

BUFAB GROUP POLICY

Corporate Governance

BUFAB

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1. Background and purpose

To ensure that all entities within Bufab Group, referred to as Bufab or the group, are complying with applicable laws and regulations and that the group's values and desired ways of conducting business are communicated and followed throughout the entire organisation, Bufab AB (the parent company) has developed several governing documents, including this policy.

2. Audience

This policy applies to all entities within the group.

3. Policy statement

Effective management of Bufab's business is essential for achieving its vision and long-term goals. Consequently, the following areas are organised and regulated within Bufab.

3.1. The Board of Directors of Bufab AB

The board is responsible for ensuring compliance with the Rules of Procedure for the Board of Directors, including the Instruction for the Audit Committee, the Instruction for the Remuneration Committee, and the CEO Instructions, encompassing financial reporting. These documents are fundamental to managing Bufab.

The group policy portfolio establishes Bufab's values and way of working. The Board of Directors at Bufab AB shall approve all group policies.

3.2. The CEO of Bufab AB

The CEO of Bufab AB (the "Group CEO") is responsible for defining, maintaining, and running an appropriate organisation capable of reaching Bufab's vision, goals and strategy in accordance with the CEO's Instructions.

3.3. Operational Governance

The Group's operating activities are conducted within the subsidiaries. Operations shall be carried out in accordance with the policies, procedures, and instructions established by Bufab AB and the governing documents adopted by each subsidiary's Board of Directors, as applicable.

A defined governance model outlining Bufab's requirements for key areas, such as the operating model, roles and responsibilities, and follow-up, shall be in place. However, each subsidiary shall be free to decide and act to achieve its targets. The group CEO is responsible for the governance model.

3.3.1. Subsidiaries Board of Directors

At least one member of each subsidiary's Board of Directors shall be a representative from Bufab AB. The Group CEO shall approve any exception from this requirement and, on an annual basis, approve each subsidiary's Board of Directors.

The Board of Directors of each subsidiary is responsible for ensuring compliance with its respective Rules of Procedure for the Board of Directors.

3.3.2. Subsidiary MDs

The MD of each subsidiary within the group is responsible for performance and ensuring growth and development per the set business plans, the group authorisation instructions, and applicable MD instructions. The MD of each subsidiary shall ensure compliance with all governing documents within the group's policy portfolio.

3.3.3. Follow-up of subsidiaries

A team of Regional Managers at Bufab will ensure proper follow-up with all subsidiaries within the group. Monthly and quarterly meetings will be held between the Regional Managers and the subsidiary MDs. The quarterly meetings will be documented according to a defined template. The Regional Director will prepare a monthly report to be shared with the group CEO.

3.4. Governing Documents

To ensure that all entities within the group comply with applicable laws and that Bufab's values and way of working are valid throughout the entire organisation, Bufab has developed several policies, including this policy. In accordance with this, Bufab has defined a structure and process for managing governing documents (policies and procedures), including ownership and accountability for compliance with these documents.

The group policy portfolio shall include, but not be limited to, the following key areas:

- Corporate Governance, including procedures for policy, risk management and internal control
- Finance
- Related party transactions
- Investment
- IT
- Information Security and Data Privacy
- Human Resources
- Information & Communication
- Insider
- Sustainability
- Anti-Bribery and Corruption
- Sanctions
- Competition Law
- Data Protection

In addition to the policies, Bufab has a Code of Conduct and a Supplier Code of Conduct in place, which includes mandatory principles regarding employee and business partner behaviour regarding fundamental human rights and labour standards, environmental compliance with laws, and business ethics. Please refer to Appendix A for the group policy portfolio.

Each policy has a designated owner. The governing documents procedure outlines the policy owner's roles and responsibilities.

3.5. Management of compliance

All companies within the group shall comply with applicable laws, and the governing documents shall serve as support to ensure compliance with them. Management and employees are responsible for adherence within their respective working areas.

Each policy shall have an appointed owner responsible for following up on it within the group. The group CEO is accountable for the group policy portfolio, while the MD of each subsidiary is tasked with implementing it alongside any locally developed governing documents.

The group CEO shall report on policy compliance to the Board of Directors annually. The MD of each subsidiary within the group shall report on policy compliance to their respective Regional Director and the Board of Directors annually. For more information about related responsibilities, refer to the governing documents procedure.

The MD of the applicable company shall promptly report any exceptions noted in the group policy portfolio to their respective Regional Director, Board of Directors, and Group CFO.

3.6. Business process

Bufab has defined several processes for managing the business and delivering value. These processes are divided into management, core, and support processes, as illustrated in the High-level Process Map (appendix B). Further descriptions (procedures and instructions) within Bufab shall align with these processes. The group CEO is responsible for the process structure within Bufab. The subsidiaries shall strive to describe these processes uniformly, and each process alignment shall be ensured with the applicable policy.

All subsidiaries within the group must understand their most critical processes and ensure that they are adequately documented (e.g. documentation related to applicable ISO certifications, etc.). The MD of each subsidiary is responsible for guaranteeing sufficient documentation of these critical processes.

3.7. Business planning and follow-up

All companies within the Group shall continuously plan to achieve the vision and long-term objectives. Bufab AB and all subsidiaries shall prepare an annual 3-year business plan and budget. The business plans for the subsidiaries shall also include a SWOT analysis. Business plans and budgets must follow a uniform format.

The MD of each company within the group is responsible for business planning and follow-up, with support from their respective CFO (if applicable). For Bufab AB, appropriate reporting and follow-up shall be presented to the Board of Directors. For all subsidiaries within the group, appropriate reporting and follow-up shall be presented to their respective Board of Directors and Regional Director.

3.8. Financial reporting

A Finance Manual (procedure) shall be in place to meet financial and reporting requirements. The Finance Manual shall provide guidance and summarise the sections required to uphold a high financial accounting and reporting standard.

The Finance Manual shall be updated, reviewed by the Audit Committee, and approved by the group CEO annually.

3.9. Risk Management and Internal Control

Bufab shall identify, assess and manage risks based on the group's vision and goals.

3.9.1. Risk identification and assessment

A risk assessment of strategic, operational, compliance, financial, and reporting risks shall be performed annually by the group Management Team in Bufab and each region, and it shall be documented in a risk register and a risk map. See the document Risk Management and Internal Control Procedure for more information.

Each Regional Director shall annually present the risks to the group CFO, who shall then present them to the Audit Committee and the Board of Directors for review and approval.

More detailed risk assessments shall be performed for key areas at least annually.

3.9.2. Internal control requirements

Based on the risk identification and assessments performed, internal controls will be designed and implemented to address the applicable risks. These internal controls will be articulated as requirements, outlining the minimum efforts necessary to establish an effective internal control environment across key areas. The Bufab CFO is responsible for the group's internal control framework and will annually present the framework to the Audit Committee for review and to the Board of Directors for approval.

3.9.3. Assessment, analysis, and reporting

Each year, all companies in the group will assess the effectiveness of the established controls aimed at mitigating identified risks. The findings from these self-assessments will be documented, along with recommendations for actions to address any remaining deficiencies, particularly those controls deemed ineffective.

For all subsidiaries within the group, the mitigating actions, remediation plans, and timelines for the controls assessed as ineffective will be defined in collaboration with the relevant Business Area Controller or Manager. The MD of each subsidiary will report the documented results and planned mitigating actions to both their Board of Directors and the Regional Director.

For Bufab AB, in addition to documenting the results and defining mitigating actions, the documentation must also include an impact analysis of any remaining deficiencies to ensure that they do not pose unacceptable risks of material misstatements in the financial reporting, or other unacceptable risks, considering the group's business.

For Bufab AB, the self-assessment results and suggestions on mitigating actions, including the impact analysis, shall be reported by the group CFO to the group Management Team and Audit Committee for review and approval by the Board of Directors.

Risk Management and Internal Control are further described in the Risk Management and Internal Control Procedure.

3.10. Crisis Management

All companies within the group must be fully prepared to handle any crisis. A group-wide procedure for crisis management and business continuity shall be in place. Each subsidiary shall review the procedure and, if necessary, make adjustments to address specific risks relevant to its operations. In addition to the procedure, all companies in the group are expected to have detailed business continuity plans for key areas to ensure efficient operations during and after an incident or crisis.

Each CEO within the Group is responsible for crisis management and business continuity within their respective company.

3.11. Whistleblowing

Bufab is committed to fostering transparency and upholding high business ethics. To facilitate this, a formal whistleblowing process has been established, allowing individuals to report any suspicions of misconduct that do not align with Bufab's values, policies, or Code of Conduct and could significantly impact the organisation or someone's well-being.

3.12. Highlights for Bufab subsidiaries

3.12.1. Subsidiaries Board of Directors

- Within each of the subsidiaries' Board of Directors, at least one member shall be a Bufab International or Bufab AB representative. The group CEO shall approve any exception from this requirement. The group CEO shall, on an annual basis, approve each subsidiary's Board of Directors.
- The Board of Directors of each subsidiary is responsible for and shall ensure compliance with its respective Rules of Procedure for the Board of Directors.

3.12.2. Subsidiary MDs

- The MD of each subsidiary within the group is responsible for performance and ensuring growth and development per the established business plans, group authorisation instructions, and applicable CEO directives.
- The MD of each subsidiary shall ensure compliance with and be responsible for implementing all governing documents within the group's policy portfolio, as well as any governing documents developed locally.
- The MD of each subsidiary shall annually report on policy compliance to their respective Business Area Manager and Board of Directors.
- Follow-up meetings between the Regional Director and subsidiary MDs shall be held monthly and quarterly. The quarterly meetings shall be documented in accordance with a defined template.

3.12.3. 3.12.3 Business Processes

- All subsidiaries shall know their most critical processes and ensure they are sufficiently documented (e.g. documentation related to applicable ISO certifications, etc.). The MD of each subsidiary is responsible for providing sufficient documentation of these critical processes.

3.12.4. Business Planning and follow-up

- All companies within the group shall continuously plan to achieve the vision and long-term objectives. All subsidiaries shall annually prepare a business plan and a budget, which shall also include a SWOT analysis.
- Appropriate reporting and follow-up shall be presented to the respective Boards of Directors and Business Area Managers for all subsidiaries within the group.

3.12.5. Risk Management and Internal Control

- Annually, all companies within the Group shall assess the effectiveness of the defined controls to mitigate identified risks. The results of these self-assessments shall be documented.
- Suggestions for mitigating actions to address any remaining deficiencies (controls assessed as ineffective) and remediation plans shall be defined in collaboration with the relevant Regional Controller or Regional Director.
- The MD of each subsidiary shall report the documented results and planned mitigating actions to both their Board of Directors.

3.12.6. Crisis Management

- Each MD within the group is responsible for crisis management and business continuity within their respective company.
- Each subsidiary shall review the crisis management and business continuity procedure and, if necessary, make any adjustments to address specific risks relevant to its operations. In addition to the procedure, all companies in the group are expected to have detailed business continuity plans for key areas to ensure efficient operations during and after an incident or crisis.

4. Roles and responsibilities

The group CEO is the owner of this policy.

5. Exceptions

There are no exceptions to this policy. Any request for exceptions must be clearly defined and documented. All exceptions require approval from the Board of Directors of Bufab.

6. Monitoring and compliance

- Group policies are approved annually by the Board of Directors of Bufab AB, following a review by the policy owner for content and accuracy.
- The group CEO reports annually on policy compliance to the Board of Directors.
- The MD of each subsidiary within the group shall report annually on policy compliance to their respective Business Area Manager and Board of Directors.
- All companies within the group develop an annual business plan and budget that follows a uniform format. For Bufab AB, the business plan and budget are presented to the Board of Directors. For all group subsidiaries, the budget and business plan are presented to their respective Boards of Directors and Business Area Managers.
- Each Regional Director provides the group CEO with an annual report on the overall risk assessment for each Business Area for review.
- The group CEO annually reports the overall risk assessment to the Audit Committee for review and to the Board of Directors for approval.
- The internal control framework is reported annually by the group CFO to the Audit Committee for review and to the Board of Directors for approval.
- For Bufab AB, a self-assessment of compliance with minimum internal control requirements is performed annually. For any identified deviations, suggested mitigating actions are developed. An impact analysis is then conducted based on the identified deviations within the Group. The results, including the suggested mitigating actions and the impact analysis, are reported by the group CFO to the group Management Team, the Audit Committee, and the Board of Directors.
- Each subsidiary within the group conducts an annual self-assessment of compliance with minimum internal control requirements. Mitigating actions, remediation plans, and timelines for the noted deviations are developed in collaboration with the relevant Business Area Controller or Business Area Manager. Each subsidiary MD reports the results and mitigating actions to their Board of Directors and the Regional Director.
- There is a Procedure for Crisis management and Business continuity in place.
- There is a Whistleblowing process in place.

7. References to associated documents

- Governing documents procedure
- Risk management and internal control procedures
- High-level process map
- Finance manual
- Procedure for crisis management and business continuity
- Whistleblowing process



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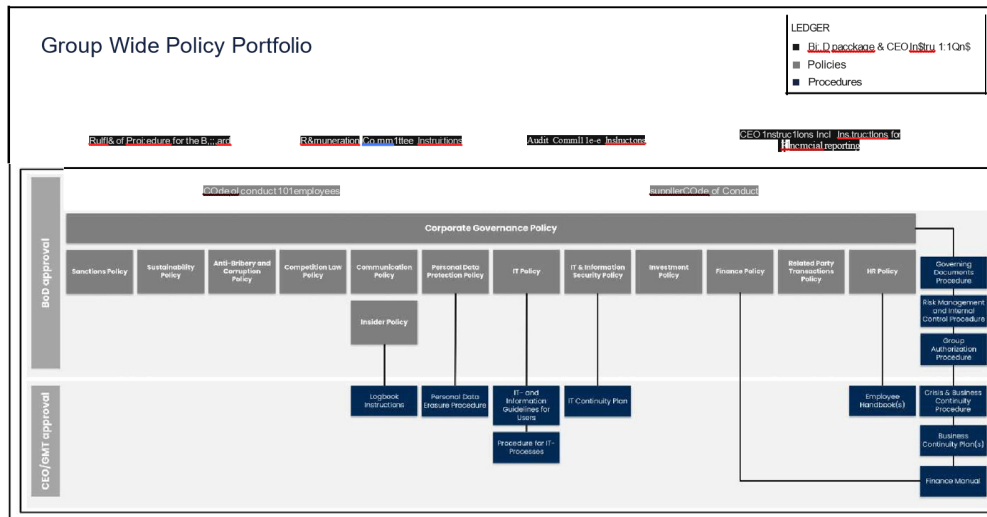
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9. Appendix

Appendix A – Policy portfolio



Appendix B – High-level process map

Group Process Map

