

## **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 Thursday April 25, 2019, at 2.00 p.m., at Vandalorum, Skulpturvägen 2, Värnamo**

### **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 April 17, 2019; and
- notify the Company of their intention to attend no later than on April 17, 2019, by mail to Bufab AB, P.O Box 2266, 331 02 Värnamo, or by telephone at +46 370 69 69 00, or via e-mail [arsstamma@bufab.com](mailto:arsstamma@bufab.com).

The notification should include the shareholder's name, personal or company registration number, address, telephone number and number of assistants (no more than two). For shareholders wishing to participate through an authorised representative, the Company will provide proxy templates on the Company's website, [www.bufab.com](http://www.bufab.com). Shareholders participating through an authorised representative should submit the proxy to the above address prior to the date of the Annual General Meeting.

Shareholders whose shares are registered in the name of a bank or other nominees must temporarily register the shares in their own name in order to be entitled to attend the Annual General Meeting. To ensure that such registration is made on April 17, 2019, shareholders must inform the nominee well in advance of that date.

### **B. AGENDA ITEMS ON THE ANNUAL GENERAL MEETING**

Proposed agenda

1. Opening of the Annual General Meeting
2. Election of Chairman of the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination as to whether the meeting has been duly convened
7. Presentation of the annual report and the audit report as well as the consolidated financial statements and the audit report of the group
8. Speech by the CEO
9. 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 or loss pursuant to the adopted balance sheet
  - c) discharge from liability of the Board members and the CEO
10. Report on the work of the Nomination Committee
11. Determination of the number of Board members
12. Determination of the number of auditors and deputy auditors
13. Determination of the remuneration to the Board members and the auditors
14. Election of members and Chairman of the Board
15. Election of auditor
16. Resolution on principles for the appointment of the Nomination Committee and its assignment
17. Resolution on guidelines for remuneration to senior executives
18. 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 the Board of Directors to

- resolve on acquisition of own shares and (C) transferring repurchased shares to participants of the incentive program
19. Closing of the meeting

### **C. THE NOMINATION COMMITTEE'S PROPOSED RESOLUTIONS WITH RESPECT TO ITEMS 2 AND 11-16**

In accordance with the principles for appointing the Nomination Committee, adopted by the Annual General Meeting 2018, the Chairman of the Board of Directors contacted the four largest shareholders of the company as per August 31, 2018, 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 2019.

The Nomination Committee consists of Fredrik Liljedahl (Liljedahl Group), Adam Gerge (Didner & Gerge Fonder), Johan Ståhl (Lannebo Fonder), Niklas Johansson (Handelsbanken Fonder) and Sven-Olof Kulldorff, co-opted, (Chairman of the Board of Directors). Johan Ståhl is the Chairman of the Nomination Committee. The Nomination Committee represent approximately 51 per cent of the votes and capital in the Company. The Nomination Committee presents the following proposals to the Annual General Meeting 2019:

#### ***Election of Chairman of the meeting (item 2)***

The Chairman of the Board, Sven-Olof Kulldorff, is proposed as Chairman of the Annual General Meeting.

#### ***Determination of the number of Board members (item 11)***

The Nomination Committee's proposal is that the number of Board members should 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 12)***

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 and the auditors (item 13)***

The Nomination Committee proposes the following remuneration:

- SEK 500,000 (430,000) to the Chairman of the Board and SEK 250,000 (215,000) 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 50,000 (35,000) 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 2,150,000 (1,825,000) 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.

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 14)***

The Nomination Committee's proposal is new election of Anna Liljedahl and Johan Sjö as Board members and re-election of the Board members Hans Björstrand, Johanna Hagelberg, Sven-Olof Kulldorff, Bengt Liljedahl and Eva Nilsagård. Adam Samuelsson and Gunnar Tindberg have declined re-election.

Sven-Olof Kulldorff 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 15)***

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 2020. 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 revised principles for the appointment of the Nomination Committee and its assignment (item 16)***

The Nomination Committee proposes that the following principles for appointment of Nomination Committee and for the Nomination Committee's assignment, which substantially correspond to the current principles, are resolved by the Annual General Meeting 2019.

1. The company shall have a Nomination Committee consisting of one person 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 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:

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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.

- 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.

#### **D. THE BOARD OF DIRECTOR'S PROPOSED RESOLUTIONS WITH RESPECT TO ITEMS 9 b, 17 AND 18**

##### ***Appropriation of the Company's profit or loss pursuant to the adopted balance sheet (item 9 b)***

The Board of Directors proposes a dividend of SEK 2,50 per share, corresponding to approximately MSEK 94, to be paid to the shareholders and that the remaining unappropriated earnings, approximately MSEK 219, should be carried forward.

The Board of Director proposes April 29, 2019 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 May 3, 2019.

##### ***Resolution on guidelines for remuneration for senior executives (item 17)***

The Board proposes that the Annual General Meeting resolves on guidelines for remuneration to senior executives with following content:

The guidelines shall apply to remuneration of the CEO and the other senior executives. Bufab strives to offer an overall compensation package capable of attracting and retaining qualified employees. The overall compensation package can comprise the components listed below.

Fixed salary shall be competitive and shall reflect the responsibilities required by the position. The fixed salary shall be reviewed on an annual basis. The variable cash salary may not exceed 50 per cent of fixed salary. The variable remunerations shall be linked to predetermined and measureable performance criteria, aimed at promoting the company's long-term value creation and shall be reviewed on an annual basis.

The Board shall conduct an annual evaluation regarding whether or not to propose the Annual General Meeting to adopt a long-term share based incentive program for senior executives and possible other employees.

Senior executives may be offered individual pension solutions. Pensions shall, to the extent possible, be defined-contribution plans.

Other benefits may be offered, but shall not comprise a significant share of the overall compensation package.

The maximum period of notice between the Company and the CEO shall be 18 months. Other senior executives shall be subject to a shorter period of notice.

In individual cases and under special circumstances, the Board has the right to deviate from the above remuneration guidelines. In the event of such a deviation, information pertaining thereto and the reason for the deviation must be presented at the next Annual General Meeting.

The above guidelines are a full statement on the proposed resolution of the Annual General Meeting.

***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 the Board of Directors to resolve on acquisition of own shares and (C) transferring repurchased shares to participants of the incentive program (item 18)***

Like previous years, the Board of Directors proposes that the Annual General Meeting resolves to adopt a long-term share based incentive program (the "**Program**"), on terms and conditions in all material aspects corresponding to the 2018 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 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 Program 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 August 2022 up to and including 15 February 2023. 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 price paid 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.
- 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 item c) and d) above. Allotment is expected to take place during the second or third quarter 2019.
- f) Allotment of call options according to item e) shall be made at market value at the time of transfer, according to external independent valuation, applying the Black & Scholes valuation method.
- 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 2022, 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 the obligation to repurchase such call options that the participant does not wish to exercise, as per the participant's notification to the Company. Repurchase of call options shall be made at a price from time to time corresponding to no more than the market value. 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 regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (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 Program**

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.

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

The Program do 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 and together with the 2017 and 2018 incentive programs a total of 2,7 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 2022 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 dilution and the above described cost. 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 35 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**

At the Annual General Meeting 2017 and 2018, it was resolved to implement long-term share based incentive programs comprising call options, on terms and conditions in all material aspects corresponding to the proposed Program. In the Board of Directors' assessment, the 2017 and 2018 incentive programs so far have fulfilled their purposes. Therefore, the Board of Directors proposes that the Annual General Meeting 2019 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 that, in an otherwise heavily decentralised organisation, can create positive effects for the 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 18 (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.

#### **E. 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, 642,800 are held in treasury and may not be represented at the Annual General Meeting.

#### **F. RIGHT TO INFORMATION**

The Board of Directors and the CEO shall, upon request of a shareholder, and if the Board deems this can be done without causing material harm to the Company, inform about matters which might affect the assessment of an item on the agenda or about Bufab's or its subsidiaries' financial situation or about Bufab's relation to another group entity in relation to the consolidated financial statements.

#### **G. AVAILABLE DOCUMENTS**

The annual report and the audit report as well as the Board of Directors' complete proposals pursuant to items 9b (including the Board of Directors' reasoned statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act), 17 and 18 (including statement from the auditor pursuant to Chapter 8, Section 54 of the Swedish Companies Act and the Remuneration Committee's evaluation of remuneration for senior managers), as well as the Nomination Committee's proposals pursuant to items 2 and 11-16, 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 April 4, 2019.

#### **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 2019  
Bufab AB (publ)

THE BOARD OF DIRECTORS