

## **Notice of the Annual General Meeting of Bufab AB (publ)**

**The shareholders in Bufab AB (publ), Reg. No. 556685-6240, are hereby invited to attend the Annual General Meeting, which will be held on Tuesday April 20, 2021.**

In the light of the ongoing corona pandemic and in order to minimize any risk of spreading of the corona virus, the Board of Directors has decided that the AGM is to be held only through advance voting (postal voting) in accordance with temporary legislation. This means that the AGM will be conducted without the physical presence of shareholders, representatives or external parties and that shareholders will only be able to exercise their voting rights by postal voting in advance of the AGM in the manner described below.

### **A. RIGHT TO ATTEND THE ANNUAL GENERAL MEETING**

Shareholders who intend to attend at the Annual General Meeting must:

- be registered in the register of shareholders as maintained by Euroclear Sweden AB on Monday, April 12, 2021; and
- notify the Company of their intention to participate in the AGM no later than Monday, 19 April 2021, by submitting their postal votes in accordance with the instructions under the heading "*Postal voting*" below, so that the postal vote is received by Euroclear Sweden AB no later than that day.

Shareholders whose shares are nominee registered through a bank or other nominee must, in addition to giving notice of participation by submitting an postal vote, request that their shares be temporarily registered in their own name in the share register kept by Euroclear Sweden AB (so called voting right registration) in order to be entitled to participate at the AGM. The shareholders' register for the AGM as of the record date Monday, 12 April 2021 will take into account voting right registrations completed no later than Wednesday, 14 April 2021. Shareholders concerned must, in accordance with each nominee's routines, request that the nominee makes such voting right registration well in advance of that date.

### ***Postal voting***

The shareholders may exercise their voting rights at the AGM only by postal voting in advance, so called postal voting in accordance with Section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

A special form shall be used for postal voting. The form is available on the Company's website, [www.bufab.com](http://www.bufab.com). The postal voting form is considered as the notification of participation at the AGM.

The completed and signed voting form must be received by Euroclear Sweden AB no later than Monday, 19 April 2021. The completed and signed form shall be sent to Bufab AB, "AGM 2021", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden. The completed form may alternatively be submitted electronically and is then to be sent to [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com). Shareholders who are natural persons can also submit their postal votes electronically by verifying with BankID via Euroclear Sweden AB's website <https://anmalan.vpc.se/EuroclearProxy/>. If the shareholder postal votes by proxy, a power of attorney shall be enclosed with the form. Proxy form is available upon request and on the Company's website [www.bufab.com](http://www.bufab.com). If the shareholder is a legal entity, a certificate of incorporation or a corresponding document for the legal entity shall be enclosed with the form. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote (in its entirety) is invalid.

Further instructions and conditions are included in the form for postal voting.

For questions about the postal voting, please contact Euroclear Sweden AB, telephone +46 8 402 91 33 (Monday-Friday 9.00 am – 4.00 pm (CET)).

## B. SHAREHOLDERS' RIGHT TO REQUEST INFORMATION

The Board of Directors and the managing director shall, if any shareholder so requests, and if the Board of Directors considers that this can be done without significant harm for the Company, give information on circumstances that can affect the judgement of an item on the agenda, circumstances that can affect the assessment of the Company's or its subsidiaries' financial situation and the Company's relation to other companies within the Group. Requests for such information shall be made in writing to Bufab AB, "AGM 2021", Stenfalksvägen 1, SE-331 02 Värnamo, Sweden, or by e-mail to [arsstamma@bufab.com](mailto:arsstamma@bufab.com), no later than ten days before the AGM, i.e. no later than Saturday, 10 April, 2021. The information will be disclosed by being held available at Bufab AB, Stenfalksvägen 1, SE-331 02 Värnamo, Sweden, and on the Company's website [www.bufab.com](http://www.bufab.com), no later than five days before the AGM, i.e. no later than Thursday, 15 April 2021. The information will also be distributed to the shareholders who so requests and state their postal address or e-mail address.

## C. AGENDA ITEMS ON THE ANNUAL GENERAL MEETING

Proposed agenda

1. Election of Chairman of the meeting
2. Election of person to verify the minutes
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Determination as to whether the meeting has been duly convened
6. Presentation of the annual report and the audit report as well as the consolidated financial statements and the audit report of the group
7. Resolutions regarding
  - a. adoption of the profit and loss statement and the balance sheet as well as the consolidated profit and loss statement and the consolidated balance sheet,
  - b. appropriation of the Company's profit pursuant to the adopted balance sheet
  - c. discharge from liability of the Board members and the CEO
8. Determination of the number of Board members
9. Determination of the number of auditors and deputy auditors
10. Determination of the remuneration to the Board members
11. Determination of the remuneration to the auditors
12. Election of members and Chairman of the Board
  - Proposal by the Nomination Committee:
    - a. Bengt Liljedahl (re-election)
    - b. Hans Björstrand (re-election)
    - c. Johanna Hagelberg (re-election)
    - d. Eva Nilsagård (re-election)
    - e. Anna Liljedahl (re-election)
    - f. Per-Arne Blomquist (re-election)
    - g. Bertil Persson (re-election)
    - h. Bengt Liljedahl as Chairman (re-election)
13. Election of auditor
14. Resolution on principles for the appointment of the Nomination Committee and its assignment
15. Resolution on approval of remuneration report
16. Resolution on guidelines for remuneration to senior executives
17. Resolution on the Board of Directors' proposal to implement a long-term share based incentive program by (A) issuing call options for shares in Bufab, (B) authorising of the Board of Directors to resolve on acquisition of own shares and (C) transferring repurchased shares to participants of the Company's incentive programs
18. Resolution on authorization to transfer shares in the Company
19. Resolution on amendments of the Articles of Association

#### **D. THE NOMINATION COMMITTEE'S PROPOSED RESOLUTIONS WITH RESPECT TO ITEMS 1-2 AND 8-14**

In accordance with the principles for appointing the Nomination Committee, adopted by the Annual General Meeting 2020, the Chairman of the Board of Directors contacted the four largest shareholders of the Company as per August 31, 2020, who accepted to take part of the Nomination Committee's work and appointed members who, together with the Chairman of the Board of Directors, will constitute the Nomination Committee ahead of the Annual General Meeting 2021.

The Nomination Committee consists of Fredrik Liljedahl (Liljedahl Group), Adam Gerge (Didner & Gerge Fonder), Johan Ståhl (Lannebo Fonder), Niklas Johansson (Handelsbanken Fonder) and Bengt Liljedahl, co-opted (Chairman of the Board of Directors). Fredrik Liljedahl is the Chairman of the Nomination Committee. The Nomination Committee represent approximately 53 per cent of the votes and capital in the Company. The Nomination Committee presents the following proposals to the Annual General Meeting 2021:

##### ***Election of Chairman of the meeting (item 1)***

The Chairman of the Board, Bengt Liljedahl, is proposed as Chairman of the Annual General Meeting. In the event of the proposed chairman of the meeting being prevented from participating, the Board of Directors shall appoint a replacement

##### ***Election of person to verify the minutes (item 2)***

It is proposed that Johan Ståhl (Lannebo Fonder), or if he is prevented from attending, the person instead designated by the Nomination Committee, is assigned to approve the minutes of the AGM together with the Chairman. The assignment to approve the minutes also includes verifying the voting list and that the postal votes received are correctly stated in the minutes of the AGM.

##### ***Determination of the number of Board members (item 8)***

The Nomination Committee's proposal is that the number of Board members should continue to comprise of a total of seven Board members to be elected by the meeting, and no deputies.

##### ***Determination of the number of auditors and deputy auditors (item 9)***

The Nomination Committee's proposal is that a registered public accounting firm will be appointed as external auditor and that no deputies should be appointed.

##### ***Determination of remuneration to the Board members (item 10)***

The Nomination Committee proposes the following remuneration:

- SEK 600,000 (500,000) to the Chairman of the Board and SEK 275,000 (250,000) to each of the other Board members elected by the Annual General Meeting and not employed by the Company.
- For work within the Audit Committee, SEK 60,000 (50,000) to each member. No fees are payable for other committee work.

The Nomination Committee's proposal results in total fees to the Board of Directors of SEK 2,430,000 (2,150,000) including the fees to three members of the Audit Committee. If the Board of Directors decide to change the number of members in the Audit Committee, the total fees to the Board of Directors will change.

##### ***Determination of remuneration to the auditors (item 11)***

The Nomination Committee proposes that the fees to the auditors is paid according to approved invoice.

***Election of members and Chairman of the Board (item 12)***

The Nomination Committee's proposal is re-election of the Board members Bengt Liljedahl, Hans Björstrand, Johanna Hagelberg, Eva Nilsagård, Anna Liljedahl, Per-Arne Blomquist and Bertil Persson.

Bengt Liljedahl is proposed as Chairman of the Board.

All of the proposed Board members are presented on the Company's website.

The Nomination Committee has submitted a separate reasoned statement concerning its proposal for the Board of Directors.

***Election of auditor (item 13)***

The Nomination Committee proposes, in accordance with the Audit Committee's recommendation, re-election of Öhrlings PricewaterhouseCoopers AB as the Company's auditor up until the end of the Annual General Meeting 2022. Öhrlings PricewaterhouseCoopers AB has informed that, provided that the Annual General Meeting resolves in accordance with the Nomination Committee's proposal, authorised public accountant Fredrik Göransson will remain as auditor in charge.

***Proposal regarding principles for the appointment of the Nomination Committee and its assignment (item 14)***

The Nomination Committee proposes that the following principles for appointment of Nomination Committee and for the Nomination Committee's assignment, which correspond to the current principles, are resolved by the Annual General Meeting 2021.

1. The company shall have a Nomination Committee consisting of four persons, each one appointed by each of the four largest owner-registered shareholders (with regard to the number of votes held) in the share register maintained by Euroclear Sweden AB as per 31 August of the year before the Annual General Meeting<sup>1</sup>, who upon inquiry has expressed a wish to participate in the Nomination Committee's Work. The Chairman of the Board shall convene the Nomination Committee to its first meeting and shall also be co-opted to the Nomination Committee. The names of the four members of the Nomination Committee and the names of the shareholders who have appointed the respective member shall be announced at the company's website at the latest six months before the Annual General Meeting. The term of office for the Nomination Committee shall be for the period until a new Nomination Committee has been appointed. Unless the members of the Nomination Committee agree otherwise, the Chairman of the Nomination Committee shall be the member appointed by the largest shareholder with regard to the number of votes held.
2. If, during the term of office of the Nomination Committee, a shareholder who have appointed a member of the Nomination Committee is no longer among the four largest shareholders with regard to the number of votes held (who upon inquiry has expressed a wish to participate in the nomination committee work), the member appointed by such shareholder shall resign and the shareholder who have become one of the four largest shareholders with regard to the number of votes held shall be offered to appoint a member of the Nomination Committee. If there are only marginal changes in the number of votes held or if the change occurs later than three months before the Annual General Meeting, no changes shall be made in the composition of the Nomination Committee unless there are special circumstances. A shareholder who has appointed a member of the Nomination Committee has the right to dismiss such member and appoint a new person as member of the Committee. Changes in the composition of the Nomination Committee shall be announced at the

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<sup>1</sup> If there are nominee registered shareholdings, such shareholdings shall only be considered if the nominee has reported the identity of the underlying shareholder to Euroclear Sweden or if the company – without taking any measures on its own – receives other information that evidences the identity of the underlying shareholder.

company's website as soon as they have occurred.

3. The Nomination Committee shall prepare the below proposals to be submitted to the Annual General Meeting for resolution:
  - a) proposal regarding Chairman of the Annual General Meeting,
  - b) proposal regarding number of Board members,
  - c) proposal regarding Chairman and other members of the Board of Directors,
  - d) proposal regarding remuneration to the Board members elected by the Annual General Meeting and not employed by the company, divided between the Chairman of the Board and other members of the Board, and remuneration for committee work, divided between each Committee member,
  - e) proposal regarding auditor,
  - f) proposal regarding auditor's fees, and
  - g) to the extent deemed necessary, proposals for amendments to this instruction for the Nomination Committee.
4. The Nomination Committee, when performing its duties, shall fulfil the tasks that rest upon the Nomination Committee under the Swedish Corporate Governance Code, including i.a. to provide the company with certain information in order to enable the company to fulfil its disclosure obligation under the Swedish Corporate Governance Code. The company shall, upon request from the Nomination Committee, provide personnel resources such as secretary function for the Nomination Committee to facilitate the work of the Committee. The members of the Nomination Committee shall receive no compensation from the company for their work. If needed, the company shall also pay necessary expenses for the work of the Nomination Committee and reasonable costs for external consultants that the Nomination Committee deems necessary in order for the Committee to be able to fulfil its assignment.

#### **E. THE BOARD OF DIRECTOR'S PROPOSED RESOLUTIONS WITH RESPECT TO ITEMS 3, 7 b AND 15-19**

##### ***Preparation and approval of the voting list (item 3)***

The voting list proposed to be approved is the voting list prepared by Euroclear Sweden AB on behalf of the Company, based on the shareholders' register for the AGM and the postal votes received, as verified and recommended by the persons elected to approve the minutes.

##### ***Appropriation of the Company's profit or loss pursuant to the adopted balance sheet (item 7 b)***

The Board of Directors proposes a dividend of SEK 2,75 per share, corresponding to approximately MSEK 103, to be paid to the shareholders and that the remaining unappropriated earnings, approximately MSEK 245, should be carried forward.

The Board of Director proposes April 22, 2021 as record date for the dividend.

If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, the estimated date for payment of the dividend from Euroclear Sweden AB, to those who are recorded in the share register on the record date, is April 27, 2021.

##### ***Resolution on approval of remuneration report (item 15)***

The Board of Directors proposes that the Annual General Meeting resolves to approve the Board of Directors' report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.

**Resolution on guidelines for remuneration for senior executives (item 16)**

The Board of Directors proposes that the Annual General Meeting (“AGM”) adopts the following guidelines for remuneration to the CEO and the other senior executives in the Executive Management Team of Bufab, which substantially correspond to the guidelines resolved by the Annual General Meeting 2020.

The guidelines shall apply to agreements entered into after the AGM 2021, and to changes made in existing agreements after the AGM 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

**Promotion of Bufab’s business strategy, long-term interests and sustainability**

Bufab is a trading company that offers its customers a full-service solution as Supply Chain Partner for sourcing, quality control and logistics for C-Parts. In short, Bufab’s strategy is to create value for its customers by taking a comprehensive global responsibility for their supply of such components. One fundamental component of Bufab’s strategy for long-term value creation in the business is Bufab’s global organization of experts within sourcing, logistics, technology and quality, so called “Solutionists”. These employees in Bufab’s subsidiaries around the world take full responsibility for the distribution to the customers and ensure the sustainability of the customers supply chain. Hence, 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 attract and retain qualified personnel. To this end, Bufab strives to offer a competitive total remuneration, which is enabled through these guidelines. More information on Bufab’s business strategy is available on Bufab’s website [bufab.com](http://bufab.com).

Long-term share-related incentive schemes have been implemented in the company. Since the incentive schemes have been resolved by the general meeting, they are excluded from these guidelines. The long-term share-related incentive scheme proposed by the Board of Directors and submitted to the AGM 2021 for approval is excluded for the same reason. The proposed scheme essentially corresponds to existing schemes and includes the CEO, other senior executives and certain other key employees within the Bufab group. The purpose of the incentive schemes is that the participants through their own investments and multi-year holdings of call options regarding the shares in Bufab are to participate in and be motivated to strive for a positive value development for Bufab. The incentive schemes contribute to Bufab offering a competitive total remuneration and thereby enable Bufab to attract and retain qualified employees, and also unite the interests of the shareholders and the participants, which in turn is expected to promote the company’s business strategy and long-term interests, including its sustainability. More information on these incentive schemes is available on Bufab’s website [bufab.com](http://bufab.com).

**Types of remuneration to senior executives, etc.**

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pensions, other benefits and in special cases further variable cash remuneration. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

**Fixed cash salary**

The fixed cash salary shall be on market terms and reflect the responsibilities required by the position. The fixed cash salary shall be revised on an annual basis.

**Variable cash remuneration**

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial, with the purpose of promoting the business strategy and long-term interests of

Bufab. The criteria shall primarily relate to the company's results and may be individual. Furthermore, the criteria shall relate to the overall progress of the Bufab group, although criteria related to specific business areas may occur. The variable cash remuneration shall amount to a maximum of 50 percent of the total fixed annual cash salary.

#### *Pensions*

Senior executives may be offered individual pension solutions. Pensions shall, to the extent possible, be defined contribution plans. If deemed to be on market terms, variable cash remuneration may qualify for pension benefits. The pension premiums may amount to a maximum of 40 percent of the pension qualifying income.

#### *Other benefits*

Other benefits may include, among other things, health insurance and company car. Such benefits may amount to a maximum of 10 percent of the fixed annual cash salary.

#### *Further variable cash remuneration in special cases*

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of attracting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

#### ***Determination of the outcome for variable cash remuneration***

Ahead of each measurement period, the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria that are deemed to be relevant for the variable cash remuneration. The measurement periods can be one or several years. The Board of Directors' evaluations regarding fulfilment of financial targets shall be based on established financial information for the relevant period. Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. The Board of Directors shall have the right to, by general principles of law or agreement, recover wrongful payments of variable cash remuneration in whole or in part.

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

Senior executives are to be employed until further notice. Between Bufab and senior executives, the notice period shall amount to a maximum of 18 months. If notice of termination of employment is made by Bufab, the remuneration to be paid by Bufab, including remuneration during the notice period, shall amount to a maximum of 18 months of fixed cash salary, variable cash remuneration and other employment benefits. When termination is made by the senior executives, there is no right to severance pay.

Additionally, senior executives may be compensated for non-compete undertakings. Such remuneration aim to compensate the senior executive for the difference between the fixed monthly cash salary at the time of termination of the employment and the lower income that can be received, reasonably may be expected to be received or would have been received after reasonable efforts by the senior executive.

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

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for the company's employees 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 decision-making process to determine, review and implement the guidelines***

The Remuneration Committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The CEO and other senior executives 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.

### ***Deviation from the guidelines***

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve Bufab's long-term interests, including its sustainability, or to ensure Bufab'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 deviate from the guidelines.

### ***Resolution on the Board of Directors' proposal to implement a long-term share based incentive program by (A) issuing call options for shares in Bufab, (B) authorising of the Board of Directors to resolve on acquisition of own shares and (C) transferring repurchased shares to participants of the Company's incentive programs (item 17)***

Like previous years, the Board of Directors proposes that the Annual General Meeting 2021 resolves to adopt a long-term share based incentive program (the "**Program**"), on terms and conditions in line with the 2020 incentive program. The Program, which is proposed to comprise approximately 30 key employees within the Bufab group, essentially involves that the participants are given the opportunity to acquire, at market price, call options relating to shares in Bufab AB (publ) ("**Bufab**" or the "**Company**") repurchased by the Company and that participants who remain as employees within the group after three years and still hold call options may receive a subsidy in the form of gross salary additions corresponding to the premium paid for the call options held at the time of payment.

Formally, the Program consists of (A) the issuing of call options for shares in Bufab, (B) an authorisation of the Board of Directors to resolve on acquisition of own shares and (C) transfer of repurchased shares to participants of the Company's incentive programs in accordance with following.

#### **(A) Resolution on issuing call options for shares in Bufab**

- a) The number of call options to be issued shall not exceed 350,000, corresponding to approximately 0.9 per cent of the total number of shares and votes in the Company. Each call option entitles the holder to acquire one (1) repurchased share in the Company during the period from and including 15 May 2024 up to and including 15 November 2024. However, shares may not be purchased during any such period when trading in the Company's shares is prohibited in accordance with regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "**market abuse regulation**") or any other equivalent legislation which applies at any given time.
- b) The purchase price for shares upon exercise of the call option shall correspond to 115 per cent of the volume-weighted average closing prices for the Company's share on Nasdaq Stockholm during the five trading days before the Board of Directors' resolution on allotment of call options.
- c) The right to acquire the call options shall be granted to the CEO of Bufab group, to senior executives and to other key employees within the group who are directly able to influence the group's profit. The CEO shall be offered a maximum of 30,000 call options. Other participants are



divided into two categories depending on seniority, each comprising approximately 15 persons, who shall be offered a maximum of 15,000 and 7,500 call options, respectively, per person.

- d) If a participant refrains in full or in part from acquiring offered call options, such un-acquired call options shall be allocated on a pro rata basis between those participants who have, in writing, expressed their interest in acquiring additional call options. Participants are not entitled in this manner to acquire more than an additional 30 per cent of the original number of call options offered. Since the call options are acquired at market price, no criteria for allocation in the Program are established.
- e) The call options shall be allotted against payment in accordance with the Board of Directors' resolution to the CEO, senior executives and other key employees within the Bufab group, in accordance with the guidelines stated in items c) and d) above. Allotment is expected to take place during the second or third quarter 2021.
- f) Allotment of call options according to item e) shall be made at market value calculated by Ernst & Young AB as an independent valuation institute, applying the Black & Scholes valuation method. The calculation is based on the variables risk-free interest rate, volatility, the term of the call options, expected dividends during the term of the call options, current share price and the acquisition price for shares when exercising the call options (strike price).
- g) The issuance of call options to employees outside of Sweden is dependent on tax effects, that there is no legal impediment, and that the Board of Directors determines that such allocation can be carried out with reasonable administrative and financial resources. The Board of Directors shall be entitled to make such minor amendments to the Program as required by applicable foreign legislation and regulations.
- h) The call options are freely transferable.
- i) The number of shares which the call options bring entitlement to acquire, as well as the exercise price, may be recalculated as a result of e.g. bonus issues, revers splits or splits of shares, new share issues, a reduction of the share capital, or similar actions. The time of transfer of shares may be brought forward as a result of any merger or similar actions.
- j) In order to encourage participation in the Program, the Board of Directors is authorised to resolve on a subsidy in the form of gross salary additions, maximum corresponding to the premium paid for each call option. In such cases, the subsidy will be paid in June 2024, subject to the participant at such point in time is remaining in his/her employment or another corresponding employment within the Bufab group and still holding call options. If a participant has disposed a part of its call options, the participant should receive a subsidy maximum corresponding to the premium paid for the call options held by the participant at the time of payment.
- k) The Company has the right but not any obligation to repurchase call options that the participant does not wish to exercise as per the participant's notification to the Company and part of each participant's call options at a price corresponding to no more than the market value, with the purpose of facilitating the participant's exercise of the remaining call options acquired under the Program. However, call options may not be repurchased during any such period when trading in the Company's shares is prohibited in accordance with Article 19 of the market abuse regulation or any other equivalent legislation which applies at any given time.
- l) The Board of Directors shall, within the framework of the above terms and conditions, be responsible for the preparation and management of the Program.

## **(B) Resolution on authorisation of the Board of Directors to resolve on repurchase of own shares**

In order to hedge Bufab's delivery of shares to the participants of the Program, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board to acquire, during the period until the next Annual General Meeting, a maximum of 350,000 shares in the Company. Acquisition shall be made on Nasdaq Stockholm in accordance with stock exchange regulations at a price within the registered price interval from time to time, which is the interval between the highest purchase price and the lowest sale price. Acquired shares shall be paid in cash and acquisitions may be made on one or several occasions.

## **(C) Resolution on transfer of repurchased shares to participants of the Company's incentive programs**

The Board of Directors' proposal also implies that the Annual General Meeting approves that the Company, with deviation from the shareholders' preferential right, transfer a maximum of 350,000 of the Company's repurchased shares to the participants of the Program at the fixed exercise price (subject to any recalculation). Transfer shall take place during the time the participants have the right to exercise call options to acquire shares in accordance with the terms and conditions for the Program. The reason for deviation from the shareholders' preferential right at transfer of own shares is to enable Bufab to deliver shares in the Company to the participants of the Program.

Shares that have been acquired by the Company, and which are not transferred to participants in the Program may be transferred to participants in previous incentive programs or future incentive programs decided on by the General Meeting of the Company. Also such shares acquired by the Company within previous years' incentive programs may be transferred to participants in the Program, previous incentive programs or future incentive programs decided on by the General Meeting. Transfer shall take place in accordance with applicable rules for the current incentive program.

## **Dilution, costs and impact on important key ratios**

The Program does not cause any dilution of the existing shareholders' share of the votes and capital in the Company since it is based on call options for shares already issued by the Company. The Program corresponds to approximately 0.9 per cent of the total number of shares and votes in the Company. Based on actual participation in the 2018, 2019 and 2020 incentive programs, these programs correspond, together with the Program proposed for the Annual General Meeting 2021, to a total of 3 per cent of the total number of shares and votes in the Company.

The costs of the Program consist of the subsidy that during June 2024 may be paid as per the above, the social security charges payable on this subsidy and the financing costs for repurchased shares. The total cost has been estimated to approximately MSEK 4 after corporation tax over the duration of the Program. To be compared with the subsidy, the option premium which the Company will receive on transfer of the call options corresponds to a total of approximately MSEK 4.

During its duration, the Program will impact the key ratio earnings per share positively through the Company's repurchase of shares and negatively because of the Company's transfer of the repurchased shares to the participants in the Program. The net effect on the key ratio earnings per share will be maximum 1 % during the duration of the Program. The cost for the Company's repurchase of own shares is estimated to amount to approximately MSEK 72 and will affect the cash flow, liquidity and equity in connection with the repurchase during the duration of the Program. After the duration of the Program, the above effects are expected to be neutralised. The Program is considered to only result in immaterial impact on other important key ratios.

## **Reason for the Program and its preparation**

Since 2017, the Company has, after a resolution by the Annual General Meeting each year, implemented a yearly recurring long-term incentive program comprising call options, on terms and conditions in all material aspects corresponding to the proposed Program. In the Board of Directors' assessment, the

previously resolved incentive programs have so far fulfilled their purposes. Therefore, the Board of Directors proposes that the Annual General Meeting 2021 resolves on a corresponding incentive program. The reason for implementing the Program is that key employees within the Bufab group should be able to benefit from and strive for, through their own investment, an increase in the price of the Company's shares, thus more closely aligning the interests of key employees and the Company's shareholders. The purposes of the Program is also to contribute towards key employees increasing their long-term shareholding in Bufab. The Program is also expected to create conditions for retaining and recruiting competent personnel for the Bufab group, to provide competitive remuneration and to align the interest of the executive management and shareholders. The Board of Directors considers that the Program is reasonable in scope and cost effective. The key employees included in the Program is the group of persons that, in an otherwise heavily decentralised organisation, can create positive effects for the Bufab group. On the basis of this, the Board of Directors believes that the Program has a positive effect on the continued development of the Bufab-group, and that the Program benefits both the shareholders and the Company.

The proposal for the Program has been prepared by the Company's Remuneration Committee in consultation with the Board of Directors of the Company. The Company's management has not been involved in the preparation. The resolution to propose the Program to the Annual General Meeting has been taken by the Board of Directors. Members of the Board of the Company are not included in the Program.

#### **Majority requirement**

The Board of Directors' proposal pursuant to items 17 (A) – (C) above shall be resolved on as one resolution with application of the majority rules in Chapter 16 of the Swedish Companies Act, meaning that shareholders representing at least nine-tenths of both the votes cast and shares represented at the meeting must support the resolution.

#### **Resolution on authorization to transfer shares in the Company (item 18)**

The Board of Directors proposes that the Annual General Meeting authorizes the Board to, on one or more occasions during the period up until the next Annual General Meeting, resolve upon transfer of the Company's own shares according to the following terms.

- The maximum number of shares to be transferred may not exceed the number of own shares held by the Company at the time of the Board's resolution, provided that the Company always holds such a number of shares that the Company needs to ensure delivery of shares under the Company's ongoing call option-based incentive programs (including any recalculation).
- Transfer of shares may take place on Nasdaq Stockholm.
- Payment for transferred shares may not be made in other forms than cash.
- Transfers of the Company's own shares on Nasdaq Stockholm may only occur at a price within the share price interval registered at each point in time, meaning the interval between the highest purchase price and the lowest selling price.

The purpose of the authorization is to enable the Company to transfer, on Nasdaq Stockholm, such shares that have been repurchased within any of the Company's incentive programs but have not been used for delivery of shares to participants in the incentive programs. The authorization includes the right to resolve on deviation from the preferential rights of shareholders.

The resolution by the meeting requires the support of shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

#### **Resolution on amendments of the Articles of Association (item 19)**

As a result of implemented legislative amendments, the Board proposes that the Annual General Meeting on 20 April, 2021 resolves on the following formal amendments to the Articles of Association.

<b>Present wording § 1</b>	<b>Proposed wording § 1</b>
The company's name is Bufab AB (publ).	The company's <i>business</i> name (Sw. <i>företagsnamn</i> ) is Bufab AB (publ).
<b>Present wording § 5</b>	<b>Proposed wording § 5</b>
The company's shares shall be registered in a securities register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).	The company's shares shall be registered in a securities register in accordance with the Swedish <i>Central Securities Depositories and</i> Financial Instruments Accounts Act (1998:1479).
<b>Present wording § 10</b>	<b>Proposed wording § 10</b>
Shareholders who wish to participate in a shareholders' meeting shall be registered as shareholders on a transcript of the entire share register as stipulated in Chapter 7, Section 28, third paragraph of the Swedish Companies Act (2005:551) that relates to the conditions prevailing five workdays prior to the meeting and shall also provide notification of their intention to attend the meeting no later than on the date stipulated in the notice convening the shareholders' meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday prior to the meeting. If a shareholder wishes to be joined by counsel (not more than two counsels) at the shareholders' meeting the number of counsels must be stated in the notice of participation.	Shareholders who wish to participate in a shareholders' meeting shall be registered as shareholders on a transcript of the entire share register <del>as stipulated in Chapter 7, Section 28, third paragraph of the Swedish Companies Act (2005:551) that relates to the conditions prevailing five workdays prior to the meeting</del> <i>on the record date for the General Meeting, which is established in accordance with the Swedish Companies Act (2005:551),</i> and shall also provide notification of their intention to attend the meeting no later than on the date stipulated in the notice convening the shareholders' meeting. The latter mentioned day must not be a Sunday, any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday prior to the meeting. If a shareholder wishes to be joined by counsel (not more than two counsels) at the shareholders' meeting the number of counsels must be stated in the notice of participation.

In order to be able to use the alternatives provided by the Swedish Companies Act with regard to decisions on proxy collection and postal voting, the Board of Directors proposes that a new article 13 is included in the Articles of Association, with the following wording.

<b>Proposed wording § 13</b>
<i>The Board of Directors may collect proxies pursuant to the procedure stated in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (2005:551).</i>
<i>The Board of Directors may decide before a General Meeting that the shareholders shall be able to exercise their voting rights by post before the General Meeting pursuant to the procedure stated in Chapter 7, Section 4 a of the Swedish Companies Act (2005:551).</i>

The Board of Directors proposes that the CEO, or whomever the CEO may appoint, be authorized to make such minor amendments of the proposal as may be required in connection with the registration with the Swedish Companies Registration Office.

**Majority requirement**

The resolution by the meeting requires the support of shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

**F. NUMBER OF SHARES AND VOTES IN THE COMPANY**

At the time of the issue of this convening notice, the total number of shares in the Company amounts to 38,110,533 shares corresponding to 38,110,533 votes in total. Of these shares, 829,070 are held in treasury and may not be represented at the Annual General Meeting.

**G. AVAILABLE DOCUMENTS**

The annual report and the audit report as well as the Board of Directors' complete proposals pursuant to items 7b (including the Board of Directors' reasoned statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act), 15, 16 (including statement from the auditor pursuant to Chapter 8, Section 54 of the Swedish Companies Act), 17-19, as well as the Nomination Committee's proposals pursuant to items 1 and 8-14 (including its reasoned statement), will be available at the Company, Bufab AB (publ), Stenfalksvägen 1, 331 02 Värnamo, and at the Company's website; [www.bufab.com](http://www.bufab.com), and will, on request, be sent to shareholders who state their address, no later than from March 30, 2021.

**H. PROCESSING OF PERSONAL DATA**

For information about the processing of your personal data, see

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Värnamo in March 2021

Bufab AB (publ)

THE BOARD OF DIRECTORS