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Corporate Governance Report

Bufab Holding AB (publ) is a Swedish public limited liability company. Bufab has been listed on Nasdaq Stockholm since 21 February 2014. Bufab applies the Swedish Corporate Governance Code (the “Code”) and hereby submits its Corporate Governance Report for the 2024 financial year in accordance with the provisions of the Swedish Annual Accounts Act and the Code. The Corporate Governance Report was reviewed by the company’s auditors.

The Code guidelines are available on the website of the Swedish Corporate Governance Board (www.corporategovernanceboard.se). The Code is based on the principle of “comply or explain,” which means that companies applying the Code do not always have to comply with every rule on condition that an explanation is provided. Bufab did not make any such deviations in 2024, with the exception of the fact that the Group has not set up a separate internal audit function. Read more at www.bufabgroup.com.

DELEGATION OF RESPONSIBILITY

The purpose of Bufab’s corporate governance is to create a clear delegation of roles and responsibilities between owners, the Board, the Board’s Committees and senior management.

Corporate governance at Bufab is based on applicable legislation, primarily the Swedish Companies Act, Nasdaq Stockholm’s rules and regulations, the Code and internal guidelines and rules.

A. SHAREHOLDERS

At the top of the corporate governance structure, the shareholders impact the main direction of the company by exercising their influence. Strong principal owners contribute a large amount of interest in and commitment to the company and its success. At year-end, the company’s share capital amounted to SEK 547,189, represented by a total of 38,110,533 shares. All shares carry equal voting rights and there are no limitations governing how many votes each shareholder may cast at a general meeting. At year-end 2024, Bufab had 7,952 shareholders (9,751). Of the total number of shares, 24.3 percent were held by foreign shareholders. The ten largest shareholders owned a combined total of 65.9 percent of the shares. The largest shareholder was Liljedahl Group, with 29.2 percent of the capital and votes. For more information about the share and shareholders, see page 110.

B. GENERAL SHAREHOLDERS’ MEETING

The general shareholders’ meeting is the company’s highest decision-making body. At the general shareholders’ meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the company’s results, discharge from liability of Board members and the CEO, election of the Chairman, Board members and auditors and remuneration of the Board of Directors and the auditors. There are no provisions contained in the Articles of Association concerning the appointment or dismissal of Board members, or regarding changes to the Articles of Association. Further information about the AGMs, the minutes of the Meetings, and Bufab’s Articles of Association are available on www.bufabgroup.com.

2024 Annual General Meeting

The Annual General Meeting (AGM) was held in Värnamo on 25 April 2024. 232 shareholders attended the Meeting, in person or by proxy, Shareholders were also allowed to use advance voting (postal voting) as prescribed in the notification. A total of 71.0 percent of the company’s voting rights were represented. The Meeting was also attended by the Board of Directors, Group management and the auditor.

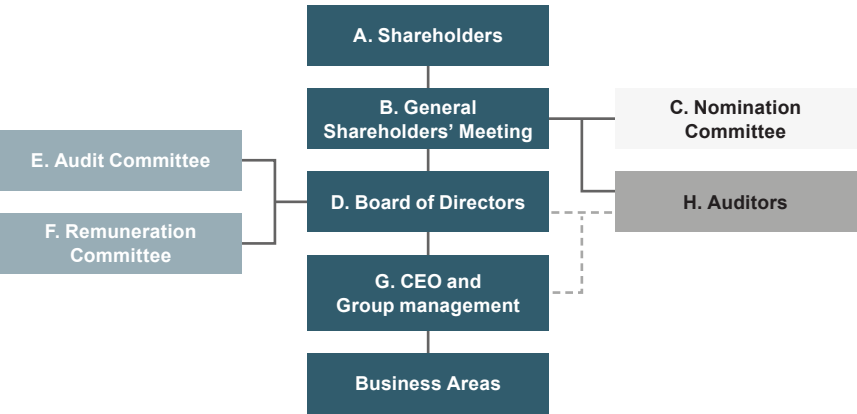
Resolutions at the 2024 AGM included:

- Adoption of the income statement and balance sheets for 2023, appropriation of the company’s results, and discharge from liability of Board members and the CEO.
- The re-election as Board members of Bengt Liljedahl, Per-Arne Blomquist, Hans Björstrand, Eva Nilsagård, Anna Liljedahl and Bertil Persson. Bengt Liljedahl was elected Chairman of the Board.
- Guidelines for remuneration of senior executives.
- Resolution on a long-term share-based incentive programme for 2024 was approved.
- Resolution on authorisation to transfer shares in the Company

2025 Annual General Meeting

The 2025 AGM will be held on 24 April 2025. Notice of the AGM is available at www.bufabgroup.com. Shareholders who, no later than 14 April 2025, are entered in the share register maintained by Euroclear Sweden AB and who have notified their intention to attend the AGM no later than 16 April 2025, are entitled to attend the AGM, in person or by proxy.

Governance structure



Important external rules and regulations

- Swedish Companies Act
- Stock market’s rule book for issuers
- Swedish Corporate Governance Code
- Swedish Annual Accounts Act
- Book-keeping Act

Important internal rules and regulations

- Articles of Association
- Board’s rules of procedure
- Rules of procedure for Board committees
- Rules of procedure for the Board of Directors and CEO instruction
- The Group’s and business areas’ resolutions procedure
- Bufab’s Code of Conduct
- Control documents in the form of policies, regulations, guidelines and instructions

C. NOMINATION COMMITTEE

Bufab is to have a Nomination Committee comprising one representative for each of the four largest shareholders in terms of number of votes in the shareholders’ register maintained by Euroclear Sweden AB as of 31 August in the year prior to the AGM, who on being asked expressed a wish to participate in the nomination work, as well as the Chairman of the company. The names of the four owner representatives and the shareholders they represent must be announced not later than six months prior to the AGM. The Nomination Committee’s mandate is valid until a new Nomination Committee is appointed. If the group of the largest shareholders changes during the nomination process, the composition of the Nomination Committee may change. The Nomination Committee’s task is to prepare proposals on the following issues:

- Chairman of the Meeting,
- Board members,
- Chairman of the Board,
- remuneration of the Board,
- auditor,
- auditor’s fees, and
- any changes to the Nomination Committee’s instructions.

The Nomination Committee for the 2024 AGM consisted of Fredrik Liljedahl (Liljedahl Group), Per Trygg (Lannebo fonder), Oscar Bergman (Swedbank Robus Fonder), Pär Andersson (Spiltan fonder) and the Chairman of the Board Bengt Liljedahl co-opted member.

The reasoned statement to the 2024 AGM shows that the Nomination Committee has applied Section 4.1 of the Swedish Corporate Governance Code as diversity policy when making its proposal.

With regards to the company’s operations, development stages and conditions in general, the goal of the policy is that the Board should have an appropriate composition characterised by versatility and width of expertise, experience and background as well as an even gender distribution. The 2024 AGM decided to appoint members of the Board in accordance with the Nomination Committee proposal, resulting in the current Board of Directors with six members, of whom two women and four men, which means the proportion of women is 33 percent. The long-term goal is to strive for gender balance.

Nomination Committee ahead of the 2025 AGM

Name	Representing	Share of votes, %
Fredrik Liljedahl (Chairman)	Liljedahl Group	29.2
Per Trygg	Lannebo fonder	8.6
Oscar Bergman	Swedbank Robur Fonder	5.9
Johan Sjöstrom	Andra AP-fonden	4.6
Bengt Liljedahl	Chairman of the Board, co-opted	

D. BOARD OF DIRECTORS

Composition

According to Bufab’s Articles of Association, the Board of Directors is to be comprised of not less than three and not more than ten AGM-elected members, with not more than three deputy members.

Bufab applies section 4.1. in the Code relating to the composition of the Board. The Board should therefore be characterised by diversity and breadth of expertise, experience and background of the members elected by the AGM. An even gender distribution should be pursued.

Since the 2024 AGM, the Board has comprised of six AGM-elected members; Bengt Liljedahl (Chairman), Hans Björstrand, Per-Arne Blomquist, Anna Liljedahl, Eva Nil-sagård and Bertil Persson. All Board members are independent in relation to the company and company management. All Board members, except for Bengt Liljedahl and Anna Liljedahl, are independent in relation to the company’s largest shareholders. Accordingly, the Board meets the requirement that at least two Board members who are independent in relation to the company and company management are also independent in relation to the largest shareholders. Further information regarding the Board members is presented on page 102 of the Annual Report and on www.bufabgroup.com.

Work of the Board

The Board is responsible for the organisation of the company and for managing the company’s operations. The Board is also to issue guidelines and instructions to the CEO. Furthermore, the Board is to ensure that the organisation of the company regarding accounting, management of funds and financial position are controlled in a satisfactory manner. The Board of Directors applies written rules of procedure, which are revised annually and adopted by the statutory Board meeting every year. Among other aspects, the rules of procedure govern the practice of the Board of Directors, functions and the division of work between the Board of Directors and the CEO. At the statutory Board meeting,

the Board of Directors also adopts instructions for the CEO, including instructions for financial reporting. The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional Board meetings can be convened to address issues which cannot be postponed until the next ordinary Board meeting. The Chairman of the Board and the CEO also engage in an ongoing dialogue concerning the management of the company.

The Board’s obligations are partly performed by the Audit Committee and Remuneration Committee and the Board has also adopted rules of procedure for these Committees.

Evaluation of Board work

The Chairman of the Board is responsible for evaluating the Board’s work, including assessing the performance of each Board member. This is performed on an annual basis according to an established process. The assessment focuses on such factors as availability of and requirement for specific expertise in the Board, commitment, the quality of the Board material and the time required for reading such material. The evaluation is reported to the Nomination Committee and comprises the basis of the Nomination Committee’s proposal for Board members and fees to be paid to the Board.

Work of the Board in 2024

The Board regularly addresses strategic matters that affect Bufab’s operations and orientation, potential divestments and acquisitions, as well as major investments. The company’s financial statements and Annual Report are addressed at the beginning of the year, as are matters to be presented at the AGM. At the end of the year, the Board deals with the budget for the forthcoming year as well as the Group’s long-term strategic plan, in addition to which it also reviews the quarterly results after each quarter. The work of the Board’s two Committees is also presented at each scheduled Board meeting.

The agenda is approved by the Chairman and sent to each Board member, along with the relevant material, approximately one week before each meeting. At each meeting, the CEO presents the Group’s sales and earnings, the current business situation and important external factors that may have bearing on the Group’s earnings. Each Board meeting includes a discussion that is not attended by the CEO. When appropriate, other senior executives may attend and present plans and proposals. The company’s auditor participates in meetings when necessary, and participates once a year without the presence of management.

In addition to the information presented in connection with Board meetings, management issues a monthly report to Board members and maintains regular contact with the Chairman of the Board. In 2024, the Board of Directors also completed training in the upcoming EU regulatory framework, the Corporate Sustainability Reporting Directive (CSRD).

Remuneration of Board members

Fees and other remuneration to Board members, including the Chairman, are resolved on by the AGM. At the AGM held on 25 April 2024, it was resolved that the Chairman be paid SEK 830,000 (650,000) and that the other non-executive members be paid SEK 350,000 (290,000). For work on the Audit Committee, it was resolved that SEK 130,000 (120,000) would be paid to the Chairman and SEK 65,000 (60,000) to each of the other members, and for work on the Remuneration Committee, SEK 30,000 (25,000) to each of the members.

Board members are not entitled to any benefits after leaving their position on the Board.

E. AUDIT COMMITTEE

The Audit Committee is, without it affecting the responsibilities and tasks of the Board of Directors, to monitor the company’s financial reporting, monitor the efficiency of the company’s internal control, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated financial statements, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other non-audit services for the company, and assist the Nomination Committee in the preparation of proposals for the general shareholders’ meeting’s decision on election of auditors.

ATTENDANCE AND REMUNERATION OF THE BOARD 2024

Group	Attendance			Remuneration
	Board meetings	Audit Committee	Remuneration Committee	Approved fee/basic salary, SEK million
Board of Directors				
Bengt Liljedahl	12/12	7/7	4/4	0.93
Per-Arne Blomquist	12/12	7/7		0.42
Hans Björstrand	12/12			0.35
Anna Liljedahl	12/12		4/4	0.38
Eva Nilsagård	12/12	7/7		0.48
Bertil Persson	11/12		4/4	0.38

The Audit Committee is to comprise three members. The Board appoints Committee members every year at the statutory Board meeting or when a Committee member needs to be replaced. The Board also adopts an instruction for the Committee’s work at the statutory meeting.

Audit Committee:

- Eva Nilsagård (Chairman)
- Per-Arne Blomquist
- Bengt Liljedahl

F. REMUNERATION COMMITTEE

The Remuneration Committee is to prepare matters concerning remuneration principles, and remuneration and other employment terms for the CEO and senior executives.

The Remuneration Committee is to comprise a minimum of two members. The Board appoints Committee members every year at the statutory Board meeting or when a Committee member needs to be replaced. The Board also adopts an instruction for the Committee’s work at the statutory meeting.

Remuneration Committee:

- Bengt Liljedahl (Chairman)
- Anna Liljedahl
- Bertil Persson

G. CEO AND GROUP MANAGEMENT

In addition to the President and CEO, Group management consists of four business area managers and two managers responsible for Bufab’s Group functions: Finance and

sourcing. The CEO is Erik Lundén. A presentation of Group Management can be found in the Annual Report on page 103 and on www.bufabgroup.com.

The CEO is subordinate to the Board of Directors and is responsible for the everyday management and operations of the company. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the CEO’s instructions. These are adopted every year at the statutory Board meeting. The CEO is also responsible for the preparation of reports and compiling information from management prior to the Board meetings and for presenting such material at the Board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting in the company and consequently must ensure that the Board of Directors receives information adequate to enable evaluation of the company’s financial position.

Remuneration to the CEO and Group management

The guidelines for remuneration to the CEO and other senior executives were adopted at the AGM on 25 April 2024.

Bufab strives to offer total remuneration that will attract and retain qualified employees. The total remuneration may include the components described below.

Fixed salary is to be market-based and must reflect the responsibility that the work involves. The fixed salary is to be revised annually. The variable cash remuneration shall amount to a maximum of 75 percent of the total fixed annual cash salary for the CEO and a maximum of 50 percent of the total fixed annual cash salary for the other senior executives.

The variable remuneration is to be based on established and measurable criteria, designed to promote the company’s long-term value creation, and is to be revised annually. The Board is to annually evaluate whether or not a long-term share-based incentive programme for senior executives and any other employees is to be proposed to the AGM.

Senior executives may be offered individual pension solutions. The pensions are, as far as possible, to be defined contribution.

Other benefits may be provided but are not to constitute a significant portion of the total remuneration.

The notice of termination between the company and the CEO is a maximum of 18 months. Other senior executives are to have a shorter notice of termination period.

The Board is entitled, in individual cases and if there are specific reasons, to deviate from the above guidelines for remuneration. Should such deviation occur, information about this and the reason must be reported at the next AGM.

Share-based incentive programmes

The 2024 Annual General Meeting resolved to adopt a long-term share-based incentive programme based on call options, comprising the CEO, senior executives and other key employees within the Group. The programme comprises a maximum of 210,000 call options, corresponding to approximately 0.6 percent of the total number of shares in the company.

The purchase price for the call options is to correspond to the market value of the options at the date of transfer. Each call option entitles the holder to acquire one share in Bufab

during the period 15 May 2027–15 November 2027. The purchase price per share when redeeming call options is to correspond to 115 percent of the volume-weighted average price paid for the company’s share on Nasdaq Stockholm during the five trading days occurring prior to the Board’s decision on allocation of call options.

The allocation of call options is to use the market-based value on the date of the transfer using an external independent valuation, by applying the Black & Scholes pricing model.

A detailed description of the share-based incentive programme can be found in Note 34 on page 78 of the Annual Report.

Current employment agreements for the CEO and other senior executives

Decisions as to the current remuneration levels and other conditions for employment for the CEO and other senior executives have been resolved on in accordance with the existing guidelines for remuneration adopted by the AGM. All decisions on individual remuneration to senior executives have been made within these guidelines. Agreements concerning pensions are, wherever possible, to be based on fixed premiums and must correspond with the levels, practices and collective bargaining agreements applicable in the country where said senior executive is employed.

For senior executives resident in Sweden, six months’ notice applies when resigning and a maximum of 12 months’ notice when dismissed by the company. Refer also to Note 6 of the Annual Report.

H. AUDITING

The auditor is to review the company’s annual reports and accounting, as well as the management of the company by the Board of Directors and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the AGM. Pursuant to Bufab’s Articles of Association, the company is to have no less than one and no more than two auditors and no more than two deputy auditors. The company’s auditor until the conclusion of the 2025 AGM is Öhrlings PricewaterhouseCoopers AB, with Johan Rippe as Auditor in Charge. The company’s auditor is presented in more detail in “Group management and auditors.” Fees to auditors are to be paid in accordance with approved invoices. In 2024, the company’s auditor was paid a total of SEK 15 million.

INTERNAL CONTROL OVER THE FINANCIAL REPORTING

The objective of the internal financial control at Bufab is to create an efficient decision process in which requirements, targets and frameworks are clearly defined. The company and management use internal control systems to monitor the operation and the Group's financial position.

Control environment

The basis for the internal control over the financial reporting is the overall control environment. Bufab's control environment consists of sound core values, expertise, management philosophy, organisational structure, responsibility and authority. Bufab's internal instructions, policies, guidelines and manuals serve as guides for employees.

The control environment also includes laws and external rules and regulations.

At Bufab, there is a distinct division between role and responsibility to efficiently handle the risks of the operations, including rules of procedure for the Board and Committees, as well as instructions for the CEO. In the operating activities, the CEO is also responsible for the system of internal controls required to generate a control environment for significant risks.

Bufab also has guidelines and policies for financial control and monitoring, communication issues and business ethics. Most of the companies in the Group have the same financial system with the same accounting systems.

The Board has appointed an Audit Committee tasked to ensure compliance with established policies for financial reporting and for maintaining the internal control.

Internal audit

The company's size combined with the work of the Audit Committee and established and implemented solid control procedures mean that the Board does not believe that it need establish a separate internal audit function. However, the matter of a separate internal audit function is addressed annually.

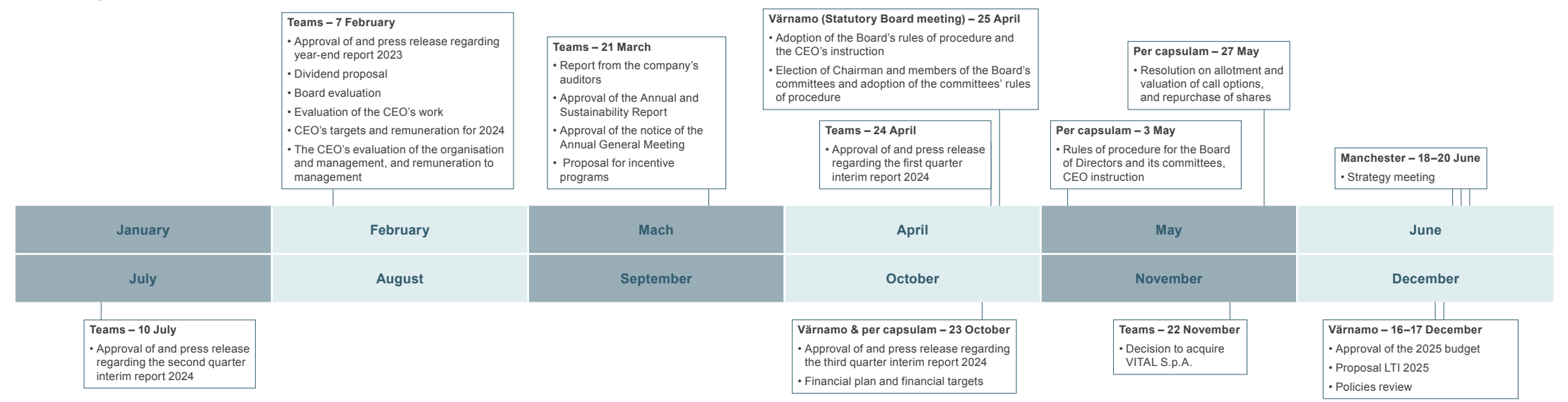
Risk assessment and control activities

Risks of material misstatement in the annual accounts may occur in connection with accounting and the evaluation of assets, liabilities, income and expenses or deviation from

disclosure requirements. Bufab's accounting function performs a risk analysis every year regarding items in the consolidated balance sheets and income statements based on qualitative and quantitative risks.

Normal control activities include reconciliation of accounts and support controls. The purpose of all control activities is to prevent, detect and correct any errors or deviations in the financial reporting. In the Group's work with internal control, the material risks identified in the financial reporting are handled through control structures, which, in all material respects, are based on deviation reporting from established goals or norms.

Board meetings in 2024



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Information

Accurate internal and external information entails that all sections of the operations will be able to efficiently exchange and report relevant material information. In addition to managers’ information responsibility, Bufab has a well-functioning intranet for exchanging information. Bufab has established a policy document to inform employees and other relevant personnel at Bufab about the applicable regulations and instructions for disclosing company information and the special requirements that apply for inside information.

For communication with external parties, there is a policy that states the guidelines for how such communication is to take place. The aim of this is to ensure compliance with information obligations and to ensure that investors receive the right information in time.

The Group has a whistleblower function. Employees can anonymously contact a third party to report behaviour or actions that constitute breaches or suspected breaches of laws and guidelines, etc. All contact is logged and a summary about the calls and measures taken is regularly is reported to the Board.

Monitoring

The Group applied IFRS as defined in Bufab’s accounting manual. This manual includes accounting and valuation rules that must be adhered to by all companies within the Group, and reporting instructions. Financial data is reported from all legal entities every month.

Reporting takes place in accordance with standardised reporting procedures documented in the Group’s accounting manual. This reporting comprises the basis of the Group’s consolidated financial reporting. Consolidation takes place based on a legal and operating perspective, which results in quarterly statutory reports containing complete income statements and balance sheets for every company and consolidated for the Group, and monthly operating reports.

Every Board member receives a monthly report containing consolidated income statements and balance sheets for the Group and income statements and balance sheets for the subsidiaries with comments. In addition to this monthly information, similar information is received in connection with Board meetings and a report that includes monitoring of tax obligations, disputes, compliance with policies, whistleblower summaries and environment.

Värnamo 18 March 2025	
Bengt Liljedahl Chairman of the Board	
Hans Björstrand	Per-Arne Blomquist
Eva Nilsagård	Bertil Persson
Anna Liljedahl	

Auditor’s report on the Corporate Governance Statement

This is a translation of the Swedish language orginal.
In the event of any differences between this translation and the Swedish language orginal, the latter shall prevail.

To the general meeting of the shareholders in Bufab AB (publ), corporate identity number 556685-6240

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the year 2024 on pages 95–100 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR’s auditing standard RevR 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg 25 March 2025
Öhrlings PricewaterhouseCoopers AB

Johan Rippe
Authorized Public Accountant