

## Board of Directors' proposal for LTI programme for 2015 for senior executives

The Board proposes that the 2015 Annual General Meeting votes in favour of a long-term incentive programme (LTI 2015) for the Management Team and selected key individuals to supplement the annual short-term incentive programme (STI 2015) according to the following main principles:

- STI 2015 measures adjusted operating profit (50%), improvement of capital employed (25%) and individual performance (25%), for a maximum payout of 60% of annual basic pay.
- LTI 2015, where a payout equivalent to the amount for STI 2015 is allocated, is indexed to Gränges' total return and paid out proportionately on an annual basis over a period of three years (vesting periods) provided that the individual remains in Gränges' employ.

### **Purpose of Gränges LTI 2015**

The purpose of Gränges LTI 2015 is to provide remuneration in line with market norms and at the same time stimulate a long-term commitment to Gränges by linking the participants' remuneration to the interests of the shareholders by indexing to Gränges' total return. LTI 2015 is also expected to help Gränges retain and recruit key individuals.

### **The role of Gränges' Board of Directors in LTI 2015**

Gränges' Board of Directors is authorised to interpret LTI 2015, including but not limited to:

- Deciding on the participants in LTI 2015
- Deciding on the participants' payout from LTI 2015, including determining the development of the total return during the vesting period.
- Adjusting the terms and conditions for LTI 2015 to comply with laws, regulations etc.
- Adjusting the payout for LTI 2015 in the event significant changes take place that affect the Gränges Group or its business environment, resulting in a situation where the terms of LTI 2015 are deemed inappropriate.

### **Participation in LTI 2015**

- Payments within the framework of LTI 2015 will only be made to participants who remain in the Gränges Group's employ, provided that no local laws or regulations exist entitling participants to LTI payouts. Deviations from this principle (so-called "good leaver" agreements) must be approved by Gränges' Board.

### **Administration, payout and payments**

Indexing of the total return in LTI 2015 is calculated as follows:

- Starting point: The average closing price for the Gränges share on NASDAQ Stockholm during the ten trading days after the publication date for the 2015 year-end release.
- Dividends: Dividends during the respective vesting periods will increase the percentage value of LTI 2015, where the percentage is calculated as the dividend in SEK divided by the closing price on the dividend date (the Thomson method).
- Ending points: The average closing price for the Gränges share on NASDAQ Stockholm during the ten trading days after the publication dates for the year-end releases for the years 2016, 2017 and 2018.

Payouts take place from LTI 2015 in connection with payouts from STI, provided written approval has been received from Gränges' Board of Directors. The total payout from STI and paying LTI programmes may not exceed 150% of annual basic pay as of the date of the payout. The maximum total payout from LTI 2015 is SEK 7 million.

Gränges' Annual General Meeting is to decide on new long-term incentive programmes every year.

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Stockholm, March 2015  
**Gränges AB (publ)**  
*Board of Directors*