

## **NOTICE OF THE ANNUAL GENERAL MEETING FOR GRÄNGES AB**

Gränges AB (publ) will hold its Annual General Meeting at 4 p.m. CET on Thursday 28 April 2016 at Kammarsalen at Berns, Berzelii Park, Stockholm, Sweden. Registration will begin at 3 p.m. CET.

### **RIGHT TO PARTICIPATE AND NOTIFICATION TO THE COMPANY**

Those wishing to attend the General Meeting must

- be registered as shareholders in the share register maintained by Euroclear Sweden AB as of Friday 22 April 2016, and
- notify the company of their intention to attend no later than Friday 22 April 2016.

Registration of participation must be provided in writing to Gränges AB, Juridik, Box 5505, 114 85 Stockholm, Sweden, or by telephone at +46 (0)732 074 252 on weekdays between 9 a.m. and 4 p.m. CET or at the company's website, [www.granges.com](http://www.granges.com). When registering, shareholders are asked to state their name or business name, personal ID or company registration number, address and daytime telephone number. The registration procedure described above also applies to registration for any advisors.

### **NOMINEE-REGISTERED SHARES**

To have the right to attend the General Meeting, shareholders whose shares are registered with a nominee must have their shares re-registered in their own name in the share register maintained by Euroclear Sweden AB by Friday 22 April 2016. The re-registration may be temporary.

### **PROXY AND PROXY FORM**

Shareholders not attending the General Meeting in person may exercise their rights at the General Meeting by proxy by providing a written, signed and dated proxy. A proxy form is available at the company's website, [www.granges.com](http://www.granges.com). The proxy form can also be obtained from the company or ordered by telephone at the telephone number above. If a proxy is issued by a legal entity, a copy of the entity's registration document or similar authorisation document must be attached. Proxies must not be more than one year old unless a longer period of validity, not exceeding five years, is stated in the proxy. To facilitate entry into the General Meeting, proxies, registration documents and other authorisation documents should be provided to the company well in advance of the General Meeting.

**PROPOSED AGENDA**

1. Opening of the General Meeting
2. Election of a chairman for the General Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of persons to check the minutes
6. Determination of whether the General Meeting was duly convened
7. Chief Executive Officer's report
8. Presentation of the annual report and auditor's report as well as the consolidated financial statements and auditor's report for the Group.
9. Resolutions on:
  - a) adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet,
  - b) appropriation of the company's earnings according to the adopted balance sheet and setting of the record date for the dividend,
  - c) discharging the members of the Board of Directors and the Chief Executive Officer from liability vis-à-vis the company
10. Resolution on the number of Board members
11. Resolution on fees payable to the Board members
12. Election of the Board of Directors and Chairman of the Board
13. Resolution on the number of auditors, fees to the auditors and election of auditor
14. Resolution on guidelines for remuneration to senior executives
15. Resolution on a long-term incentive programme
16. Resolution on issue authorisation
17. Conclusion of the General Meeting

## **NOMINATION COMMITTEE'S PROPOSALS**

Ahead of the 2016 Annual General Meeting the Nomination Committee has consisted of the following members: Mikael Aru, Orkla (Nomination Committee chairman) (until 20 March 2016); Jannis Kitsakis, Fjärde AP-fonden (Nomination Committee chairman since 21 March 2016); Anders Algotsson, AFA Försäkring (since 21 March 2016); Claes Murander, Lannebo Fonder (until 10 March 2016); and Anders G. Carlberg (Chairman of the Board).

The Nomination Committee proposes the following to the 2016 Annual General Meeting:

### **Election of a chairman for the General Meeting (item 2)**

The Nomination Committee proposes that Anders G. Carlberg be elected as chairman for the General Meeting.

### **Resolution on the number of Board members (item 10)**

The Nomination Committee proposes that the Board of Directors, for the period until the conclusion of the next Annual General Meeting, consist of seven members elected by the General Meeting with no deputies.

### **Resolution on fees payable to the Board members (item 11)**

The Nomination Committee proposes that the fees payable for the period until the conclusion of the next Annual General Meeting remain unchanged at SEK 500,000 for the Chairman of the Board and SEK 275,000 for the other Board members elected by the General Meeting. A fee of SEK 80,000 will be payable to the chairman of the Audit Committee and SEK 40,000 to the other members, SEK 50,000 to the chairman of the Remuneration Committee and SEK 25,000 to the other members. All employee representatives on the Board are to receive SEK 40,000 each for the corresponding period.

### **Election of the Board of Directors and Chairman of the Board (item 12)**

The Nomination Committee proposes that Anders G. Carlberg, Terje Andersen, Carina Andersson and Ragnhild Wiborg be re-elected and that Katarina Lindström, Peter Carlsson and Hans Porat are elected as new Board members. Bertil Villard has declined re-election. Anders G. Carlberg is proposed to be re-elected as Chairman of the Board.

Information on the Board members proposed for re-election is available on the company's website, [www.granges.com](http://www.granges.com). Information on the proposed new Board members is provided below.

***Katarina Lindström***

Born: 1965.

Master of Science (Material Science) (KTH Royal Institute of Technology).

Senior Vice President, Operations and Supply Chain Management, Volvo Group Trucks Operation.

Elected member of the Swedish Royal Engineering Academy.

Previous positions: Various management positions at Volvo since 1988; led the Maintenance Department in the Skövde Engine plant, Program Manager for the engines at Volvo Powertrain, Senior Vice President, Global Manufacturing of Volvo Powertrain and other.

Shareholding: 0 shares

***Hans Porat***

Born: 1955.

Master of Science (Metallurgy/Materials) (KTH Royal Institute of Technology).

Board member of Nolato AB, Lindab International and Autoropa AB.

Previous positions: Various executive positions at ABB, Vice President of Trelleborg AB, President of Gadelius Japan, President and CEO of Nolato AB.

Shareholding: 0 shares

***Peter Carlsson***

Born: 1970.

Bachelor of Science (Economics) (Luleå University of Technology).

CEO and president of Amplify Operations. Board member of Metso, Orbital Systems and Ketra Lightning.

Previous positions: Vice President Supply Chain and Chief Procurement Officer at Tesla Motors, Senior Vice President and Chief Procurement Officer at NXP Semiconductors, Head of Sourcing at Sony Ericsson.

Shareholding: 0 shares

**Resolution on the number of auditors, fees for the auditors and election of auditor (item 13)**

The Nomination Committee proposes that the company will have one auditor without a deputy, that the fee for the auditor be paid according to approved invoices and that the registered audit company Ernst & Young AB be re-elected as auditor. Ernst & Young AB has informed the Nomination Committee that, if the Committee's proposal is adopted by the General Meeting, Authorised Public Accountant Erik Sandström, will be appointed as chief auditor.

**THE BOARD'S PROPOSALS****Decisions on the appropriation of the company's earnings according to the adopted balance sheet and setting of the record date for the dividend (item 9b)**

The Board of Directors proposes that the retained earnings of SEK 348,694,762 be appropriated as follows: Payment to the shareholders of a dividend of SEK 149,278,772 which is equivalent to SEK 2 per share, and the remaining amount of SEK 199,415,990 to be carried forward. The proposed record date for the dividend is 2 May 2016. If the General Meeting resolves in accordance with the proposal, the dividend is expected to be distributed through Euroclear Sweden AB on 6 May 2016.

**Resolution on guidelines for remuneration to senior executives (item 14)**

The Board of Directors proposes that the General Meeting passes a resolution on guidelines for remuneration to senior executives mainly according to the following:

*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 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 foreign – 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 2016) and a long-term incentive programme (LTI 2016). Both STI 2016 and the proposed LTI 2016 programme will provide cash payouts. There will be no guaranteed variable remuneration.

#### *Annual short-term incentive programme (STI 2016)*

The outcome of the STI is determined by a number of parameters consisting of financial key ratios for the Group, such as EBITA/adjusted operating profit and cash conversion, and individual pre-determined targets. Remuneration under STI 2016 are not to exceed 60% of basic pay.

#### *Long-term incentive programme (LTI 2016)*

On condition that the General Meeting passes this resolution, a long-term incentive program (LTI 2016) will be offered to senior executives and certain key individuals. LTI 2016 will run for three years and is structured as follows: An amount equivalent to the payout from STI 2016 for each participant will be reserved in a special so-called LTI bank. Provided that the participants remain in the employ of the Gränges Group, the payout will be made at the rate of one third per year during the years 2018, 2019 and 2020, adjusted for the Gränges Group's total return. The total payout from LTI 2016 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 General Meeting.

#### *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 the ITP plan (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 Chief Executive Officer is 65, who has a pension arrangement according to which an amount equivalent to

35 percent of the normal basic pay is allocated. 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 twelve-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 twelve months, without deduction for the first six months.

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

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, ending in the fall of 2016, followed by an exercise period of an additional year. This programme is for the Management Team and certain key individuals.

Following a resolution at an Annual General Meeting on 4 May 2015, a long-term share-based incentive programme (LTI 2015) was offered to senior executives and certain key individuals in 2015 to stimulate long-term commitment. 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.

More information on these programmes is available at [www.granges.com](http://www.granges.com) and in the company's 2014 and 2015 corporate governance statements.

*Other information*

If a Board member, who has been elected by the General Meeting, 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. Special reasons means limited possibilities of deviation from the guidelines.

### **Resolution on a long-term incentive programme (item 15)**

The Board proposes that the General Meeting passes a resolution on a long-term incentive programme ("LTI 2016") for the Management Team and selected key individuals to supplement the annual short-term incentive programme ("STI 2016") mainly according to the following main principles:

- STI 2016 measures EBITA/adjusted operating profit (60%), cash conversion (25%) and individual performance (15%), for a maximum payout of 60% of annual basic pay.
- LTI 2016, where a payout equivalent to the amount for STI 2016 is allocated, is indexed to the Gränges Group's total return and paid out proportionately on an annual basis over a period of three years ("vesting periods") provided that the individual remains in the Gränges Group's employ.

#### *Purpose of Gränges LTI 2016*

The purpose of Gränges LTI 2016 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 2016 is also expected to help Gränges retain and recruit key individuals.

#### *The role of Gränges' Board of Directors in LTI 2016*

Gränges' Board of Directors is authorised to interpret LTI 2016, including but not limited to:

- Deciding on the participants in LTI 2016
- Deciding on the participants' payout from LTI 2016, including determining the development of the total return during the vesting period.
- Adjusting the terms and conditions for LTI 2016 to comply with laws, regulations etc.
- Adjusting the payout for LTI 2016 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 2016 are deemed inappropriate.

#### *Participation in LTI 2016*

- Payments within the framework of LTI 2016 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.

- In the event of a participant’s death, the outstanding amount from LTI 2016 will be paid out no later than two months from the date of death. Total return is calculated based on the closing price on the last trading day of the month before the date of death.
- If a participant is absent due to illness or for another reason for a period of more than six months during the vesting period for LTI 2016, the participant will be allocated a proportional payout for the actual working period relative to the vesting period, provided that no local laws or regulations exist entitling the participant to a different payout.

#### *Administration, payout and payments*

Gränges’ finance department is responsible for maintaining a register of funds allocated within the framework of LTI 2016 and for proposing payouts adjusted to Gränges’ total return for approval by Gränges’ Board.

Indexing of the total return in LTI 2016 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 2016 year-end report.
- Dividends: Dividends during the respective vesting periods will increase the percentage value of LTI 2016, 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 reports for the years 2017, 2018 and 2019.

Payouts under LTI 2016 will as a rule not be regarded as pensionable income. In cases where pension plans define payouts as pensionable income (e.g. ITP in Sweden), the payout from LTI 2016 will be reduced as follows:

- Defined contribution pension plans: The payout is reduced by an amount equivalent to the premium in the defined contribution pension plan relating to LTI 2016.
- Defined benefit pension plans: The payout is reduced by a factor aimed at achieving a cost-neutral solution for Gränges. This factor is to be proposed by Gränges’ CFO and approved by Gränges’ Board of Directors.

Payouts from LTI 2016 take place 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 2016 is SEK 7.5 million.

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

#### **Resolution on issue authorisation (item 16)**

The Board of Directors proposes that the General Meeting passes a resolution on issue authorisation mainly according to the following:

The Board of Directors is to be authorised to, on one or more occasions until the next Annual General Meeting, issue new shares and/or convertible bonds as follows.

An issue of new shares and/or convertible bonds can be decided with or without regard to shareholders' pre-emption rights. Following this authorisation, a total maximum number of shares equivalent to 10% of the total number of outstanding shares in the company on the date of the General Meeting's authorisation resolution, may be issued in new share issues and/or through the conversions of convertible bonds (this does not prevent convertible bonds from being combined with conversion terms which, if applied, may result in a different number of shares).

This authorisation is to include the right to issue shares and/or convertible bonds with cash payment, payment by contribution in kind or payment by way of set-off, and otherwise subject to conditions as set out in Chapter 2 Section 5, second paragraph 1–3 and 5 of the Swedish Companies Act.

An issue of shares and/or convertible bonds without regard to pre-emption rights for the shareholders with cash payment or payment by way of set-off must take place on market terms.

The reason for the proposal and the possibility of deviating from the shareholders' pre-emption rights is to allow for flexibility in connection with any acquisitions or capital procurements.

The Board of Directors, or a party designated by the Board, has the right to decide on minor changes to the General Meeting's resolution that may be necessary in connection with registration of the resolution with the Swedish Companies Registration Office or due to other formal requirements.

### **SPECIAL MAJORITY REQUIREMENT**

For a decision according to item 16 on issue authorisation to be valid, the proposal must be agreed to by shareholders representing at least two thirds of both the votes cast and the shares represented at the General Meeting.

### **DOCUMENTS**

Copies of the Board's and the Nomination Committee's full proposals, including the Board's statement regarding the proposed dividend, as well as accounting documents and the auditor's report for 2015 will be available from the company and on the company's website, [www.granges.com](http://www.granges.com), as from 22 March 2016 and will be immediately dispatched at no cost for the recipient to the shareholders who request them and provide their postal address. The auditor's statement as to whether previously decided guidelines for remuneration to senior executives have been complied with, will be available in the same way no later than three weeks before the General Meeting. The documents will also be available at the General Meeting.

### **NUMBER OF SHARES AND VOTES**

The total number of shares in the company as of the issue date for the notice of the General Meeting is 74,639,386 shares, which is equivalent to 74,639,386 votes. As of the same date, the company is holding no shares in treasury.

### **INFORMATION AT THE GENERAL MEETING**

The Board of Directors and the Chief Executive Officer must, at the request of any of the shareholders and if the Board deems it possible without causing material harm to the company, provide information at the General Meeting on circumstances that may impact the assessment of an item on the agenda, circumstances that may impact the assessment of the company's or a subsidiary's financial situation, the consolidated financial statements and the company's relationship with other Group companies. Shareholders wishing to submit questions in advance may do so to the company's General Counsel, Niclas Nelson, at the above address.

---

Stockholm, March 2016  
**Gränges AB (publ)**  
*Board of Directors*