chairman of the Nominations Committee, Mats Andersson [Nordea Investment Funds], Johan Hagberg and the Chairman of the Board, Tore Bertilsson [co-opted member], who together represent about 36,9 per cent of the votes for all shares in the company as of 31 August 2019. The Nominations Committee proposes the Chairman of the Board, Tore Bertilsson, as Chairman of the Annual General Meeting.

#### **Item 9 - Decision regarding appropriation of the company's profits according to the adopted balance sheet and record date for dividend**

The Board proposes that a dividend of SEK 3.40 per share be paid out and that all remaining profits at the Annual General Meeting's disposal be carried forward. It is proposed that the record date for the dividend be 30 April 2020. If the Annual General Meeting votes in accordance with the proposal, payment is expected to be made via Euroclear Sweden AB on 5 May 2020.

#### **Item 12 - Decision regarding the number of Board members and deputies**

The Nominations Committee proposes that there be five Board members elected by the Annual General Meeting and no deputies.

#### **Item 13 - Decision regarding number of auditors and deputy auditors or registered public accounting firm**

The Nominations Committee proposes that a registered public accounting firm be appointed auditor of the company.

#### **Item 14 - Determination of remuneration to the Board**

The Nominations Committee proposes, like last year, a total remuneration of SEK 1,785,000 be paid to Board members elected by the Annual General Meeting, of which SEK 625,000 to the Chairman and SEK 290,000 to each of the other members elected by the Annual General Meeting. Furthermore, the Nominations Committee proposes that no special fees be paid for work on Board committees.

#### **Item 15 - Determination of remuneration to the auditors**

The Nominations Committee proposes that the fee paid to the auditor be made on open account, approved by the company.

**Item 16 - Election of Chairman of the Board, Board members and possible deputies**

The Nominations Committee proposes the re-election of Tore Bertilsson, Jeanette Reuterskiöld, Karl Thedéen, Eva Elmstedt and Carl Backman as Board members. The Nominations Committee proposes the re-election of Tore Bertilsson as Chairman of the Board.

The proposed Board members are considered independent in relation to the company, company management and major shareholders in the company, with the exception of Carl Backman who is deemed to be dependent in relation to a major shareholders in the company as he is CEO of a company that is a large shareholder in Semcon, and Tore Bertilsson who is deemed to be dependent in relation to a major shareholder in the company as he is Board member of a company that is a large shareholder in Semcon. The Nominations Committee's reasoned statement regarding proposals to the Board and information about the proposed Board members are available on the company's website, [www.semcon.com](http://www.semcon.com). The statement also contains a brief account of how the Nominations Committee's work was conducted.

**Item 17 - Election of auditors and any deputy auditors or registered public accounting firm**

The 2019 Annual General Meeting elected Ernst & Young Aktiebolag as auditor of the company until the close of 2020 Annual General Meeting. The Nominations Committee proposes that the registered auditing firm Ernst & Young Aktiebolag be elected as auditor until the close of the next Annual General Meeting, in accordance with the recommendation received by the Nominations Committee from the Board.

**Item 18 - Decision regarding changes to the Articles of Association**

The Board of Directors proposes that the AGM resolves to adopt an updated Articles of Association in accordance with the following, and partly regarding a new wording of a provision regarding shareholders' right to participate in § 12 of the Annual General Meeting:

§ 12 In order to participate in the Annual General Meeting, shareholders must register with the Company no later than the date stated in the notice to attend the Annual General Meeting. This day must not be Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than five weekdays before the Annual General Meeting;

But also with regard to new reference to legal act in § 17:

§ 17 The Company's shares must be registered in a record register in accordance with Swedish Central Securities Depositories and Financial Instruments Accounts Act [SFS 1998:1479].

The Board's proposal for a new Articles of Association is available from the company and at [www.semcon.com](http://www.semcon.com)

**Item 19 – Decision regarding guidelines for remuneration to senior executives**

The Board proposes that the Annual General Meeting establish following guidelines for remuneration to senior executives at Semcon, to be valid up until the Annual General Meeting in 2024.

These guidelines includes senior executives within the Semcon Group. In these guidelines, senior executives refer to the company's President and CEO and the other persons who are part of the Semcon Group's management group. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration decided by the general meeting.

***The guidelines' promotion of the company's business strategy, long-term interests and sustainability***

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

For more information regarding the company's business strategy, please see chapter "Strategy" in the company's Annual Report.

Long-term share-related incentive plans have been implemented in the company during 2017 and 2018. Such plans have been resolved by the Annual General Meeting and are therefore excluded from these guidelines. The plans include among others senior executives and the Business Areas management teams in the company. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. At present, these performance criteria comprise earnings per share. The plans are further conditional upon the participant's own investment and certain holding periods of several years. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see note 9 in the company's Annual Report.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

### *Types of remuneration, etc.*

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the Annual General Meeting may - irrespective of these guidelines - resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 75 per cent of the total fixed cash salary under the measurement period for such criteria.

### *Criteria for awarding variable cash remuneration, etc.*

The variable cash remuneration shall be linked to predetermined and measurable criteria. The criteria can for instance be linked to the company's operating profit, cash flow, return on capital employed or similar key performance indicators or sustainability targets and shall be designed so as to contribute to the Group's business strategy and long-term interests, including its sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

For the CEO, pension benefits, including health insurance [Sw: sjukförsäkring], shall be premium defined. Variable cash remuneration shall qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the fixed annual cash salary and variable cash remuneration. For other senior executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the fixed annual cash salary and variable cash remuneration. Senior executives residing outside Sweden may be offered pension solutions that are competitive in the country where they are or have been resident or to which they have a significant connection, preferably premium-based solutions.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars or other remuneration and benefits that help facilitate the senior executive's ability to perform their duties. Premiums and other costs relating to such benefits may amount to not more than 5 per cent of the fixed annual cash salary for the CEO and not more than 10 per cent of the fixed annual cash salary for other senior executives.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### ***Termination of employment***

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's and other senior executives fixed cash salary for 18 months. The period of notice may not to exceed six months without any right to severance pay when termination is made by the senior executive.

#### ***Salary and employment conditions for employees***

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report from 2021.

#### ***Remuneration for members of the Board***

To the extent that the Board members elected by the Annual General Meeting provide services to the company in addition to the work of the Board, they shall be able to be remunerated for such work through consultancy fees to the Board member or to a company controlled by the Board member, provided that the work performed contributes to the implementation of the company's business strategy as well as the company's long-term plan, including its sustainability. The remuneration must be competitive and must be approved by the Board.

### ***The decision-making process to determine, review and implement the guidelines***

The Board of Directors shall, according to the Swedish Corporate Governance Code, establish a remuneration committee, but may also choose to fulfill this obligation in its entirety. The remuneration committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

### ***Derogation from the guidelines***

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines. No derogations from the guidelines were made during 2019.

### ***Decided remuneration not yet due for payment***

On June 10, 2019, new rules were introduced in the Swedish Companies Act, including the design of the remuneration guidelines. According to the transitional provisions to the new rules, the proposal for remuneration guidelines must contain information on previously decided benefits that is not yet due for payment. In addition to the commitments to pay ongoing remuneration such as salary, pension and other benefits, there are no previously decided remuneration to any senior executives that is not due for payment. For further information on remuneration to senior executives, see Note 9 in the company's Annual Report.

### ***Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration***

The guidelines are in all material respects in line with the guidelines for remuneration to senior executives adopted at the 2019 Annual General Meeting.



**Item 20 - Decision to authorise the Board to decide on new issues of shares**

The reason for the proposal, and the reason for deviating from preferential rights for existing shareholders, is that the Board wishes to create cost-efficient and flexible opportunities for making payments for acquisitions of companies or businesses or parts thereof. The Board proposes that the Annual General Meeting authorise the Board, up to the time of the next Annual General Meeting, on one or more occasions, to decide on the new issue of ordinary shares in the company on the following conditions:

- 1) New shares may only be issued to enable use of ordinary shares as liquidity in the acquisition of companies or businesses or parts thereof.
- 2) New shares may be issued with deviation from existing shareholders' preferential rights.
- 3) The new share issue shall comprise a maximum of 1,811,253 ordinary shares.
- 4) The subscription price is to correspond to the ordinary share's assessed market value at the time of issue.
- 5) Payment for the subscribed ordinary shares in the company is to be in capital contributed in kind.
- 6) The Board has the right to set other conditions for new issues.

On full utilisation of the authorisation to issue new shares, the total number of shares and votes in the company can increase by 1,811,253, representing dilution of around ten per cent of current shares and votes.

The proposal is identical to the previous year's authorization from the Annual General Meeting.

**Item 21 - Decision to authorise the Board to decide on the acquisition and transfer of the company's own shares**

The reason for the proposal, and the reason for deviating from preferential rights for existing shareholders, is that the Board wishes to create cost-efficient and flexible opportunities to: [i] improve the company's capital structure and thereby increase share value and [ii] to make payments for acquisitions of companies or businesses or parts thereof.

**A. Decision to authorise the Board to decide on the acquisition of own shares**

The Board proposes that the Annual General Meeting authorise the Board, up to the time of the next Annual General Meeting, on one or more occasions, to decide on the acquisition of ordinary shares in the company on the following conditions:

- 1) Purchases are only to be made to [i] improve the company's capital structure and [ii] to enable use of ordinary shares as liquidity in making payments for acquisition of companies or businesses or parts thereof.

- 2] Purchases may only be made on Nasdaq Stockholm or through purchase offers directed to all owners of ordinary shares in the company.
- 3] Purchases of ordinary shares in the company on each occasion are to represent a maximum of ten per cent of all shares in the company following the purchase.
- 4] Purchases on Nasdaq Stockholm shall be at a price per share within the current share price range for ordinary shares, or in the event that the Board assigns a stock exchange member to accumulate a specific amount of the company's shares in their own account for a specific period, at a price per share within a specified price range for the period or equivalent volume-weighted average share price, and purchases linked with an acquisition offer are to be made at a maximum price per share equivalent to the market price of the ordinary share in the company at the date of the offer plus an additional amount of not more than 20 per cent.
- 5] Payment for ordinary shares shall be made in cash.
- 6] The appropriate terms in the listing agreement with Nasdaq Stockholm shall be observed for purchases.
- 7] The Board has the right to set other conditions for purchases.

#### **B. Decision to authorise the Board to decide on the transfer of own shares**

The Board proposes that the Annual General Meeting authorises the Board, up to the time of the next Annual General Meeting, on one or more occasions, with deviation from shareholders' preferential rights, to decide on the transfer of ordinary shares in the company on the following conditions:

- 1] Transfers may only be made to use ordinary shares as liquidity for acquisition of companies and businesses or parts thereof.
- 2] Transfers on each occasion may be for the total number of ordinary shares owned by the company.
- 3] Transfers are to be made at a price corresponding to the ordinary share's assessed market value in connection with transfer.
- 4] Payment for ordinary shares is to be in capital contributed in kind.
- 5] The Board has the right to set other conditions for transferring shares.

#### **SPECIAL MAJORITY REQUIREMENTS**

For decisions to be valid in accordance with Items 18, 20 and 21 A and B respectively, the proposal must be supported by at least two-thirds of voting rights as well as shares represented at the meeting.

#### **DISCLOSURE OF INFORMATION AT THE ANNUAL GENERAL MEETING**

The Board and CEO shall, at the request of any shareholder at the Annual General Meeting, and if the Board deems that it can be done without inflicting material damage to the company, provide information on circumstances that can affect the

assessment of matters on the agenda, conditions that can affect the assessment of the company's or subsidiaries' financial situation, or the company's relationship to other Group companies.

#### **ACCOUNTS AND FULL PRESENTATIONS OF PROPOSALS, ETC.**

The Annual Report containing the auditors' report for 2019, the auditors' statement in accordance with Chapter 8, Section 54 of the Companies Act, the Nominations Committee's complete proposals and the Board's statement in accordance with Chapter 18, Section 4 and Chapter 19, Section 22 of the Companies Act, are available on the company's website, [www.semcon.com](http://www.semcon.com). They will also be available from the company at the above address and will be sent free of charge to shareholders who request a copy and provide their postal address.

#### **PROCESSING OF PERSONAL DATA**

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

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The Board for Semcon AB [publ]  
Göteborg March 2020

*The information was submitted for publication, through the agency of the contact persons set out above, at 12.00 CET on 19 March 2020.*

#### **For more information, please contact:**

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