

*English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence.*

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

Gränges AB (publ) will hold its Annual General Meeting at 4 pm CET on Wednesday 8 May 2019 at Näringslivets Hus, Storgatan 19, Stockholm, Sweden. Registration will begin at 3 pm CET.

### **Right to participate and notification to the company**

Those wishing to attend the General Meeting must

- be registered as shareholders in the share register maintained by Euroclear Sweden AB as of Thursday 2 May 2019, and
- notify the company of their intention to attend no later than Thursday 2 May 2019.

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

### **Nominee-registered shares**

To have the right to attend the General Meeting, shareholders whose shares are registered with a nominee must have their shares re-registered in their own name in the share register maintained by Euroclear Sweden AB by Thursday 2 May 2019. The re-registration may be temporary.

### **Proxy and proxy form**

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

## Proposed agenda

1. Opening of the General Meeting
2. Election of a chairman for the General Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of persons to check the minutes
6. Determination of whether the General Meeting was duly convened
7. Chief Executive Officer's report
8. Presentation of the annual report and auditor's report as well as the consolidated financial statements and auditor's report for the Group.
9. Resolutions on:
  - a) adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet,
  - b) appropriation of the company's earnings according to the adopted balance sheet and setting of the record date for the dividend,
  - c) discharging the members of the Board of Directors and the Chief Executive Officer from liability vis-à-vis the company
10. Resolution on the number of Board members
11. Resolution on fees payable to the Board members
12. Election of the Board members and Chairman of the Board
13. Resolution on the number of auditors, fees to the auditors and election of auditor
14. Resolution on guidelines for remuneration to senior executives
15. Resolution on LTI programme for 2019 for senior executives
16. Resolution on issue authorisation
17. Conclusion of the General Meeting

## Nomination committee's proposals

The Nomination Committee for the 2019 AGM consisted of the following members: Jannis Kitsakis of Fjärde AP-fonden (Chairman of the Nomination Committee); Anders Algotsson of AFA Försäkring; Lennart Francke of Swedbank Robur fonder; and Anders G. Carlberg (Chairman of the Board).

The Nomination Committee proposes the following to the 2019 Annual General Meeting:

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

The Nomination Committee proposes that Anders G. Carlberg be elected as chairman of the meeting.

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

The Nomination Committee proposes that for the period up to the close of the next AGM, the Board of Directors should consist of seven members elected by the general meeting with no alternates.

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

The Nomination Committee proposes that fees paid to the Board members for the period up to the close of the next AGM be at SEK 625,000 (550,000) for the Chairman of the Board and SEK 310,000 (300,000) for the other members elected by the general meeting. Remuneration would be at SEK 100,000 (80,000) for the chairman of the Audit Committee and SEK 50,000 (40,000) for the other members. Remuneration would be unchanged at SEK 50,000 for the chairman of the Remuneration Committee and SEK 25,000 for the other members. Fees to all the employee representatives on the Board would remain unchanged at SEK 40,000 each, for the same period.

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

The Nomination Committee proposes the re-election of the current Board members Anders G. Carlberg, Carina Andersson, Peter Carlsson, Katarina Lindström, Hans Porat, Ragnhild Wiborg and Mats Backman. It is furthermore proposed that Anders G. Carlberg be re-elected as Chairman of the Board.

Information about the proposed Board members is available on the company's website, [www.granges.com](http://www.granges.com).

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

The Nomination Committee proposes that the company have one auditor and no deputy auditor, that fees to the auditor be paid in accordance with approved invoices and that the registered accountancy firm Ernst & Young AB be re-elected as auditor.

The Nomination Committee's proposal accords with the recommendation of the Audit Committee.

Ernst & Young AB has notified that if the meeting approves the Nomination Committee's proposal, the authorised public accountant Erik Sandström will continue as the chief auditor.

## The Board of Directors' proposals

### **Resolutions 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 1,498,237,244 be appropriated as follows: Payment to the shareholders of a dividend of SEK 241,655,635 which is equivalent to SEK 3.20 per share (SEK 3 per share the previous year), and the remaining amount of SEK 1,256,581,609 to be carried forward. The proposed record date for the dividend is 10 May 2019. If the General Meeting resolves in accordance with the proposal, the dividend is expected to be distributed through Euroclear Sweden AB on 15 May 2019.

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

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

#### *General*

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

Senior executives refer to the Group's Chief Executive Officer, the Group's Vice Executive Officer, other members of the Management Team, and other key individuals in the Group.

Remuneration to the Chief Executive Officer, the Vice Executive Officer, and other members of the Management Team is to be determined by the Board of Directors, but follow the guidelines adopted by the General Meeting. The basic principle is that remuneration is to be competitive and consist of a fixed salary and a variable component such as various incentive programmes. Applicable laws and other relevant regulations, both Swedish and foreign, in the relevant sector should always be complied with.

#### *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 – incentives*

Variable pay is to consist of an annual short-term incentive programme (STI 2019) and a long-term incentive programme (LTI 2019). Both STI 2019 and LTI 2019 will provide cash pay outs. Furthermore, long-term remuneration in the form of shares and/or share-based

instruments in Gränges AB would be payable through participation in long-term incentive programmes resolved by the general meeting. There will be no guaranteed variable remuneration.

*Annual short-term incentive programme (STI 2019)*

The outcome of the STI is determined by a number of parameters consisting of financial key ratios for the Group, such as EBIT and cash conversion, and individual pre-determined targets. Remuneration under STI 2019 may not exceed 60 per cent of the total basic pay paid to each senior executive, except for the person holding position as President Americas, whom may obtain 100 per cent of the total basic pay.

*Long-term incentive programme (LTI 2019)*

On condition that the Annual General Meeting passes the proposed resolution, a long-term incentive program (LTI 2019) will be offered to senior executives. LTI 2019 will run for three years and is primarily structured as follows: An amount equivalent to the payout from STI 2019 for each participant will be reserved in a special so-called LTI bank. Provided that the participants remain in the employ of the Gränges Group, the amount allocated to LTI 2019 will be paid by one third per year during the years 2021, 2022 and 2023, adjusted to the total return of the Gränges' share. The total payout from STI and paying LTI programmes in one year is limited to 150 per cent of an annual basic salary, except for the person holding position as President Americas, for whom such total payout is limited to 200 per cent of an annual basic salary. A more detailed account of the LTI programme is provided in a proposal prepared specially for the Annual General Meeting.

*Long-term share-based incentive programmes*

On condition that the general meeting passes a resolution on the matter, senior executives could be offered to participate in a long-term incentive programme consisting of shares and/or share-based instruments in Gränges AB.

*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 national legislation, applicable collective agreements et cetera, and are, in relation to Swedish senior executives, limited to the ITP plan (supplementary pension for salaried employees in industry and commerce). Gränges thus has both defined contribution and defined benefit commitments based on individual circumstances and rules. The ITP plan exists, mainly, in two versions: The ITP 1 is applicable on those who are born on 1 January 1979 or later, and the ITP 2 is applicable on those who are born on 31 December 1978 or earlier. To equalise differences that may occur between participants of ITP 1 and ITP 2, that is between different senior executives, some adjustments are made in relation to the solution dictated by ITP 2, regarding how much of

the remuneration (salary+bonus) that is pensionable. For the Chief Executive Officer pension provision amounts to 35 per cent calculated on fixed monthly remuneration. Retirement age for the Chief Executive Officer is 65 years. In relation to foreign senior executives, corresponding structure applies based on the circumstances in the relevant country. Pension terms must be in line with market terms. The retirement age for other senior executives is 60–65 years, depending on country of employment.

*Period of notice of termination*

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

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

Following a resolution at an Annual General Meeting on 28 April 2016, a long-term incentive programme (LTI 2016) was offered to senior executives in 2016 to stimulate long-term commitment. LTI 2016 will run for three years and is primarily structured as follows: An amount equivalent to the payout from STI 2016 for each participant will be reserved in a special so-called LTI bank. Provided that the participants remain in the employ of the Gränges Group the amount will be paid by one third per year during the years 2018, 2019 and 2020, adjusted to the total return of the Gränges share. The total payout from STI and paying LTI programmes in one year is limited to 150 per cent of an annual basic salary.

Following a resolution at an Annual General Meeting on 4 May 2017, a long-term incentive programme (LTI 2017) was offered to senior executives in 2017 to stimulate long-term commitment. LTI 2017 will run for three years and is primarily structured as follows: An amount equivalent to the payout from STI 2017 for each participant will be reserved in a special so-called LTI bank. Provided that the participants remain in the employ of the Gränges Group the amount will be paid by one third per year during the years 2019, 2020 and 2021, adjusted to the total return of the Gränges share. The total payout from STI and paying LTI programmes in one year is limited to 150 per cent of an annual basic salary, except for the President Americas whose payout is limited to 200 per cent of an annual basic salary.

Following a resolution at an Annual General Meeting on 3 May 2018, a long-term incentive programme (LTI 2018) was offered to senior executives in 2018 to stimulate long-term commitment. LTI 2018 will run for three years and is primarily structured as follows: An amount equivalent to the payout from STI 2018 for each participant will be reserved in a special so-called LTI bank. Provided that the participants remain in the employ of the Gränges Group the amount will be paid by one third per year during the years 2020, 2021 and 2022, adjusted to the total return of the Gränges share. The total payout from STI and

paying LTI programmes in one year is limited to 150 per cent of an annual basic salary, except for the President Americas whose payout is limited to 200 per cent of an annual basic salary.

More information on these programmes is available at [www.granges.com](http://www.granges.com) and in the company's corporate governance reports for 2016, 2017 and 2018.

#### *Other information*

If a Board member, who has been elected by the General Meeting, performs other duties on behalf of the company in addition to work on the Board of Directors, a consulting fee and other compensation are payable for such work.

The Board of Directors may deviate from these guidelines if in an individual case there are special reasons for doing so. Special reasons mean limited possibilities of deviation from the guidelines.

#### **Resolution on LTI programme for 2019 for senior executives (item 15)**

The Board of Directors proposes that the General Meeting passes a resolution on a long-term incentive programme ("LTI 2019") for senior executives to supplement the annual short-term incentive programme ("STI 2019") mainly according to the following:

- STI 2019 measures EBIT (50 per cent), cash conversion (30 per cent) and individual performance (20 per cent), for a maximum payout of 60 per cent of annual basic pay. For the President Americas the maximum payout is 100 per cent of annual basic pay.
- LTI 2019, where a payout equivalent to the amount of STI 2019 is allocated, and indexed to the total return of the Gränges' share. The vesting periods for LTI 2019 will run over the years 2020, 2021, and 2022 ("Vesting periods") and payment is made proportionately on an annual basis over a period of three years provided that the individual remains in the Gränges Group's employ.

#### *Purpose of Gränges LTI 2019*

The purpose of Gränges LTI 2019 is to provide remuneration in line with market terms and at the same time stimulate a long-term commitment to Gränges by linking the participants' remuneration to the interests of the shareholders, through indexation with the total return of the Gränges' share. LTI 2019 is also expected to help Gränges retain and recruit persons with special expertise and relevant experience.

#### *The role of Gränges' Board of Directors in LTI 2019*

Gränges' Board of Directors is authorised to interpret LTI 2019, including but not limited to:

- Deciding on the participants in LTI 2019.
- Deciding on the participants' payout from LTI 2019, including determining the development of the total return during the Vesting periods.

- Adjusting the terms and conditions for LTI 2019 to comply with legal requirements, regulations et cetera.
- Adjusting the payout for LTI 2019 in the event significant changes take place that affect the Gränges Group or its business environment, resulting in a situation where the terms of LTI 2019 are deemed inappropriate or to give an unreasonable result.

#### *Participation in LTI 2019*

- Payments within the framework of LTI 2019 will only be made to participants who, at the time of the payment, haven't terminated or been terminated from their employment, 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 of Directors.
- In the event of death occurring during a Vesting period, the participant will be assigned a proportionate payout corresponding to actual working period in relation to the Vesting period, provided that no local laws or regulations exist entitling the participant to a different payout.<sup>1</sup> Total return is calculated based on the closing price on the last trading day of the month before the date of death. Assigned amount will be paid out no later than two months from the date of death.<sup>2</sup>
- If a participant is absent due to illness or any other reason for a period of more than three months in total during any Vesting period for LTI 2019, the participant will be allocated a proportional payout for the actual working period relative to the Vesting period, provided that no local laws or regulations exist entitling the participant to a different payout.
- Gränges' Board of Directors welcomes senior executives to invest in the own share.

#### *Administration, payout and payments*

Gränges' finance department is responsible for maintaining a register of funds allocated within the framework of LTI 2019 and for proposing payouts, adjusted to the total return of the Gränges' share, for approval by Gränges' Board of Directors.

Indexation of the total return in LTI 2019 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 2019 year-end report.

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<sup>1</sup> In which the days remaining of the month where the event of death occurs shall be considered working days.

<sup>2</sup> If, for example, a person receives SEK 300,000 in STI for 2019 a corresponding amount is allocated to the LTI bank in the purpose of being paid during 2021, 2022, and 2023. If the person is deceased on the 15 August 2020 all of August is included in the calculation below, that is, 8/12<sup>th</sup> of the Vesting period 2020. If the total return up to the 31 July 2020 (if that is a stock trading day – if not the last stock trading day of July) is 10 per cent, the LTI bank is worth SEK 330,000, which equals SEK 110,000 regarding the Vesting period 2020. Of this amount the deceased has earned 8/12<sup>th</sup>, that is SEK 73,333. The remaining part of the LTI bank regarding 2019 is not paid out.



- Dividends: Dividends during the respective Vesting period will increase the percentage value of LTI 2019, where the percentage is calculated as the dividend in SEK divided by the closing price on the dividend date.
- Ending points: The average closing price for the Gränges share on Nasdaq Stockholm during the ten trading days after the publication dates for the year-end reports for the years 2020, 2021 and 2022.

Payouts under LTI 2019 will as a rule not be regarded as pensionable income. In cases where pension plans define payouts as pensionable income (for example ITP in Sweden), the payout from LTI 2019 will be reduced as follows:

- Defined contribution pension plans: The payout is reduced by an amount equivalent to the premium in the defined contribution pension plan relating to LTI 2019.
- Defined benefit pension plans: The payout is reduced by a factor aimed at achieving a cost-neutral solution for Gränges. This factor is to be proposed by Gränges' CFO and approved by Gränges' Board of Directors.

Payouts from LTI 2019 take place during 2021, 2022 and 2023 in connection with payouts from STI, provided approval has been received from Gränges' Board of Directors. The total payout from STI and paying LTI programmes may not exceed 150 per cent of annual basic pay as of the date of the payout. This shall not apply to the person holding the position as President Americas, whose total payout from STI and paying LTI programmes is limited to 200 per cent of annual basic pay.

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

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

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

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

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

This authorisation is to include the right to issue shares and/or convertible bonds with cash payment, payment by contribution in kind or payment by way of set-off, and otherwise

subject to conditions as set out in Chapter 2, section 5, second paragraph 1–3 and 5 of the Swedish Companies Act.

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

The reason for the proposal and the possibility to disapply the shareholders' pre-emption rights is to allow for flexibility in connection with any acquisitions or the raising of capital. The Board of Directors, or a party designated by the Board, has the right to decide on minor changes to the General Meeting's resolution that may be necessary in connection with registration of the resolution with the Swedish Companies Registration Office or due to other formal requirements.

### Special majority requirement

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

### Documents

Copies of the Board of Directors' and the Nomination Committee's full proposals, including the Board of Directors' and the auditor's statements, as well as accounting documents and the auditor's report for 2018 will be available at the company and on the company's website, [www.granges.com](http://www.granges.com), no later as from 17 April 2019 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 General Meeting.

### Number of shares and votes

The total number of shares in the company as of the issue date for the notice of the General Meeting is 75,517,386 shares, which is equivalent to 75,517,386 votes. As of the same date, the company is holding no shares in treasury.

### Information at the general meeting

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

### Processing of personal data

For information on how your personal data is processed, please see

<https://www.computershare.com/se/gm-gdpr#English>

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Stockholm, March 2019

**Gränges AB (publ)**

*Board of Directors*