

CREATING SUSTAINABLE BUSINESS VALUE

Sustainability is a natural part of Gränges' core business and strategy. It helps to increase the company's long-term competitiveness and aims to create lasting value for Gränges as well as for its customers, employees, investors and other stakeholders. In 2018, Gränges raised the company's ambitions for sustainability and implemented a new sustainability framework with clear long-term targets.

By managing its business in a sustainable and responsible way, Gränges will enhance its possibilities to deliver strong financial and operational results.

Sustainable business value is created both by reducing undesired impacts of the company's operations and by further increasing the positive contributions that emerge from integrating sustainability aspects into the business.

New sustainability framework and long-term targets

In 2018, Gränges implemented a new group-wide sustainability framework with twelve material topics grouped into five sustainability pillars. For each pillar, Gränges articulated a clear long-term commitment and accompanying targets for 2025. More details on the process to identify material topics can be found on pages 113–114.

Each sustainability pillar is governed by one member of Group Management. This individual proposes global sustainability priorities and coordinates with Gränges' regional teams to implement local sustainability activities within a specific sustainability pillar.

Sustainability as a business opportunity

With the global push for sustainable development and the transformation into a more circular and resource-efficient economy, Gränges' customers are increasingly becoming aware of the importance of using sustainable materials.

Aluminium is often called the green metal thanks to its unique combination of properties. It is light-weight and strong, has high corrosion resistance, is durable and impermeable, and is versatile and used in many applications. Aluminium is also a highly recyclable material with very

good potential to be recycled without losing its inherent material characteristics.

Through its light-weighting properties and its recyclability, Gränges' aluminium products enable customers to achieve significant savings in energy consumption and greenhouse gas emissions – both in customers' production process and for the end users. A study¹⁾ from 2016 concluded that light-weighting of transport vehicles leads to substantial fuel and carbon emissions savings. According to the study, the potential life-time saving for a passenger car is 500 kg to 2 000 kg carbon dioxide per 100 kg weight reduction.

Gränges technical expertise and competence in material properties and performance helps customers and the whole value chain to improve its climate performance.

Supporting sustainable development

Gränges has participated in the UN Global Compact since October 2016. In doing so, the company undertakes to fulfil the principles relating to human rights, labour law, the environment, and anti-corruption. The principles also form the foundation of the company's Code of Conduct and Supplier Code of Conduct.

Gränges is also committed to helping fulfil the 2030 Agenda and UN Sustainable Development Goals (SDGs). In its work to establish the new sustainability framework, Gränges identified ten SDGs that are most relevant for the company's business and where Gränges has its largest contributions. More details on Gränges' contributions to the SDGs and how these goals relate to the company's sustainability framework can be found on page 115.

GRÄNGES' LARGEST CONTRIBUTIONS TO THE UN SUSTAINABLE DEVELOPMENT GOALS



1) IFEU 2016: Energy savings by light-weighting – 2016 Update.

GRÄNGES' VALUE CHAIN

COLLABORATION IN THE VALUE CHAIN

Gränges is committed to improving conditions and the overall footprint of the aluminium value chain. By collaborating across the industry, Gränges can promote and drive change where it has the highest value chain impact.

To ensure that aluminium is mined, produced and used sustainably, Gränges participates in various industry initiatives. More information can be found on page 115. Through active participation in industry committees and working groups,

Gränges encourages and contributes to improvements in the industry and promotes robust networks across the company's markets.

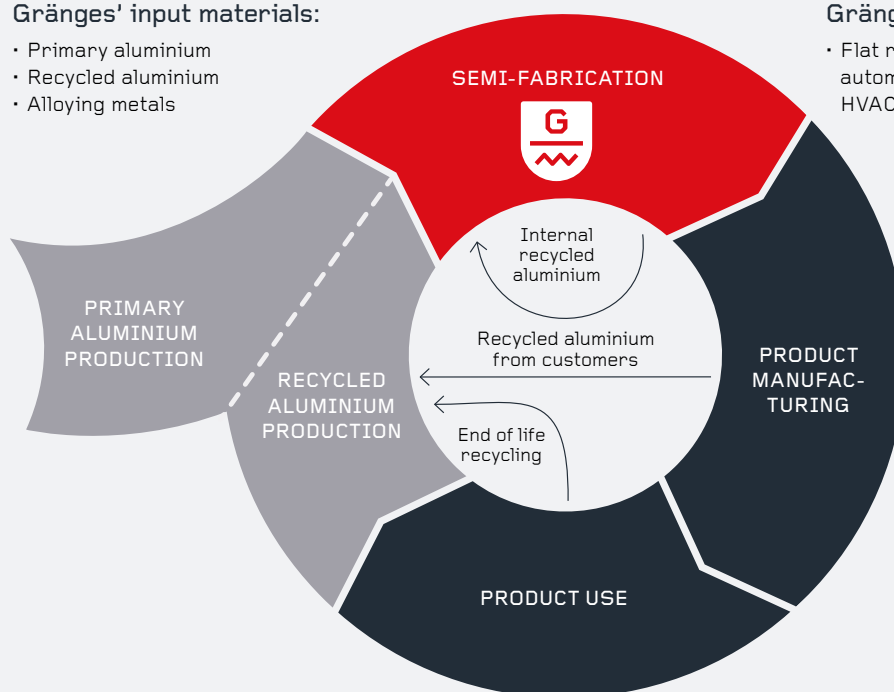
During 2018, Gränges applied for participation in Aluminium Stewardship Initiative with the aim to work towards greater sustainability and transparency in the aluminium industry. More information can be found on page 33.

Gränges' input materials:

- Primary aluminium
- Recycled aluminium
- Alloying metals

Gränges' output materials:

- Flat rolled aluminium coils for automotive heat exchangers, HVAC, packaging etc.



● SUPPLY CHAIN

● GRÄNGES' OPERATIONS

● CUSTOMERS AND END USERS

Key process	Primary aluminium production: extraction, refining, smelting	Recycled aluminium production: collecting, sorting and recycling	Semi-fabrication: re-melting and casting, rolling and slitting	Product manufacturing and product use
Description	<p>The value chain of aluminium starts with the extraction of natural resources, primarily in the form of bauxite, which is extracted from bauxite mines.</p> <p>After mining, bauxite is refined into pure aluminium oxide, called alumina.</p> <p>Molten aluminium is extracted from the alumina through an electrolytic process called smelting.</p>	<p>Efficient collection and sorting systems are critical for effective recycling of aluminium and for helping to retain the value of the alloy elements in the loop.</p> <p>Gränges uses internal recycled aluminium from its own operations and sources external recycled aluminium from customers and recycling companies.</p>	<p>In the re-melting process, other metals are added to the molten aluminium to create customized alloys. The molten alloy is then solidified in the form of slabs during the casting process.</p> <p>In the rolling and slitting process, the alloyed slabs are transformed into coils and sheets with specific shapes and properties for different applications.</p>	<p>Gränges' rolled aluminium products can be found in many applications such as engine cooling products, climate control solutions, power transmissions, and packaging.</p> <p>Gränges' customers include automotive heat exchanger manufacturers as well as HVAC and packaging manufacturers.</p>

GRÄNGES' SUSTAINABILITY FRAMEWORK AND 2025 TARGETS

PILLARS	MATERIAL TOPICS	2025 TARGETS AND 2018 DEVELOPMENT	PAGE
SECURE ETHICAL BUSINESS PRACTICES 	<ul style="list-style-type: none"> Ethics and anti-corruption 	<ul style="list-style-type: none"> 100 per cent of employees annually trained in Gränges' Code of Conduct. 100 per cent of applicable employees¹⁾ annually trained in anti-corruption. 	32, 117
ENSURE RESPONSIBLE AND SUSTAINABLE SOURCING 	<ul style="list-style-type: none"> Responsible sourcing Sourced recycled aluminium Emissions and climate impact 	<ul style="list-style-type: none"> 100 per cent of the purchase value from significant suppliers²⁾ committed to Gränges' Supplier Code of Conduct or equivalent standard. 20 per cent sourced recycled aluminium of total sourced metal inputs. Increase the share of sourced renewable energy (electricity, heat, fuels).³⁾ Reduce indirect carbon emissions intensity from purchased materials and services.³⁾ 	33–36, 117–119
RUN SUSTAINABLE OPERATIONS 	<ul style="list-style-type: none"> Workplace safety Energy Emissions and climate impact Water management 	<ul style="list-style-type: none"> 3.0 recordable accidents per million hours worked (Total Recordable Rate). 50 lost workdays per million hours worked (Severity Rate). 17 per cent reduction in energy intensity.³⁾ 25 per cent reduction in direct and energy indirect carbon emissions intensity.³⁾ All Gränges sites to have implemented a local water management plan. 	36–39, 118–120
BUILD DIVERSE AND HIGH-PERFORMING TEAMS 	<ul style="list-style-type: none"> Career and leadership development Diversity and equality Employee wellbeing 	<ul style="list-style-type: none"> 100 per cent of employees receiving annual performance and development discussion. At least 30 per cent women among senior management⁴⁾. Employee engagement index: 85. 	40–42, 121–122
DEVELOP SUSTAINABLE PRODUCT OFFERINGS 	<ul style="list-style-type: none"> Eco-responsible innovation Product life-cycle sustainability performance 	<ul style="list-style-type: none"> 80 per cent of Gränges' products have verified sustainability information available. 	43, 122

1) Employees working in sales, purchasing and senior executives who have external contacts.

2) Suppliers with a purchase value above 5 MSEK, 5 MCNY or 0.5 MUSD.

3) Versus baseline 2017.

4) Employees eligible to participate in Gränges' long-term incentive (LTI) programme.

● Positive or unchanged development 2018 versus 2017

○ Negative development 2018 versus 2017

— Development 2018 versus 2017 not applicable as result for 2017 and/or 2018 are unavailable

SECURE ETHICAL BUSINESS PRACTICES



Gränges is committed to ethically sound business practices and running its business in compliance with all applicable laws and regulations. Gränges expects all employees to support the company's values and act responsibly towards each other and business partners.

OUR COMMITMENT

We will run our business in an ethical and responsible way and be an ethically sound partner in all our relations and in the societies in which we conduct business. We never accept corruption and we will always act rapidly, stringently and vigorously if discovering corruption or unethical behaviour.

PERFORMANCE AND FOCUS 2018

- Launched a new Code of Conduct; 99 per cent of employees trained across the Group.
- Updated the whistleblower function to be accessed by employees as well as by external business partners.
- Initiated efforts to develop a global anti-corruption training programme with the aim to train applicable employees¹⁾ in 2019. No bribery or other type of corruption incidents were detected during the year.

1) Employees working in sales, purchasing and senior executives who have external contacts.

2) UN Global Compact, UN Universal Declaration of Human Rights, UN Sustainable Development Goals, and the OECD Guidelines for Multinational Corporations.

ETHICS AND ANTI-CORRUPTION

New Code of Conduct

Gränges' Code of Conduct outlines what Gränges considers to be responsible behaviour and is an important cornerstone in Gränges' policy framework. The Code of Conduct is based on international standards²⁾ on human rights, labour conditions, the environment and anti-corruption. This includes UN Global Compact and its set of ten principles.

During 2018, Gränges updated its Code of Conduct with the focus to make it more modern and user-friendly. The updated document is available in English, Swedish and simplified Chinese. Gränges also rolled out global Code of Conduct online training, which 99 per cent of all employees completed.

Zero tolerance for corruption

Gränges has zero tolerance for corruption and does not accept any form of bribery or other type of corruption. This is founded on the Code of Conduct and the Anti-corruption Policy. To ensure that suppliers maintain the same standards as Gränges, they are required to sign Gränges' Supplier Code of Conduct in which anti-corruption is one criterion. More information can be found on page 33. In 2018, no corruption incidents were detected and no business contracts were breached or not renewed due to corruption.

During the year a new training programme for anti-corruption was initiated, to improve awareness of corruption risks. In line with Gränges' long-term target, all employees working in sales, purchasing and senior executives who have external contacts, will from 2019 complete annual anti-corruption training.

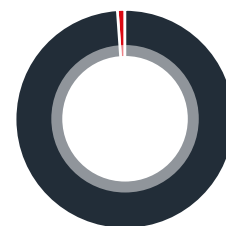
Gränges also engaged an external party to conduct a corruption risk assessment of

its operations in China. The assessment did not find any incidents but led to a better understanding of the risks as well as the measures which should be taken to further enhance payment routines. An assessment of anti-bribery and anti-corruption procedures is also integrated into Gränges' internal audit. More information can be found on page 59.

Expanded whistleblower function

In 2018, Gränges implemented an updated whistleblower function to detect irregularities that may seriously harm the business or its employees. The function is managed by an external company and can be accessed online (intranet or external website) or by telephone. Through the function, employees and external business partners can provide information and be guaranteed full anonymity without fear of retaliation. By quickly uncovering and remediating irregularities, Gränges is in a better position to manage the underlying causes before they become unmanageable.

Share of employees trained in Code of Conduct, 2018



■ Completed training, 99%
■ Not completed training, 1%

ENSURE RESPONSIBLE AND SUSTAINABLE SOURCING



An efficient and sustainable supply chain is essential for Gränges' long-term success. To manage social and environmental impacts from its supply chain, Gränges has routines and guidelines for sourcing metals and other materials and services.

RESPONSIBLE SOURCING

Supplier commitment

To ensure that Gränges' suppliers share the company's sustainability principles, significant suppliers¹⁾ are required to sign Gränges' Supplier Code of Conduct, including the ten principles of the UN Global Compact. Gränges' Supplier Code of Conduct states that suppliers shall comply with all applicable laws and regulations, that suppliers shall avoid conflicts of interest; have zero-tolerance for corruption and bribery; compete in a fair manner; have an open, non-discriminatory and safe workplace; respect human rights; provide fair working conditions; and run its operations with respect for the environment.

By signing, the suppliers also declare to promote implementation of these principles in their own supply chain. If a first-tier supplier does not commit to the Supplier Code of Conduct, Gränges first discusses with the supplier and then creates an action plan.

During the year, Gränges updated and rolled out a new version of its Supplier Code of Conduct. In total, 137 suppliers, corresponding to 98 per cent of the total purchase value from significant suppliers, signed the Supplier Code of Conduct or were – via an internal escalation process – assessed to have equivalent standards in place which are in line with Gränges' sustainability requirements.

Supplier assessments and audits

Before selecting new suppliers, Gränges conducts supplier pre-qualification assessments using criteria such as quality, service, price, delivery precision, reliability, ethics and material traceability, as well as social and environmental standards. During 2018, 17 new significant suppliers were added to Gränges' supplier base.

Once a supplier is added to the supplier base, Gränges performs periodic supplier assessments.

Gränges Asia and Gränges Europe regularly assess suppliers' performance using tools such as supplier scorecards. Supplier audits are conducted periodically depending on suppliers' strategic importance and results from assessments. Audits focus on evaluating suppliers' quality and delivery precision, but sustainability related criteria such as environment, labour laws, health and safety, and human rights are also included. If improvements are needed, a corrective action plan is compiled in collaboration with the supplier. Gränges thereafter checks to ensure that the supplier has implemented actions as promised. During the year, ten supplier audits were conducted, none with significant deviations.

Gränges Americas conducts pre-qualification assessments, including assessing suppliers' sustainability practices, on all critical suppliers²⁾. Suppliers' quality performance is then assessed on a semi-annual basis and if a supplier is assessed to underperform and does not have sufficient quality management system procedures in place, supplier audits are to be conducted. During the year no such audits were carried out.

Industry collaboration

To enforce responsible sourcing practices across the industry, Gränges during the year applied for joining the industry association Aluminium Stewardship Initiative (ASI).³⁾ ASI is a global, multi-stakeholder, non-profit standards setting and certification organization which works to maximise the contribution of aluminium to a sustainable society. Through its membership, Gränges aims to promote greater sustainability and transparency in the aluminium value chain.

OUR COMMITMENT

We will ensure that our suppliers maintain high sustainability standards by enforcing strict criteria in our supplier sourcing agreements and partnerships. We also commit to improve the environmental footprint in our supply chain by working with our suppliers and promoting sustainable practices.

PERFORMANCE AND FOCUS 2018

- Initiated efforts to establish a group-wide process aimed at promoting responsible practices in the supply chain.
- Increased the scope of Supplier Code of Conduct commitment; 98 per cent of the purchase value from significant suppliers committed. Ten supplier audits conducted.
- Applied for participation in Aluminium Stewardship Initiative to promote sustainability and transparency in the aluminium value chain.
- Increased the share of sourced recycled aluminium of total sourced metal inputs by 46 per cent to 16.7 per cent (11.5).
- Reduced indirect carbon emissions intensity from purchased materials and services by 6 per cent to 11.2 tonnes CO₂e/tonne product (11.9).

1) Suppliers with a purchase value above 5 MSEK, 5 MCNY or 0.5 MUSD.

2) Suppliers who supply items that are by their nature critical to the quality of products produced.

3) The membership in Aluminium Stewardship Initiative was formalized on 7 January, 2019.



GRÄNGES' SUPPLY CHAIN AND MATERIALS SOURCED

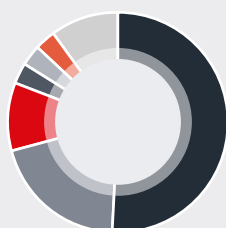
In 2018 Gränges had approximately 2,200 suppliers globally. Of the total purchase value, Gränges Americas accounted for 46 per cent, Gränges Europe (including Gränges AB) 28 per cent and Gränges Asia 26 per cent. In total, 143 suppliers – corresponding to 89 per cent of the total purchase value – were defined as significant suppliers¹⁾. Sourcing activities are mainly managed by the local procurement organizations and the supplier base is generally geographically close to the respective markets.

Approximately 85 per cent of the 2018 purchase value from significant suppliers was related to sourcing of direct materials: primary ingots, rolling slabs, alloying elements and recycled aluminium.

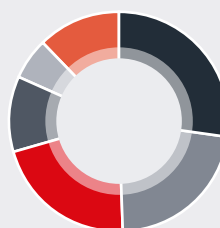
- **Primary aluminium (ingots and slabs):** In 2018, Gränges sourced ingots and slabs from 17 suppliers globally, the largest purchase value from China, Switzerland, Sweden, the US and Norway. Ingots are sourced from commodity traders, where origin-labelled aluminium enables traceability to the smelter of origin.
- **Recycled aluminium:** Gränges works actively to increase the volumes of sourced recycled aluminium. In 2018, Gränges used approximately 70.4 ktonnes externally sourced recycled aluminium in its global operations.

Sourced indirect materials accounted for around 15 per cent of the total purchasing value among significant suppliers. Important indirect purchasing categories were transport, utilities and services.

Share of purchase value from significant suppliers – by category and country



- Primary aluminium (ingots), 51%
- Primary aluminium (slabs), 20%
- Recycled aluminium, 10%
- Transportation, 3%
- Utility, 3%
- Services, 3%
- Other, 10%



- China, 27%
- Switzerland, 22%
- The United States, 21%
- Sweden, 11%
- Norway, 6%
- Other, 12%

¹⁾ Suppliers with a purchase value above 5 MSEK, 5 MCNY or 0.5 MUSD.

SOURCED RECYCLED ALUMINIUM

Promoting sourced recycled aluminium

Gränges strives to increase the volumes of sourced recycled aluminium as the extraction of bauxite and production of primary aluminium are energy intensive processes with undesired effects on both costs and the environment. Recycled aluminium requires about 5 per cent of the energy needed to produce primary aluminium. Thus, the higher the share of recycled input materials, the lower the carbon footprint from purchased materials and services.

The company's procurement teams actively coordinate with the production units to optimize sourcing so that the operations can make efficient use of process scrap, and to maximize recycling.

Gränges sources recycled aluminium from recycling companies or directly from customers. During the year, Gränges sourced approximately 70.4 ktonnes of recycled

aluminium in its global operations, equivalent to 16.7 per cent of total sourced metal inputs. This was an increase by 46 per cent compared with the previous year, driven by increased volumes in Gränges Americas. Gränges has set a 2025 target to reach 20 per cent sourced recycled aluminium of total sourced metal inputs and to reduce the indirect carbon intensity from sourced materials and services.

Finding sufficient quality

Due to the high number of alloys used to produce Gränges' clad aluminium products, it can be challenging to find recycled aluminium which fits well in the re-melting process. When using recycled clad aluminium from its customers, Gränges requires strict sorting of the process scrap.

Gränges Asia currently only sources small volumes of recycled aluminium as it is difficult to obtain a stable supply of recycled aluminium of sufficient quality, and as there is little price difference between primary and recycled aluminium in China. During the year, a pre-study was conducted to initiate sourcing of recycled aluminium. Results from the study confirmed difficulties of supply and quality, but that sourcing of recycled aluminium would be feasible in theory. Gränges Asia intends to establish source channels gradually.

Collaborating with customers

Gränges Americas produces alloy applications that are more standardized and allow for wider composition limits, compared with alloys for brazed heat exchanger applications which are produced in Gränges Asia and Gränges Europe. It is therefore possible to reach higher volumes of sourced recycled aluminium in the

re-melting process. In 2018, Gränges Americas increased its volumes of recycled aluminium significantly, driven by higher volumes sourced from commodity traders as well as from its customers. During the year, Gränges Americas had ongoing recycled aluminium programs with ten customers with plans to expand the programs in the coming years.

Innovating for increased recyclability

Material for brazed heat exchangers are clad with high silicon level alloys to allow for brazing and suitable material properties, which makes recycling more complex. To increase the use of recycled aluminium as input materials for its clad aluminium products, research and innovation activities are focused on identifying integrated solutions that achieve the required technical specification, and improve recycling rates.

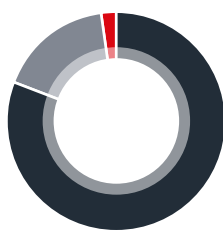
EMISSIONS AND CLIMATE IMPACT

Tracking supply chain carbon footprint

More than 90 per cent of Gränges' total greenhouse gas emissions are emitted outside Gränges' own operations – in the company's supply chain when producing primary aluminium. Indirect carbon emissions from the supply chain decreased by 6 per cent to 4,200 ktonnes CO₂e (4,500) in 2018.

During the year, Gränges initiated efforts to better understand the carbon performance and use of renewable energy in its supply chain. The company aims to develop a plan for integrating carbon performance into its sourcing process and to more actively choose supplier and raw material source based on such criteria. For more information about how Gränges works with renewable energy, see page 36.

Share of recycled aluminium of total sourced metal inputs, 2018



- Primary aluminium (ingots + slabs), 81%
- Recycled aluminium, 17%
- Alloying elements, 2%

>> INCREASED RECYCLED ALUMINIUM UTILIZATION

At the Gränges global 2018 Company Awards event, Gränges Americas was rewarded for its efforts to greatly increase the use of sourced external recycled materials in casting at the Huntingdon and Salisbury production facilities in the US. At the time of the event, sourced recycled materials replaced more than 20 per cent per month of otherwise required primary aluminium purchases, corresponding to an estimated reduction of carbon emissions by around 340 ktonnes CO₂e per year. The result is a good contribution to Gränges' work to reduce its environmental footprint and it was achieved by a multi-functional team with representatives from procurement and operations.

RUN SUSTAINABLE OPERATIONS



Efficient management of energy and materials offer opportunities to improve profitability, competitiveness, and environmental performance and is critical to Gränges and its stakeholders. Also, providing a safe work environment is a top priority as the company strives towards operating an injury-free workplace.

OUR COMMITMENT

We will strengthen operational efficiency and continuous improvements in our operations to improve material & energy efficiency and reduce emissions to air and water, while at the same time provide a safe and secure workplace for our employees. Thereby, we minimize the negative impacts of our operations.

PERFORMANCE AND FOCUS 2018

- Reduced Total Recordable Rate by 22 per cent to 6.1 recordable accidents per million hours worked (7.8). Severity Rate increased to 165 lost workdays per million hours worked (112) due to a couple of accidents that resulted in long recovery of the injured individuals.
- Reduced energy intensity by 1 per cent to 3.3 MWh/tonne product (3.3) driven by different energy efficiency measures at the plants. The total share of sourced renewable energy was unchanged at 9 per cent (9).
- Reduced direct and energy indirect carbon emissions intensity by 6 per cent to 0.76 tonne CO₂e/tonne product (0.81) driven by improved energy intensity and a higher share of low carbon nuclear electricity replacing fossil fuel-based electricity in Gränges Americas.

ENERGY

Reducing energy consumption

The melting and casting of aluminium are energy intensive processes and Gränges strives to reduce the company's energy consumption for both sustainability and profitability reasons. Energy costs are the most significant expense after metal and personnel costs. Gränges primarily uses energy in the form of natural gas, electricity, and liquefied petroleum gas. The energy is mainly used in furnaces where aluminium is re-melted either via direct combustion or induction.

Improving energy and material efficiency

Gränges has set a 2025 target to reduce energy intensity by 17 per cent versus the 2017 baseline. To improve energy efficiency, Gränges carries out energy audits, implements related improvements, and selects the best available technology for new investments.

Energy efficiency measures are primarily linked to increased metal yield, improved thermal processes and recovery of waste heat from various processes. Furthermore, by re-melting unavoidable production scrap in-house rather than selling it to third parties, Gränges can avoid quality degradation and energy losses involved in transporting and handling recycled aluminium.

During the year, several process efficiency measures were implemented which led to a 1 per cent improvement in energy intensity, reaching 3.3 MWh/tonne (3.3) for the full year.

Gränges Europe collaborated with its main slab supplier and implemented a new slab shape, which reduced scalping yield and energy consumption. In addition, Gränges Europe reduced the idling consumption of propane through newly installed burners and a control system which only operates when recycled aluminium is loaded.

Gränges Americas reduced its natural gas consumption by rebuilding one melter in the Salisbury plant and two melters in the Huntingdon plant.

Gränges Asia installed a recuperation system to reuse the heat from melting and holding furnaces to pre-heat ingots. In addition, Gränges Asia reduced annealing cycles and natural gas consumption through improved nozzle design for the coil annealing furnaces.

Promoting renewable energy

Gränges has articulated a long-term target to increase its share of renewable energy as a means to reduce carbon emissions. On a group level, 9 per cent of the total energy used during 2018 was from renewable sources¹⁾, where the renewable share originates from sourced electricity and district heating.

Higher levels for Gränges Europe were partly offset by lower levels for Gränges Americas and Gränges Asia. The latter primarily use natural gas in production, raising the share of non-renewable energy and therefore the carbon emissions. Gränges Europe uses mainly induction melters combined with electricity from low carbon sources (hydro and nuclear), reducing carbon emissions.

The production facilities of Gränges Asia and Gränges Americas are located in areas where the energy markets are regulated. This means that Gränges is bound to the utility in that area and that Gränges cannot affect the share of renewable energy in the energy mix unless developing its own renewable energy solutions. Gränges Europe sources electricity from the deregulated energy market in Sweden.

Going forward, Gränges aims to more actively evaluate alternative energy sources and to increase the use of renewable energy, in line with the company's long-term target.

1) Wind, solar, hydro, geothermal, tidal and biomass.

EMISSIONS AND CLIMATE IMPACT

Reducing emissions to air and water

Gränges believes it is essential to help combat climate change and works actively to reduce the climate impact from its own operations and along its value chain. The company emits various substances mainly to air, but also to water and soil. Emissions to air, in terms of carbon dioxide, nitrogen oxides and dust, come from burning fossil fuels and particularly natural gas and liquefied petroleum gas. Emissions of oil are linked to the cold rolling operations where oil is used to cool down the mill and lubricate the interface between the rolls and the material.

Gränges' carbon footprint

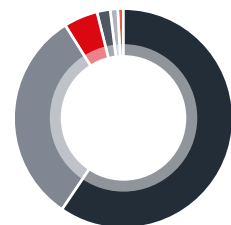
To better understand its climate impact, Gränges in 2017 conducted a carbon footprint study in accordance with the Greenhouse Gas Protocol. The study included all parts of the value chain from extraction of

bauxite to delivery of Gränges' products to customers. Product use and end-of-life were excluded due to lack of relevant data. Results clearly showed that the main part of Gränges' greenhouse gas emissions, more than 90 per cent, originates upstream in Gränges' supply chain, in the production of primary aluminium. Direct emissions from Gränges' own operations combined with indirect emissions from purchased energy, accounted for around 7 per cent. The results from the study were in 2018 used to formulate reduction targets; Gränges aims to reduce its greenhouse gas emissions from its own operations and purchased energy by 25 per cent by 2025 compared with 2017.

In 2018, direct and energy indirect carbon emissions intensity was reduced by 6 per cent to 0.76 tonne CO₂e/ton product (0.81), which was driven by improvements in energy intensity and a higher share of low carbon nuclear electricity replacing fossil fuel-based electricity in Gränges Americas.

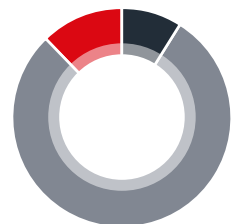


Energy use by type, 2018



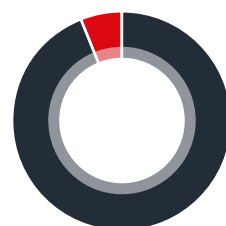
- Natural gas, 62%
- Electricity, 33%
- Liquefied petroleum gas, 4%
- Diesel, 1%
- District heating, 0.3%
- Petrol, 0.1%

Share of renewable energy sourced, 2018



- Renewable energy, 9%
- Non-renewable energy, 79%
- Nuclear energy, 12%

Carbon footprint, 2018



- Supply chain (scope 3), 94%
- Gränges (scope 1+2), 6%



WATER MANAGEMENT

Sustainable water use

Ensuring sustainable water use and access to clean fresh water is essential for economic growth and welfare. Gränges' operations are located in areas with various water risks and water consumption is managed based on local circumstances.

The production facilities of Gränges Americas and Gränges Europe are situated in areas with low to medium risk, while the Gränges Asia plant is situated in a medium to high risk area.¹⁾ No water sources are considered to be significantly affected by the water withdrawal or discharge from Gränges' operations.

As Gränges' water consumption is managed based on local circumstances, the company has set a target to develop and implement local water management plans in all its locations. The ambition is that such a plan should provide information about current water uses and proposals for water efficiency improvements, conservation activities and water reduction targets. This work will be initiated in 2019.

Managing water based on local conditions

Much of Gränges' production equipment requires cooling water for efficient operation. Lack of cooling water could result in overheating and interruptions during production.

Gränges Americas' and Gränges Asia's plants have closed-loop cooling systems with a high degree of water recirculation. These systems reduce water consumption and the risk of water contamination.

Gränges Asia's plant uses municipal tap water for both production processes (mainly cooling) and for office buildings. Water from the cooling system is further re-used in other parts of the production process, for example in the cold rolling mill. Water of insufficient quality is later discharged to the local waste water treatment plant, in accordance with the local drainage permit which limits water volumes and types.

Gränges Americas' plants withdraw ground water from the company's own wells, which cool in a closed-loop system using non-contact cooling towers. As the

system is closed-loop, and therefore contains no contaminants, the used water can be discharged to nearby water bodies without further treatment.

Gränges Europe's plant withdraws surface water from a nearby lake which is in an area with low water stress and no restrictions on water withdrawal. The water is used to cool components and afterwards it is released into local waterways. Daily measurements are made to ensure that the released water does not contain hazardous substances. Hazardous condensates are treated before being returned to water bodies. Gränges Europe regularly sets reduction targets for water consumption.

WORKPLACE SAFETY

A safe work environment

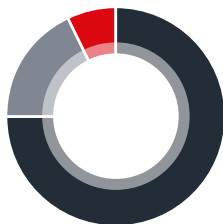
Gränges strives towards operating a safe and injury-free workplace that protects the health and fosters the well-being of employees and all persons directly or indirectly related to the company's operations, such as contracted workers and consultants. No employee or other individual should be at risk of injury in a Gränges workplace.

Gränges' operations entail specific safety hazards which Gränges continually monitors to eliminate or reduce the risks for these hazards to cause injuries. The following five main hazard categories are defined as the "critical five" for Gränges: fall protection; molten metal; mobile equipment; confined spaces; and machine guarding, lockout and tagout (ensuring that machinery is fully switched off and de-energized before maintenance work begins).

During the year, Gränges Europe invested in improved machine safety including noise reducing walls and a robotic eliminating the manual task of cutting steel straps close to hot materials. Gränges Asia implemented a new process for lockout and tagout equipment.

Safety targets are set for each plant as part of the business planning cycle, and actual results are reported monthly. During the year, there were 7 serious accidents, where 7 individuals were injured. Of the 23 recordable workplace accidents,

Water withdrawal by source, 2018



- Surface water, 75%
- Ground water, 18%
- Municipal water, 7%

¹⁾ Based on the Aqueduct Water Risk Atlas developed by the World Resources Institute.

14 resulted in lost workday cases. This resulted in a total of 620 lost workdays. Hand and finger injuries were the most frequent injury type; 11 of the 23 cases were related to such injuries in 2018. For details on methodology and definitions, refer to page 120.

A “safety first” culture

Gränges aims to create a work environment and culture characterized by “safety first”. This is an important aspect of leadership at Gränges, and safety in the five critical categories outlined above has top priority. During 2018, Gränges continued with safety management walks in which Group Management regularly visits the company’s production facilities to observe and monitor safety. The objective is to enforce the safety culture.

Safety work is integrated into Gränges’ operational excellence programme, which is part of the strategy of continuous improvements throughout the organization. During the year, Gränges Production System (GPS), based on lean manufacturing principles, was further deployed into operations. The 5S system, an important tool within GPS, helps to increase operator awareness and involvement, and to improve work morale by ensuring a clean and healthy work environment.

Safety training

Gränges believes that injuries, occupational illnesses, and safety incidents can be prevented, and therefore takes a proactive approach to continually improve health and safety awareness and skills. This includes regular health checks and training employees in machine safety, personal protective equipment, fire safety, first aid and emergency response. All employees are covered by accident and sickness insurance.

All employees take part in comprehensive safety training at least once a year and specific safety courses are regularly provided for production personnel, management and new employees. Production employees receive specific safety training covering aspects such as hand and finger injury prevention. All new employees attend safety training before starting their jobs.

Using a risk-based approach

Gränges’ safety strategy is focused on preventing workplace injuries. The company strives to better understand how work is performed in relation to hazards in the work environment, and the associated risks.

Job safety analysis is carried out for both repetitive and non-repetitive tasks. This involves identifying hazards associated with work tasks, assessing the risk of injuries and developing action plans to manage and mitigate these risks. Actions are coordinated and prioritized by management and safety representatives.

All incidents and accidents are registered and classified in incident reporting systems, and reviewed weekly and monthly. For all recordable accidents as well as for injury free and first-aid events with severe potential consequence, Gränges performs a root-cause analysis as a basis for corrective and preventive actions.

Gränges also performs chemical risk assessments. The company strives to minimize employee exposure to chemicals and takes steps to ensure that it uses alternatives that are as safe and environmentally sound as possible.

Sharing best practice

Regular safety inspections are conducted in all production facilities and offices. The results are reviewed by safety committees in the various locations. Supervisory safety committees, headed by the regional Presidents, monitor the efficiency of all safety committees. In Gränges Americas, each plant has an employee managed safety committee supported by local management.

Knowledge sharing and cooperation among facilities takes place through group-wide internal cross-assessments, and by communicating information on significant incidents to promote best practice and harmonize work processes. Such cross-assessments, which focus on the critical safety categories, fire safety and environmental matters, are conducted every six months at one of the production sites.

During the year the company conducted one internal assessment at the Finspång plant and one in the Huntingdon plant. Suggestions for improvements provided by participants were incorporated into the location improvement plans.

To promote better safety, knowledge is also shared with other companies through industry associations. Gränges’ representatives are active in the European Aluminium task force for safety. In this forum best practices are shared on specific subjects.



>> IMPROVED SAFETY IN SHANGHAI

During 2018 Gränges Asia implemented a new process for lockout and tagout of equipment. The purpose of this process is to ensure that all sources of energy are isolated in order to perform safe maintenance work on an equipment. A visual overview of all energy sources and lock-out points is made for each specific equipment as well as a clear procedure for de-energizing.

BUILD DIVERSE AND HIGH-PERFORMING TEAMS



Competent and committed employees form the foundation on which Gränges can be innovative and competitive and is therefore a crucial part of the company's business strategy and growth plans. During 2018, Gränges had an average total of 1,699 employees (1,568).

OUR COMMITMENT

We will ensure that our people are motivated and engaged. By being an open and inclusive employer, with zero tolerance for discrimination, we will provide a diverse workplace where employees can realize their full potentials and contribute to developing a high-performing organization.

PERFORMANCE AND FOCUS 2018

- 99 per cent of all employees received performance and development discussion.
- Share of women reached 14 per cent (14) of the total workforce and 20 per cent (20) of senior management¹⁾.
- Increased focus on diversity and equality in the recruitment and onboarding processes, and into the process of putting together teams.
- Implemented a global employee survey in Gränges Asia and Gränges Europe in autumn 2018; Employee engagement index reached 78.

CAREER AND LEADERSHIP DEVELOPMENT

Attracting and retaining employees

Gränges strives to offer good working conditions and interesting career and personal development opportunities to attract and retain talented employees. The company offers remuneration levels in line with market rates and the conditions of employment needed to recruit, develop and retain employees.

Gränges has a professional recruitment process to ensure the company hires skilled employees. Employee and manager training takes place continually to guarantee employee engagement, craftsmanship, and good leadership. It is important that employees are proud to work for Gränges.

Having a strong employer brand is an important tool when attracting and securing talented employees. According to a Swedish survey conducted 2018 among university students and young professionals, civil engineers' awareness of Gränges as an employer reached 48 per cent.²⁾ During the year, Gränges updated its employer value proposition to be used in future communication activities towards existing and potential employees. Gränges aims to be or become the employer of choice.

Securing leadership development

To ensure that employees are engaged and motivated, Gränges conducts annual performance and development discussions as well as compensation reviews. The company's target is that all employees should receive an annual performance and development discussion, and in 2018, Gränges reached 99 per cent.

During the year, the annual appraisals process for key individuals and senior managers was updated to clarify the link between performance and compensation level. Gränges also continued to implement its talent management and succession planning processes aiming to secure leadership development for the individual and for the company.

Recognizing good performance

Gränges works actively to strengthen its corporate culture and core values, which is important for employee engagement and performance. Gränges continued its global Company Awards event aiming at recognizing individuals, teams or departments that achieved significant improvements during the year. Local events were also arranged in Gränges Americas and Gränges Asia to reward employees who reflected the company's core values or made other contributions to the company's strategic roadmap.

1) Employees eligible to participate in Gränges' long-term incentive (LTI) programme.

2) Universum: Företagsbarometern 2018.

DIVERSITY AND EQUALITY
An inclusive workplace

Gränges believes that diversity is a competitive advantage and that an inclusive work environment which leverages employees' different perspectives, experiences and ideas, will lead to a more innovative, competitive and productive organization. A multifaceted workforce also reflects the international market in which Gränges operates.

In line with Gränges' Diversity Policy, no employee should experience discrimination based on gender, age, world view, background, sexual orientation, ethnicity, physical ability or similar.

Gränges' target is to increase the proportion of women, both in its total workforce and in senior management. By 2025, Gränges aims to have at least 30 per cent women among senior management. In 2018, the share of women in the total workforce was unchanged at 14 per cent (14). Also the share of women among senior management was unchanged at 20 per cent (20).

Increased focus on diversity and equality

During the year, Gränges worked to incorporate the diversity and equality perspective into the recruitment and onboarding processes, and into the process of putting together teams. In the recruitment process, all else being equal, individuals from underrepresented groups are given recruitment priority.

Gränges also included the topic in the Code of Conduct and in the Code of Conduct training to increase employees' awareness and skills. In addition, Gränges incorporated the diversity and equality perspective more clearly into the 2018 employee survey to enable measurement and follow-up. Results showed that 86 per cent of employees perceive that all employees have the same opportunities and duties regardless of gender, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation, or age.

Gränges Europe also performed a gender-related disparity pay analysis, which did not find any non-objective gaps.

Employees by region, 2018¹⁾



■ Asia, 31%
 ■ Europe, 29%
 ■ Americas, 40%

1) Based on full-time positions.

**>> FEMALE LEADERSHIP
 IN THE NEWPORT SITE**

During spring 2018, Gränges decided to restart production at the Newport facility in Arkansas, US, with an aim to produce light foil in 2019. As part of its recruitment efforts to staff the new site, Gränges selected Susan VandeZande, one of its management team members from the Huntingdon site, to take on the role as plant manager. Susan VandeZande's extensive competence and experience from the foil market made her an excellent fit for the role. By promoting gender equality and diversity in senior positions, Gränges hopes that more women across the organization will be inspired to become leaders.





EMPLOYEE WELLBEING
Fostering productivity and engagement

Having engaged and healthy employees is a prerequisite for productivity and building high-performing teams. Mismanaging health and wellbeing can also lead to significant cost implications both for the employee and the company. To promote employee health and wellbeing, Gränges offers initiatives such as flexible work options, occupational health care, wellness grants and support to employees who have recurrent illness.

Gränges regularly follows up on employees' wellbeing via the annual performance and development discussion. Gränges also conducts employee surveys to track employee wellbeing and engagement. Results from 2018 showed that a high share of Gränges' employees are engaged; Employee engagement index was 78 (excluding Gränges Americas) which is slightly above benchmark. Gränges has set a 2025 target to reach an Employee engagement index of 85.

In 2018, total sick-leave reached 1.6 per cent (2.0) and total employee turnover 9.1 per cent (7.4).

GRÄNGES' CORE VALUES

Gränges' corporate culture and values are important in attracting and retaining employees. The core values signal that Gränges promotes being dedicated to serving its customers and other stakeholders, making things happen, constantly seeking new and better solutions, and collaborating actively. The core values guide employees in their daily actions and lay the foundation for conducting business responsibly and ethically.

COMMITTED

We are committed to serving our customers and acting responsibly towards each other and our communities.



ACTION ORIENTED

We are action oriented, make things happen and continuously learn from our experiences.



INNOVATIVE

We are innovative, promote creativity and constantly seek new and better solutions.



ACCESSIBLE

We are accessible to each other, our customers and our business partners.



DEVELOP SUSTAINABLE PRODUCT OFFERINGS



Gränges' ambition is to create tangible business and sustainability benefits for its customers. Through aluminium's light-weighting properties and its recyclability, Gränges' aluminium products enable customers and end-users to achieve significant savings in energy consumption and greenhouse gas emissions.

ECO-RESPONSIBLE INNOVATION

Gränges aims to develop eco-responsible product offerings that contribute to sustainable development and a circular industry approach. The company creates value for customers and end-users by making its aluminium products lighter, stronger and more corrosion resistant, while also improving brazeability and introducing new functions into the material.

Gränges believes that customers' requirements on sustainable product performance will increase, and the company has therefore integrated sustainability aspects into its product development process. During 2018, each product development project was assessed whether it leads to projected carbon emissions savings in the use phase. In total, 44 per cent of such projects were assessed to lead to carbon emissions savings in the use phase.

When developing new products, Gränges collaborates with customers to understand their business and sustainability drivers. Examples of activities during the year include discussions with customers about battery cooling, fluxing-free processes and continuous downgauging. Also, Gränges Asia launched very corrosion resistant materials for offshore wind power use, which was appreciated by customers and end-users.

SUSTAINABLE LIFE-CYCLE PERFORMANCE

As part of the work to develop its new sustainability framework, Gränges identified product life-cycle sustainability performance as one of its material topics. It means taking product stewardship and responsibility to reduce environmental impacts and create value along the value chain. This topic is a result of the eco-responsible innovation efforts described above, as well as the work conducted to reduce the environmental impacts from Gränges' supply chain and own operations. More information can be found on pages 33–35 and 36–39.

To facilitate customers' analysis and assessment of the environmental performance of its products, Gränges during the year initiated a project aimed at establishing a foundation for how the company can assess and communicate the sustainability performance for its products from a life-cycle perspective. Gränges has set a target that 80 per cent of its products should have third-party verified sustainability information available in 2025. Going forward, Gränges will start to perform product life-cycle assessments to be used as a basis for this.

OUR COMMITMENT

We will enhance the sustainability performance of our products through development of innovative and eco-responsible offerings and provide customers with verified sustainability performance data. By doing so, we aim to improve their environmental footprint and contribute positively to a more circular industry approach to aluminium.

PERFORMANCE AND FOCUS 2018

- Incorporated clear sustainability criteria into the product development process to strengthen focus on developing eco-responsible product offerings.
- Initiated a project aimed at establishing a foundation for how Gränges can assess and communicate the sustainability performance for its product from a life-cycle perspective.

LIGHT-WEIGHT PRODUCTS WITH IMPROVED CORROSION RESISTANCE

Tube materials in heat exchanger applications require very high corrosion resistance to avoid leakage of the cooling agent. Some decades ago, very thick gauges were used to provide enough corrosion resistance. Gränges has now developed a multi-layer concept that can allow improved corrosion resistance at lower gauges. This can reduce the weight of the tubes by up to 30 per cent, which in turn leads to improvements in heat exchanger performance in terms of both energy efficiency and maintenance.

SUSTAINABILITY NOTES

ABOUT GRÄNGES' SUSTAINABILITY REPORT

The sustainability information in this report has been prepared in accordance with GRI Standards: Core option and constitutes Gränges' Communication on Progress in line with UN Global Compact guidelines. The report and its contents have not been externally assured. GRI's guidance on the reporting principles of materiality, stakeholder inclusiveness, sustainability context, and completeness, has been used to define the content of the report.

The statutory sustainability report in accordance with the Swedish Annual Accounts Act has been issued by Gränges' Board of Directors. See details on page 53.

The report relates to the financial year 2018 and covers all fully owned operations of the Group at the start of 2018, as listed on page 102.¹⁾

1) The sustainability report does not cover operations that are not fully owned by Gränges, for example the jointly owned production company Getek GmbH which was partly acquired by Gränges in October 2017.

Gränges has published a sustainability report each year since 2015. The company's last sustainability report was published on 13 March 2018. Gränges intends to continue to publish a report annually.

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SUSTAINABILITY GOVERNANCE

Gränges sustainability efforts are led by Group Management and the VP Sustainability, who coordinates, facilitates and drives the global sustainability strategy, long-term targets and sustainability related policies. The VP Sustainability also communicates on sustainability performance and progress to different stakeholders and coordinates a continuous stakeholder dialogue.

Gränges' CEO regularly presents global sustainability performance to the Board of Directors, who in turn reviews and monitors performance against the company's targets. The Board of Directors is the body which approves the company's global sustainability strategy, long-term targets and policies, and adopts the annual sustainability report.

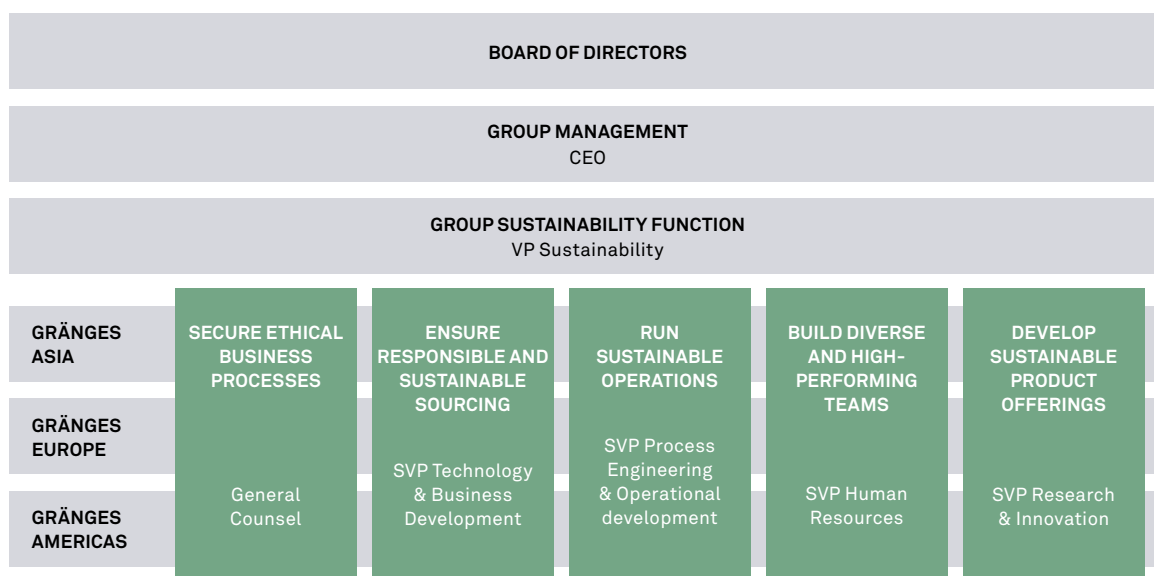
Group Management ensures that Gränges' global sustainability strategy, long-term targets and policies are aligned with the company's

vision and strategy. The team also reviews and monitors sustainability performance against sustainability targets, as well as makes decisions related to global sustainability priorities.

As illustrated below, each sustainability pillar is governed by one member of Group Management. This individual proposes global sustainability priorities and coordinates with Gränges' regional teams to implement local sustainability activities within a specific sustainability pillar.

The regions in turn ensure that a local sustainability strategy, long-term targets and policies are in place and aligned with the global strategy and the needs of the local business. They also report on local sustainability performance and progress.

GRÄNGES' SUSTAINABILITY ORGANIZATION



STAKEHOLDER DIALOGUE

Gränges seeks to establish long-term and transparent dialogues with stakeholders. The key issues raised in the stakeholder dialogue constitute the main parts of the company's materiality assessment and reporting.

Stakeholder inclusiveness is a priority for Gränges and the company maintains an ongoing dialogue with its stakeholders to ensure it meets

their expectations. Additionally, as part of the sustainability reporting process, Gränges engages selected stakeholders in a structured dialogue to identify key sustainability topics and reporting content. Based on the nature of the company's operations, Gränges in 2016 identified five main stakeholder groups to include in the stakeholder dialogue: customers, employees, investors, society and suppliers.

Stakeholder group	Dialogue forum	Key sustainability topics for stakeholders	Page
Customers	<ul style="list-style-type: none"> • Customer survey • Fairs, seminars • Ongoing dialogue • Questionnaires from customers • Stakeholder surveys and in-depth interviews 	<ul style="list-style-type: none"> • Customer satisfaction • Energy and emissions • Health and safety • Product life-cycle performance • Recycled aluminium and material handling • Supplier assessment 	43 36–37, 118–119 38–39, 120 43, 122 33–35, 117–118 33, 117
Employees	<ul style="list-style-type: none"> • Annual performance reviews • Employee surveys every two years • Internal training • Intranet communication • Stakeholder surveys and in-depth interviews • Workplace meetings 	<ul style="list-style-type: none"> • Diversity and equality • Emissions to air and water • Ethics and anti-corruption • Gränges as a workplace • Health and safety • Product life-cycle performance • Supplier assessment 	41, 122 37–38, 119–120 32, 117 38–42, 120–122 38–39, 120 43, 122 33, 117
Investors	<ul style="list-style-type: none"> • Annual general meeting • Annual and quarterly reports • Capital markets days every two years • Quarterly conference calls • Investor and analyst meetings • Press releases • Stakeholder surveys and in-depth interviews • Sustainability questionnaires from ESG data providers • Website 	<ul style="list-style-type: none"> • Customer satisfaction • Economic performance • Energy and emissions • Ethics and anti-corruption • Gränges as a workplace • Recycled aluminium • Supplier assessment 	43 1, 66–107 36–37, 118–119 32, 117 38–42, 120–122 33–35, 117–118 33, 117
Society	<ul style="list-style-type: none"> • Local cooperation, ongoing dialogue • Interns and student dissertations • Participation in networks and working groups • Stakeholder surveys and in-depth interviews 	<ul style="list-style-type: none"> • Energy and emissions • Gränges in the local community • Health and safety 	36–37, 118–119 www.granges.com/sustainability 38–39, 120
Suppliers	<ul style="list-style-type: none"> • Ongoing dialogue • Stakeholder surveys and in-depth interviews • Supplier Code of Conduct • Supplier assessments 	<ul style="list-style-type: none"> • Customer satisfaction • Economic performance • Ethics and anti-corruption • Health and safety • Recycled aluminium • Purchasing processes 	43 1, 66–107 32, 117 38–39, 120 33–35, 117–118 33, 117

In 2016, Gränges conducted its first structured stakeholder dialogue via a web-based survey which aimed to help identify which sustainability topics were most important to Gränges' stakeholders. Topics included in the survey were identified through analysis of industry standards, sustainability reporting frameworks, and issues previously raised by stakeholders. Respondents could also raise additional sustainability issues in the survey. In total, 323 respondents from different stakeholder groups responded to the survey and provided input to Gränges' materiality analysis. Gränges also conducted interviews with a selection of stakeholders to understand more about their expectations.

In June 2017, after it had acquired operations in the US, Gränges complemented its stakeholder dialogue by inviting US employees and selected representatives from other stakeholder groups in the US to

respond to its web-based survey. In total, the company received 71 responses. In-depth interviews were also carried out with representatives from each stakeholder group in Sweden, China, and the US to ensure that Gränges' sustainability reporting is in line with stakeholder expectations.

In December 2017, as part of updating its sustainability framework, Gränges sent out a new web-based sustainability survey to 46 senior executives internally, both participants of group and regional management teams as well as sustainability experts. The aim was to collect quantitative input on which of the sustainability topics were assessed to have the highest impact on Gränges' long-term competitiveness and success, and the topics' broader impact on society, the environment and the economy. The response rate was 85 per cent.

MATERIALITY ANALYSIS AND TOPIC BOUNDARIES

In line with the principle of materiality, Gränges in 2018 validated its materiality analysis and choice of material topics using input from the three stakeholder surveys and the in-depth interviews. Combined results from the surveys were presented to and assessed by Group Management who qualitatively discussed and validated the materiality of each topic. The discussion led to a decision of twelve material topics, which were re-articulated and clustered into five sustainability pillars

with a clearly assigned internal ownership. The two topics customer satisfaction and economic performance were assessed to be the result of the other topics and so not defined as material.

Compared with the materiality analysis carried out in 2017, the following were added to the list of material topics: employee wellbeing; career and leadership development; eco-responsible innovation; and product life-cycle sustainability performance.

Gränges' material topics and their boundaries

Gränges' sustainability pillar	Gränges' material topics	Corresponding GRI Standards topic	Impact occurs in/at Gränges'			Page
			Supply chain	Operations	Customers	
Secure ethical business practices	Ethics and anti-corruption	Anti-corruption	x	x	x	32, 117
Ensure responsible and sustainable sourcing	Responsible sourcing	Supplier environmental assessment Supplier social assessment	x			33, 117
	Sourced recycled aluminium	Materials	x	x	x	34–35, 118
	Emissions and climate impact	Emissions	x	x	x	37, 119
Run sustainable operations	Energy	Energy	x	x		35–36, 118
	Water management	Water		x		38, 120
	Workplace safety	Occupational health and safety		x		38–39, 120
Build diverse and high-performing teams	Employee wellbeing			x		42, 122
	Diversity and equality	Diversity and equal opportunity		x		41, 122
	Career and leadership development	Training and education		x		40, 121
Develop sustainable product offering	Eco-responsible innovation	–		x	x	43
	Product life-cycle sustainability performance	Materials stewardship ¹⁾	x	x	x	43, 122











1) GRI G4 Mining and Metals Sector Supplement.

EXTERNAL INITIATIVES AND MEMBERSHIPS

Gränges participates in the following industry initiatives: Aluminium Association, Aluminium Stewardship Initiative¹, China Nonferrous Metals Industry Association, Confederation of Swedish Enterprise in Europe, European Aluminium, European Aluminium Foil Association, Global Aluminium Foil Roller Initiative, Nonferrous metals Society of Shanghai, Shanghai Aluminium Trade Association and Svenskt Aluminium. Gränges Europe is also a member of the local Finspång associations Näringslivsrådet, Vision East Sweden, and Östsvenska Handelskammaren, as there is a strategic interest at local level related to areas such as recruitment, infrastructure and influence in important political topics.

Gränges supports international standards on human rights, labour conditions, the environment and anti-corruption, the UN Global Compact, UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Corporations.

Gränges also helps to fulfil the 2030 Agenda and UN Sustainable Development Goals (SDGs). In the table below, those ten SDGs that have been identified as most relevant for Gränges' business and where the company has its largest contributions, are outlined.

UN SDG number	UN SDG name	UN SDG subtargets	Gränges' contribution to the UN Sustainable Development Goals	Gränges' material topic
	Gender equality	5.1 5.5	Gränges works to promote equal opportunities, diversity and gender equality and has articulated a 2025 target to have at least 30 per cent women in senior management.	• Diversity and equality
	Clean water and sanitation	6.5	Gränges works to implement water management plans in all sites.	• Water management
	Affordable and clean energy	7.2 7.3	Gränges has initiated efforts to increase the share of renewable energy in its operations and to promote the topic in its supply chain. Gränges also works to improve energy intensity and has a target to reduce by 17 per cent to 2025 compared with 2017.	• Energy
	Decent work and economic growth	8.4 8.5 8.8	Gränges works to improve resource efficiency in its operations, ensures full employment and decent work with equal pay, and works to ensure safe working environments towards an injury free workplace.	• Career and leadership development • Diversity and equality • Employee wellbeing • Sourced recycled aluminium • Workplace safety
	Industry, innovation and infrastructure	9.4	Gränges' light-weighting aluminium products enable customers to achieve significant savings in energy consumption and greenhouse gas emissions – both in customers' production process and for the end users. Gränges' products are mainly used in the automotive and HVAC industries.	• Eco-responsible innovation • Product life-cycle sustainability performance
	Reduced inequalities	10.3	Gränges works to ensure equal opportunities and to eliminate discrimination among its workforce. This is followed up by for example employee surveys every second year.	• Diversity and equality
	Responsible consumption and production	12.2 12.6	Gränges works to improve material efficiency and recycling rates, integrate sustainability information into its reporting cycle, and ensure sustainable procurement practices. Gränges also aims to create value along the value chain by improving its products' life-cycle sustainability performance.	• Product life-cycle sustainability performance • Sourced recycled aluminium • Responsible sourcing
	Climate action	13.1 13.3	Gränges works to counteract climate change. The company has conducted a carbon footprint study to better understand its climate impacts. Results from the study were used to formulate the 2025 target of reducing direct and energy indirect carbon emissions intensity by 25 per cent versus 2017.	• Emissions and climate impact
	Peace, justice and strong institutions	16.5	Gränges has zero tolerance for bribery and other types of corruption in its operations, and has set a 2025 target that all applicable employees ² are trained each year.	• Ethics and anti-corruption
	Partnerships for the goals	17.16	Gränges has been a signatory of the UN Global Compact since 2016, and works through industry associations and local community networks to support and enhance the partnership for sustainable development.	–

1) The membership in Aluminium Stewardship Initiative was formalized on 7 January, 2019.

2) Employees working in sales, purchasing and senior executives who have external contacts.

SUSTAINABILITY PERFORMANCE SUMMARY

	Target 2025	2018	2017	2016	Note
Secure ethical business practices					
Share of employees annually trained in Gränges' Code of Conduct, %	100	99	–	–	1
Share of applicable employees ¹⁾ annually trained in anti-corruption, %	100	–	–	–	1
Number of incidents related to corruption	–	0	0	0	1
Ensure responsible and sustainable sourcing					
Number of significant suppliers ²⁾	–	143	116	–	2
Share of purchase value from significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, %	100	98	–	–	2
Number of supplier audits	–	10	–	–	2
Share of sourced recycled aluminium of total sourced metal inputs, %	20	16.7	11.5	13.9	3
Share of sourced renewable energy, %	Increase ⁶⁾	9	9	9	4
Indirect carbon emissions intensity from purchased materials and services (scope 3), tonnes CO ₂ e/tonne product	Reduce ⁶⁾	11.2	11.9	12.2	5
Run sustainable operations					
<i>Environmental indicators</i>					
Total energy use, GWh	–	1,231.4	1,236.0	1,200.8	4
Energy intensity, MWh/tonne product	–17% ⁶⁾	3.3	3.3	3.4	4
Direct and energy indirect carbon emissions intensity (scope 1+2), tonnes CO ₂ e/tonne product	–25% ⁶⁾	0.76	0.81	0.83	5
Water withdrawal, million m ³	–	3.5	3.3	3.5	6
Number of sites with a local water management plan	All sites	0/5	0/5	0/5	6
<i>Workplace safety indicators</i>					
Number of recordable workplace accidents	–	23	28	14	7
Number of lost workday cases	–	14	14	9	7
Number of fatalities	–	0	0	0	7
Total Recordable Rate, number of recordable accidents per million hours worked	3.0	6.1	7.8	6.2	7
Severity Rate, number of lost workdays per million hours worked	50	165	112	–	7
Build diverse and high-performing teams					
Average number of employees ³⁾	–	1,699	1,568	1,136	–
Number of employees at year end ⁴⁾	–	1,803	1,637	–	8
Employees with permanent contract, %	–	95	–	–	8
Employees with temporary contract, %	–	5	–	–	8
Full-time employees, %	–	100	–	–	8
Part-time employees, %	–	0	–	–	8
White-collar employees, %	–	30	31	–	8
Blue-collar employees, %	–	70	69	–	8
Share of employees having annual performance and development discussion, %	100	99	–	–	9
Share of women in Board of Directors/Group Management ⁴⁾ , %	–	43/13	50/13	57/13	10
Share of women among senior management ^{4) 5)} , %	30	20	20	–	10
Share of women in total workforce ⁴⁾ , %	–	14	14	–	10
Employee engagement index, %	85	78	–	–	11
Sick-leave ³⁾ , %	–	1.6	2.0	2.2	11
Employee turnover ³⁾ , %	–	9.1	7.4	3.4	11
Share of employees covered by collective bargaining agreements, %	–	70	70	–	–
Develop sustainable product offering					
Products with verified sustainability information available, %	80	–	–	–	12

1) Employees working in sales, purchasing and senior executives who have external contacts.

2) Suppliers with a purchase value above 5 MSEK, 5 MCNY or 0.5 MUSD.

3) Expressed as full-time positions. For 2016, average number of employees include Gränges' operations in the US from 22 August, while sick-leave and employee turnover exclude operations in the US.

4) Expressed as headcount on Dec 31.

5) Employees eligible to participate in Gränges' long-term incentive (LTI) programme.

6) Versus baseline 2017.

NOTES

1 ETHICS AND ANTI-CORRUPTION

Code of Conduct training, including anti-corruption

Share of employees trained in Code of Conduct, %	2018	2017	2016
Asia	100	–	–
Europe	98	–	–
Americas	100	–	–
Gränges total	99	–	–

Incidents of corruption

Number	2018	2017	2016
Incidents of corruption	0	0	0
Incidents of terminated business contracts due to corruption	0	0	0

Comment: In 2018, Gränges updated its Code of Conduct with the focus to make it more modern and user-friendly. In connection to the launch, the company for the first time conducted a group-wide Code of Conduct e-learning. All employees, except for blue-collar employees in Gränges Americas who had classroom training, were invited to complete the training. Total training participation ended at 99 per cent, with 100 per cent in Gränges Asia and Gränges Americas and 98 per cent in Gränges Europe. Anti-corruption was included in the training. No corruption incidents were detected during 2018. During 2019, Gränges plans to implement a specific anti-corruption training for applicable employees.

Reporting principles and definitions: Data for Code of Conduct training participation is collected and consolidated annually via the e-learning system used for online training. Data from Gränges AB is included in the data for Gränges Europe. Comparable data for 2016 and 2017 are not available. Data for Code of Conduct training includes employees in duty and is adjusted for long-term sick-leave, parental leave, resignations and employees off duty for a longer period.

Applicable employees are defined as employees working in sales, purchasing and senior executives who have external contacts.

Governance and policies: The topic is managed by Gränges' General Counsel and the regional Legal representatives. The governing policy is Gränges' Code of Conduct which is updated annually and applicable for all employees and board members in entities owned by Gränges. It also applies to independent contractors and consultants or others acting on behalf of Gränges. Also, Gränges Anti-corruption Policy defines, explains and expands on what Gränges means by corruption.

Long-term target: Gränges' 2025 target is that 100 per cent of its employees are annually trained in the Code of Conduct, and that 100 per cent of applicable employees are annually trained in anti-corruption.

2 RESPONSIBLE SOURCING

Significant suppliers

Number of significant suppliers	2018	2017	2016
Asia	18	19	–
Europe	35	32	–
Americas	90	65	–
Gränges total	143	116	–

Supplier Code of Conduct commitment

Share of purchase value from significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, %	2018	2017	2016
Asia	94	–	–
Europe	97	–	–
Americas	100	–	–
Gränges total	98	–	–

Supplier audits

Number of audits conducted among significant suppliers	2018	2017	2016
Asia	5	5	–
Europe	5	4	–
Americas	0	0	–
Gränges total	10	9	–

Comment: In 2018, Gränges rolled out its updated Supplier Code of Conduct to its significant suppliers. In total, 137 suppliers, corresponding to 98 per cent of the total purchase value from significant suppliers, signed the Supplier Code of Conduct or were – via an internal escalation process – assessed to have equivalent standards in place which are in line with Gränges' sustainability requirements. In Gränges Asia and Gränges Europe, Gränges conducted in total ten supplier audits in 2018, of which one was a new supplier. Such audits are conducted periodically depending on suppliers' strategic importance and results from supplier performance assessments.

Reporting principles and definitions: Data is reported at a regional level by the purchasing organizations and consolidated annually at group level using common definitions and principles. Data from Gränges AB is included in the data for Gränges Europe. Comparable data for 2016 and for one indicator also 2017 is not available.

Significant supplier is defined as a supplier with a total purchase value above 5 MSEK, 5 MCNY or 0.5 MUSD. Local purchase value has been converted to SEK using average currency rates for 2018.

Governance and policies: The topic is managed by SVP Technology & Business Development and the regional purchasing representatives. The governing policy is Gränges' Code of Conduct which states that the Supplier Code of Conduct, which in turn outlines Gränges' requirements on suppliers' commitment to sustainability principles, should be included as part of the supplier contract.

Long-term target: Gränges' 2025 target is that 100 per cent of the purchase value from significant suppliers should be committed to Gränges' Supplier Code of Conduct or equivalent standard.

3 SOURCED RECYCLED ALUMINIUM

Weight of sourced recycled aluminium

ktonnes	2018	2017	2016
Asia	3.1	5.5	3.8
Europe	14.0	15.3	16.8
Americas	53.3	26.0	37.1
Gränges total	70.4	46.7	57.6

Share of sourced recycled aluminium

Share of sourced recycled aluminium of total sourced metal inputs, %	2018	2017	2016
Asia	2.7	4.4	3.2
Europe	13.5	16.0	18.1
Americas	26.5	13.8	18.2
Gränges total	16.7	11.5	13.9

Note: Data for Gränges Asia and Gränges Americas has been restated compared to data presented in the Annual report 2017, due to an update of the parameter definition to only include third-party recycled aluminium. The previously stated data also included third-party processed recycled aluminium from Gränges' operations.

Comment: The use of sourced recycled aluminium increased significantly in 2018, driven by Gränges Americas where volumes more than doubled compared to 2017. The result was mainly achieved through expanded sourcing of recycled aluminium through commodity traders. It was also positively affected by expanded customer recycling programs. The result in Gränges Americas was slightly offset by a decline in sourced recycled aluminium in Gränges Asia and Gränges Europe compared to 2017, due to fluctuations in availability of recycled material which has sufficient quality.

Reporting principles and definitions: Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for 2016 includes operations in the US.

Sourced recycled aluminium is defined as sourced recycled aluminium used as input materials [tonnes] divided by total sourced metal input materials [tonnes].

Governance and policies: The topic is managed by SVP Technology & Business Development and the regional purchasing representatives. The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges.

Long-term target: Gränges' 2025 target is that 20 per cent of the total sourced metal inputs should be sourced recycled aluminium.

4 ENERGY

Total energy use

GWh	2018	2017	2016
Natural gas	764.6	773.4	747.6
Electricity	407.4	403.2	394.8
Liquefied petroleum gas	46.2	48.2	46.1
Diesel	8.2	8.5	9.4
District heating	4.1	2.7	2.8
Petrol	0.9	0.1	0.1
Gränges total	1,231.4	1,236.0	1,200.8

Energy intensity

MWh/tonne product	2018	2017	2016
Asia	2.3	2.3	2.4
Europe	2.1	2.2	2.3
Americas	4.3	4.4	4.3
Gränges total	3.3	3.3	3.4
Reduction versus prior year, %	-1		

Share of renewable energy sourced

%	2018	2017	2016
Asia	10	10	10
Europe	36	38	37
Americas	2	2	2
Gränges total	9	9	9

Comment: The energy intensity in Gränges Americas and Gränges Europe was reduced in 2018, resulting in a 1 per cent total improvement compared to the 2017 level. The improvement is a result of different energy efficiency measures at the production facilities. The use of district heating in Gränges Europe increased compared to previous years due to unusually cold weather until April, which led to a need for additional heating. Gränges' total share of renewable energy was

unchanged at 9 per cent (9). In Gränges Europe, the share was 2 percentage points lower compared to 2017 due to a slightly higher share of nuclear power in the purchased electricity mix, which replaced renewable energy sources. The share of nuclear power was slightly higher also in the purchased electricity mix in Gränges Americas, replacing non-renewable fossil energy sources.

Reporting principles and definitions: Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for 2016 includes operations in the US.

Energy intensity is defined as total energy use [MWh] divided by the total packed products [tonnes].

Renewable energy sources are defined as wind, solar, hydro, geothermal, tidal and biomass. The share of renewable energy is calculated as renewable energy sourced [MWh] divided by the total energy used [MWh] using total energy use per source and the supplier-specific mix for delivered electricity and heating.

Regulations: Gränges adheres to applicable energy regulations in the countries of operations; Gränges Asia under the Shanghai Energy Conservation Regulations and Gränges Europe under the Energy Efficiency Directive. Currently Gränges Americas does not have any energy related regulations affecting its operations.

Governance and policies: The topic energy use and intensity is managed by SVP Process Engineering & Operational Development and the regional representatives from operations. The topic sourced renewable energy is managed by SVP Technology & Business Development and the regional purchasing representatives. The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges. The production site of Gränges Europe is certified in accordance with the energy management standard ISO 50001, while Gränges Americas and Gränges Asia have initiated pre-studies to implement an energy management system.

Long-term target: Gränges' 2025 target is to reduce energy intensity by 17 per cent versus 2017, and to increase the share of sourced renewable energy (electricity, heat, fuels).

5 EMISSIONS AND CLIMATE IMPACT

Total emissions of greenhouse gases

ktonnes CO ₂ e	Scope 1			Scope 2			Scope 3		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Asia	27.5	28.6	28.5	61.1	63.8	63.5	2,200	2,400	2,300
Europe	11.3	11.2	11.5	0.0	0.0	0.0	600	500	500
Americas	128.7	129.9	124.3	56.0	68.9	67.2	1,400	1,500	1,600
Gränges total	167.5	169.7	164.3	117.1	132.7	130.7	4,200	4,500	4,400

Note: Data for Gränges Americas' 2017 scope 3 emissions has been restated due to updated data for primary aluminium use.

Carbon intensity

Tonnes CO ₂ e/tonne product	Scope 1			Scope 2			Scope 3		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Asia	0.28	0.28	0.30	0.63	0.62	0.67	23.1	23.5	24.3
Europe	0.12	0.13	0.14	0.00	0.00	0.00	6.5	6.1	6.2
Americas	0.68	0.69	0.68	0.30	0.37	0.37	7.4	8.2	8.6
Gränges total	0.44	0.45	0.46	0.31	0.35	0.37	11.2	11.9	12.2

Note: Data for Gränges Americas' 2017 scope 3 emissions has been restated due to updated data for primary aluminium use. Data for Gränges' total 2016 scope 3 carbon intensity has been corrected due to a calculation error.

Emissions by category (scope 3)

Share of total scope 3 greenhouse gas emissions, %	2018	2017	2016
Purchased goods and services	97.4	97.5	97.5
Fuel and energy-related activities	1.4	1.3	1.3
Transportation incl. business travel	1.3	1.2	1.2
Gränges total	100	100	100

Other emissions to air – dust

Tonnes	2018	2017	2016
Asia	3.6	3.8	3.6
Europe	0.2	0.2	0.3
Americas	7.3	7.5	7.2
Gränges total	11.1	11.5	11.0

Note: Data for Gränges Americas' dust emissions have been restated compared to data presented in the Annual report 2017, due to an update of the emission factors used.

Comment: The direct and energy indirect carbon intensity (scope 1+2) decreased by 6 per cent compared to 2017, driven by improved energy intensity and by a higher share of low carbon nuclear electricity, which replaced fossil fuel-based electricity in Gränges Americas. The carbon intensity for other indirect emissions (scope 3) decreased by 6 per cent compared to 2017, mainly driven by increased use of recycled aluminium replacing primary aluminium in Gränges Americas, and by improved material efficiency in Gränges Asia. Emissions of dust decreased compared to 2017 due to lower consumption of natural gas.

Reporting principles and definitions: Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for 2016 includes operations in the US.

Greenhouse gas emissions are presented as carbon dioxide equivalents. In accordance with the GHG Protocol, the definitions of the respective scopes are the following.

Scope 1 is defined as direct emissions from Gränges' operations, which include production facilities, office buildings and company owned vehicles. Emissions are calculated based on fuel consumption and emission factors.

Scope 2 is defined as energy indirect emissions from the generation of purchased electricity and heat consumed by Gränges, in production facilities and office buildings. Emissions are calculated using specific data from Gränges' electricity and heat suppliers.

Scope 3 is defined as other indirect emissions. These include emissions from extraction, production and processing of main purchased materials, fuel and energy related activities (not included in scope 1 or scope 2), upstream and downstream goods transportation as well as business travel. Fuel and energy related activities include production of fuels used in Gränges' operations and in generation of purchased electricity. Emissions from producing primary aluminium are based on regional industry averages, and supplier data is used for purchased slabs and recycled aluminium. Emissions from producing fuels are based on regional industry data and emissions from transportation and business travel are based on specific data from Gränges' transport routes.

Carbon intensity is defined as total emissions of greenhouse gases [tonnes CO₂e] divided by the total packed products [tonnes].

Dust emissions are calculated either using local emission factors or based on continual measurements.

Other emissions such as nitrogen oxides, sulphur dioxide, oil and VOC are not reported as methods and data collection procedures for these emissions are currently being harmonized across the organization. Gränges aims to start reporting these emissions next year.

Regulations: Gränges observes all applicable local and international laws and regulations for environmental impact. Emission limits in Europe are based on requirements from the Industry Emissions Directive (IED). In Asia, limits are linked to Regulations of Shanghai Municipality on the Prevention and Control of Atmospheric Pollution, and in the US the National Ambient Air Quality Standards (NA AQS) provides the relevant legal framework. Local authorities continually monitor compliance to ensure that emissions are within limits. Emissions regulated by legislation include nitrogen oxides, sulphur dioxide, dust, volatile organic compounds (VOC) and, in some regions, oil emissions.

Governance and policies: The topic is managed by SVP Process Engineering & Operational Development (direct emissions), SVP Technology & Business Development (energy and other indirect emissions), and the regional operational and purchasing representatives. The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges. The production sites of Gränges Asia and Gränges Europe are certified in accordance with the environmental management standard ISO 14001, while Gränges Americas has initiated a pre-study to implement an environmental management system. Emissions are monitored and managed as part of daily operations. Compliance is a prerequisite for Gränges' continued license to operate.

Long-term target: Gränges' 2025 target is to reduce direct and energy indirect carbon emissions intensity (scope 1+2) by 25 per cent versus 2017. The company has also set a long-term target to reduce indirect carbon emissions intensity from purchased materials and services (scope 3) versus the 2017 baseline.

6 WATER MANAGEMENT

Water withdrawal, by source

Million m ³	2018	2017	2016
Surface water	2.6	2.0	2.1
Ground water	0.6	0.8	0.9
Municipal water	0.3	0.5	0.6
Gränges total	3.5	3.3	3.5

Water withdrawal, by region

Million m ³	2018	2017	2016
Asia	0.2	0.2	0.2
Europe	2.6	2.0	2.1
Americas	0.7	1.2	1.3
Gränges total	3.5	3.3	3.5

Water intensity

m ³ /tonne product	2018	2017	2016
Asia	1.6	1.5	1.6
Europe	28.9	23.3	25.7
Americas	3.7	6.3	6.9
Gränges total	9.2	8.9	9.7

Comment: In 2018, total water withdrawal increased compared to 2017, to the same level as in 2016. The withdrawal of surface water increased in the Finspång facility in Gränges Europe due to unusually warm weather from June to August, which led to increased need for cooling water. The increase in Gränges Europe was however offset by improvements in Gränges Americas, where replacement of cooling tower units in the Huntingdon facility significantly reduced the water withdrawal. In 2019, Gränges will initiate work to develop local water management plans in all sites.

Reporting principles and definitions: Data is reported at regional level and consolidated annually at group level using common definitions and principles. Data for 2016 includes operations in the US.

Water withdrawal is defined as water used in the production facility withdrawn from wetlands, rivers, lakes, own wells, waste water from other organizations, municipal water suppliers or from other public or private water utilities [m³].

Regulations: The water use and management for Gränges Asia is regulated via permits and by legislation such as Water Pollution Prevention and Control Law of the People's Republic of China, Water Law of the People's Republic of China, and Management in Shanghai Drainage Ordinance.

Governance and policies: The topic is managed by SVP Process Engineering & Operational Development, and the regional representatives from operations. The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges.

Long-term target: Gränges' 2025 target is to implement water management plans in all sites.

7 WORKPLACE SAFETY

Total Recordable Rate (TRR)

Number of recordable accidents per million hours worked	2018	2017	2016
Asia	2.8	6.3	3.5
Europe	9.6	11.7	12.3
Americas	7.3	7.2	5.7
Gränges total	6.1	7.8	6.2

Severity Rate

Number of lost workdays per million hours worked	2018	2017	2016
Asia	162	163	–
Europe	87	128	–
Americas	212	48	–
Gränges total	165	112	–

Comment: In 2018, the Total Recordable Rate (TRR) reached 6.1 (7.8), an improvement by more than 20 per cent. The Severity Rate however deteriorated because of two accidents that resulted in long recovery of the injured individuals.

Reporting principles and definitions: All incidents and accidents are registered and categorized in incident reporting systems. Events reported in the incident reporting systems are followed weekly and monthly. Data is reported at regional level and consolidated monthly at group level using common definitions and principles. Data for TRR 2016 includes operations in the US. Comparable data for Severity Rate 2016 is not available.

Contracted workers, defined as individuals working onsite or offsite on behalf of Gränges, are included in the safety data.

Recordable accident is defined as as medical treatment cases, restricted work cases and lost workday cases.

Total Recordable Rate (TRR) is defined as total number of recordable accidents per million hours worked.

Lost workday cases are defined as number of recordable accidents resulting in absence from work.

Lost workdays are defined as the sum of workdays by employees being absent from work due to a recordable accident.

Severity Rate is defined as total number of lost workdays per million hours worked.

Serious injury is defined as an irreversible injury such as an amputated finger or lost eyesight, or a reversible injury causing prolonged periods of pain or suffering for the employee, or an accident with an absence longer than 15 days.

Governance and policies: The topic is managed by SVP Process Engineering & Operational Development and the regional safety representatives. The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges. The production site of Gränges Asia is certified in accordance with the occupational health and safety standard OHSAS 18001 while Gränges Americas and Gränges Europe have initiated pre-studies to implement an occupational health and safety management system in accordance with OHSAS 18001 or ISO 45001.

Long-term target: Gränges' 2025 target is to have a Total Recordable Rate of 3.0 and a Severity Rate of 50.

8 TOTAL EMPLOYEES

Total number of employees by category

Number	2018	2017	2016
Blue-collar	1,256	1,128	–
White-collar	547	509	–
Gränges total	1,803	1,637	–

Employment contract and type, by gender and region

Number of employees	Region			Gender	
	Asia	Europe	Americas	Women	Men
Permanent contract	476	497	736	232	1,477
Temporary contract	51	40	3	18	76
Gränges total	527	537	739	250	1,553

Number of employees	Gender	
	Women	Men
Full-time	244	1,550
Part-time	6	3
Gränges total	250	1,553

Comment: Total number of employees increased to 1,803 (1,637) in 2018, mainly driven by the expansion plans in Gränges Americas to expand the production plant in Huntingdon and restart production at the Newport plant.

Reporting principles and definitions: Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB is included in the data for Gränges Europe. Data is based on headcount on 31 December 2017 and 2018. Comparable data for 2016 is not available.

Permanent contract is defined as a contract for an indeterminate period.

Temporary contract is defined as a contract of limited duration.

Full-time employee is defined according to national legislation and practice regarding working time, such as employees working a minimum of nine months per year and 30 hours per week.

Part-time employee is defined as employees working less than a full-time employee.

Governance and policies: Not applicable as this is a general disclosure.

Long-term target: Not applicable as this is a general disclosure.

9 CAREER AND LEADERSHIP DEVELOPMENT

Performance and development discussion

%	2018	2017	2016
Asia	100	–	–
Europe	98	–	–
Americas	100	–	–
Gränges total	99	–	–

Comment: In total, 99 per cent of Gränges' employees received a performance and development discussion in 2018. By gender, 100 of all men and 99 per cent of all women received a performance and development discussion. By category, 100 per cent of white-collar employees and 99 per cent of blue-collar employees received a performance and development discussion. A few individuals in Gränges Europe did not receive a performance and development discussion since they were absent during the period when the annual performance and development discussions were conducted.

Reporting principles and definitions: Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB is included in the data for Gränges Europe. Comparable data for 2016 and 2017 is not available. Data covers employees in duty adjusted for new employees who did not have a performance and development discussion as they started their employment after the period when the annual performance and development discussions were conducted.

Governance and policies: The topic is managed by SVP Human Resources and the regional human resources representatives.

Long-term target: Gränges' 2025 target is that 100 per cent of all employees annually receive a performance and development discussion.

10 DIVERSITY AND EQUALITY

Gender balance by region

Share of women in total workforce, %	2018	2017	2016
Asia	11	11	–
Europe	20	20	–
Americas	11	12	–
Gränges total	14	14	–

Share of women among senior management, %	2018	2017	2016
Asia	20	20	–
Europe	15	16	–
Americas	29	25	–
Gränges total	20	20	–

Gender balance and age structure 2018

%	Women	Men	<30 years	30–50 years	>50 years
Board of Directors	43	57	0	29	71
Group Management	13	88	0	50	50
Senior management	20	80	0	66	34
White-collar	28	72	5	64	31
Blue-collar	8	92	16	58	26
Gränges total	14	86	13	60	28

Comment: The share of women in the total workforce remained at 14 per cent (14) in 2018 with a small decline in Gränges Americas due to the high number of men among new recruits to support the expansion of the Huntingdon plant and restart production at the Newport plant. The share of women among senior management was unchanged at 20 per cent (20) with a small increase Gränges Americas who increased the number of women in the regional management team.

Reporting principles and definitions: Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB is included in the data for Gränges Europe. Data is based on headcount on 31 December 2018 and 2017. Comparable data for 2016 is not available.

Senior management is defined as employees eligible to participate in Gränges' long-term incentive (LTI) programme.

Governance and policies: The topic is managed by SVP Human Resources and the regional human resources representatives. The governing policy is the Diversity Policy, which is reviewed annually and applies to all employees working at Gränges.

Long-term target: Gränges' 2025 target is to have at least 30 per cent women among senior management.

11 EMPLOYEE WELLBEING

%	2018	2017	2016
Sick-leave	1.6	2.0	2.2
Employee turnover	9.1	7.4	3.4
Employee engagement index	78	–	–

Comment: Total sick-leave during the year ended at 1.6 per cent (2.0). Total employee turnover increased to 9.1 per cent (7.4) as a result of low unemployment rates and strong employment market in the US as well as a high number of new employees in Gränges Americas and Gränges Europe to support the company's expansion plans. Some of the new employees ended their employment during the first time period at Gränges. Employee engagement index for 2018 was 78.

Reporting principles and definitions: Data is reported at a regional level and consolidated annually at group level using common definitions and principles. Data for Gränges AB is included in the data for Gränges Europe.

Data for sick-leave and employee turnover is based on average number of employees during 2018 (expressed as present full-time positions). Data for 2016 does not include operations in the US.

Data for employee engagement comes from Gränges' employee survey. Results for 2018 include Gränges Asia and Gränges Europe. Gränges Americas plans to conduct an employee survey in the first half of 2019. Comparable data for 2016 and 2017 is not available.

Sick-leave is defined as all absent hours for sickness within a year divided by total annual working hours (as applicable in local standards). Excludes permitted leave absences such as holidays, study and parental leave.

Employee turnover is defined as number of employees who leave the organization (voluntarily or due to dismissal, retirement, or death in service) during the reporting period divided by total number of employees converted to full-time positions.

Employee engagement index is a calculated mean from a number of questions in Gränges' employee survey related to energy and clarity, two important dimensions of employee engagement. The mean is converted to an index 0–100.

Governance and policies: The topic is managed by SVP Human Resources and the regional human resources representatives.

Long-term target: Gränges' 2025 target is that Employee engagement index should reach 85.

12 PRODUCT LIFE-CYCLE SUSTAINABILITY PERFORMANCE

Comment: Detailed results for this indicator will be presented once Gränges has put in place and started to measure the share of its products having verified sustainability information available.

Reporting principles and definitions: Reporting principles and definitions will be presented once Gränges has established a foundation for how the company will assess and communicate the sustainability performance for its products from a life-cycle perspective.

Governance and policies: The topic is managed by SVP Research & Innovation in cooperation with the regional sales and product development representatives.

Long-term target: Gränges' 2025 target is that 80 per cent of its products should have verified sustainability information available.

GRI INDEX

GENERAL DISCLOSURES

GRI Standard	Disclosure number	Disclosure title	UNGC Principles	Page reference	Omissions
GRI 101: Foundation 2016					
GRI 102: General disclosures 2016					
ORGANIZATIONAL PROFILE					
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	102-3	Location of headquarters		3, 52	
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	102-7	Scale of the organization		1–3, 16–17, 40, 69	
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MATERIAL TOPICS

GRI Standard	Disclosure number	Disclosure title	UNGC Principles	Page reference	Omissions
Economic standards					
ANTI-CORRUPTION			10		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		32, 114, 117	
	103-2	The management approach and its components		32, 117	
	103-3	Evaluation of the management approach		32, 117	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures		32, 116–117	
	205-3	Confirmed incidents of corruption and actions taken		32, 116–117	
Environmental standards					
MATERIALS			7, 8, 9		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		33–35, 114, 118	
	103-2	The management approach and its components		33–35, 118	
	103-3	Evaluation of the management approach		33–35, 118	
GRI 301: Materials 2016	301-2	Recycled input materials used		33–35, 116, 118	
ENERGY			7, 8, 9		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		35–37, 114, 118	
	103-2	The management approach and its components		35–37, 118	
	103-3	Evaluation of the management approach		35–37, 118	
GRI 302: Energy 2016	302-1	Energy consumption within the organization		36–37, 116, 118	
	302-3	Energy intensity		36–37, 116, 118	
	302-4	Reduction of energy consumption		36–37, 116, 118	
WATER			7, 8		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		38, 114, 120	
	103-2	The management approach and its components		38, 120	
	103-3	Evaluation of the management approach		38, 120	
GRI 303: Water 2016	303-1	Water withdrawal by source		38, 120	
EMISSIONS			7, 8, 9		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		35, 37, 114, 119	
	103-2	The management approach and its components		37, 119	
	103-3	Evaluation of the management approach		35, 37, 119	
GRI 305: Emissions 2016	305-1	Direct (scope 1) GHG emissions		36–37, 116, 119	
	305-2	Energy indirect (scope 2) GHG emissions		35–37, 116, 119	
	305-3	Other indirect (scope 3) GHG emissions		35, 37, 116, 119	
	305-4	GHG emissions intensity		36–37, 116, 119	
	305-5	GHG emissions reductions		35, 119	
	305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		119	Data only includes dust emissions. Other emissions such as nitrogen oxides, sulphur dioxide and VOC are not reported as methods and data collection procedures for these emissions are currently being harmonized across the organization. Gränges aims to start reporting these emissions next year.
SUPPLIER ENVIRONMENTAL ASSESSMENT			7, 8, 9		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		33–35, 114, 117	
	103-2	The management approach and its components		33–35, 117	
	103-3	Evaluation of the management approach		33–35, 117	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria		33, 117	
Social standards					
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		38–39, 114, 120, 122	
	103-2	The management approach and its components		38–39, 120, 122	
	103-3	Evaluation of the management approach		38–39, 120, 122	

GRI Standard	Disclosure number	Disclosure title	UNGC Principles	Page reference	Omissions
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		38–39, 116, 120, 122	Contracted workers such as maintenance workers managed by Gränges are included in the safety data but not sick-leave. The reporting is aligned with Gränges' internal procedures.
TRAINING AND EDUCATION					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		40, 114, 121	
	103-2	The management approach and its components		40, 121	
	103-3	Evaluation of the management approach		40, 121	
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews		40, 116, 121	
DIVERSITY AND EQUAL OPPORTUNITY			1, 2, 6		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		41, 114, 122	
	103-2	The management approach and its components		41, 122	
	103-3	Evaluation of the management approach		41, 122	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees		41, 116, 122	
SUPPLIER SOCIAL ASSESSMENT			1, 2, 3, 4, 5, 6		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		33–34, 114, 117	
	103-2	The management approach and its components		33–34, 117	
	103-3	Evaluation of the management approach		33–34, 117	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria		33–117	

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of Gränges AB, corporate identity number 556001-6122

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2018, as defined in the board of directors report on page 53, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing

and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm 11 March 2019
Ernst & Young AB

Erik Sandström
Authorized Public Accountant