

# SUSTAINABLE BUSINESS VALUE

By managing its business in a sustainable and responsible way, Gränges works to strengthen its long-term competitiveness and value creation, both financially and operationally. Sustainable business value is achieved through execution of the company's sustainability framework and long-term targets.

## Sustainability – a competitive advantage

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. 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.

With the global push for sustainable development and the transformation into a more circular and resource-efficient economy, Gränges' customers are increasingly recognizing the importance of using sustainable materials. Gränges' technical expertise and competence in aluminium material properties and performance helps customers and the whole value chain to improve resource efficiency and climate performance, in line with the global transition towards sustainable development and a circular economy. Gränges' lightweighting and recyclable aluminium products, for example, help to increase fuel efficiency in vehicles and energy efficiency in buildings.

## Ambitious framework and long-term targets

Stakeholder engagement is fundamental to Gränges' business, and the company's group-wide sustainability framework and 2025 targets are based on input from continual dialogue with stakeholders.

The company's sustainability framework is structured into five pillars, each governed by one member of Group Management who proposes global sustainability priorities and coordinates with Gränges' regional teams to implement local sustainability activities. More details on the process to identify material topics can be found on pages 98–99.

In 2019, Gränges continued to implement its sustainability framework. The focus was to align regional strategies and activities with the group-wide long-term sustainability targets, and to increase employee awareness and engagement.

## Promoting sustainable development

Gränges participates in various industry initiatives to ensure that aluminium is mined, produced and used sustainably, and to drive change where it has the highest value chain impact. Read more on page 99.

Gränges has participated in the UN Global Compact since October 2016 and undertakes to fulfil the principles relating to human rights, labour, 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 Sustainable Development Goals (SDGs). The company has identified those SDGs that are most relevant for the company's business and where Gränges has its largest contributions. Read more on page 100.



## ACHIEVING ASI CERTIFICATION

At the start of 2019, Gränges joined the Aluminium Stewardship Initiative (ASI), a global, multi-stakeholder, non-profit standards setting and certification organization which works to maximize the contribution of aluminium to a sustainable society. Through its membership, Gränges promotes greater sustainability and transparency in the aluminium value chain.

Only six months after becoming an ASI member, Gränges' Shanghai facility successfully achieved certification against ASI's Performance Standard, which was a milestone for the company. The certification demonstrates that Gränges' aluminium products are produced responsibly and sustainably. Gränges aims to continue certifying its production facilities to ASI's certification standards.

“ How we plan and run our business today has a profound impact on the future. We must continuously challenge ourselves to develop sustainable offerings that create tangible business and sustainability benefits for our customers.”

Johan Menckel, CEO



# SUSTAINABILITY FRAMEWORK AND 2025 TARGETS



## SUSTAINABLE PRODUCT OFFERINGS



## RESPONSIBLE AND SUSTAINABLE SOURCING



## SUSTAINABLE OPERATIONS

### OUR SUSTAINABLE COMMITMENTS

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.

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.

We will strengthen operational efficiency and continuous improvements in our operations to improve material and 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.

### OUR MATERIAL TOPICS, 2025 TARGETS AND 2019 PERFORMANCE

#### Eco-responsible innovation

— Target not yet available.<sup>1)</sup>

#### Responsible sourcing

● 100 per cent of all significant suppliers<sup>2)</sup> to be committed to Gränges' Supplier Code of Conduct or equivalent standard.

#### Workplace safety

- Total Recordable Rate to be < 3.0 recordable accidents per million hours worked.
- Severity Rate to be < 50 lost workdays per million hours worked.

#### Product life-cycle sustainability performance

— 80 per cent of Gränges' products to have verified sustainability information available.

#### Sourced recycled aluminium

● 20 per cent of total sourced metal inputs to be recycled aluminium.

#### Water management

● All Gränges sites to have implemented a local water management plan.

#### Energy

- The share of sourced renewable energy (electricity, heat, fuels) to increase.<sup>3)</sup>
- Energy intensity to be reduced by 17 per cent.<sup>3)</sup>

#### Emissions and climate impact

- Carbon emissions intensity from purchased materials and services to be reduced.<sup>3)</sup>
- Carbon emissions intensity from own operations and purchased energy to be reduced by 25 per cent.<sup>3)</sup>

### SUSTAINABLE DEVELOPMENT GOALS (SDGs)



Read more on page 23.

Read more on pages 24–25.

Read more on pages 26–28.

Note: Minor edits to clarify target articulations have been done in 2019.

1) Gränges works to define and externally disclose targets for eco-responsible innovation.

2) Suppliers with a purchase value above SEK 5 million, CNY 5 million or USD 0.5 million.

3) Versus baseline 2017.

● Positive or unchanged development 2019 versus 2018

○ Negative development 2019 versus 2018

— Development 2019 versus 2018 not applicable as result for 2019 is not available



**DIVERSE AND HIGH-PERFORMING TEAMS**



**ETHICAL BUSINESS PRACTICES**

**OUR SUSTAINABLE COMMITMENTS**

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

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.

**OUR MATERIAL TOPICS, 2025 TARGETS AND 2019 PERFORMANCE**

**Career and leadership development**

- 100 per cent of all employees to receive annual performance and development discussion.

**Ethics and anti-corruption**

- 100 per cent of all employees to be annually trained in Gränges' Code of Conduct.
- 100 per cent of all white-collar employees to be annually trained in anti-corruption.<sup>1)</sup>

**Diversity and equality**

- At least 30 per cent of senior management<sup>2)</sup> to be women.

**Employee wellbeing**

- Employee engagement index to reach at least 85.

**SUSTAINABLE DEVELOPMENT GOALS (SDGs)**



Read more on pages 29–30.

Read more on page 31.

1) Target has been reformulated in 2019 to cover all white-collar employees.  
2) Employees eligible to participate in Gränges' long-term incentive (LTI) programme.

● Positive or unchanged development 2019 versus 2018  
○ Negative development 2019 versus 2018  
— Development 2019 versus 2018 not applicable as result for 2019 is not available

Gränges has a group-wide sustainability framework which covers those 12 material topics that have the highest sustainability impact and which stakeholders assess to be most important for the company to address. The topics are grouped into five sustainability pillars, each governed by one member of Group Management. Each pillar has an accompanying long-term commitment and targets for 2025.

More details on the process to identify material topics can be found on pages 98–99 and more information about performance and target fulfilment for 2019 can be found in the sustainability notes on pages 101–108.

In its work to establish the sustainability framework, Gränges also identified those Sustainable Development Goals that were deemed to be most relevant for Gränges' business and where the company has its largest impacts. More information, including links from Gränges' activities and targets to specific SDGs and SDG sub-targets, can be found on page 100.

# CLIMATE STRATEGY

Gränges is committed to combatting climate change and reducing the climate impact from its business and along the value chain. Managing the climate topic therefore runs through the company's sustainability framework and value chain.

## Taking a value chain perspective

Gränges works actively to take product stewardship and reduce environmental impact along the value chain, taking a life-cycle perspective.

As illustrated below, Gränges has identified five main priorities to reduce the company's climate impact from a life-cycle perspective: 1) Increase sourcing of recycled aluminium; 2) Expand sourcing of primary aluminium produced with renewable energy; 3) Increase energy efficiency in own operations; 4) Increase sourcing and use of renewable energy in own operations; 5) Incorporate sustainability into product development and customer collaboration. Priorities 1), 2) and 4) are managed as part of Responsible and sustainable sourcing (refer to pages 24–25), priority 3) as part of Sustainable operations (refer to pages 26–27) and priority 5) is managed as part of Sustainable product offering (refer to page 23).

## Reducing the carbon footprint

In 2019, Gränges reduced its total greenhouse gas emissions by 14 percent to 3,910 tonnes CO<sub>2</sub>e (4,520).

Carbon emissions from purchased materials and services, which accounted

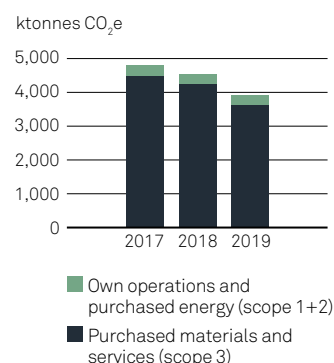
for 93 per cent (94) of the total emissions, were reduced by 14 percent, mainly driven by a higher share of sourced recycled aluminium. The corresponding carbon intensity decreased by 7 percent versus 2018 and 12 percent versus the baseline 2017.

Carbon emissions from own operations and purchased energy, which accounted for 7 per cent (6) of Gränges' total carbon footprint, were reduced by 1 per cent to 282.6 tonnes CO<sub>2</sub>e (284.6). The corresponding carbon intensity increased by 8 percent versus 2018 and 1 per cent versus baseline 2017. This was driven by higher energy intensity which was mainly a result of lower production volumes. Gränges aims to take actions towards the 2025 reduction target.

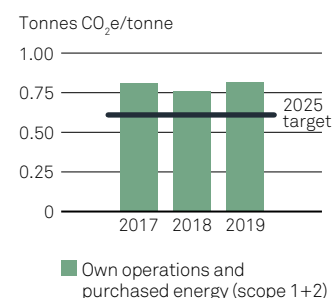
## Expanding the scope

Gränges follows the Greenhouse Gas Protocol (GHG Protocol) guidelines to calculate its climate impact, from bauxite extraction to delivery of Gränges' products to customers. So far, the product use and end-of-life phases have been excluded due to a lack of relevant data. Gränges will assess adding this part to its scope for calculations, to support customers to reduce climate impacts along the value chain.

## Total carbon footprint, 2019



## Carbon emissions intensity



## KEY PRIORITIES TO REDUCE CLIMATE IMPACT

### SUPPLY CHAIN

**1) Sourced recycled aluminium:** Increase sourcing of recycled aluminium and develop innovative alloys which allow for a higher share of recycled aluminium.  
GHG Protocol: Scope 3

**2) Renewable energy in supply chain:** Expand sourcing of primary aluminium produced using renewable energy.  
GHG Protocol: Scope 3

93% of total emissions

### GRÄNGES' OPERATIONS

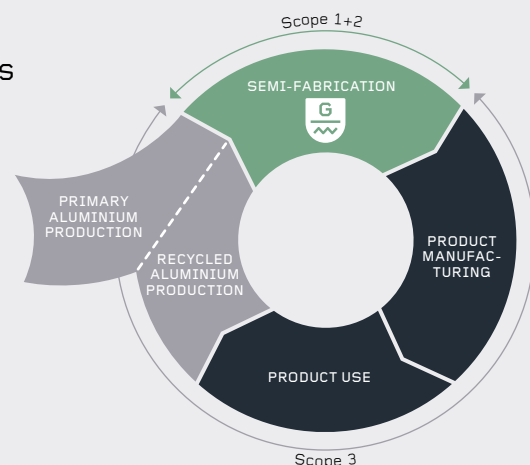
**3) Energy intensity:** Increase energy efficiency in own operations through various internal improvement activities.  
GHG Protocol: Scope 1

**4) Renewable energy in own operations:** Increase the sourcing and use of renewable energy in own operations.  
GHG Protocol: Scope 2

7% of total emissions

### CUSTOMERS AND END-USERS

**5) Eco-responsible innovation:** Incorporate sustainability into product development and customer collaboration to reduce climate impact in the product manufacturing and use phases.  
GHG Protocol: Scope 3





# SUSTAINABLE PRODUCT OFFERINGS

Gränges' products contribute to increased business and sustainability benefits for customers and end-users. Aluminium's lightweighting properties and its recyclability support the transition towards a circular economy through improved resource efficiency and climate performance.

## TARGETS 2025

>> 80 per cent of Gränges' products to have verified sustainability information available.

## PERFORMANCE 2019

>> Life-cycle assessment (LCA) pre-study conducted, which will serve as the foundation for how to achieve verified sustainability information on Gränges' products starting from 2020.

>> 62 per cent (44) of product development projects were assessed to lead to improved climate performance for Gränges' customers.

## IMPROVED SUSTAINABILITY PERFORMANCE THROUGH TRILLIUM®

Gränges' TRILLIUM® material is a good example of an innovative product which improves customers' sustainability performance. As a result of the built-in fluxing agents in TRILLIUM®, the product enables customers to operate a process without added flux, which leads to better workplace health and safety and a more efficient production process. Exposure to fluxing can cause harm to both eyes and other organs, and the associated dust can harm people and contaminate machines. A process without added flux also leads to customers having less industrial waste and an improved metal yield.

## Aluminium as the "green metal"

Thanks to aluminium's lightweighting properties and its recyclability, customers and end-users can improve resource efficiency and climate performance by enabling less, longer and smarter usage of materials. Less usage because of aluminium's light weight and its recyclability; longer usage due to its high corrosion resistance and durability; and smarter usage due to its versatility and impermeability. Aluminium is often called the "green metal" because of these properties which support a resource efficient society.

A study<sup>1)</sup> from 2016 concluded that lightweighting of transport vehicles leads to substantial fuel and carbon emissions savings. The potential lifetime saving for a passenger car was estimated at 500 kg to 2,000 kg of carbon dioxide per 100 kg weight reduction.

## ECO-RESPONSIBLE INNOVATION

### Improving sustainability performance

Developing products that can increase customers' sustainability performance and reduce their environmental footprint is a top priority at Gränges.

Incorporating sustainability into product development expands the scope of sustainability considerations beyond production processes to the entire life-cycle of the products. The biggest opportunities for improving products' sustainability performance is in the early stages of the product development process, when the product characteristics are decided.

1) IFEU 2016: Energy savings by lightweighting – 2016 Update.

In 2019, 62 per cent (44) of Gränges' product development projects were assessed to lead to improved climate performance for customers. Gränges for example works to develop products that are based on more recycled aluminium and which improve energy efficiency in the usage phase.

## LIFE-CYCLE SUSTAINABILITY PERFORMANCE

### Declaring sustainability impacts

In 2019, Gränges continued to prepare for assessing and declaring its products' sustainability impact to help customers make fact-based sustainability evaluations of Gränges' products and to improve products' sustainability performance.

The company conducted a life-cycle assessment (LCA) pre-study in the operations in Europe covering selected products to decide on scope and calculation methodology to be used in the sustainability product declarations. In line with the pre-study, Gränges plans to build its declarations on LCA methodology in accordance with ISO 14040 and ISO 14044. Results from the pre-study confirmed that alloys based on a high share of recycled aluminium had a significantly lower carbon footprint and that the raw materials contributed to most of the carbon footprint, even for alloys based on a high share of recycled aluminium.

From 2020, Gränges plans to start communicating products' sustainability performance as a first step towards the 2025 target that 80 per cent of its products should have verified sustainability information available.

“ We see a clear trend that customers are increasingly interested in sustainability data on material and component level. Gränges is committed to produce such information and to use it to enhance our products' sustainability performance.”

Kent Schölin, SVP Research & Innovation



# RESPONSIBLE AND SUSTAINABLE SOURCING

An efficient and sustainable supply chain is essential for Gränges' long-term success. Gränges promotes responsible and sustainable practices in its supply chain and works to incorporate sustainability criteria into its sourcing agreements and partnerships. The aim is to improve supply chain sustainability performance and reduce the associated risks.

## TARGETS 2025

- >> 100 per cent of all significant suppliers<sup>1)</sup> to be committed to Gränges' Supplier Code of Conduct or equivalent standard.
- >> 20 per cent of total sourced metal inputs to be recycled aluminium.
- >> The share of sourced renewable energy (electricity, heat, fuels) to increase.<sup>2)</sup>
- >> Carbon emissions intensity from purchased materials and services to be reduced.<sup>2)</sup>

## PERFORMANCE 2019

- >> 154 suppliers (137) signed the Supplier Code of Conduct or were assessed to have equivalent standards in place which are in line with Gränges' sustainability requirements. This corresponded to 99 per cent (98) of the purchase value from all significant suppliers<sup>1)</sup>.
- >> Increased the share of recycled aluminium to 19.8 per cent (16.7) of total sourced metal inputs, up by 3.0 percentage points versus 2018.
- >> The share of renewable energy, from sourced electricity and heating, reached 8 per cent (9). Read more on page 27.
- >> Carbon emissions intensity from purchased materials and services reached 10.5 tonnes CO<sub>2</sub>e/tonne (11,2), down by 7 per cent versus 2018 and 12 percent versus baseline 2017, primarily driven by a higher share of sourced recycled aluminium.

## A global supply chain

In 2019, Gränges had around 2,500 (2,200) suppliers globally, of which 158 (143) were defined as significant<sup>1)</sup>.

Around 77 per cent (85) of the purchase value from significant suppliers was related to direct materials, i.e. sourcing of primary ingots, rolling slabs, alloying elements, and recycled aluminium. Slabs were purchased directly from smelters while ingots were sourced mainly from commodity traders. Indirect materials and services accounted for some 23 per cent (15) of the purchase value, and important categories included transport, utilities and services.

Sourcing activities are mainly managed by the local procurement organization and the supplier base is generally geographically close to the respective markets.

## RESPONSIBLE SOURCING

### Shared sustainability principles

To ensure that Gränges' suppliers share the company's sustainability principles and commitments, significant suppliers<sup>1)</sup> are to commit to and sign Gränges' Supplier Code of Conduct, including the 10 principles of the UN Global Compact.

The Supplier Code of Conduct expresses the sustainability requirements Gränges has on its suppliers, including complying with applicable laws and regulations; avoiding conflicts of interest; having zero-tolerance

for corruption and bribery; competing fairly; having an open, non-discriminatory and safe workplace; respecting human rights; providing fair working conditions; and running its operations with respect for the environment. By signing, 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 or has an equivalent standard in place, Gränges first discusses with the supplier and then creates an action plan to make sure that the supplier commits to the sustainability principles.

### Supplier assessments

Gränges' regional quality and purchasing teams regularly assess supplier performance to make sure suppliers meet the company's requirements. Supplier assessments focus on evaluating suppliers' quality and delivery performance but also include sustainability criteria such as environment, human rights, labour laws, as well as health and safety.

Gränges' operations in Asia and Europe assess suppliers' sustainability practices before entering into a supplier agreement, and thereafter on a regular basis using tools such as supplier scorecards. Supplier audits are conducted periodically depending on suppliers' strategic importance and supplier performance. During

1) Suppliers with a purchase value above SEK 5 million CNY 5 million or USD 0.5 million.  
2) Versus baseline 2017.

“ We are dedicated to reducing Gränges' climate impact from a life-cycle perspective. For 2019 I'm very proud that our operations in Americas has again managed to replace significant volumes of primary aluminium with recycled aluminium, leading to a considerable lower climate impact from our supply chain.”

Torbjörn Sternsjö, SVP Technology & Business Development

2019, 7 (10) supplier audits were conducted, none with significant deviations.

Gränges' operations in Americas assesses critical suppliers' sustainability practices before entering into a supplier agreement, and thereafter perform assessments twice per year. Supplier audits are to be conducted if a supplier is assessed to underperform and does not have sufficient quality management system procedures in place. During the year no such audits were carried out.

**Updated responsible sourcing programme**

In 2019, Gränges updated its group-wide responsible sourcing programme through which the company aims to identify, follow up, and improve suppliers' sustainability performance and mitigate associated risks. The programme will be implemented from 2020.

As part of this programme, Gränges plans to regularly screen its supplier base and identify potential risk suppliers through evaluating environmental, social and corruption risks in different sectors and countries. Suppliers identified as having potential sustainability risks will be asked to perform a sustainability assessment. Gränges will use the results from this assessment to decide how to manage suppliers through for example on-site visits.

Gränges sees this programme as an opportunity to strengthen the collaboration with suppliers to achieve continuous improvements and build lasting relationships.

**RECYCLED ALUMINIUM**

**Promoting circularity**

Gränges' procurement teams continuously coordinate with the production units to

optimize sourcing and use of recycled aluminium as this has a positive effect on both costs and the environment. Metal costs are the largest cost category for Gränges. Recycled aluminium has a high economic value and non-reusable recycled aluminium is often sold externally for a discounted price.

Recycled aluminium saves up to 95 per cent of the energy needed to produce primary aluminium and thereby leads to a significantly lower climate impact. Gränges sources pre-consumer used materials from customers and recycling companies, and reuses recycled aluminium from its own operations. The company also buys post-consumer used materials from recycling companies, further promoting a circular business model. The environmental value of recycling increases downstream in the value chain and end-of-life recycling is a clear positive contributor to the circular aluminium usage.

**Designing for increased recycling**

For Gränges' operations in Asia and Europe, where a high number of alloys for brazed heat exchanger applications are produced, it can be challenging to find recycled aluminium which fits well in the re-melting process and the specific alloys that are produced. Gränges therefore requires strict sorting of recycled aluminium, both from its own operations as well as from customers and recycling companies.

Gränges' Research & Innovation (R&I) organization works to design alloys which can use a high share of recycled aluminium and which can be recycled after usage. Material for brazed heat exchangers consists of so called clad materials

where different alloys are rolled together, which makes it difficult to separate upon recovery. Brazed heat exchangers are challenging to recycle at end-of-life as the various constituents are difficult to separate and sort.

**Customer collaboration**

For Gränges' operations in Americas, where more standardized alloy applications are produced that allow for wider composition limits, it is possible to reach a higher share of sourced recycled aluminium. The operations in Americas recycles all volumes of recycled aluminium from its own operations, and has in 2019 also expanded sourcing of recycled aluminium from its customers. The recycled aluminium is returned from customers to Gränges in conjunction with the product delivery, managed by a third party or by Gränges.

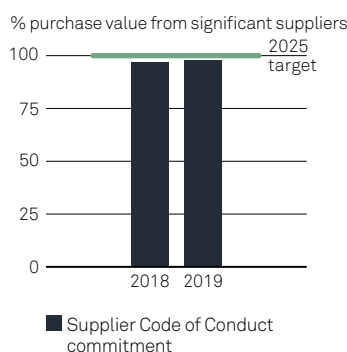
**EMISSIONS AND CLIMATE IMPACT**

**Supply chain climate footprint**

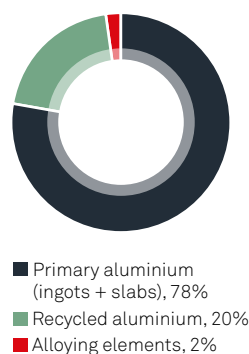
In line with the company's climate strategy, as described on page 22, Gränges works to reduce the climate impact from its supply chain. Carbon emissions from purchased materials mainly come from the production of primary aluminium, which is an energy intensive process.

Gränges strives to more actively choose supplier and input material based on use of renewable energy, climate performance and carbon emissions reduction activities and targets. Gränges also plans to more actively have a dialogue with commodity traders about supplier sustainability management processes and promoting supply chain traceability.

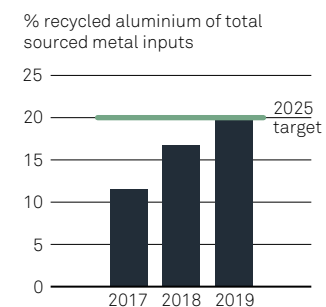
**Commitment to Supplier Code of Conduct**



**Total sourced metal inputs, 2019**



**Sourced recycled aluminium**





# SUSTAINABLE OPERATIONS

Efficient management of energy and materials is critical to Gränges as it improves the company's profitability, competitiveness, and environmental performance. Providing a safe work environment is also a top priority as the company strives towards operating an injury-free workplace.

## TARGETS 2025

- >> Total Recordable Rate to be < 3.0 recordable accidents per million hours worked.
- >> Severity Rate to be < 50 lost workdays per million hours worked.
- >> Energy intensity to be reduced by 17 per cent.<sup>1)</sup>
- >> Carbon emissions intensity from own operations and purchased energy to be reduced by 25 per cent.<sup>1)</sup>
- >> All Gränges sites to have implemented a local water management plan.

1) Versus baseline 2017.

## PERFORMANCE 2019

- >> Improved safety performance; Total Recordable Rate reached 4.4 (6.1) and Severity Rate 142 (165).
- >> Energy intensity increased to 3.5 MWh/tonne (3.3), mainly driven by lower production volumes.
- >> Carbon emissions intensity from own operations and purchased energy amounted to 0.82 tonnes CO<sub>2</sub>e/tonne (0.76), up by 8 per cent versus 2018 and 1 per cent versus baseline 2017, driven by lower production volumes.
- >> Agreed on the key elements of local water management plans, which will be developed starting in 2020.

## ENERGY

### Increasing energy efficiency

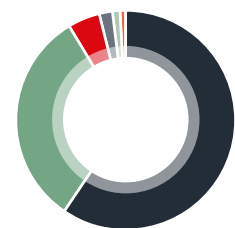
Gränges works actively to reduce the energy consumption in its melting and casting processes to reduce both environmental impacts and costs. Energy costs are the most significant expense after metal and personnel costs.

Gränges primarily consumes energy in its furnaces, where aluminium is re-melted either via direct combustion or via induction. Important energy sources are natural gas, electricity, and liquefied petroleum gas.

To improve energy efficiency, Gränges continually carries out energy audits, implements related improvement actions, and considers 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. Gränges also re-melts recycled aluminium from its own production to avoid quality degradation and energy losses involved in transporting recycled aluminium to third parties.

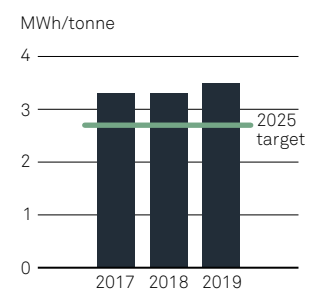
Examples of activities implemented during the year include recuperation of heat from air compressors in the maintenance building in Gränges' operations in Europe, an automation project on annealing furnaces in the operations in Asia resulting in reduced unit energy consumption, and installation of state-of-the-art annealing furnaces with specifically configured air nozzles to improve the heat transfer in the furnaces in the operations in Americas. The operations in Asia was also certified in accordance with the energy management standard ISO 50001.

### Energy use by type, 2019

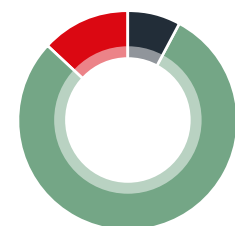


- Natural gas, 62%
- Electricity, 33%
- Liquefied petroleum gas, 4%
- Diesel, 1%
- District heating, 0.3%
- Petrol, 0.01%

### Energy intensity



### Sourced renewable energy, 2019



- Renewable energy, 8%
- Non-renewable energy, 79%
- Nuclear energy, 13%

“ We have in 2019 achieved an all-time low safety accident rate of 4.4 recordable accidents per million hours worked. I'm very satisfied with our strong behavioural safety programme and employees' relentless focus on keeping the workplace clean and tidy through the 5S system.”

Paul Neutjens, SVP Process Engineering & Operational Development



**Promoting renewable energy**

Gränges' operations in Europe primarily uses induction melters and sources electricity from low carbon sources (hydro and nuclear) through the deregulated energy market in Sweden. The operations in Americas and Asia use natural gas in their production, and in these regions electricity is sourced from regulated energy markets which currently are primarily based on nuclear and non-renewable energy.

Gränges works to evaluate alternative energy sources and to increase the sourcing and usage of renewable energy, in line with the company's long-term target.

**EMISSIONS AND CLIMATE IMPACT**

**Climate impact from own operations**

In line with the company's climate strategy, as described on page 22, Gränges works actively to reduce the climate impact from its own operations. Gränges' emissions to air, in terms of carbon dioxide, nitrogen oxides and particulate matter, come from burning fossil fuels and particularly natural gas and liquefied petroleum gas. Emissions of oil to air and water 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.

**REDUCING NATURAL GAS CONSUMPTION IN THE ASIA OPERATIONS**

Gränges' operations in Asia has managed to reduce costs, increase productivity and achieve a more sustainable production thanks to an improved control of the natural gas flow in the casting process. By changing to a new type of valve on the burner, it has been possible to monitor the process and optimize the natural gas flow. A consistent flow with precise control means less waste and lower energy usage. Also, by adding an alarm which turns on whenever the flame is extinguished in the melting furnace, the uptime and burning performance on the machine has been improved. Since 2016, natural gas consumption has been reduced by 0.4 million m<sup>3</sup> per year, slab production has increased by 4,500 tonnes, an annual cost saving of CNY 1.2 million has been achieved. This corresponds to a saving of 970 tonnes CO<sub>2</sub>e.

**WATER MANAGEMENT**

**Local water conditions**

The main part of Gränges' water use is for cooling purposes, where much of the production equipment requires cooling water for efficient operations and to prevent overheating and production disruptions. The plants in Americas and Asia have closed-loop cooling systems with a high degree of water recirculation, which reduce water consumption and the risk of water contamination. In addition, water is used to make up emulsions in different process steps and for domestic purposes.

In the production site in Huntingdon ground water from the company's own wells is used, whereas municipal water is used in the Salisbury and Newport production sites. Cooling takes place in closed-loop systems using non-contact cooling towers. As the systems are closed-loop, and therefore contain no contaminants, the used water can be discharged to nearby water bodies or to local waste water treatment plants without further treatment. Contaminated water is sent for external treatment.

In Gränges' operations in Asia, municipal tap water is used. Water from the cooling system is re-used in other parts of the production process, for example in the cold rolling mill. Water of insufficient quality is discharged to the local waste water treatment plant, in accordance with the local drainage permit which limits water volumes and types.

In Gränges' operations in Europe, surface water is withdrawn from two nearby lakes. The water is primarily used to cool components and is then released into local waterways. Daily measurements are made to ensure that the released water does not contain hazardous substances.

Water that may contain contaminants is treated by an external partner before being returned to water bodies.

**Managing water risks**

Gränges' operations are located in areas with various water risks, and water-related aspects are therefore managed based on local circumstances.

In terms of water stress, the production facilities in Finspång and Newport are located in areas with low-to-medium risk, whereas the Huntingdon and Salisbury facilities are in medium-to-high risk areas. The plant in Shanghai is situated in a high-risk area.<sup>1)</sup> No water sources are considered to be significantly affected by the water withdrawal or discharge from Gränges' operations.

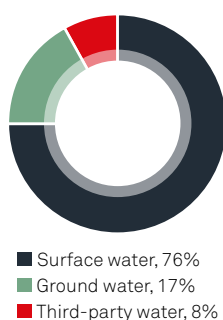
As water-related aspects and risks are managed based on local circumstances, Gränges has set a target to develop and implement local water management plans in all its locations. The ambition is that such a plan should include local targets and actions to address water-related impacts, such as water efficiency improvements, quality of effluent discharge, conservation activities, and local stakeholder engagement.

In 2019, Gränges agreed on the key elements of the local water management plans. Also, an assessment of current status on managing water risks was performed to provide input to the development at each site. In 2020, the company aims to implement such plans in three production facilities.

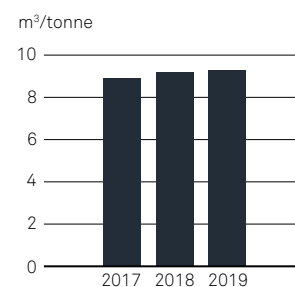
With regards to water risks in the supply chain, the water topic is included in Gränges' new supplier sustainability risk assessment model described on page 25. How suppliers manage water risks will be evaluated as part of sustainability assessments which suppliers will be invited to perform.

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

**Water withdrawal by source, 2019**



**Water intensity**



## WORKPLACE SAFETY

### “Safety first”

Gränges strives towards a “safety first” work environment. This means that it is top priority to operate a safe and injury-free workplace which protects the health and fosters the wellbeing of employees and all persons directly or indirectly related to the company’s operations. No individual should be at risk of injury in a Gränges workplace.

Safety targets are set for each plant as part of the business planning cycle, and results are reported monthly. During 2019, there were 17 recordable workplace accidents (23), of which 3 (7) were defined as serious. 10 (14) of the accidents resulted in lost workday cases which led to 548 lost workdays (620). Hand and finger injuries were the most frequent injury type, representing 6 of the 17 recordable cases. For details, read more on page 106.

Safety is integrated into Gränges’ programme for lean operations, “Gränges Production System – GPS”, which is part of the strategy for continuous improvements. Read more on page 15. A 5S system has been implemented in all production facilities to ensure a clean, orderly and safe work environment. The system is used to drive safe behaviours, improve workplace efficiency and eliminate waste.

To underline the importance of “safety first”, senior leaders have committed to participating in at least five 5S floor audits per year, to observe the workplace and raise the safety expectations.

### Specific safety hazards

Gränges’ operations entail specific safety hazards which are continually monitored to eliminate or reduce the risks of these hazards causing injuries. Gränges defines the following hazard categories as the “critical five”, which have top priority: fall protection, molten metal, mobile equipment, con-

finned spaces, and machine guarding – lockout and tagout, i.e. ensuring machinery is fully switched off and de-energized before maintenance work begins.

### A preventive and risk-based approach

Gränges’ safety strategy is focused on preventing workplace injuries through better understanding how work is performed in relation to hazards and the associated risks.

Job safety analysis is carried out for both repetitive and non-repetitive tasks by using experts and involving the people who do the job. 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 by employees in local 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 strives to minimize employee exposure to chemicals, and performs chemical risk assessments to ensure employees use alternatives that are safe and environmentally sound.

### Safety training

Gränges constantly works to improve health and safety awareness and skills. This includes regular health checks as well as training in machine safety, personal protective equipment, fire safety, first aid, and emergency response. All employees are covered by accident and sickness insurance.

Comprehensive safety training is carried out for all employees at least once a year, and safety courses are regularly pro-

vided for production personnel, management and new employees. Production employees receive specific safety training covering particular aspects such as hand and finger injury prevention. All new employees attend safety training before starting.

### Sharing best practice

Gränges actively communicates safety-related information as it is important to spread awareness of incidents to prevent them from happening again.

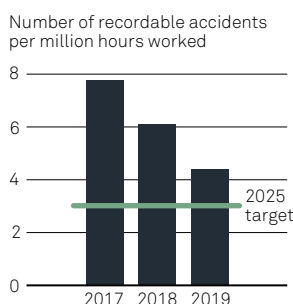
The company also conducts internal safety assessments every six months at the sites, aiming to share experiences and best practice, and to harmonize work processes. These assessments focus on the “critical five” hazard categories, fire safety and environmental matters. During 2019, the company conducted one assessment at the Shanghai plant and one at Salisbury. All corrective actions from the assessments are incorporated into the location’s improvement plans and reported to the regional safety committee.

To promote better safety, Gränges also collaborates and shares knowledge with other companies through industry associations. Gränges is for example active in the European Aluminium task force for safety.

## IMPROVED SAFETY FOR LOADING AND UNLOADING

In 2019, Gränges’ operations in Americas implemented a new formal process to improve safety for truck loading and unloading. Key elements of the new process include to make sure the rear of the trailer is snug against the dock to safely accommodate the dock plate; that the driver must leave the truck and remain visible during the loading and unloading process; that a warning system or indicator light in conjunction with dock locks should be placed in a visible location; and that the trailer is checked for sufficient overhead clearance and has sufficient capacity for the combined weight of lift truck and cargo. Through the new process, the Americas operation has significantly reduced the safety risks associated with the truck loading process.

### Total Recordable Rate



### Severity Rate





# 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 plan. During 2019, Gränges had an average total of 1,805 employees (1,699).

## TARGETS 2025

- >> 100 per cent of all employees to receive annual performance and development discussion.
- >> At least 30 per cent of senior management<sup>1)</sup> to be women.
- >> Employee engagement index to reach at least 85.

## PERFORMANCE 2019

- >> 100 per cent (99) of employees received a performance and development discussion.
- >> 14 per cent (14) women in total workforce, and 20 per cent (20) among senior management.

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



By being an open and inclusive employer, Gränges is dedicated to providing a workplace where all employees have the opportunity to develop and contribute to reach our overall business targets."

Magnus Carlström,  
SVP Human Resources

### Strong company culture

Gränges works actively to strengthen its corporate culture as this is important for employee engagement and performance. The company's Code of Conduct lays the foundation on how employees should act and conduct business responsibly, both internally and in relation to business partners. The company's core values – committed, action oriented, accessible, and innovative – guide employees on daily actions.

To further encourage employees to act in line with the core values, in 2019 Gränges decided to integrate these as a new evaluation criterion in its performance and development discussion template.

### CAREER AND LEADERSHIP DEVELOPMENT

#### Attracting and retaining employees

Gränges strives to offer good working conditions and interesting career development opportunities to attract, develop and retain talented people. The company runs a structured recruitment process to ensure the company hires competent and skilled employees. In the recruitment process, all else being equal, individuals from under-represented groups are given recruitment priority to promote a diverse workforce.

To ensure 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.

#### Enhancing employee performance

To develop competencies that enhance both individual and organizational performance, Gränges works to follow up on employees' individual performance and support their aspirations.

As part of the annual performance and development discussion, each employee and their direct manager decide on an individual development plan. In 2019,

80 per cent (77) of Gränges' employees had such a plan. In Gränges' operations in Asia, individual development plans are only required for white-collar employees.

#### Leadership development

To develop the leadership that is needed, Gränges works actively with training opportunities, talent management and succession planning, as well as strengthening the corporate culture and core values. Leadership training is conducted in line with regional needs and covers both current and potential leaders and talents. Ongoing training activities take place in all regions, in line with local needs.

In 2019, Gränges' operations in Americas initiated a new leadership development programme, in which identified future leaders participated over six working days. External lectures were combined with home assignments and internal workshops. In the operations in Asia, managers participated in mandatory leadership training as part of implementing Gränges' programme for lean operations. The purpose was to go through leadership requirements to drive operational excellence and continuous improvement. Gränges' operations in Europe also conducted mandatory manager training on the physical and psychosocial work environment.

### DIVERSITY AND EQUALITY

#### Promoting diversity and inclusion

Diversity is a competitive advantage and 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 strives to have at least one woman in the final interview round of each recruitment process. In cases where there are few or no women applicants, the recruitment process is expanded to make a broader search.

**Regional diversity plans**

Gränges manages diversity and equality matters on a regional level. In 2019, the company established regional action plans to increase the share of women in the total workforce and among senior management.

In Gränges' operations in Europe, the company in 2019 continued to conduct employer branding activities with local universities to better understand female students' future job requirements. Also, female safety representatives established a new team at the Finspång plant to improve the work environment for women. The team met regularly to discuss for example ergonomics related to machines, clothes and equipment as well as attitudes and salary levels. The European operations also performed a gender-related disparity pay analysis, which identified a few non-objective gaps which were instantly corrected.

In Gränges' operations in Americas, the company conducted quarterly management conference calls to review the diversity status with regards to applicants, interviews, and new hires. Also, annual training in diversity and inclusion was conducted to increase participants' diversity-related cultural awareness, knowledge, and communication. Gränges' operations in Asia in 2019 initiated an internal female network to encourage sharing experiences and mutual support.

**EMPLOYEE WELLBEING**

**Engaged and healthy employees**

Gränges believes that having engaged and healthy employees is a prerequisite for productivity and building high-performing

teams. Mismanagement can lead to significant cost implications both for the employee and the company. To promote employee health and wellbeing, the company has benefits and initiatives such as flexible work options, occupational health care, wellness grants, and support to employees who have recurrent illness.

In 2019, Gränges' operations in Americas offered a financial wellness programme to all employees to improve their understanding of personal finances and ensure financial stability at home and work.

**Access to healthcare services**

To ensure healthy employees, Gränges offers both occupational and non-occupational health services. Employees and contracted workers have access to first-aid care at the production facilities. Off-site, employees are offered preventive and regular health checks, as well as access to medical care at licensed medical providers in case of occupational injury or illness.

With regards to non-occupational health and medical services, Gränges helps its employees to have access to services such as tobacco and nicotine cessation, dietary advice, stress reduction and mental health. Gränges maintains the confidentiality of all personal health-related information, and keeps medical information and journals in compliance with local legislation.

**Employee satisfaction**

Gränges regularly follows up on employees' general motivation and wellbeing via the annual performance and development discussion. The company also conducts employee surveys every two years to track status. In 2019, Gränges conducted an employee survey in the operations in Americas, which was unable to participate in the 2018 survey. Total employee satisfaction baseline for Gränges Group, when combining results from 2018 and 2019, was 77.

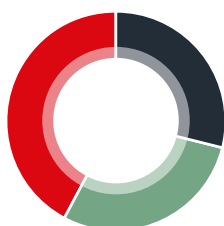


**IGE DAY IN FINSPÅNG**

In March 2019, Gränges' operations in Europe participated in Introduce a Girl to Engineering Day<sup>1)</sup>, an event which aims to raise young girls' interest in technology and engineering. Four girls from Linköping, aged 13–19, visited the Finspång production facility where they had a factory tour and saw the different production steps. They also learned about heat exchangers and conducted an experiment on conductivity in materials. At the R&I organization, the girls tried various microscopes and increased their knowledge of metals.

1) The initiative is driven by the organization Womengineer and aims to make sure that in 2030 there will be as many female as male engineers in Sweden.

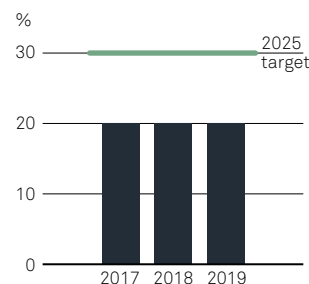
**Employees by region, 2019<sup>1)</sup>**



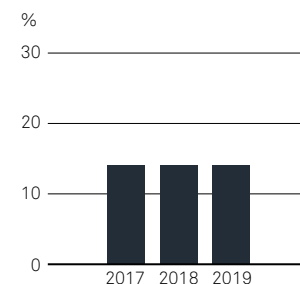
■ Asia, 29%  
■ Europe, 29%  
■ Americas, 42%

1) Based on full-time positions.

**Women in senior management**



**Women in total workforce**





# ETHICAL BUSINESS PRACTICES

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

## TARGETS 2025

- >> 100 per cent of all employees to be annually trained in Gränges' Code of Conduct.
- >> 100 per cent of all white-collar employees to be annually trained in anti-corruption.<sup>1)</sup>

## PERFORMANCE 2019

- >> 99 per cent (99) of all employees conducted an online training in Gränges' Code of Conduct.
- >> 100 per cent of all white-collar employees conducted the new online anti-corruption training, based on the updated Anti-Corruption Policy.



Running our operations in line with the highest ethical standards is a business necessity, and I'm very satisfied that we have reached close to 100% training participation in our new online training in Gränges' Code of Conduct and Anti-Corruption Policy."

Niclas Nelson,  
General Counsel

## ETHICS AND ANTI-CORRUPTION

### Conducting business responsibly

Gränges' group-wide Code of Conduct outlines ethical principles and gives guidance to employees on how to act and conduct business responsibly. The Code of Conduct is based on international standards<sup>2)</sup> on human rights, labour conditions, the environment, and anti-corruption. This includes the UN Global Compact and its 10 principles.

In 2019, Gränges conducted online training in line with the 2025 target on annual Code of Conduct training.

### Counteracting corruption

Gränges has zero tolerance for corruption as it prevents economic development, distorts competition, increases costs, and damages confidence and reputation. It is costly for Gränges as a company as well as for individuals, and could lead to imprisonment and fines. The company does not tolerate corruption and will always act rapidly, stringently and vigorously on discovering corruption or unethical behaviour. In 2019, no corruption incidents were detected and no business contracts were breached or not renewed due to corruption.

In 2019, Gränges updated its Anti-Corruption Policy to make it more user-friendly and to improve internal awareness of corruption. The updated policy applies to all employees

and board members, temporary staff, intermediaries, agents, or others acting on behalf of Gränges. The company also developed new online anti-corruption training, in line with its 2025 target on annual training.

Anti-corruption is also one criterion in Gränges' Supplier Code of Conduct, which Gränges' requires all significant suppliers<sup>3)</sup> to sign. More information can be found on pages 24–25.

### Detecting irregularities

To detect irregularities that may seriously harm Gränges' business or employees, Gränges has a Whistleblower function which is managed by an external company and can be accessed online (intranet or external website) or by telephone. This enables employees and external business partners to provide information anonymously and without fear of retaliation. Gränges takes great consideration of the protection of personal privacy and handles submitted information in line with applicable legislation and regulation.

By quickly uncovering and remediating irregularities, Gränges is in a better position to deal with the underlying causes before they become unmanageable. In 2019, there were a few cases reported through the Whistleblower function, all related to internal working conditions and none linked to corruption or bribery.

99%

COMPLETED THE CODE OF  
CONDUCT TRAINING, 2019

100%

COMPLETED THE ANTI-  
CORRUPTION TRAINING, 2019

1) Target has been reformulated in 2019 to cover all white-collar employees.  
2) UN Global Compact, UN Universal Declaration of Human Rights, Sustainable Development Goals, and the OECD Guidelines for Multinational corporations.  
3) Suppliers with a purchase value above SEK 5 million CNY 5 million or USD 0.5 million.

# SUSTAINABILITY NOTES

## ABOUT GRÄNGES' SUSTAINABILITY REPORT

The sustainability information in this report relates to the financial year 2019 and covers all fully owned operations of the Group at the start of 2019, as listed on page 90.<sup>1)</sup> The statutory sustainability report according to the Swedish Annual Accounts Act has been issued by Gränges' Board of Directors, read more on page 39.

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.

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 14 March 2019. Gränges intends to continue to publish a report annually.

For more information, please contact:  
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sofia.hedevag@granges.com  
+46 733 03 79 79



## 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 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.

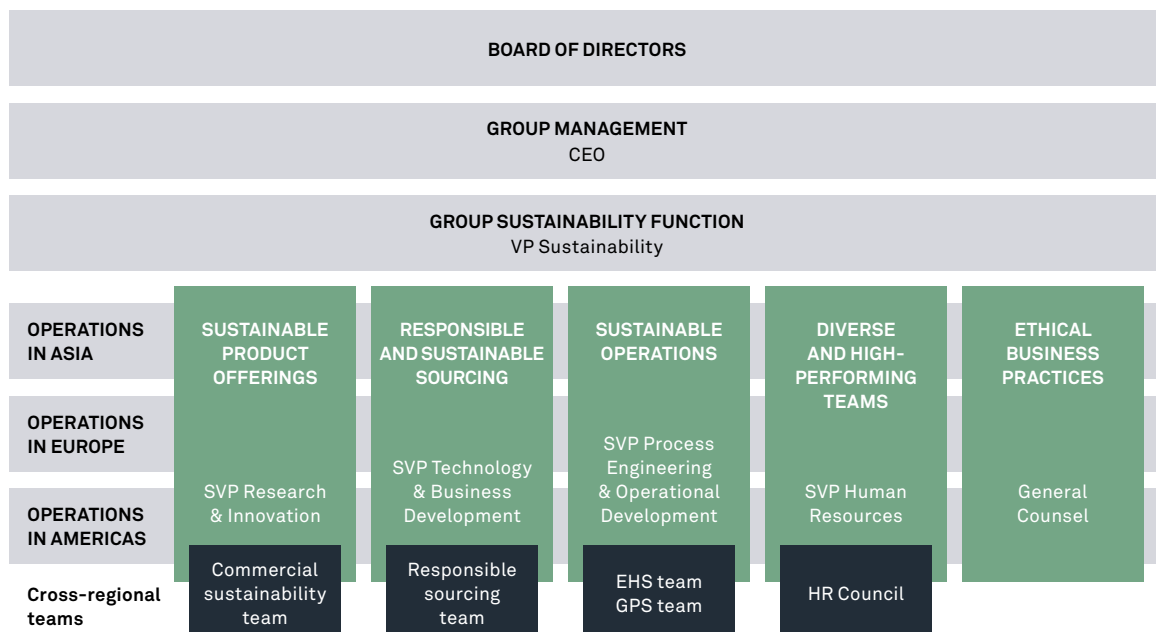
Group Management ensures that Gränges' global sustainability strategy, long-term targets and policies are aligned with the compa-

ny's vision and strategy. Group Management 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 through cross-regional teams to implement local sustainability activities within a specific sustainability pillar.

The regional operations 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 its stakeholders. Stakeholder inclusiveness is a priority for Gränges and the company maintains an ongoing dialogue with its stakeholders to ensure it meets their expectations. Also, as part of the sustainability reporting process, Gränges engages selected stakeholders in a structured dialogue to identify key sustainability topics and reporting content. The key issues raised in the stakeholder dialogue constitute the main parts of the company's materiality assessment and reporting. Gränges has identified five main stakeholder groups to include in the stakeholder dialogue: customers, employees, investors, society and suppliers.

Gränges conducted a comprehensive and structured stakeholder dialogue in 2016 (China and Sweden) and 2017 (the US). The company used 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 topics previously raised by stakeholders. Respondents could also raise additional sustainability issues in the survey. In total, 439 respondents from differ-

ent stakeholder groups responded to the survey and provided input to Gränges' materiality analysis. Gränges also conducted follow-up interviews with a selection of stakeholders to better understand more their expectations. In 2018, Gränges validated its material topics through qualitative discussion with Group Management.

In 2019, Gränges conducted structured interviews with representatives from different stakeholder group with the aim to better understand their perceptions of Gränges' sustainability report, sustainability efforts and to validate that the company reports on relevant and prioritized sustainability topics. Gränges also asked stakeholders about their future expectations on Gränges from a sustainability perspective.

In summary, Gränges received positive feedback on both the report and the sustainability efforts. Expectations on future efforts were for example to work more on climate change, recycling and products' end-of-life, dare to talk about challenges with circular business models and conduct more research on green energy. Input from stakeholders have been integrated into this 2019 sustainability report.

| Stakeholder group | Dialogue forum  | Key sustainability topics for stakeholders  | Page  |
|-------------------|---|---|---|
| <b>Customers</b>  | <ul style="list-style-type: none"> <li>Customer survey</li> <li>Fairs, seminars</li> <li>Ongoing dialogue</li> <li>Questionnaires from customers</li> <li>Stakeholder surveys and in-depth interviews</li> </ul>  | <ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Eco-responsible innovation</li> <li>Energy and emissions</li> <li>Health and safety</li> <li>Product life-cycle performance</li> <li>Recycled aluminium and raw materials</li> <li>Supplier assessments</li> </ul>                            | <p>23</p> <p>23</p> <p>22, 25–27, 103–105</p> <p>28, 30, 106, 108</p> <p>23, 102</p> <p>24–25, 102–103</p> <p>24–25, 102</p>                |
| <b>Employees</b>  | <ul style="list-style-type: none"> <li>Annual performance reviews</li> <li>Employee surveys every two years</li> <li>Internal training</li> <li>Intranet communication</li> <li>Stakeholder surveys and in-depth interviews</li> <li>Workplace meetings</li> </ul>  | <ul style="list-style-type: none"> <li>Diversity and equality</li> <li>Emissions to air and water</li> <li>Ethics and anti-corruption</li> <li>Gränges' workplace</li> <li>Health and safety</li> <li>Product life-cycle performance</li> <li>Supplier assessments</li> </ul>                                       | <p>29–30, 107</p> <p>22, 25, 27, 104–105</p> <p>31, 108</p> <p>28–30, 106–108</p> <p>28, 30, 106, 108</p> <p>23, 102</p> <p>24–25, 102</p>  |
| <b>Investors</b>  | <ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Annual and quarterly reports</li> <li>Capital markets days every two years</li> <li>Quarterly conference calls</li> <li>Investor and analyst seminars and meetings</li> <li>Press releases</li> <li>Stakeholder surveys and in-depth interviews</li> <li>Sustainability questionnaires from ESG data providers</li> <li>Website</li> </ul> | <ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Economic performance</li> <li>Eco-responsible innovation</li> <li>Energy and emissions</li> <li>Ethics and anti-corruption</li> <li>Gränges' workplace</li> <li>Recycled aluminium and raw materials</li> <li>Supplier assessments</li> </ul> | <p>23</p> <p>1, 52–93</p> <p>23</p> <p>22, 25–27, 103–105</p> <p>31, 108</p> <p>28–30, 106–108</p> <p>24–25, 102–103</p> <p>24–25, 102</p>  |
| <b>Society</b>    | <ul style="list-style-type: none"> <li>Collaboration with universities and schools</li> <li>Interns and student dissertations</li> <li>Local cooperation, ongoing dialogue</li> <li>Participation in networks and working groups</li> <li>Stakeholder surveys and in-depth interviews</li> </ul>  | <ul style="list-style-type: none"> <li>Community involvement</li> <li>Energy and emissions</li> <li>Health and safety</li> </ul>  | <p><a href="http://www.granges.com/sustainability">www.granges.com/sustainability</a></p> <p>22, 25–27, 103–105</p> <p>28, 30, 106, 108</p> |
| <b>Suppliers</b>  | <ul style="list-style-type: none"> <li>Ongoing dialogue</li> <li>Stakeholder surveys and in-depth interviews</li> <li>Supplier assessments</li> <li>Supplier Code of Conduct</li> </ul>   | <ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Economic performance</li> <li>Energy and emissions</li> <li>Ethics and anti-corruption</li> <li>Health and safety</li> <li>Recycled aluminium and raw materials</li> <li>Purchasing processes</li> </ul>                                      | <p>23</p> <p>1, 52–93</p> <p>22, 25–27, 103–105</p> <p>31, 108</p> <p>28, 30, 106, 108</p> <p>24–25, 102–103</p> <p>24–25, 102</p>          |

## MATERIALITY ANALYSIS AND TOPIC BOUNDARIES

In line with the principle of materiality, Gränges in 2019 validated its selection of material topics using input from the in-depth interviews described on page 98. Gränges' decision from 2018 to prioritize twelve

sustainability topics across five sustainability pillars was in 2019 assessed to be valid and relevant.

### Gränges' material topics and their boundaries

| Gränges' sustainability pillar              | Gränges' material topics                      | Corresponding GRI Standards topic                               | Impact occurs in/at Gränges' |            |           | Page           |
|---|---|---|------------------------------|------------|-----------|----------------|
|   |   |   | Suppliers                    | Operations | Customers |                |
| <b>Sustainable product offering</b>         | Eco-responsible innovation                    | –   |                              | x          | x         | 23             |
|   | Product life-cycle sustainability performance | Materials stewardship <sup>1)</sup>                             | x                            | x          | x         | 23, 102        |
| <b>Responsible and sustainable sourcing</b> | Responsible sourcing                          | Supplier environmental assessment<br>Supplier social assessment | x                            |            |           | 24–25, 102     |
|   | Sourced recycled aluminium                    | Materials   | x                            | x          | x         | 24–25, 102     |
| <b>Sustainable operations</b>               | Emissions and climate impact                  | Emissions   | x                            | x          | x         | 22, 25–27, 104 |
|   | Energy  | Energy  | x                            | x          |           | 26, 103        |
|   | Water management                              | Water   |                              | x          |           | 27, 105        |
|   | Workplace safety                              | Occupational health and safety                                  |                              | x          |           | 28, 106        |
| <b>Diverse and high-performing teams</b>    | Employee wellbeing                            |   |                              | x          |           | 30, 108        |
|   | Diversity and equality                        | Diversity and equal opportunity                                 |                              | x          |           | 29–30, 107     |
|   | Career and leadership development             | Training and education  |                              | x          |           | 29, 107        |
| <b>Ethical business practices</b>           | Ethics and anti-corruption                    | Anti-corruption   | x                            | x          | x         | 31, 108        |

1) GRI G4 Mining and Metals Sector Supplement.

## EXTERNAL INITIATIVES AND MEMBERSHIPS

Gränges participates in the following industry initiatives: Aluminium Association, Aluminium Stewardship Initiative, Big Science Sweden, China Nonferrous Metals Industry Association, Confederation of Swedish Enterprise, European Aluminium, European Aluminium Foil Association, Global Aluminium Foil Roller Initiative, Nonferrous metals Society of Shanghai, Shanghai Aluminium Trade Association, Scandinavian Automotive Supplier Association, and Svenskt Aluminium.

Gränges' operations in Europe is also a member of the local 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 the Sustainable Development Goals (SDGs), read more on page 100.

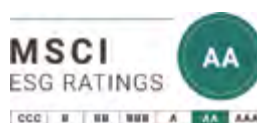
## EXTERNAL REPORTING AND EVALUATION

Gränges is continuously assessed by customers and sustainability/ESG analysts through surveys about sustainability performance and management. These contacts serve as an important element of the ongoing stakeholder dialogue and is in line with the company's ambition to provide stakeholders with a credible basis for their evaluation of Gränges. Below are some examples of Gränges' reporting for external evaluation:

Global Reporting Initiative (GRI): Gränges' sustainability report is conducted in line with GRI Standards: Core option. A complete GRI content index can be found on pages 109–111.

Global Compact: The sustainability information in this report also constitutes Gränges' Communication on Progress in line with UN Global Compact guidelines.

In 2019, Gränges received a rating of AA in the MSCI ESG Ratings assessment, which positioned Gränges among the top 6 per cent companies in the Metals and Mining sector (Non-Precious Metals).<sup>1)</sup> MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (highest rating) to CCC (lowest rating), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.







1) The use by Gränges of any MSCI ESG research llc or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Gränges by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.



# SUSTAINABLE DEVELOPMENT GOALS

Gränges helps to fulfil the 2030 Agenda and Sustainable Development Goals (SDGs). In the table below, those SDGs that have been identified

as most relevant for Gränges' business and where the company has its largest contributions, are outlined.

| UN SDG number and applicable targets   | UN SDG name                                    | Gränges' contributions to the UN SDGs   | Gränges' material topics  |
|--|--|---|---|
|  3.8<br>3.9                     | <b>Good health and wellbeing</b>               | <ul style="list-style-type: none"> <li>Gränges works to attract and safeguard competent employees and ensure proper working conditions, including access to essential health care services and medicines.</li> <li>Gränges strives to minimize employee exposure to chemicals, and performs chemical risk assessments using a precautionary principle, to ensure employees use alternatives that are as safe and environmentally sound as possible.</li> </ul>  | <ul style="list-style-type: none"> <li>Employee wellbeing</li> </ul>  |
|  4.4                            | <b>Quality education</b>                       | <ul style="list-style-type: none"> <li>Gränges works to attract and retain a skilled workforce and works closely with universities etc. to give students access to the corporate environment.</li> <li>Gränges works to develop competencies that enhance both individual and organizational performance. As part of the annual performance and development discussion, each employee and their direct manager decide on individual training and development.</li> </ul>  | <ul style="list-style-type: none"> <li>Career and leadership development</li> </ul>   |
|  5.1<br>5.5                     | <b>Gender equality</b>                         | <ul style="list-style-type: none"> <li>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.</li> <li>Gränges' operations in Europe annually performs a gender-related disparity pay analysis to find any non-objective gaps.</li> <li>Gränges works to promote an open and non-discriminatory workplace in its supply chain.</li> </ul>   | <ul style="list-style-type: none"> <li>Diversity and equality</li> </ul>  |
|  6.3<br>6.4<br>6.5              | <b>Clean water and sanitation</b>              | <ul style="list-style-type: none"> <li>Gränges works to reduce emissions to both air and water. The company has set a 2025 target to implement local water management plans based on local water conditions (quality, quantity and governance) at all production sites. Such plans should include local targets and actions to address water-related impacts, including water efficiency improvement.</li> <li>Gränges works to put in place mechanisms to identify water risks throughout the global supply chain.</li> </ul>  | <ul style="list-style-type: none"> <li>Responsible sourcing</li> <li>Water management</li> </ul>  |
|  7.2<br>7.3                     | <b>Affordable and clean energy</b>             | <ul style="list-style-type: none"> <li>Gränges has initiated efforts to increase the share of renewable energy in its operations and to promote the topic in its supply chain, as this is a way to reduce the supply chain carbon footprint.</li> <li>Gränges works to improve energy intensity and has a target to reduce energy intensity by 17 per cent to 2025 compared with 2017.</li> </ul>   | <ul style="list-style-type: none"> <li>Energy</li> </ul>  |
|  8.4<br>8.5<br>8.7<br>8.8     | <b>Decent work and economic growth</b>         | <ul style="list-style-type: none"> <li>Gränges works to improve resource efficiency in its operations through energy and materials efficiency as well as increased use of recycled aluminium.</li> <li>Gränges works to ensure full employment and decent work with equal pay, and to ensure a working environment that promotes high safety standards.</li> <li>Gränges works to put in place mechanisms to identify social risks throughout the global supply chain, including human rights (forced labour, child labour etc.) and working conditions.</li> </ul>   | <ul style="list-style-type: none"> <li>Career and leadership development</li> <li>Diversity and equality</li> <li>Responsible sourcing</li> <li>Sourced recycled aluminium</li> <li>Workplace safety</li> </ul> |
|  9.4                          | <b>Industry, innovation and infrastructure</b> | <ul style="list-style-type: none"> <li>Gränges works to develop sustainable products. The company works to leverage properties of aluminium (lightweight, recyclable etc.) to enable transition to low-carbon and efficient automotive applications (increase fuel efficiency in vehicles) and in other industries such as HVAC.</li> </ul>   | <ul style="list-style-type: none"> <li>Eco-responsible innovation</li> <li>Product life-cycle sustainability performance</li> </ul>   |
|  10.3                         | <b>Reduced inequalities</b>                    | <ul style="list-style-type: none"> <li>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.</li> <li>Gränges works to promote an open and non-discriminatory workplace in its supply chain.</li> </ul>   | <ul style="list-style-type: none"> <li>Diversity and equality</li> </ul>  |
|  11.6                         | <b>Sustainable cities and communities</b>      | <ul style="list-style-type: none"> <li>Gränges works to leverage the sustainability properties of aluminium (lightweight, recyclable etc.) and develops HVAC solutions that contribute to energy efficient and sustainable buildings.</li> </ul>  | <ul style="list-style-type: none"> <li>Eco-responsible innovation</li> <li>Product life-cycle sustainability performance</li> </ul>   |
|  12.2<br>12.4<br>12.5<br>12.6 | <b>Responsible consumption and production</b>  | <ul style="list-style-type: none"> <li>Gränges works to improve material efficiency and recycling rates and to minimize harmful emissions and waste. The company performs chemical substance hazard analysis and substitutes chemicals to reduce exposure to personnel.</li> <li>Gränges integrates sustainability information into its reporting cycle and publishes an annual sustainability report.</li> <li>Gränges works to ensure sustainable procurement practices and traceable practices in the supply chain. The company works to promote and improve product life-cycle sustainability performance.</li> <li>Gränges works to develop innovative products that can reduce energy needs in usage.</li> </ul>                            | <ul style="list-style-type: none"> <li>Eco-responsible innovation</li> <li>Product life-cycle sustainability performance</li> <li>Responsible sourcing</li> <li>Sourced recycled aluminium</li> </ul>           |
|  13.1<br>13.3                 | <b>Climate action</b>                          | <ul style="list-style-type: none"> <li>Gränges works to counteract climate change throughout the value chain. With regards to its own operations, Gränges works to improve energy efficiency and has initiated efforts to increase use of renewable energy.</li> <li>Gränges develops sustainable products aimed at improving customers' and end-users' energy efficiency.</li> <li>Gränges works to understand the climate risks and build resilience into the company's operations and supply chain.</li> <li>Gränges has set a 2025 target to reduce carbon emissions intensity from own operations and purchased energy by 25 per cent versus 2017 and to reduce carbon emissions intensity from purchased materials and services.</li> </ul> | <ul style="list-style-type: none"> <li>Eco-responsible innovation</li> <li>Emissions and climate impact</li> <li>Energy</li> <li>Responsible sourcing</li> </ul>  |
|  16.5                         | <b>Peace, justice and strong institutions</b>  | <ul style="list-style-type: none"> <li>Gränges has zero tolerance for bribery and other types of corruption in its operations, and has set a 2025 target that white-collar employees are to be trained each year.</li> </ul>  | <ul style="list-style-type: none"> <li>Ethics and anti-corruption</li> </ul>  |
|  17.16                        | <b>Partnerships for the goals</b>              | <ul style="list-style-type: none"> <li>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.</li> <li>Gränges works to promote and improve the sustainability performance (life-cycle perspective) of aluminium through value chain collaboration. One example is Gränges' participation in Aluminium Stewardship Initiative (ASI).</li> </ul>   | <ul style="list-style-type: none"> <li>Product life-cycle performance</li> <li>Responsible sourcing</li> </ul>  |

## SUSTAINABILITY PERFORMANCE SUMMARY

|   | Target 2025            | 2019    | 2018    | 2017    | Note |
|---|------------------------|---------|---------|---------|------|
| <b>Sustainable product offering</b>   |                        |         |         |         |      |
| Products with verified sustainability information available, %  | 80                     | –       | –       | –       | 1    |
| <b>Responsible and sustainable sourcing</b>   |                        |         |         |         |      |
| Number of significant suppliers <sup>1)</sup>   | –                      | 158     | 143     | 116     | 2    |
| Share of significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, % of purchase value | 100                    | 99      | 98      | –       | 2    |
| Number of supplier audits   | –                      | 7       | 10      | –       | 2    |
| Share of recycled aluminium of total sourced metal inputs, %  | 20                     | 19.8    | 16.7    | 11.5    | 3    |
| Share of sourced renewable energy, %  | Increase <sup>6)</sup> | 8       | 9       | 9       | 4    |
| Carbon emissions intensity from purchased materials and services (scope 3), tonnes CO <sub>2</sub> e/tonne                | Reduce <sup>6)</sup>   | 10.5    | 11.2    | 11.9    | 5    |
| <b>Sustainable operations</b>   |                        |         |         |         |      |
| <i>Environmental indicators</i>   |                        |         |         |         |      |
| Total energy use, GWh   | –                      | 1,215.7 | 1,231.4 | 1,236.0 | 4    |
| Energy intensity, MWh/tonne   | –17% <sup>6)</sup>     | 3.5     | 3.3     | 3.3     | 4    |
| Carbon emissions intensity from own operations and purchased energy (scope 1+2), tonnes CO <sub>2</sub> e/tonne           | –25% <sup>6)</sup>     | 0.82    | 0.76    | 0.81    | 5    |
| Water withdrawal, thousand m <sup>3</sup>   | –                      | 3,203   | 3,468   | 3,346   | 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  | –                      | 17      | 23      | 28      | 7    |
| Number of lost workday cases  | –                      | 10      | 14      | 14      | 7    |
| Number of fatalities  | –                      | 0       | 0       | 0       | –    |
| Total Recordable Rate, number of recordable accidents per million hours worked  | < 3.0                  | 4.4     | 6.1     | 7.8     | 7    |
| Severity Rate, number of lost workdays per million hours worked   | < 50                   | 142     | 165     | 112     | 7    |
| <b>Diverse and high-performing teams</b>  |                        |         |         |         |      |
| Average number of employees <sup>2)</sup>   | –                      | 1,797   | 1,699   | 1,568   | –    |
| Number of employees at year end <sup>3)</sup>   | –                      | 1,782   | 1,803   | 1,637   | 8    |
| Employees with permanent contract, %  | –                      | 97      | 95      | –       | 8    |
| Employees with temporary contract, %  | –                      | 3       | 5       | –       | 8    |
| Full-time employees, %  | –                      | 100     | 100     | –       | 8    |
| Part-time employees, %  | –                      | 0       | 0       | –       | 8    |
| White-collar employees, %   | –                      | 31      | 30      | 31      | 8    |
| Blue-collar employees, %  | –                      | 69      | 70      | 69      | 8    |
| Share of employees having annual performance and development discussion, %  | 100                    | 100     | 99      | –       | 9    |
| Share of women in Board of Directors/Group Management <sup>3), 4)</sup> , %   | –                      | 43/13   | 43/13   | 50/13   | 10   |
| Share of women among senior management <sup>3), 5)</sup> , %  | 30                     | 20      | 20      | 20      | 10   |
| Share of women in total workforce <sup>3)</sup> , %   | –                      | 14      | 14      | 14      | 10   |
| Employee engagement index, %  | 85                     | –       | 77      | –       | 11   |
| Sick-leave <sup>2)</sup> , %  | –                      | 1.6     | 1.6     | 2.0     | 11   |
| Employee turnover <sup>2)</sup> , %   | –                      | 11.8    | 9.1     | 7.4     | 11   |
| Share of employees covered by collective bargaining agreements, %   | –                      | 68      | 70      | 70      | –    |
| <b>Ethical business practices</b>   |                        |         |         |         |      |
| Share of employees trained in the Code of Conduct, %  | 100                    | 99      | 99      | –       | 12   |
| Share of white-collar employees trained in anti-corruption, %   | 100                    | 100     | –       | –       | 12   |
| Number of incidents related to corruption   | –                      | 0       | 0       | 0       | 12   |

1) Suppliers with a purchase value above SEK 5 million, CNY 5 million or USD 0.5 million.

2) Expressed as full-time positions. Data presented does not cover operations that are not fully owned by Gränges, for example the jointly owned production company Getek GmbH.

3) Expressed as headcount on Dec 31.

4) Includes one external consultant, read more on pages 50–51.

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

6) Versus baseline 2017.

## NOTES

### 1 PRODUCT LIFE-CYCLE SUSTAINABILITY PERFORMANCE

**Comment:** The company in 2019 conducted a life-cycle assessment (LCA) pre-study in the operations in Europe covering selected products to decide on scope and calculation methodology to be used in the sustainability product declarations. In line with the pre-study, Gränges plans to build its declarations on LCA methodology in accordance with ISO 14040 and ISO 14044. Detailed results for this indicator will be presented once Gränges has 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 have verified sustainability information available.

### 2 RESPONSIBLE SOURCING

#### Significant suppliers

| Number of significant suppliers | 2019       | 2018       | 2017       |
|---------------------------------|------------|------------|------------|
| Asia                            | 14         | 18         | 19         |
| Europe                          | 38         | 35         | 32         |
| Americas                        | 106        | 90         | 65         |
| <b>Gränges total</b>            | <b>158</b> | <b>143</b> | <b>116</b> |

#### Supplier Code of Conduct commitment

Share of all significant suppliers committed to Gränges' Supplier Code of Conduct or equivalent standard, % of purchase value

|                      | 2019      | 2018      | 2017     |
|----------------------|-----------|-----------|----------|
| Asia                 | 97        | 94        | –        |
| Europe               | 99        | 97        | –        |
| Americas             | 100       | 100       | –        |
| <b>Gränges total</b> | <b>99</b> | <b>98</b> | <b>–</b> |

#### Supplier audits

Number of audits conducted among significant suppliers

|                      | 2019     | 2018      | 2017     |
|----------------------|----------|-----------|----------|
| Asia                 | 5        | 5         | 5        |
| Europe               | 2        | 5         | 4        |
| Americas             | 0        | 0         | 0        |
| <b>Gränges total</b> | <b>7</b> | <b>10</b> | <b>9</b> |

**Comment:** In 2019, Gränges continued to roll out its Supplier Code of Conduct to its significant suppliers. In total, 154 suppliers (137), corresponding to 99 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. Gränges' operations in Asia and Europe conducted in total 7 supplier audits in 2019, of which no supplier was new. Such audits are conducted periodically depending on suppliers' strategic importance and results from supplier performance assessments. In total, 19 new significant suppliers (17) were added to the supplier base in 2019.

**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 for Gränges AB is included in the data for Europe. Comparable data for 2017 is not available for one indicator.

*Significant supplier* is defined as a supplier with a total purchase value above SEK 5 million, CNY 5 million or USD 0.5 million. Local purchase value has been converted to SEK using average currency rates for 2019.

**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. Three of the company's production sites are certified in accordance with the quality management standard IATF 16949, which includes criteria on suppliers' quality performance.

**Long-term target:** Gränges' 2025 target is that 100 per cent of all significant suppliers are committed to Gränges' Supplier Code of Conduct or equivalent standard.

### 3 SOURCED RECYCLED ALUMINIUM

#### Weight of sourced metal inputs

| ktonnes              | 2019         | 2018         | 2017         |
|----------------------|--------------|--------------|--------------|
| Primary aluminium    | 287.8        | 341.3        | 351.8        |
| Recycled aluminium   | 72.9         | 70.4         | 46.7         |
| Alloys               | 7.8          | 8.8          | 9.3          |
| <b>Gränges total</b> | <b>368.4</b> | <b>420.5</b> | <b>407.8</b> |

#### Weight of sourced recycled aluminium

| ktonnes              | 2019        | 2018        | 2017        |
|----------------------|-------------|-------------|-------------|
| Asia                 | 2.5         | 3.1         | 5.5         |
| Europe               | 12.3        | 14.0        | 15.3        |
| Americas             | 58.0        | 53.3        | 26.0        |
| <b>Gränges total</b> | <b>72.9</b> | <b>70.4</b> | <b>46.7</b> |

#### Share of sourced recycled aluminium

| Share of recycled aluminium of total sourced metal inputs, % | 2019        | 2018        | 2017        |
|--|-------------|-------------|-------------|
| Asia   | 2.4         | 2.7         | 4.4         |
| Europe   | 13.9        | 13.5        | 16.0        |
| Americas   | 32.5        | 26.5        | 13.8        |
| <b>Gränges total</b>   | <b>19.8</b> | <b>16.7</b> | <b>11.5</b> |

**Comment:** The use of sourced recycled aluminium increased to 19.8 per cent (16.7) in 2019, driven by the operations in Americas where the share increased by 6 percentage points. The result was mainly achieved through expanded sourcing of recycled aluminium through commodity traders and customer collaborations. In the European operations, the share of sourced recycled aluminium increased slightly whereas the Asian operations showed a slight decline driven by fluctuations in availability of recycled material of sufficient quality.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles.

*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 total sourced metal inputs is recycled aluminium.

### 4 ENERGY

#### Total energy use

| GWh                     | 2019           | 2018           | 2017           |
|-------------------------|----------------|----------------|----------------|
| Natural gas             | 756.8          | 764.6          | 773.4          |
| Electricity             | 400.1          | 407.4          | 403.2          |
| Liquefied petroleum gas | 45.6           | 46.2           | 48.2           |
| Diesel                  | 9.8            | 9.0            | 8.5            |
| District heating        | 3.3            | 4.1            | 2.7            |
| Petrol                  | 0.1            | 0.1            | 0.1            |
| <b>Gränges total</b>    | <b>1,215.7</b> | <b>1,231.4</b> | <b>1,236.0</b> |

Note: Data for diesel and petrol consumption 2018 have been restated due to a reporting error.

#### Energy intensity

| MWh/tonne                        | 2019       | 2018       | 2017       |
|----------------------------------|------------|------------|------------|
| Asia                             | 2.4        | 2.3        | 2.3        |
| Europe                           | 2.2        | 2.1        | 2.2        |
| Americas                         | 4.7        | 4.3        | 4.4        |
| <b>Gränges total</b>             | <b>3.5</b> | <b>3.3</b> | <b>3.3</b> |
| Development versus prior year, % | 7          | -1         |            |

#### Share of sourced renewable energy

| %                    | 2019     | 2018     | 2017     |
|----------------------|----------|----------|----------|
| Asia                 | 9        | 10       | 10       |
| Europe               | 31       | 36       | 38       |
| Americas             | 2        | 2        | 2        |
| <b>Gränges total</b> | <b>8</b> | <b>9</b> | <b>9</b> |

**Comment:** The total energy use decreased by 1 per cent in 2019 to 1,215.7 GWh (1,231.4). Due to lower production volumes, the energy intensity however increased by 7 per cent compared to 2018 and reached 3.5 MWh/tonne (3.3). In Americas, the increased energy intensity was also explained by a changed production mix, with a higher share of recycled aluminium and an increased focus on producing

products with a lower gauge. Gränges' total share of renewable energy decreased to 8 per cent (9), driven by Europe where the share of nuclear power in the purchased electricity mix increased. The energy mix in Asia also showed a slight decline in renewable energy sourced, whereas the energy mix in Americas was basically unchanged.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles.

*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 district heating.

**Regulations:** Gränges adheres to applicable energy regulations in the countries of operations; Gränges' operations in Asia under the Shanghai Energy Conservation Regulations and the operations in Europe under the Energy Efficiency Directive. Operations in Americas do currently 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 sites in Europe and Asia are certified in accordance with the energy management standard ISO 50001, while the operations in Americas is preparing for implementation.

**Long-term target:** Gränges' 2025 target is that energy intensity is reduced by 17 per cent versus baseline 2017, and that the share of sourced renewable energy (electricity, heat, fuels) is increased versus baseline 2017.

## 5 EMISSIONS AND CLIMATE IMPACT

### Total emissions of greenhouse gases

| ktonnes CO <sub>2</sub> e | Scope 1      |              |              | Scope 2      |              |              | Scope 3      |              |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                           | 2019         | 2018         | 2017         | 2019         | 2018         | 2017         | 2019         | 2018         | 2017         |
| Asia                      | 25.6         | 27.5         | 28.6         | 57.4         | 61.1         | 63.8         | 1,970        | 2,250        | 2,430        |
| Europe                    | 10.6         | 11.3         | 11.2         | 0.4          | 0.4          | 0.2          | 500          | 590          | 530          |
| Americas                  | 129.7        | 128.7        | 129.9        | 59.1         | 56.0         | 68.9         | 1,150        | 1,400        | 1,530        |
| <b>Gränges total</b>      | <b>166.0</b> | <b>167.5</b> | <b>169.7</b> | <b>116.9</b> | <b>117.4</b> | <b>132.9</b> | <b>3,620</b> | <b>4,230</b> | <b>4,490</b> |

Note: Data for scope 2 emissions in Europe 2017–2018 have been restated due to updated emission factors for district heating.

### Carbon emissions intensity

| Tonnes CO <sub>2</sub> e/tonne   | Scope 1     |             |             | Scope 2     |             |             | Scope 3     |             |             |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                  | 2019        | 2018        | 2017        | 2019        | 2018        | 2017        | 2019        | 2018        | 2017        |
| Asia                             | 0.29        | 0.28        | 0.28        | 0.66        | 0.63        | 0.62        | 22.5        | 23.1        | 23.5        |
| Europe                           | 0.13        | 0.12        | 0.13        | 0.00        | 0.00        | 0.00        | 6.1         | 6.5         | 6.1         |
| Americas                         | 0.73        | 0.68        | 0.69        | 0.33        | 0.30        | 0.37        | 6.5         | 7.4         | 8.2         |
| <b>Gränges total</b>             | <b>0.48</b> | <b>0.44</b> | <b>0.45</b> | <b>0.34</b> | <b>0.31</b> | <b>0.35</b> | <b>10.5</b> | <b>11.2</b> | <b>11.9</b> |
| Development versus prior year, % | 8           | -2          |             | 8           | -12         |             | -7          | -6          |             |

### Emissions by category (scope 3)

| ktonnes CO <sub>2</sub> e            | 2019         | 2018         | 2017         |
|--------------------------------------|--------------|--------------|--------------|
| Purchased goods and services         | 3,520        | 4,120        | 4,370        |
| Fuel and energy-related activities   | 60           | 60           | 60           |
| Transportation incl. business travel | 50           | 50           | 50           |
| <b>Gränges total</b>                 | <b>3,620</b> | <b>4,230</b> | <b>4,490</b> |

### Other emissions to air – nitrogen oxides (NO<sub>x</sub>)

| Tonnes               | 2019         | 2018         | 2017         |
|----------------------|--------------|--------------|--------------|
| Asia                 | 23.1         | 25.5         | 24.0         |
| Europe               | 10.4         | 11.2         | 10.6         |
| Americas             | 98.4         | 97.9         | 98.5         |
| <b>Gränges total</b> | <b>131.8</b> | <b>134.7</b> | <b>133.1</b> |

### Other emissions to air – particulate matter

| Tonnes               | 2019        | 2018        | 2017        |
|----------------------|-------------|-------------|-------------|
| Asia                 | 3.3         | 3.6         | 3.8         |
| Europe               | 0.1         | 0.2         | 0.2         |
| Americas             | 7.6         | 7.3         | 7.5         |
| <b>Gränges total</b> | <b>11.1</b> | <b>11.1</b> | <b>11.5</b> |

### Other emissions to air – sulphur dioxide (SO<sub>2</sub>)

| Tonnes               | 2019       | 2018       | 2017       |
|----------------------|------------|------------|------------|
| Asia                 | 2.5        | 2.6        | 2.9        |
| Europe               | 0.0        | 0.1        | 0.1        |
| Americas             | 0.6        | 0.6        | 0.6        |
| <b>Gränges total</b> | <b>3.2</b> | <b>3.3</b> | <b>3.5</b> |

**Comment:** In 2019, total carbon emissions intensity (scope 1+2+3) decreased by 6 per cent compared to 2018. The carbon emissions intensity from own operations and purchased energy (scope 1+2) increased by 8 per cent compared to 2018, driven by increased energy intensity in all regions. The carbon emissions intensity from purchased materials and services (scope 3) decreased by 7 per cent compared to 2018, driven by increased use of recycled aluminium replacing primary aluminium in Americas and by an improved material efficiency in all regions. Emissions of nitrogen oxides and sulphur dioxide decreased compared to 2018 due to lower consumption of natural gas and liquefied petroleum gas.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles.

*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 emissions intensity* is defined as total emissions of greenhouse gases [tonnes CO<sub>2</sub>e] divided by the total packed products [tonnes].

*Other emissions to air* of particulate matter, nitrogen oxides, and sulphur dioxide are calculated either based on fuel consumption using local emission factors or based on continual measurements. Emissions of oil and VOC are not reported as methods and data collection procedures are currently being harmonized across the organization. Gränges aims to start reporting on 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). Gränges' production site in Finspång is not included in the EU emissions trading system, EU ETS. In Asia, emission 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, particulate matter, 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 from own operations), SVP Technology & Business Development (indirect emissions

from purchased energy and from purchased materials and services), 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 in Asia and Europe are certified in accordance with the environmental management standard ISO 14001, while the sites in Americas are preparing 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 that carbon emissions intensity from own operations and purchased energy (scope 1+2) is reduced by 25 per cent versus baseline 2017. The company has also set a long-term target that carbon emissions intensity from purchased materials and services (scope 3) is reduced versus the 2017 baseline.

## 6 WATER MANAGEMENT

### Water withdrawal, by source

| Thousand m <sup>3</sup>   | 2019         |                         | 2018         |                         | 2017         |                         |
|---------------------------|--------------|-------------------------|--------------|-------------------------|--------------|-------------------------|
|                           | All areas    | Areas with water stress | All areas    | Areas with water stress | All areas    | Areas with water stress |
| Surface water (total)     | 2,427        | –                       | 2,590        | –                       | 1,988        | –                       |
| Groundwater (total)       | 530          | –                       | 620          | –                       | 845          | –                       |
| Third-party water (total) | 245          | 159                     | 258          | 158                     | 513          | 157                     |
| <b>Gränges total</b>      | <b>3,203</b> | <b>159</b>              | <b>3,468</b> | <b>158</b>              | <b>3,346</b> | <b>157</b>              |

### Third-party water withdrawal, by source

|               | 2019 | 2018 | 2017 |
|---------------|------|------|------|
| Surface water | 175  | 159  | 173  |
| Groundwater   | 70   | –    | 341  |

### Water withdrawal, by region

| Thousand m <sup>3</sup> | 2019         | 2018         | 2017         |
|-------------------------|--------------|--------------|--------------|
| Asia                    | 159          | 158          | 157          |
| Europe                  | 2,444        | 2,609        | 2,003        |
| Americas                | 601          | 702          | 1,185        |
| <b>Gränges total</b>    | <b>3,203</b> | <b>3,468</b> | <b>3,346</b> |

### Water intensity

| m <sup>3</sup> /tonne | 2019       | 2018       | 2017       |
|-----------------------|------------|------------|------------|
| Asia                  | 1.8        | 1.6        | 1.5        |
| Europe                | 29.8       | 28.9       | 23.3       |
| Americas              | 3.4        | 3.7        | 6.3        |
| <b>Gränges total</b>  | <b>9.3</b> | <b>9.2</b> | <b>8.9</b> |

Note: All water withdrawal is categorised as freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids).

**Comment:** In 2019, total water withdrawal decreased by 8 per cent compared to 2018, partly due more normal weather conditions in Europe which led to a reduced need for cooling water, and partly due to the replacement of cooling tower units in the Huntingdon production site. The water intensity, however, increased slightly due to lower production volumes. In 2019, Gränges agreed on the key elements of the local water management plans, and in 2020 the company aims to implement such plans in three production facilities.

**Reporting principles and definitions:** Data is reported at regional level and consolidated annually at group level using common definitions and principles.

*Water withdrawal* is defined as water used in the production facility withdrawn from wetlands, rivers, lakes, own wells, municipal water suppliers or from other public or private water utilities [m<sup>3</sup>].

*Water stress* is defined as the ratio of total water withdrawals to available renewable surface and groundwater suppliers. The definition is based on Aqueduct Water Risk Atlas developed by World Resources Institute, where the result for the indicator "Baseline water stress" is high (40–80 per cent) or extremely high (> 80 per cent) in the area.

*Water intensity* is defined as total water withdrawal [m<sup>3</sup>] divided by the total packed products [tonnes].

**Regulations:** The water use and management for Gränges' operations in 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 that all sites have implemented a local water management plan.

## 7 WORKPLACE SAFETY

### Total Recordable Rate (TRR)

| Number of recordable accidents per million hours worked | 2019       | 2018       | 2017       |
|---|------------|------------|------------|
| Asia  | 2.2        | 2.8        | 6.3        |
| Europe  | 7.4        | 9.6        | 11.7       |
| Americas  | 4.8        | 7.3        | 7.2        |
| <b>Gränges total</b>                                    | <b>4.4</b> | <b>6.1</b> | <b>7.8</b> |

### Severity Rate

| Number of lost workdays per million hours worked | 2019       | 2018       | 2017       |
|--|------------|------------|------------|
| Asia   | 73         | 162        | 163        |
| Europe   | 108        | 87         | 128        |
| Americas   | 214        | 212        | 48         |
| <b>Gränges total</b>                             | <b>142</b> | <b>165</b> | <b>112</b> |

**Comment:** In 2019, Total Recordable Rate (TRR) reached 4.4 (6.1), an improvement of 28 per cent versus 2018 driven by a strong behavioural safety programme and a successful implementation of a 5S system in all plants. Severity Rate improved slightly to 142 (165) driven by significant improvements in Gränges' operations in Asia, partly offset by Europe where one accident led to a long recovery time for the injured individual.

**Reporting principles and definitions:** All incidents and accidents are registered and categorized in local incident reporting systems. Events reported are tracked weekly and monthly. Data is reported at regional level and consolidated monthly at group level using common definitions and principles. Contracted workers are included in the safety statistics except for disclosure of employee coverage of OHS management systems which is based on number of employees on 31 December.

*Contracted worker* is defined as individuals working onsite or offsite on behalf of Gränges.

*Recordable accident* is defined 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 regional safety representatives. The governing policy is Gränges' EHS Policy, which is reviewed annually and applies to all employees working at Gränges.

All Gränges' production sites, covering 98 per cent of Gränges' total employees in 2019, has an occupation health and safety (OHS) management system in place, implemented in line with applicable legislation. The OHS system in the Shanghai site is certified in accordance with OHSAS 18001, covering 29 per cent of all Gränges' employees. The sites in Americas and Europe have initiated pre-studies to implement OHS management systems in accordance with OHSAS 18001 or ISO 45001. In line with Gränges' internal safety assessment process, cross-assessments were in 2019 conducted in the Salisbury and Finspång sites, covering in total 38 per cent of total employees. The remaining sites were assessed in 2017–2018.

Gränges has employee-managed safety committees at all plants. The efficiency of the committees is monitored by the Supervisory safety committees, headed by the regional Presidents. In the operations in Americas, each plant has an employee-managed safety committee supported by local management.

**Long-term target:** Gränges' 2025 target is that Total Recordable Rate (TRR) is < 3.0 recordable accidents per million hours worked and that Severity Rate is < 50 lost workdays per million hours worked.

## 8 TOTAL EMPLOYEES

### Total number of employees by category

| Number               | 2019         | 2018         | 2017         |
|----------------------|--------------|--------------|--------------|
| Blue-collar          | 1,229        | 1,256        | 1,128        |
| White-collar         | 553          | 547          | 509          |
| <b>Gränges total</b> | <b>1,782</b> | <b>1,803</b> | <b>1,637</b> |
| Contracted workers   | 104          | 104          | –            |

### Employment contract and type, by gender and region 2019

| Number of employees  | Region     |            |            | Gender     |              |
|----------------------|------------|------------|------------|------------|--------------|
|                      | Asia       | Europe     | Americas   | Women      | Men          |
| Permanent contract   | 484        | 492        | 758        | 241        | 1,493        |
| Temporary contract   | 35         | 12         | 1          | 12         | 36           |
| <b>Gränges total</b> | <b>519</b> | <b>504</b> | <b>759</b> | <b>253</b> | <b>1,529</b> |

| Number of employees  | Gender     |              |
|----------------------|------------|--------------|
|                      | Women      | Men          |
| Full-time            | 247        | 1,527        |
| Part-time            | 6          | 2            |
| <b>Gränges total</b> | <b>253</b> | <b>1,529</b> |

**Comment:** Total number of employees decreased by 1 per cent to 1,782 (1,803) in 2019, mainly driven by efficiency improvements in Gränges' operations in Europe, partly offset by a continued high recruitment rate in the operations in Americas. The total number of contracted workers was 104 (104).

**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 Europe. Data is based on headcount on 31 December. Comparable data for contracted workers 2017 is not available.

*Contracted worker* is defined as individuals working onsite or offsite on behalf of Gränges.

*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

| %                    | 2019       | 2018      | 2017     |
|----------------------|------------|-----------|----------|
| Asia                 | 100        | 100       | –        |
| Europe               | 100        | 98        | –        |
| Americas             | 100        | 100       | –        |
| <b>Gränges total</b> | <b>100</b> | <b>99</b> | <b>–</b> |

**Comment:** In total, 100 per cent (99) of all employees received a performance and development discussion in 2019. Per gender and category, 100 per cent of all women and men and 100 per cent of blue-collar and white-collar employees received a performance and development discussion.

**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 Europe. Comparable data for 2017 is not available. Data covers employees in duty adjusted for those who are long-term absent as well as 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. The definition was updated in 2019 to clarify that individuals who are long-term absent are excluded from the calculation.

**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, % | 2019      | 2018      | 2017      |
|--------------------------------------|-----------|-----------|-----------|
| Asia                                 | 12        | 11        | 11        |
| Europe                               | 20        | 20        | 20        |
| Americas                             | 12        | 11        | 12        |
| <b>Gränges total</b>                 | <b>14</b> | <b>14</b> | <b>14</b> |

| Share of women among senior management, % | 2019      | 2018      | 2017      |
|---|-----------|-----------|-----------|
| Asia                                      | 20        | 20        | 20        |
| Europe                                    | 15        | 15        | 16        |
| Americas                                  | 29        | 29        | 25        |
| <b>Gränges total</b>                      | <b>20</b> | <b>20</b> | <b>20</b> |

### Gender balance and age structure 2019

| %                              | Women     | Men       | < 30 years | 30–50 years | > 50 years |
|--------------------------------|-----------|-----------|------------|-------------|------------|
| Board of Directors             | 43        | 57        | 0          | 14          | 86         |
| Group Management <sup>1)</sup> | 13        | 88        | 0          | 38          | 63         |
| Senior management              | 20        | 80        | 0          | 64          | 36         |
| White-collar                   | 29        | 71        | 5          | 63          | 31         |
| Blue-collar                    | 8         | 92        | 15         | 58          | 27         |
| <b>Gränges total</b>           | <b>14</b> | <b>86</b> | <b>12</b>  | <b>60</b>   | <b>28</b>  |

1) Includes one external consultant, read more on pages 50–51.

**Comment:** The share of women among the total workforce remained unchanged at 14 per cent (14) in 2019, with small increases for Gränges' operations in Americas and Asia. The share of women among senior management was unchanged at 20 per cent (20).

**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 Europe. Data is based on headcount on 31 December.

*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 that at least 30 per cent of senior management is women.



## 11 EMPLOYEE WELLBEING

| %                         | 2019 | 2018 | 2017 |
|---------------------------|------|------|------|
| Sick-leave                | 1.6  | 1.6  | 2.0  |
| Employee turnover         | 11.8 | 9.1  | 7.4  |
| Employee engagement index | –    | 77   | –    |

Note: Employee engagement index for 2018 has been restated to reflect results from Gränges' operations in Americas which conducted its first employee survey in the beginning of 2019. The consolidated figure for 2018 now reflects total Gränges Group.

**Comment:** Total sick-leave was unchanged at 1.6 per cent (1.6) in 2019. Total employee turnover increased to 11.8 per cent (9.1) as a result of record low unemployment rates and a strong employment market in the US. The continued high recruitment rate in the Americas operations led to a higher turnover rate as many new employees ended their employment during the first time period at Gränges. By gender, employee turnover was 12.7 per cent among men and 6.4 per cent among women and by category 13.9 per cent among blue-collar employees and 7.1 per cent among white-collar employees. There was no employee survey in 2019.

**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 Europe.

Data for sick-leave and employee turnover is based on average number of employees (expressed as present full-time positions).

Data for employee engagement comes from Gränges' employee survey, which is conducted every other year. Next group-wide survey will be conducted in 2020. Comparable data for 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 at least 85.

## 12 ETHICS AND ANTI-CORRUPTION

### Code of Conduct training

| Share of employees trained in the Code of Conduct, % | 2019      | 2018      | 2017     |
|--|-----------|-----------|----------|
| Asia   | 100       | 100       | –        |
| Europe   | 98        | 98        | –        |
| Americas   | 100       | 100       | –        |
| <b>Gränges total</b>                                 | <b>99</b> | <b>99</b> | <b>–</b> |

### Anti-corruption training

| Share of white-collar employees trained in anti-corruption, % | 2019       | 2018     | 2017     |
|---|------------|----------|----------|
| Asia  | 100        | –        | –        |
| Europe  | 100        | –        | –        |
| Americas  | 100        | –        | –        |
| <b>Gränges total</b>  | <b>100</b> | <b>–</b> | <b>–</b> |

### Incidents of corruption

| Number   | 2019 | 2018 | 2017 |
|--|------|------|------|
| Incidents of corruption                                      | 0    | 0    | 0    |
| Incidents of terminated business contracts due to corruption | 0    | 0    | 0    |

**Comment:** In 2019, Gränges continued to roll-out an annual group-wide Code of Conduct training. All employees, except blue-collar employees in Gränges' operations in Americas who conducted classroom training, were invited to complete an e-learning. Total training participation ended at 99 per cent (99), with 100 per cent participation rate in the operations in Asia and Americas (100) and 98 per cent (98) in Europe. Gränges in 2019 also developed an anti-corruption e-learning which 100 per cent of all white-collar employees completed. No corruption incidents were detected during 2019.

**Reporting principles and definitions:** Data for Code of Conduct and anti-corruption training participation is collected and consolidated annually via the e-learning system used for online training. Data for Gränges AB is included in the data for Europe. Comparable data for 2017 is not available, and for one indicator, comparable data is not available for 2018. Data includes employees in duty and is adjusted for long-term sick-leave, parental leave, resignations and employees off duty for a longer period. The anti-corruption training was conducted October to November 2019 while the Code of Conduct training was conducted November 2019 to January 2020.

**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 all employees are annually trained in the Code of Conduct, and that 100 per cent of all white-collar employees are annually trained in anti-corruption.

# GRI CONTENT INDEX

## GENERAL DISCLOSURES

| GRI Standard                             | Disclosure number | Disclosure title   | UNGC Principles | Page reference       | Omissions |
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| <b>GRI 102: General disclosures 2016</b> |                   |  |                 |                      |           |
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## MATERIAL TOPICS

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|   | 103-3  | Evaluation of the management approach                                    |                 | 26–27, 103  |           |
| GRI 302: Energy 2016                            | 302-1  | Energy consumption within the organization                               |                 | 26–27, 101, 103   |           |
|   | 302-3  | Energy intensity   |                 | 26–27, 101, 103   |           |
|   | 302-4  | Reduction of energy consumption  |                 | 26–27, 101, 103   |           |
| <b>WATER</b>                                    |  |  | 7, 8            |   |           |
| GRI 103: Management Approach 2016               | 103-1  | Explanation of the material topic and its Boundary                       |                 | 27, 99, 105   |           |
|   | 103-2  | The management approach and its components                               |                 | 27, 105   |           |
|   | 103-3  | Evaluation of the management approach                                    |                 | 27, 105   |           |
| GRI 303: Water and effluents 2018               | 303-1  | Interactions with water as a shared resource                             |                 | 27, 105   |           |
|   | 303-2  | Management of water discharge-related impacts                            |                 | 27, 105   |           |
|   | 303-3  | Water withdrawal   |                 | 27, 105   |           |
| <b>EMISSIONS</b>                                |  |  | 7, 8, 9         |   |           |
| GRI 103: Management Approach 2016               | 103-1  | Explanation of the material topic and its Boundary                       |                 | 22, 25, 27, 99, 104   |           |
|   | 103-2  | The management approach and its components                               |                 | 22, 25, 27, 104   |           |
|   | 103-3  | Evaluation of the management approach                                    |                 | 22, 25, 27, 104   |           |
| GRI 305: Emissions 2016                         | 305-1  | Direct (scope 1) GHG emissions   |                 | 22, 27, 101, 104  |           |
|   | 305-2  | Energy indirect (scope 2) GHG emissions                                  |                 | 22, 27, 101, 104  |           |
|   | 305-3  | Other indirect (scope 3) GHG emissions                                   |                 | 22, 25, 101, 104  |           |
|   | 305-4  | GHG emissions intensity  |                 | 22, 101, 104  |           |
|   | 305-5  | GHG emissions reductions   |                 | 22, 101, 104  |           |
| 305-7   | Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions |  | 104             | 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. |           |
| <b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>        |  |  | 7, 8, 9         |   |           |
| GRI 103: Management Approach 2016               | 103-1  | Explanation of the material topic and its Boundary                       |                 | 24–25, 99, 102  |           |
|   | 103-2  | The management approach and its components                               |                 | 24–25, 102  |           |
|   | 103-3  | Evaluation of the management approach                                    |                 | 24–25, 102  |           |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1  | New suppliers that were screened using environmental criteria            |                 | 102   |           |
| <b>Social standards</b>                         |  |  |                 |   |           |
| <b>OCCUPATIONAL HEALTH AND SAFETY</b>           |  |  |                 |   |           |
| GRI 103: Management Approach 2016               | 103-1  | Explanation of the material topic and its Boundary                       |                 | 28, 99, 106, 108  |           |
|   | 103-2  | The management approach and its components                               |                 | 28, 106, 108  |           |
|   | 103-3  | Evaluation of the management approach                                    |                 | 28, 106, 108  |           |

| GRI Standard                                  | Disclosure number | Disclosure title  | UNGC Principles  | Page reference  | Omissions   |
|---|-------------------|---|------------------|-----------------|---|
| GRI 403: Occupational Health and Safety 2018  | 403-1             | Occupational health and safety management system  |                  | 106             |   |
|   | 403-2             | Hazard identification, risk assessment, incident investigation  |                  | 28, 106         |   |
|   | 403-3             | Occupational health services  |                  | 30              |   |
|   | 403-4             | Worker participation, consultation, and communication on occupational health and safety                       |                  | 28, 106         | Meeting frequency of safety committees is not included due to lack of credible data.  |
|   | 403-5             | Worker training on occupational health and safety   |                  | 28              |   |
|   | 403-6             | Promotion of worker health  |                  | 30              |   |
|   | 403-7             | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |                  | 24–25           |   |
|   | 403-8             | Workers covered by an occupational health and safety management system  |                  | 106             | Contracted workers are not included due to a lack of credible data.   |
|   | 403-9             | Work-related injuries   |                  | 28, 101, 106    | 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. |
| <b>TRAINING AND EDUCATION</b>                 |                   |   |                  |                 |   |
| GRI 103: Management Approach 2016             | 103-1             | Explanation of the material topic and its Boundary  |                  | 29, 99, 107     |   |
|   | 103-2             | The management approach and its components  |                  | 29, 107         |   |
|   | 103-3             | Evaluation of the management approach   |                  | 29, 107         |   |
| GRI 404: Training and Education 2016          | 404-3             | Percentage of employees receiving regular performance and career development reviews                          |                  | 29, 101, 107    |   |
| <b>DIVERSITY AND EQUAL OPPORTUNITY</b>        |                   |   | 1, 2, 6          |                 |   |
| GRI 103: Management Approach 2016             | 103-1             | Explanation of the material topic and its Boundary  |                  | 29–30, 99, 107  |   |
|   | 103-2             | The management approach and its components  |                  | 29–30, 107      |   |
|   | 103-3             | Evaluation of the management approach   |                  | 29–30, 107      |   |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1             | Diversity of governance bodies and employees  |                  | 29–30, 101, 107 |   |
| <b>SUPPLIER SOCIAL ASSESSMENT</b>             |                   |   | 1, 2, 3, 4, 5, 6 |                 |   |
| GRI 103: Management Approach 2016             | 103-1             | Explanation of the material topic and its Boundary  |                  | 24–25, 99, 102  |   |
|   | 103-2             | The management approach and its components  |                  | 24–25, 102      |   |
|   | 103-3             | Evaluation of the management approach   |                  | 24–25, 102      |   |
| GRI 414: Supplier Social Assessment 2016      | 414-1             | New suppliers that were screened using social criteria  |                  | 102             |   |

## 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 2019, as defined in the Board of Directors report on page 39, 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 12 March 2020  
Ernst & Young AB

Erik Sandström  
Authorized Public Accountant