

The Board of Directors' proposal for remuneration to the Management Team of the Gränges Group

The Board of Directors proposes that the Annual General Meeting votes in favour of remuneration to senior executives as follows:

General

Gränges will offer the remuneration levels and employment terms necessary in order to recruit, develop and retain senior executives. These individuals must have the expertise, motivation and capacity to be able to uphold, develop and implement comprehensive, value-creating strategic objectives for the Gränges Group.

Senior executives refers to the Group's Chief Executive Officer and members of the Management Team.

Remuneration to the Management Team is to be determined by the Board of Directors, but must follow the guidelines adopted by the Annual General Meeting. The basic principle is that remuneration is to be competitive and consist of a fixed salary and a variable component in the form of various incentive programmes. Applicable laws and other relevant regulations – both Swedish and in other countries – in the sector should always be observed.

Fixed salary

The fixed salary is to consist of normal basic pay. The salary is based on responsibility, performance, skills and the complexity and scope of the duties.

Variable pay

Variable pay is to consist of an annual short-term incentive programme (STI) and a long-term incentive programme (LTI).

Annual short-term incentive programme (STI 2015).

The outcome of the STI is determined by a number of parameters consisting of financial key ratios for the Group, such as adjusted operating profit and capital employed, and individual pre-determined targets. Remuneration under STI 2015 are not to exceed 60% of basic pay.

Long-term incentive programme (LTI 2015)

Following a resolution at an extraordinary general meeting on 2 September 2014, a long-term share-based incentive programme (LTI 2014) was offered in 2014 to stimulate long-term commitment. The programme consists of a total of one million employee stock options and has a term of two years followed by an exercise period of an additional year. This programme is for the Management Team and certain key individuals. Details on the allotment of stock options to the Management Team can be found in the corporate governance statement.

On condition that the Annual General Meeting passes this resolution, a long-term incentive program (LTI 2015) will be offered to senior executives and certain key individuals. LTI 2015 will run for three years and is structured as follows: An amount equivalent to the payout from STI 2015 for each participant will be reserved in a special so-called LTI bank. Provided that the participants remain in the employ of Gränges, the payout will be made at the rate of one third per year during the years 2017, 2018 and 2019, adjusted for Gränges' total return. The total payout from LTI 2015 and STI payable in one year is maximised at 1.5 times an annual salary. A more detailed account of the LTI programme is provided in a proposal prepared specially for the Annual General Meeting.

Both STI 2015 and the proposed LTI 2015 programme will provide cash payouts.

There will be no guaranteed variable remuneration.

Other benefits

Benefits that are not directly related to fixed and variable pay, such as car allowance, should facilitate the execution of duties and be in line with standard practices in the market for this target group.

Pension

Pension benefits are to comply with Swedish laws and relevant collective agreements, and be limited to ITP plans (supplementary pension for salaried employees in industry and commerce). Gränges thus has both defined contribution and defined benefit commitments based on individual circumstances. Pension terms are to be in line with market norms. The retirement age for the CEO is 65. The retirement age for other senior executives is 60–65, depending on in which country they are employed.

Period of notice of termination

The contract between the company and Chief Executive Officer stipulates a mutual 12-month period of notice. Additionally, in the case of termination by the company, severance pay is payable without deduction for an additional twelve months. The contracts between the company and other senior executives stipulate a mutual six-month period of notice. Additionally, in the case of termination by the company, severance pay is payable of an additional 12 months, without deduction for the first six months.

Information on remuneration decided on previously and not yet due for payment

In connection with the IPO, Gränges introduced a long-term share-based incentive programme (LTI 2014) decided on previously for senior executives and other key individuals in the company. LTI 2014 has been described above. More information on this programme is available at www.granges.com and in the company's 2014 corporate governance statement.

Other information

If a Board member performs other duties on behalf of the company in addition to work on the Board, a consulting fee and other compensation are payable for such work.

The Board of Directors may deviate from these guidelines if in an individual case there are special reasons for doing so. Deviation from the guidelines based on special reasons is limited.

Stockholm, March 2015

Gränges AB (publ)

Board of Directors