

## Notice of the annual general meeting for Gränges AB

Gränges AB (publ) will hold its Annual General Meeting at 4 pm CET on 4 May 2015 at Näringslivets hus, Storgatan 19, Stockholm, Sweden. Registration will begin at 3 p.m. Light refreshments will be served at the Annual General Meeting.

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

Those wishing to attend the Annual General Meeting must

be registered as shareholders in the share register maintained by Euroclear Sweden AB as of 27 April 2015, and

notify the company of their intention to attend no later than 27 April 2015.

Registration of participation must be provided in writing to Gränges AB, Juridik, Box 5055, 114 85 Stockholm, Sweden, or by telephone at +46 (0)732 104 921 on weekdays between 9 a.m. and 4 p.m. CET or at the company's website, [www.granges.com](http://www.granges.com). When registering, shareholders must state their name, personal ID or company registration number, address and daytime telephone number. The registration procedure described above also applies to registration for any assistants.

### **NOMINEE-REGISTERED SHARES**

To have the right to attend the AGM, shareholders whose shares are registered with a nominee must have their shares temporarily re-registered in their own name in the share register maintained by Euroclear Sweden AB by 27 April 2015. The re-registration may be temporary.

### **PROXY AND PROXY FORM**

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

**PROPOSED AGENDA**

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

**NOMINATION COMMITTEE'S PROPOSALS**

Ahead of the 2015 AGM the Nomination Committee consisted of the following members: Mikael Aru, Orkla (Nomination Committee chairman); Jannis Kitsakis, Fjärde AP-fonden; Claes Murander, Lannebo Fonder; and Anders G Carlberg (Chairman of the Board).

**Election of a chairman for the AGM (item 2)**

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

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

The Nomination Committee proposes that the Board of Directors, for the period until the conclusion of the next AGM, consist of five members elected by the AGM with no deputies.

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

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

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

The Nomination Committee proposes that Anders G Carlberg, Terje Andersen, Carina Andersson, Bertil Villard and Ragnhild Wiborg be re-elected. The Committee proposes that Anders G Carlberg be re-elected as Chairman of the Board. Information on the nominated Board members is available on the company's website, [www.granges.com](http://www.granges.com).

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

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

**Resolution on the Nomination Committee (item 14)**

The Nomination Committee proposes that the following instructions shall apply in respect of the Nomination Committee.

*The Nomination Committee is to be appointed according to the following instructions to apply until a resolution is passed on new instructions:*

*The Nomination Committee is to consist of one representative from each of the three largest shareholders, based on shareholder statistics from Euroclear Sweden AB as of 31 August, as well as the Chairman of the Board. The names of the Nomination Committee members and the shareholders they represent are to be published no later than six months before the Annual General Meeting. The Nomination Committee's term of office continues until a new Nomination Committee is appointed. The chairman of the Nomination Committee is to be the member representing the largest shareholder, unless the Committee agrees otherwise. The Chairman of the Board may not, however, serve as the chairman of the Nomination Committee. It is the responsibility of the Chairman of the Board to assemble the Nomination Committee.*

*If shareholders refrain from participating in the Nomination Committee or are no longer among the three largest shareholders, their representatives are to relinquish their position and the shareholder next in line is to be offered the position on the Nomination Committee, if the Committee deems this necessary. The shareholders that have appointed representatives on the Nomination Committee have the right to dismiss the member and appoint a new representative. Changes to the Nomination Committee are to be published.*

*The Nomination Committee is to provide proposals on the election of the number of Board members to be elected by the Annual General Meeting, on fees and other remuneration for Board assignments to each of the Board members and on any compensation for committee work. The Nomination Committee is also to provide proposals on the election of and fees for the auditor as well as on a chairman for the Annual General Meeting.*

*No fees are payable to the Nomination Committee. The company is to pay for any reasonable expenses the Nomination Committee considers necessary for the Committee to carry out its duties.*

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

The Board of Directors proposes that the retained earnings of SEK 205,165,271 be appropriated as follows: To the shareholders a dividend of SEK 111,959,079, which is equivalent to SEK 1.50 per share, and the remaining amount of SEK 93,206,192 to be carried forward. The proposed record date for the dividend is 6 May 2015. If the Annual General Meeting resolves in accordance with the proposal, the dividend is expected to be distributed through Euroclear Sweden AB on 11 May 2015.

**Resolution on guidelines for remuneration to senior executives (item 15)**

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

*General*

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

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

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

*Fixed salary*

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

*Variable pay*

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

*Annual short-term incentive programme (STI 2015).*

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

*Long-term incentive programme (LTI 2015)*

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

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

payout from LTI 2015 and STI payable in one year is maximised at 1.5 times an annual salary. A more detailed account of the LTI programme is provided in a proposal prepared specially for the Annual General Meeting.

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

There will be no guaranteed variable remuneration.

#### *Other benefits*

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

#### *Pension*

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

#### *Period of notice of termination*

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

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

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

#### *Other information*

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

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

**Resolution on a long-term incentive programme (item 16)**

The Board of Directors proposes that the AGM passes a resolution on a long-term incentive programme (LTI 2015) for the Management Team and certain key individuals to supplement the annual short-term incentive programme (STI 2015) according to the following main principles:

- STI 2015 measures adjusted operating profit (50%), improvement of capital employed (25%) and individual performance (25%), for a maximum payout of 60% of annual basic pay.
- LTI 2015 where a payout equivalent to the amount for STI 2015 is allocated, is indexed to Gränges' total return and paid out proportionately on an annual basis over a period of three years (vesting periods) provided that the individual remains in Gränges' employ.

*Purpose of Gränges LTI 2015*

The purpose of Gränges LTI 2015 is to provide remuneration in line with market norms and at the same time stimulate a long-term commitment to Gränges by linking the participants' remuneration to the interests of the shareholders by indexing to Gränges' total return. LTI 2015 is also expected to help Gränges retain and recruit key individuals.

*The role of Gränges' Board of Directors in LTI 2015*

Gränges' Board of Directors is authorised to interpret LTI 2015, including but not limited to:

- Deciding on the participants in LTI 2015
- Deciding on the participants' payout from LTI 2015, including determining the development of the total return during the vesting period.
- Adjusting the terms and conditions for LTI 2015 to comply with laws, regulations etc.
- Adjusting the payout for LTI 2015 in the event significant changes take place affecting the Gränges Group or its business environment, resulting in a situation where the terms of LTI 2015 are deemed inappropriate.

*Participation in LTI 2015*

- Payments within the framework of LTI 2015 will only be made to participants who remain in the Gränges Group's employ, provided that no local laws or regulations exist entitling participants to LTI payouts. Deviations from this principle (so-called "good leaver" agreements) must be approved by Gränges' Board.

*Administration, payout and payments*

Indexing of the total return in LTI 2015 is calculated as follows:

- Starting point: The average closing price for the Gränges share on NASDAQ Stockholm during the ten trading days after the publication date for the 2015 year-end release.

- Dividends: Dividends during the respective vesting periods will increase the percentage value of LTI 2015, where the percentage is calculated as the dividend in SEK divided by the closing price on the dividend date (the Thomson method).
- Ending points: The average closing price for the Gränges share on NASDAQ Stockholm during the ten trading days after the publication dates for the year-end releases for the years 2016, 2017 and 2018.

Payouts take place from LTI 2015 in connection with payouts from STI, provided written approval has been received from Gränges' Board of Directors. The total payout from STI and paying LTI programmes may not exceed 150% of annual basic pay as of the date of the payout. The maximum total payout from LTI 2015 is SEK 7 million.

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

#### **Resolution on issue authorisation (item 17)**

The Board of Directors proposes that the AGM passes a resolution on issue authorisation according to the following main terms:

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

The issue must be able to take place without deviating from the preferential rights of the shareholders. Through authorised decisions, a total maximum number of shares may be issued in a new share issue and/or through the conversion of convertible bonds equivalent to 10% of the total number of outstanding shares in the company on the date of the AGM's authorisation resolution (this does not prevent convertibles being associated with conversion terms which, if applied, may result in a different number of shares).

This authorisation is to include the right to issue shares for cash payment, payment by an in-kind capital contribution or payment through offsetting, and otherwise in compliance with the terms in Chapter 2 Section 5, second paragraph 1–3 and 5 of the Swedish Companies Act.

Cash or offset issues deviating from shareholders' preferential rights must take place on market terms.

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

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



**SPECIAL MAJORITY REQUIREMENT**

For a decision according to item 17 on issue authorisation to be valid, the proposal must be agreed to by shareholders representing at least two thirds of both the votes cast and the shares represented at the AGM.

**DOCUMENTS**

Copies of the Board's and the Nomination Committee's full proposals, including the Board's and the auditor's statements, as well as accounting documents and the audit report for 2014 will be available from the company directly and on the company's website, [www.granges.com](http://www.granges.com), no later than 13 April 2015 and will be immediately dispatched at no cost for the recipient to the shareholders who request them and provide their postal address. The documents will also be available at the Annual General Meeting.

**NUMBER OF SHARES AND VOTES**

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

**INFORMATION AT THE ANNUAL GENERAL MEETING**

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

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Stockholm, March 2015  
**Gränges AB (publ)**  
*Board of Directors*