

The Board of Directors' of Bufab AB (publ) report on the results of the evaluation performed by the Remuneration Committee on variable remuneration and the guidelines for remuneration to senior executives

The Board of Directors of Bufab AB has established a Remuneration Committee, which during 2019 was comprised of the Chairman of the Board, Sven-Olof Kulldorff, and Board member Bengt Liljedahl. Sven-Olof Kulldorf has been the Chairman of the Committee.

The CEO Jörgen Rosengren has been co-opted in certain matters, but not participated in matters regarding the CEO and the CEO's remuneration or matters regarding the company's long-term share based incentive program. The Committee has held two meetings during 2019 and one meeting in the beginning of 2020 and has addressed issues concerning guidelines for remuneration to senior executives, remuneration of the CEO and remuneration to other senior executives in collaboration with the CEO. The Committee has also followed up and evaluated ongoing and concluded programs for variable remuneration, ongoing long-term share based incentive programs as well as the application of the guidelines for remuneration to senior executives resolved on by the Annual General Meeting, and the applicable remuneration structures and the remuneration levels in the company.

In accordance with rule 10.3 of the Swedish Code of Corporate Governance, the Board of Directors hereby gives the following report on the results of the evaluation performed by the Remuneration Committee.

Objective

Bufab strives to offer a total remuneration that is able to attract and retain qualified senior executives.

Variable cash remuneration

In addition to the fixed basic salary, senior executives can receive variable remuneration, which may amount to a maximum of 50 per cent of the fixed salary.

The variable cash remuneration must be based on the annually established targets linked to Bufab's financial trend and has during the financial year 2019 comprised targets related to the company's results, organic growth and capital tied up.

During the 2019 financial year, a total of MSEK 0.5 was charged against profits pertaining to variable remuneration to which the CEO and other senior executives were entitled.

Long-term share based incentive program

During the 2019 financial year, as well as during the 2018 financial year, Bufab has, according to the resolution of the Annual General Meeting, implemented a long-term incentive program, comprising approximately 30 key employees within the Bufab-group. The Remuneration Committee's assessment is that the long term incentive programs so far have fulfilled their purposes. Consequently, the Board of Directors intends to propose a corresponding long term incentive program to the 2020 Annual General Meeting.

Guidelines for salary and other remuneration

The Remuneration Committee continuously evaluates compliance with the guidelines for remuneration to the CEO and senior executives. The decision data is obtained from the CEO, HR Manager and CFO. To assess whether salaries and remuneration are market based, comparisons are made with relevant sectors and markets.

Remuneration Committee's assessment

In its evaluation, the Remuneration Committee has deemed that the remuneration structure and remuneration levels in the company provide the prerequisites for a total remuneration that is reasonable and competitive and therefore able to attract and retain qualified senior executives.

The Remuneration Committee has also confirmed that the guidelines for remuneration to senior executives adopted by the 2019 Annual General Meeting have been appropriate and complied with. As such, the opportunity to deviate from the guidelines for specific reasons has not been utilised. This is also stated in the auditor's report pursuant to Chapter 8, Section 54 of the Swedish Companies Act.

Värnamo, March 2020

The Board of Directors of Bufab AB (publ)