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THE BOARD OF DIRECTORS' PROPOSAL FOR GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors proposes that the General Meeting passes a resolution on guidelines for remuneration to senior executives 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 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.

Stockholm, March 2019

Gränges AB (publ)

Board of Directors