

## THE BOARD OF DIRECTORS' PROPOSAL FOR RESOLUTION ON INVESTMENT PROGRAMME FOR SENIOR MANAGERS

The Board of Directors proposes that the general meeting resolves on a long-term investment programme ("IP 2020") for senior managers and other key employees ("Participants"), as a supplement to annual incentive programmes as follows:

- IP 2020 is a one-off programme.
- The Participants in IP 2020 undertake to invest an amount corresponding to up to 50 per cent of an annual base salary before tax (the "Investment Amount") in shares and call options in Gränges AB (publ) ("Gränges").
- The Participant in IP 2020 receives a conditional cash contribution which, after tax deducted and other applicable fees, amounts to 50 per cent of the investment amount (the "Net Contribution"). If the participant has terminated their employment or has been terminated within three years from the date of payment of the Net Contribution (the "Time of Investment"), an amount corresponding to the Net Contribution shall be refunded to Gränges.
- Participants in IP 2020 can adjust their risk level by choosing to make 25, 50, or 75 per cent of their investment in call options and the remainder in shares.

### The Purpose of Gränges' IP 2020

During 2020, Gränges intends to launch a new strategy ("**Strategy 2025**") and new targets for the period 2020 to 2025. IP 2020 aims to support a market-based remuneration level and stimulate long-term commitment to Gränges and to the implementation of Strategy 2025 through increased shareholding by the Participants. This is expected to further link the interests of Participants and other shareholders. In addition, IP 2020 is expected to further improve Gränges' opportunities to retain and recruit people with special expertise and relevant experience to ensure a successful implementation of Gränges Strategy 2025.

### Authorisation of Gränges' Board of Directors in IP 2020

It is proposed that the shareholders' meeting authorize Gränges' Board of Directors to issue call options in a maximum amount of 2,000,000 shares in Gränges, corresponding to a maximum of 2.6 percent of the total number of shares and votes in Gränges.

It is also proposed that the shareholders' meeting authorize Gränges' Board of Directors to enter into share swap agreements in respect of shares in Gränges with appropriate parties on the market in order to be able to deliver the shares which will be available for acquisition by Participants within IP 2020 through the exercise of call options which have been issued. The share swap agreement is intended also to secure the financial exposure and the other possible risks which arise in conjunction with the issuance of the call options.

It is further proposed that the shareholders' meeting authorise Gränges' Board of Directors to interpret IP 2020, including but not limited to:

- Deciding the Participants in IP 2020.
- Making adjustments to the terms and conditions of IP 2020 in order to comply with legal requirements, regulations or the like.
- Making adjustments to the terms of IP 2020 in the event of significant changes to the Gränges Group or society in general, resulting in a situation where the conditions for IP 2020 would be deemed inappropriate or yield an unreasonable result.

### Investment requirements in IP 2020

- To participate in IP 2020, the Participant must invest an amount equal to up to 50 per cent of their annual base salary before tax in shares and call options in Gränges.
- The Participant in IP 2020 can adjust their risk level by choosing to make 25, 50, or 75 per cent of their investment in call options and the remainder in shares. New employees who start their employment after the Time of Investment are given the opportunity to make 100 per cent of the investment in shares.

### Net Contribution in IP 2020

- Participants in IP 2020 shall receive a conditional cash contribution which, after deduction of tax and other applicable fees, amounts to 50 per cent of the Investment Amount.
- If the Participant has resigned or has been terminated within three years from the Time of Investment, an amount corresponding to the Net Contribution shall be refunded to Gränges. If the Participant dies within three years from the Time of Investment, no claim will be brought against the decedent's estate of the Participant for repayment of the Net Contribution.

### Investment in shares in IP 2020

- The shares in which an investment will be made within the context of IP 2020 consist solely of existing shares in Gränges which have been and/or will be acquired by the Participant on the market up to and including 31 December 2020 and which have been allocated to IP 2020. Consequently, no new shares will be issued by Gränges for the Participants' investment in shares in IP 2020. The latter also applies to any shares which may be acquired within IP 2020 through the exercise of call options which have been issued.
- In the event that everyone in the group to which the offer is addressed participates in the program and chooses to invest the maximum amount to which they are entitled and also the maximum number of shares, i.e. that 75 per cent of the investment is made in shares, the number of acquired shares is anticipated to amount to a maximum of approximately 278,000 shares (calculated on the basis of the market conditions prevailing on 18 May 2020). This corresponds to approximately 0.4 percent of the total number of shares and votes in Gränges.

- If the Participant is newly hired or prevented from acquiring shares in Gränges in accordance with market abuse rules or similar rules during the period specified above, these shares shall instead be acquired as soon as possible after the end of the aforementioned period.
- The Participant undertakes not to sell shares acquired under IP 2020 within a period of three years from the Time of Investment. If, for whatever reason, the Participant sells shares acquired under IP 2020 within a period of three years from the Time of Investment, an amount corresponding to the Net Contribution pro rata the number of shares sold shall be repaid to Gränges.
- The Participant must be able to prove, at any given time up to and including three years from the Time of Investment, that the shares acquired by the Participant under IP 2020 are still held by the Participant.

### Call options in IP 2020

- The number of call options under IP 2020 may amount to a maximum of 2,000,000 shares. This corresponds to approximately 2.6 per cent of the total number of shares and votes in Gränges. In the event the market conditions prevailing at the time at which the Board of Directors makes the offer to the Participants entails that the number of options desired by the Participants exceeds the maximum number of options, the Board of Directors will allocate the maximum number of options amongst the Participants.
- Each call option entitles the Participant to acquire one share in Granges. The terms and conditions of the call options will be based on market conditions. The exercise price applicable upon exercise of the call options shall correspond to 110 per cent of the average volume-weighted share price for Gränges' share on Nasdaq Stockholm during a period of 10 trading days from the day after the Board of Directors invited the Participants to acquire the call options and the option premium shall be determined by an independent appraiser according to a generally accepted valuation model (Black-Scholes).
- The term of the call options shall be a maximum of five years from the time of issuance and, during the exercise period, exercise may be effected on eight different occasions commencing on 1 July 2023 during the ten trading days following the publication of an interim report. However, the call options may not be acquired or exercised during such period when trading in Gränges' shares is prohibited under market abuse rules or similar rules. On the last of these occasions, unexercised call options will be automatically exercised unless the Participant has given written notice in advance that the Participant is waiving their right to exercise the call options.
- The number of shares in Gränges that the call options entitle the holders to purchase, and the exercise price, may be recalculated in accordance with principles applicable on the stock market due to, among other things, a bonus issue, a share split or reverse share split, new issues, extraordinary dividends, a reduction of share capital, a buyout of Gränges shares from Nasdaq Stockholm, or

similar measures so as to ensure that the Participant obtains rights corresponding to those prevailing prior to the event.

- No new shares will be issued by Gränges in respect of the shares which are available for acquisition by Participants through the exercise of call options issued. The shares will instead be delivered by Gränges entering into a share swap agreement with third parties on market terms, through which the third party acquires and transfers shares to the Participants in their own name.
- The financial exposure arising from the issuance of the call options is secured through the aforementioned share swap agreement.
- Call options issued within the framework of IP 2020 are freely transferable but, according to agreement, are subject to the right of first refusal for Gränges. Gränges also has the right to repurchase the call options from the Participant if the Participant does not wish to exercise all the acquired call options and notifies Gränges about this. Acquisition of call options shall be effected at a price that, at any time, is equivalent to no more than market value.
- The Participant undertakes not to sell call options acquired under IP 2020 within a period of three years from the Time of Investment. If, for whatever reason, the Participant nonetheless sells call options acquired within the framework of IP 2020 through a sale to Gränges within a period of three years from the Time of Investment, an amount corresponding to the Net Contribution pro rata the number of options sold shall be repaid to Gränges.

### Allotment within IP 2020

In order to be entitled to participate in IP 2020, the Participant must invest an amount corresponding to up to 50 per cent of their annual basic salary after tax in shares and call options in Gränges. In the event the CEO chooses to invest a maximum amount in IP 2020, this entails an Investment Amount of approximately SEK 3 million and a Net Contribution of approximately SEK 1.5 million. In the event the CEO chooses to make 50 per cent of their investment in shares and 50 per cent in options, this would entail a total of 21,800 shares and 236,800 options (calculated based on the market conditions prevailing on 18 May 2020).

### Costs of IP 2020

The costs of IP 2020 consist mainly of the Net Contribution and employer payroll taxes payable on the Net Contribution and costs for securing the call options through share swap agreements. The costs of the programme have been calculated based on the closing price of the Gränges' share on 18 May 2020 and on the assumption that everyone in the group to which the offer is addressed participates in the program and chooses to invest the maximum investment they are entitled to make, and that 50 per cent of the total investment is made in call options and 50 per cent is made in shares. The total cost of the Net Contribution, including employer payroll taxes, is estimated at approximately MSEK 26 after corporate tax. This is offset by the option premium of approximately MSEK 12 received by Gränges upon the exercise of the call options and an expected income from the exercise of call options totalling approximately MSEK 14. The cost of financing the underlying shares in the share

swap agreement is estimated to amount to no more than the direct return on the Gränges share and, in such case, is neutral from a cost perspective. Consequently, the net burden on Gränges' equity is expected to be neutral for the duration of the programme.

A summary of Gränges' other outstanding incentive programs is set forth in the appended report, [Appendix](#).

### Preparation of the matter

The Board of Directors' proposal for IP 2020 was prepared by the Remuneration Committee of the Board of Directors of Gränges.

### Majority requirement

A resolution by the shareholders' meeting in accordance with this proposal is only valid where supported by more than one-half of the votes cast.

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Stockholm in May 2020  
**Gränges AB (publ)**  
*The Board of Directors*

## Compilation of outstanding incentive programs

Following the adoption of a resolution by the General Meeting on 4 May 2017, senior managers were offered a long-term incentive program (LTI 2017). The program is for a term of three years and is, essentially, structured as follows: An amount corresponding to the outcome of STI 2017 for each participant is reserved in a separate, so-called, LTI bank. Provided that employment with the Gränges Group has not terminated, the amount shall be paid out at a rate of one-third per year during 2019, 2020, and 2021, adjusted to take into account the total return on the Gränges share. The total outcome of STI and paid-out LTI during a single year is limited to 150 per cent of the fixed annual base salary, with the exception of President Americas, whose total outcome is limited to 200 per cent of the fixed annual base salary.

In order to also continue to stimulate long-term involvement, during 2018 senior managers were offered a long-term incentive program (LTI 2018) following the adoption of a resolution by the General Meeting on 3 May 2018. The program is for a term of three years and is, essentially, structured as follows: An amount corresponding to the outcome of STI 2018 for each participant is reserved in a separate, so-called, LTI bank. Provided that employment with the Gränges Group has not terminated, the amount is paid out at a rate of one-third per year during 2020, 2021, and 2022, adjusted to take into account the total return on the Gränges share. The total outcome of STI and paid-out LTI during a single year is limited to 150 per cent of the fixed annual base salary, with the exception of President Americas, whose total outcome is limited to 200 per cent of the fixed annual base salary.

In order to continue to stimulate long-term involvement, during 2019 senior managers were offered a long-term incentive program (LTI 2019) following the adoption of a resolution by the General Meeting on 8 May 2019. The program is for a term of three years and is, essentially, structured as follows: An amount corresponding to the outcome of STI 2019 for each participant is reserved in a separate, so-called, LTI bank. Provided that employment with the Gränges Group has not terminated, the amount is paid out at a rate of one-third per year during 2021, 2022, and 2023, adjusted to take into account the total return on the Gränges share. The total outcome of STI and paid-out LTI during a single year is limited to 150 per cent of the fixed annual base salary, with the exception of President Americas, whose total outcome is limited to 200 per cent of the fixed annual base salary.

More information regarding the above programs is available at <http://www.granges.com>, as well as in the company's corporate governance reports for 2017, 2018, and 2019.