

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

## **THE BOARD OF DIRECTORS' PROPOSAL FOR RESOLUTION ON LTI PROGRAMME FOR 2022 FOR SENIOR MANAGERS**

The Board of Directors proposes that the General Meeting, as a supplement to the annual incentive programme ("STI 2022"), resolves on a long-term incentive programme ("LTI 2022") for senior managers, i.e. the CEO and the Deputy CEO of the Group, and senior managers included in Gränges' Group Management, according to the following:

- STI 2022 measures Value Creation (80 per cent) and the sustainability target carbon dioxide intensity (20 per cent), for a maximum payout of 60 per cent of annual basic pay. For Regional Presidents the maximum payout is up to 100 per cent of annual basic pay.
- LTI 2022, where a payout equivalent to the amount of STI 2022 is allocated, and indexed to the total return of the Gränges' share. The vesting periods for LTI 2022 will run over the years 2023, 2024, and 2025 ("Vesting periods") and payment from the LTI-program 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 2022**

The purpose of Gränges LTI 2022 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 a remuneration structure that correspond to an ownership of synthetic shares in Gränges. LTI 2022 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 2022**

Gränges' Board of Directors is authorised to interpret LTI 2022, including but not limited to:

- Deciding on the participants in LTI 2022.
- Deciding on the participants' payout from LTI 2022, including determining the development of the total return during the Vesting periods.
- Adjusting the terms and conditions for LTI 2022 to comply with legal requirements, regulations et cetera.
- Adjusting the payout for LTI 2022 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 2022 are deemed inappropriate or to give an unreasonable result.

### **Participation in LTI 2022**

- Payments within the framework of LTI 2022 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 or retirement 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 then calculated based on the closing price on the last trading day of the month before the date of death or retirement. Assigned amount is paid through a cash payment no later than two months from the date of death or retirement.<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 2022, 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 managers 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 2022 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 2022 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 2022 year-end report.
- Dividends: Dividends during the respective Vesting period will increase the percentage value of LTI 2022, 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 2023, 2024 and 2025.

Payouts under LTI 2022 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 2022 will be reduced as follows:

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

<sup>2</sup> If, for example, a person receives SEK 300,000 in STI for 2022 a corresponding amount is allocated to the LTI bank in the purpose of being paid during 2024, 2025, and 2026. If the person is deceased or retired on the 15 August 2023 all of August is included in the calculation below, that is 8/12<sup>th</sup> of the Vesting period 2023. If the total return up to the 31 July 2023 (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 2023. Of this amount the deceased or retired has earned 8/12<sup>th</sup>, that is SEK 73,333. The remaining part of the LTI bank regarding 2022 is not paid out.

- Defined contribution pension plans: The payout is reduced by an amount equivalent to the premium in the defined contribution pension plan relating to LTI 2022.
- Defined benefit pension plans: The payout is reduced by a factor aimed at achieving a cost-neutral solution for Gränges.

Payouts from LTI 2022 take place during 2024, 2025 and 2026 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 persons holding the position as Regional President, who can receive up to 200 per cent of annual basic pay.

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

#### **Other outstanding share-related incentive programmes**

In order to stimulate long-term involvement, senior managers were offered long-term incentive programmes (LTI 2019, LTI 2020 and LTI 2021) following the adoption of the resolutions by the Annual General Meetings for 2019, 2020 and 2021. The programmes are for a term of three years. An amount corresponding to the outcome of the STI for the corresponding year for each participant is reserved in a separate, so-called, LTI bank. Provided that employment with the Gränges Group has not terminated, the amount is paid out at a rate of one-third per year, adjusted to take into account the total return on the Gränges share. Senior managers and other members of the Group Management were in 2020 offered to participate in a long-term investment programme ("IP 2020"), which is a one-off programme aimed at increasing exposure to the Gränges share. The participants in IP 2020 invested an amount corresponding to up to 50 per cent of an annual basic salary before tax in call options and shares and received in connection thereto a cash contribution which, after tax, amounts to 50 per cent of the annual basic salary, which in the programme is called the "Net Contribution". If the participant has resigned or the participant's employment has been terminated within three years from the date of payment of the Net Contribution the contribution has to be refunded to Gränges in its entirety.

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Stockholm in March 2022

**Gränges AB (publ)**

*The Board of Directors*