GRÄNGES

Green and Sustainability-Linked Finance Framework

SEPTEMBER 2021

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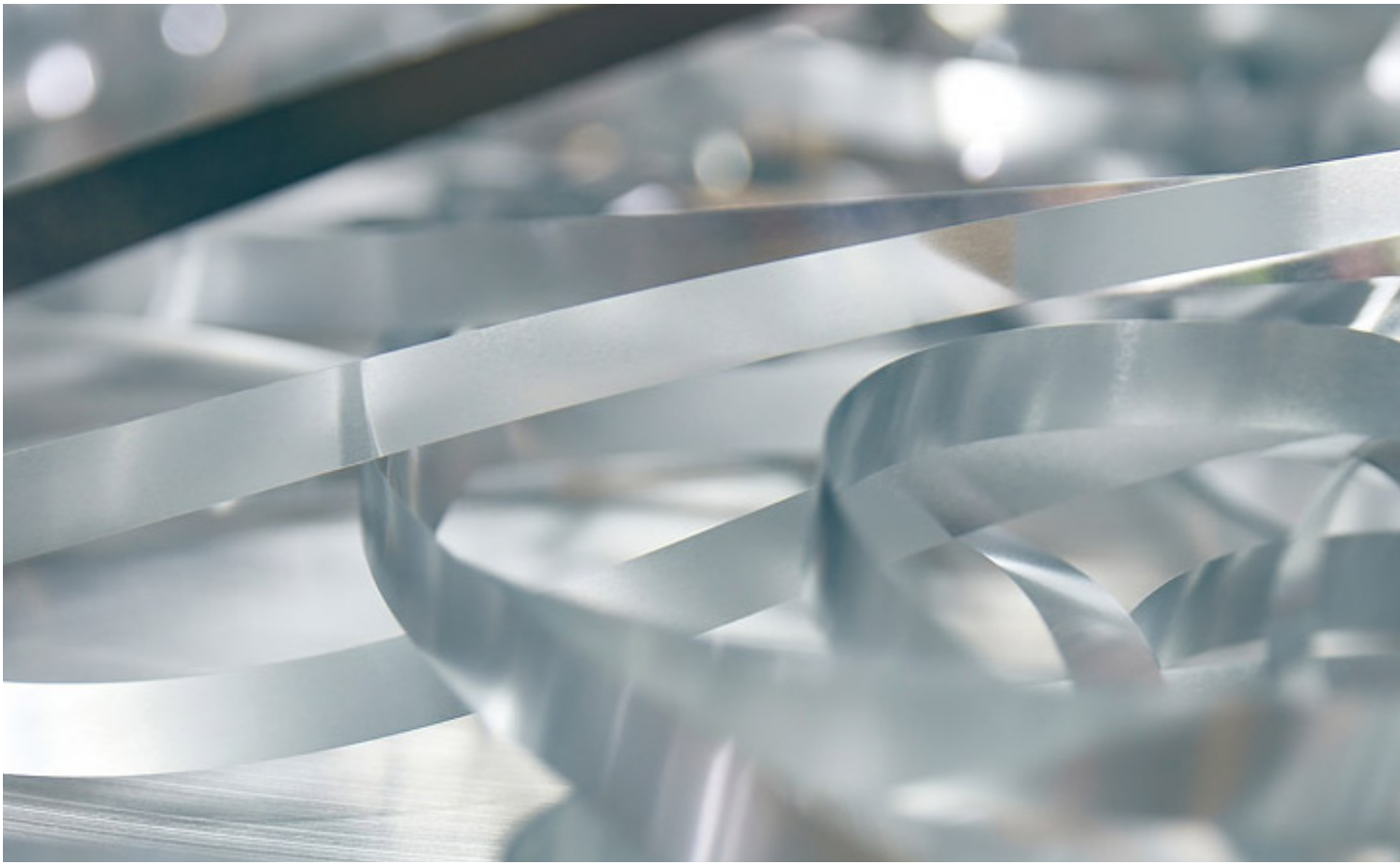
About Gränges

Gränges is an aluminium technology company who drives the development of lighter, smarter and more sustainable aluminium products and solutions. The company offers advanced materials that enhance efficiency in the customers' manufacturing process and the performance of the final products. Gränges' innovative engineering has transformed the industry for more than 125 years, and the company holds leading positions in rolled products for thermal management systems, speciality packaging and selected niche applications. Gränges has production facilities and conducts sales on three continents: Asia, Europe and Americas.

Gränges is focused on rolled products for heat exchangers and selected niche applications. Gränges offers a comprehensive range of clad and unclad rolled aluminium products applications with a high degree of functionality and performance.



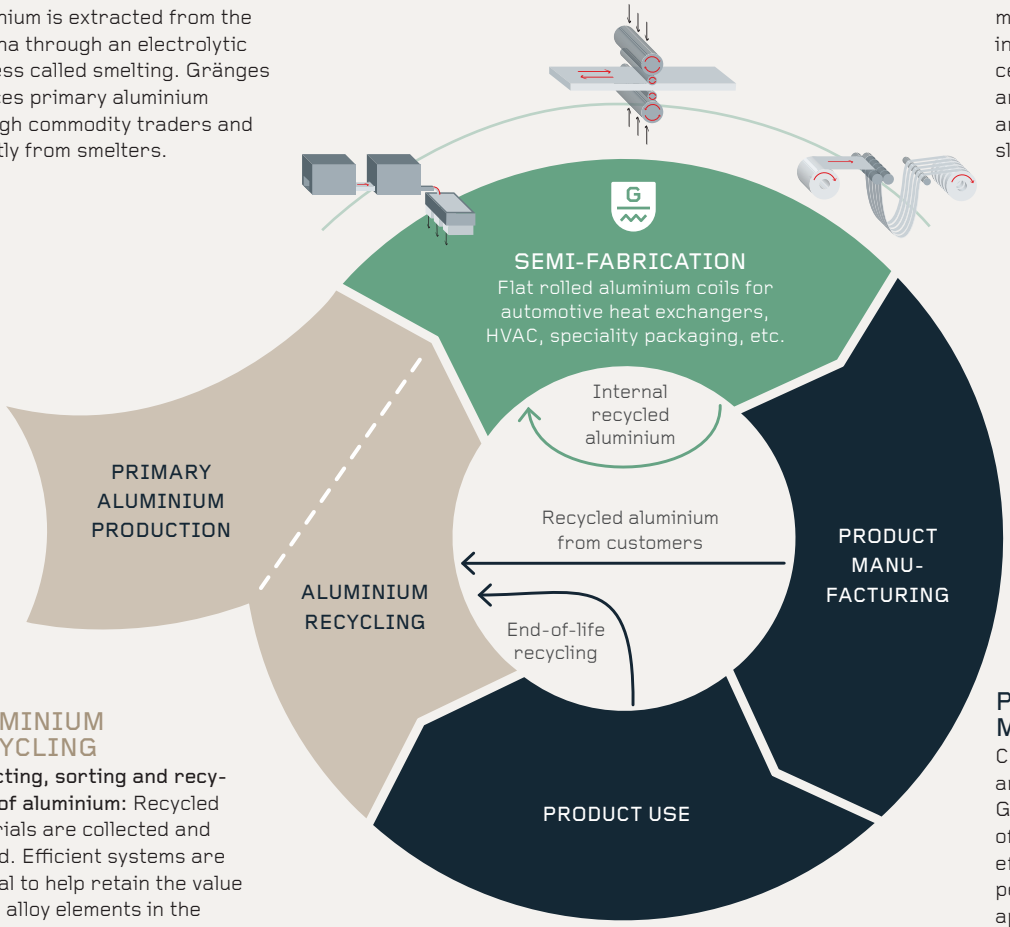
A strong position in the value chain

PRIMARY ALUMINIUM PRODUCTION

Extraction, refining and smelting of primary aluminium: Bauxite is extracted from mines and refined into pure aluminium oxide, called alumina. Molten aluminium is extracted from the alumina through an electrolytic process called smelting. Gränges sources primary aluminium through commodity traders and directly from smelters.

SEMI-FABRICATION

Re-melting and casting, rolling and slitting: Gränges creates customized alloys by adding other metals to the molten aluminium in a re-melting process. The molten alloys are solidified into slabs in a casting process, and the alloyed slabs are transformed into coils and sheets in the rolling and slitting process.



ALUMINIUM RECYCLING

Collecting, sorting and recycling of aluminium: Recycled materials are collected and sorted. Efficient systems are critical to help retain the value of the alloy elements in the loop. Gränges sources recycled aluminium from customers and recycling companies and strives to recirculate all recycled materials from its own production process. Recycling of products after usage (end-of-life) are also sourced, which is a clear positive contributor to a circular aluminium value chain.

PRODUCT MANUFACTURING

Customers use the coils and sheets sourced from Gränges to produce a range of products for improved efficiency and sustainability performance in different applications, including automotive heat exchangers, HVAC and speciality packaging.

PRODUCT USE

End-users use the applications containing Gränges' materials. Key uses include vehicles, systems for heating, ventilation and air-conditioning in buildings, speciality packaging, as well as aluminium foil in food packaging.

Gränges' operations Customers and end-users Supply chain

Aluminium as an enabler of solutions for a sustainable and circular economy

The EU's proposed European Green Deal has established a clear vision and policy framework for how to achieve the objectives of the Paris Agreement, and how to decouple growth from increased pressure on natural resources and biodiversity depletion. Aluminium is a circular material, capable of being recycled over-and-over again without losing its original properties (lightness, conductivity, formability, durability, impermeability and multiple recyclability). Its properties make it a vital resource for a low-carbon and circular economy, and the material of the future for applications in key sectors (including transport, construction, packaging and renewable energy technologies) and thereby helps other sectors to achieve their climate targets[1].

Aluminium is a permanent material, which means that the metal produced today does not just meet the current demand for the material in cars, packaging, buildings, and more – but over time accumulates to create a major economic resource for the future. Given this, recycling of aluminium provides an opportunity to reduce greenhouse gases by replacing the need for primary aluminium. Moreover, aluminium recycling process requires only 5 per cent of the energy needed to produce the primary metal and the benefits of increased aluminium recycling are therefore significant. It is estimated that increased recycling of aluminium could avoid up to 39 million tonnes of carbon emissions per year by 2050.[1]

Gränges works to leverage the unique properties of aluminium by designing and manufacturing sustainable products and solutions, which can improve circularity and resource efficiency as well as climate performance along the value chain.

Developing products that can improve customers' sustainability performance is a top priority at Gränges. Aluminium helps to increase customers' operational resource efficiency and the climate performance of their products. Relative to competing materials, aluminium can deliver significant energy and climate savings in the use phase, entirely offsetting the initial energy consumption required to produce the metal.

Gränges works to incorporate sustainability aspects into product development with a focus on products' full life-cycle performance. The largest opportunities for improving products' sustainability performance is in the early stages of the product development process, when the product characteristics are decided. Gränges has an ambition to design offerings that are based on more recycled aluminium and that can be efficiently dismantled, collected, sorted and recycled downstream the value chain and after products' end-of-life.

Gränges develops existing and new customer offerings targeting key sectors for a low-carbon economy, included but not limited to the below mentioned areas.

Thermal management

Gränges is the global leader in aluminium materials for heat exchangers. Aluminium has replaced copper materials in the most advanced heat exchangers due to its unique characteristics including lightness, durability and infinite recyclability. End-customer markets that use Gränges' heat exchanger materials are mainly the automotive and the heating, ventilation and air-conditioning ("HVAC") industry. The general trends in the automotive industry, besides electrification, are increased focus on recyclability and de-carbonisation of the materials used, while the HVAC industry focuses both on de-carbonisation of the materials, but also in more energy efficient HVAC units.

Energy consumption of data centres and for example 5G networks in the telecommunication industry, will use a large part of the available energy in the future. To decrease energy consumption, efficient thermal management is a necessity. Gränges sees

1) European aluminium, 2020. A strategy for achieving aluminium's full potential for circular economy by 2030.

large potential for heat exchangers in these areas, using for example more efficient heat exchangers with brazed aluminium.

The Energy Performance of Buildings Directive together with the Energy Efficiency Directive and Renewable Energy Sources Directive, as decided by the EU, define the frame and target state for energy performance of the existing building stock. In line with these directives buildings have to be very energy efficient and decarbonised by 2050. Installation, replacement, maintenance and repair of HVAC and water heating systems, including equipment related to district heating services, with highly efficient technologies is included as an activity with substantial contribution to climate change mitigation in Annex I of the Delegated Acts of the EU Taxonomy. This is also the case for manufacturing of renewable energy technologies, including technologies for wind turbines.

Electrified transportation

The electrification of the transportation industry drives increased demand for rolled aluminium solutions, for instance in batteries and for light weighting of the vehicle body and structure. In this area, Gränges will target selected opportunities that have a good fit with Gränges' know-how and production capabilities. The study *IFEU 2016: Energy savings by lightweighting* concluded that light weighting of transport vehicles leads to substantial fuel and carbon emissions savings. The potential lifetime saving for a passenger car was estimated to be between 500 kg to 2,000 kg of carbon dioxide per 100 kg weight reduction.

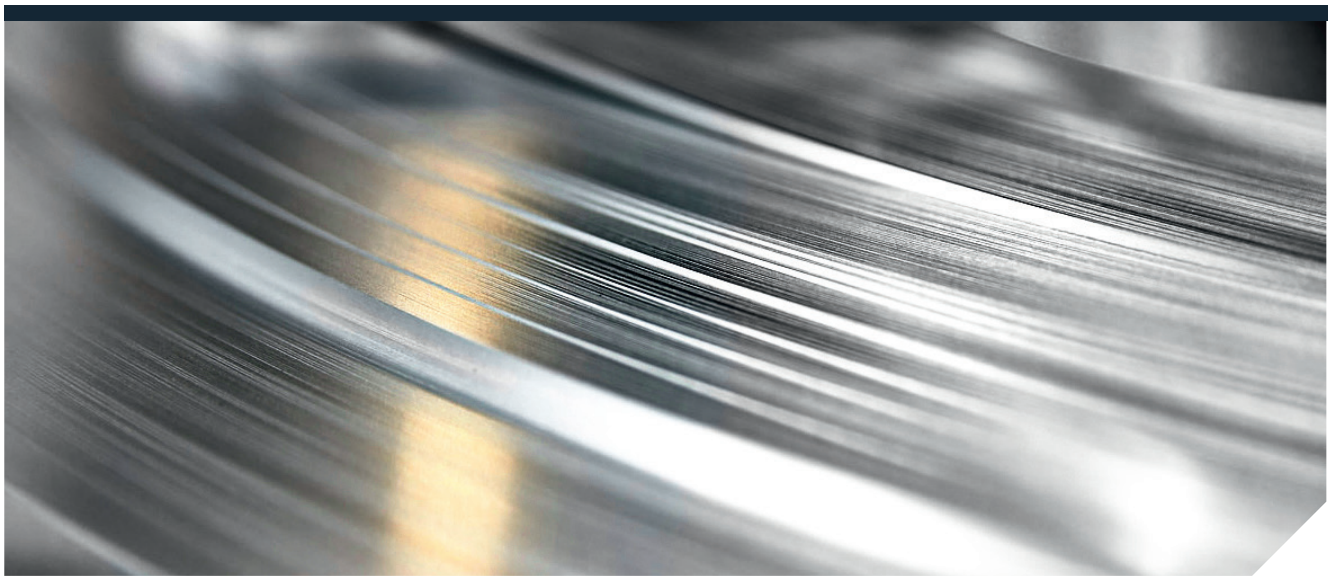
Significantly lighter than steel, aluminium is now the metal of choice in a range of parts for electric vehicles – from the chassis, structural components such as the shock tower and internal panels to housing for motors, and not the least, the batteries. Electric vehicles, with its zero tailpipe emissions, play a central part of the transportation sections of Annex I, climate change mitigation, of the EU Taxonomy.

New rolled products niches

Gränges' expertise and capabilities in aluminium rolling may be used also outside of the current core product segments. Gränges aims to continue to expand and diversify into adjacent rolled products niches like thin gauge foil products and products for the wind power industry, where Gränges has developed a special alloy for use in windmill applications.

New materials technology

Gränges has a deep know-how of aluminium technology that can create value outside of aluminium rolling. The company aims to leverage this to expand into new materials technology. One example of this is the business unit Gränges Powder Metallurgy which was established in 2020 and which focuses on aluminium powder for additive manufacturing, also called industrial 3D printing. With additive manufacturing, the final product can be made lighter and stronger, allowing for less material being used, and thus improving the aspects of the final product.



Gränges' strong commitment to sustainability

Even though aluminium products are enabling decarbonisation of several industries, the aluminium industry itself generates more than 1.1 billion tonnes of carbon emissions annually. This corresponds to around 2 per cent of global carbon emissions (source: European Aluminium 2020). Given the anticipated growth in the demand for aluminium, the climate impact from the aluminium industry needs to be addressed. Gränges has a strong commitment to support the decarbonisation of the aluminium industry and has a structured approach to integrate sustainability into its business and value chain. The aim is to reduce undesired impacts of the company's operations and at the same time enforce positive contributions and opportunities that emerge from integrating sustainability aspects into the business.

Gränges conducted a robust sustainability materiality analysis in 2018, based on input from internal and external stakeholders. All in all, twelve material sustainability topics were identified and selected as they were deemed to have the highest sustainability impact and were assessed by stakeholders to be most important for the company to address. The twelve topics were grouped into five sustainability pillars, each governed by a member of Group Management whose role is to coordinate and facilitate the implementation of global priorities. Each pillar also has an accompanying long-term commitment, KPIs and targets for 2025.

The pillars are Sustainable innovation & sales, Responsible & sustainable sourcing, Resource-efficient operations, Diverse and high-performing teams as well as Ethical business practices.

Sustainable innovation and sales
Gränges is committed to develop and sell products and solutions which can improve customers and end-users' sustainability performance as well as contribute positively to a more circular industry approach to aluminium. A sustainable offering is characterised by having a low climate impact, being circular and resource-efficient and being responsibly sourced and produced.

Responsible and sustainable sourcing
Gränges is committed to promote responsible and sustainable practices in the company's supply chain and to incorporate sustainability criteria into its sourcing agreements and partnerships. To enforce sustainable practices, ensure continuous improvement, develop collaboration and build lasting relationships with its suppliers, all sites operate a local responsible sourcing programme covering significant suppliers.

Resource-efficient operations
Gränges is committed to strengthen its operational efficiency and enforce continuous improvements in its 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 Gränges' employees. Thereby, Gränges minimises the negative impacts of its operations.

Diverse and high-performing teams
Gränges is committed to ensure that employees are motivated and engaged. By being an open and inclusive employer, with zero tolerance of discrimination, Gränges strives to provide a diverse workplace where employees can realise their full potentials and contribute to developing a high-performing organisation.

Ethical business practices
Gränges is committed to run its business in an ethical and responsible way and be an ethically sound partner in all its relations and in the societies in which the company conduct business. Gränges never accepts corruption and will always act rapidly, stringently and vigorously if discovering corruption or unethical behaviour.

<table>
<tr><th>SUSTAINABLE INNOVATION & SALES</th><th>RESPONSIBLE & SUSTAINABLE SOURCING</th><th>RESOURCE-EFFICIENT OPERATIONS</th><th>DIVERSE AND HIGH-PERFORMING TEAMS</th><th>ETHICAL BUSINESS PRACTICES</th></tr>
<tr><td rowspan="3">100% of Gränges' products have third-party verified sustainability information</td><td>100% of significant suppliers[1] committed to Supplier CoC

≥ 20% renewable energy

–30% carbon intensity from sourced metal inputs (scope3) [2)]</td><td>≤ 3.0 total Recoradble Rate

≤ 50 Severity Rate

–17% energy intensity[2]

All sites have water management plans</td><td rowspan="3">100% of employees have annual performance and development discussion

≥ 30% women among senior management[3]

≥ 85 Employee engagement Index</td><td rowspan="3">100% of employees annualy trained in Code of Conduct

100% of white-collar employees annualy trained in anti-corruption</td></tr>
<tr><td colspan="2">–25% carbon intensity from own operations and purchased energy (scop 1+2)[2]</td></tr>
<tr><td colspan="2">≥ 30% sourced recycled aluminium</td></tr>
<tr><td colspan="5">All sites have achived ASI sustanability certifications[4]</td></tr>
</table>

1) All metal suppliers and other suppliers with a purchase value above SEK 5 million or equivalent in local currency.
2) Versus baseline 2017. Gränges follows the Greenhouse Gas Protocol Standards to calculate its climate impact.
3) Employees eligable to participate in Gränges' long-term incentive (LTI) programme.
4) Certifications in accordance with the Aluminium Stewardship Initiative's (ASI) Performance Standard and Chain of Custody Standard.

Climate strategy

Gränges is committed to combat climate change and to reduce the climate impact from its business and along the value chain. Managing the climate topic therefore runs throughout the company's sustainability framework. Gränges works actively to take product stewardship and reduce climate impact along its value chain and across the life-cycles of its products. This means that Gränges looks at the climate impact all the way from extraction of bauxite until the products' end-of-life.

Reducing climate impact along the aluminium value chain

PRIMARY ALUMINIUM PRODUCTION

Description in brief: Extraction, refining and smelting of primary aluminium.

Climate impact: The climate impact mainly comes from the energy intensive smelting process. GHG Protocol: Scope 3 (category Purchased goods and services).

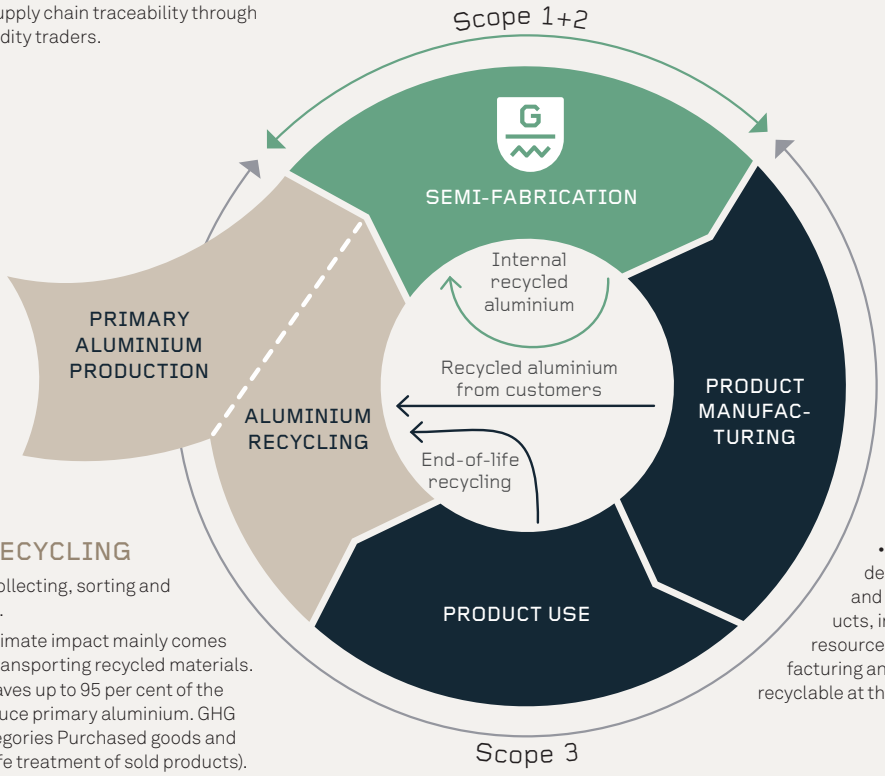
Gränges' priorities:
- Collaborate with suppliers to expand sourcing of low-carbon primary aluminium produced using renewable energy.
- Promote increased supply chain traceability through dialogue with commodity traders.

SEMI-FABRICATION

Description in brief: Re-melting and casting, rolling and slitting.

Climate impact: The climate impact mainly comes from fuels and electricity used in Gränges' operations. GHG Protocol: Scope 1+2.

Gränges' priorities:
- Increase energy efficiency and the use of renewable energy in its own operations.
- Re-melt recycled aluminium efficiently to enable lower overall climate impacts.



PRODUCT MANUFACTURING

Climate impact: The climate impact comes from customers' product manufacturing, when processing the materials sourced from Gränges. GHG Protocol: Scope 3 (category Processing of sold products).

Gränges' priorities:
- Collaborate with customers to design and develop innovative and sustainable aluminium products, including alloys that are resource efficient in the product manufacturing and use phase, and which are recyclable at the end of life.

ALUMINIUM RECYCLING

Description in brief: Collecting, sorting and recycling of aluminium.

Climate impact: The climate impact mainly comes from processing and transporting recycled materials. Recycled aluminium saves up to 95 per cent of the energy needed to produce primary aluminium. GHG Protocol: Scope 3 (categories Purchased goods and services and End-of-life treatment of sold products).

Gränges' priorities:
- Collaborate with suppliers to expand sourcing of recycled aluminium.
- Design and innovate alloys, processes and applications which allow for a higher share of recycled aluminium and which are efficiently dismantled, collected, sorted and recycled after products' end-of-life.

PRODUCT USE

Climate impact: The climate impact comes from using the products which contain Gränges' materials. Aluminium's lightweighting properties can lead to substantial fuel and carbon emissions savings compared to other materials. GHG Protocol: Scope 3 (category Use of sold products).

Gränges' priorities:
- Collaborate with customers to design and develop innovative and sustainable aluminium products, including alloys that are resource efficient in the product manufacturing and use phase, and which are recyclable at the end of life.

Gränges' operations Customers and end-users Supply chain

Sustainability commitments and initiatives
Since October 2016, Gränges is a signatory to the UN Global Compact 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.

The company is also committed to help fulfilling the 2030 Agenda and Sustainable Development Goals ("SDGs"). Gränges has identified those SDGs that are most relevant for its business and where the company has its largest impacts and contributions.

Industry collaboration is a crucial enabler to value creation throughout the life-cycle of aluminium. 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.

Managing sustainability risks
Mapping and managing sustainability risk is integrated into Gränges' multi-disciplinary and company-wide risk management process. Gränges works actively with risk management to monitor and minimise risks in a structured and proactive manner. On a group level, Gränges' risk committee, consisting of Group Management members, regularly identifies and assesses risks (operational, market related and financial) and holds sessions twice a year. Risks are also managed locally as a part of daily operations where key risks are raised to the regional management team and mitigation measures are implemented. Risk reporting systems are in place at the production sites.

To ensure a reliable and systematic management approach, including risk management, Gränges also aims to have all its sites certified in accordance with ISO 14001 (environmental management), ISO 5001 (energy management) and ISO 45001 (safety management) as well as the standards provided by Aluminium Stewardship Initiative. The target is to have all these standards implemented by 2025. The following sites are certified as per August 2021:

- ISO 14001: Shanghai, Finspång, Huntingdon and Salisbury
- ISO 50001: Shanghai, Finspång
- ISO 45001: Shanghai
- ASI Performance Standard: Shanghai, Finspång (provisional certificate)

Sustainable financing

Aluminium products are important enablers of the transition to a sustainable and circular economy. The demand for Gränges' products is set to increase as policies, as well as client demand, are targeting net zero emissions in the user phase in industries such as real estate and transportation. Even though aluminium products will play a key role in global decarbonisation efforts, emissions from its productions are currently high. Gränges wants to be a part of the solution of a low-carbon and sustainable economy and are with the development of this Green and Sustainability-Linked Finance Framework ("Framework") integrating sustainability commitments and ambitions with its financing solution. By including sustainability ambitions on investments made under this Framework, as well as on the company's transition, Gränges wants to highlight the various levels in which it integrates sustainability – from the production of the raw materials required for products, to the enabling feature of the company's products in the user phase.

This Framework allows Gränges to issue both Green and Sustainability-Linked Debt, as well as a combination of the two. By creating a combined framework the company enables investments in green projects and assets, as well as investments to increase its sustainability performance for the overall business.

Sustainalytics has provided a second party opinion confirming the alignment with International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2021, the Sustainability-Linked Bond Principles ("SLBP") 2020 as well as the Loan Market Association ("LMA"), the Asia Pacific Loan Market Association ("APLMA") and the Loan Syndications and Trading Association (LSTA) Green Loan Principles ("GLP") 2021 and Sustainability-Linked Loan Principles ("SLLP") 2021. Gränges will assign an independent verifier to provide an annual statement confirming that the net proceeds from Green Finance Instruments have been allocated to projects in line with the Framework as well as seek verification confirming whether the performance of the Key Performance Indicators ("KPI") meets the relevant Sustainability Performance Targets ("SPT") within the predefined timeframe. All relevant documentation will be publicly available at the website granges.com.

2021-09-20

Oskar Hellström
Interim Chief Executive Officer & Chief Financial Officer

Sofia Hedevåg
SVP Sustainability

Johan Dufvenmark
VP Group Treasury & Investor Relations

Green Finance Framework

Gränges strives to follow market best practice and this section of the Framework, aligned with the GBP published in June 2021 by ICMA and the GLP published in February 2021 by LMA, APLMA and LSTA, defines the investments eligible for financing by green finance instruments issued by Gränges ("Green Finance Instruments").

Moreover, this Framework outlines the process used to identify, select and report on eligible projects and the management of Green Finance Instrument net proceeds. The terms and conditions of the associated legal documentation for each Green Finance Instrument shall provide a reference to this Framework.

Use of proceeds

Allocation of net proceeds
An amount equal to the net proceeds of the Green Finance Instrument will finance or refinance, in whole or in part, investments undertaken by Gränges or its subsidiaries that promote transition towards a circular and sustainable economy ("Green Projects"), in each case as determined by Gränges in accordance with the Green Project Categories defined in the next pages. Green Projects will form a portfolio of assets eligible for financing and refinancing by Green Finance Instruments.

Gränges will use a look-back period of 36 months, and Green Finance Instrument net proceeds disbursed 36 months from the date of issuance at the latest.

Financing and refinancing
Green Finance Instrument net proceeds can finance both existing and new Green Projects financed by Gränges or its subsidiaries. New financing is defined as Green Projects financed after the Finance Instrument has been issued, and refinancing is defined as Green Projects financed prior to the issuance. The distribution between new financing and refinancing will be reported in Gränges' annual Green Finance Instrument reporting.

Exclusions
Green Finance Instrument net proceeds will not be allocated to projects for which the purpose is fossil energy production, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Sustainable Development Goals
Since October 2016, Gränges is a signatory to the UN Global Compact 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. In addition, the company is committed to help fulfilling the SDGs. Gränges has identified those SDGs that are most relevant for its business and where the company has its largest impacts and contributions.

Green Project categories

Sustainable aluminium products and solutions

The financing or refinancing of the production plants, machinery and equipment used in the process of manufacturing aluminium products, recycling aluminium and/or battery applications as well as related research and innovation.

(8.4, 9.4, 11.6, 12.2, 12.4, 12.5, 12.6)

Recycling of aluminium
Facilities and equipment used for the sole purpose of collecting, sorting and recycling of aluminium.

Battery applications
Facilities and equipment used for the manufacturing of battery applications such as cathode foil, battery casing material and battery cooling plates.

Research & innovation
Costs related to research and innovation in relation to battery applications, low-carbon primary aluminium and/or recycling of aluminium.

>> RECYCLED ALUMINIUM ENABLES REDUCED EMISSIONS

The benefits of increased aluminium recycling are significant. The amount of aluminium available for recycling is estimated to more than double by 2050. Increased recycling of aluminium could avoid up to 39 million tonnes of carbon emissions per year by 2050. (Source: European Aluminium, 2020).

Gränges works to reduce the climate impact from sourced metal inputs by expanding the use of recycled aluminium as this can save up to 95 per cent of the energy needed to produce primary aluminium. 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. Gränges sources pre-consumer used materials from customers and recycling companies and post-consumer used materials from recycling companies. The company also recirculates processed aluminium from its own operations.

Recycled aluminium is of different purity. In some cases, investments in filters or for example sorting facilities may be needed to be able to increase the use of recycled aluminium in the production.

>> ELECTRIFICATION OF TRANSPORT

With the electric vehicles market expected to grow rapidly over the next decade there are increased business opportunities for Gränges within the battery segment. To be the customers' preferred choice, Gränges has taken a more active role in supporting the transition to future transportation solutions, notably in the design of battery cooling systems. Gränges' offerings to the battery segment ranges from cathode foil, battery casing material to battery cooling plates, and will be strengthened with battery boxes and other structural parts connected to batteries.

The manufacturing process of battery components will need continuous investments in research and innovation as well as in special machines and clean rooms.

>> INNOVATION KEY TO INCREASE CIRCULARITY

With a strong expertise in material properties and characteristics, Gränges conducts strategic research and innovation as well as customer-driven product development. Gränges' strong product offerings are the result of advanced knowledge of metallurgy and production processes as well as a long-term commitment to research and innovation.

Some of Gränges' products have very high demands on the alloy being used, meaning that the alloy is sensitive to the exact composition using for example different alloying metals. Gränges' Research & Innovation organization has an ambition to design alloys which can contain a high share of recycled aluminium and which can be collected, sorted, dismantled and recycled after usage, i.e. higher recyclability.

Energy intensity

The financing or refinancing of investments in energy intensity measures, installations, upgrades etc. and their related infrastructure, either in relation to an existing asset or as a stand-alone investment.

(7.3, 9.4, 11.6, 12.2, 12.4, 12.5, 12.6)

Energy management

- Investments in energy system efficiency, such as improvements in reuse of excess energy generated during the manufacturing processes, with the aim to increase system security and to reduce energy losses. Investments should improve energy efficiency in the respective area by at least 30 per cent (in comparison with pre-investment situation) and restricted to facilities where the energy source is renewable, hydrogen or electricity.
- Costs related to the conversion of operations leading to the replacement of fossil energy dependence with electricity or renewable energy.
- Storage facilities, metering systems and other intelligent energy systems managing the intermittency of renewable energy.

Buildings

Direct costs (e.g. material, installation and labour) for installing energy efficient technologies such as heat pumps, smart control systems, new windows, energy efficient lighting, or costs for enabling renewable energy sources. Investments should improve energy efficiency in the respective area by at least 30 per cent (in comparison with pre-investment situation), or to replace fossil energ.

Research & innovation

Reducing absolute use of energy through investments in research and/or replacement technology.

>> 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.

Examples of activities implemented include:

- The recuperation of heat from air compressors in the maintenance building in Gränges' operations in Finspång, Sweden,
- An autonomation project on annealing furnaces in the operations in the production facility in Shanghai 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.

Renewable energy

The financing or refinancing of investment in products that generate renewable energy, as well as associated infrastructure.

(7.2)

Solar power
Solar energy technologies, such as Photovoltaic systems.

Wind power
Onshore and offshore wind energy generation facilities

Hydropower[1]
Existing hydropower plants and pumped-storage hydropower plants, and related investments to improve the capacity of the plant without enlarging the reservoir or increase in reservoir capacity without raising the water level

- Infrastructure, technology, and systems that increase the efficiency of management and operations

1) Small-scale hydropower plants.

>> PROMOTING RENEWABLE ENERGY

Gränges' operations in Finspång primarily uses induction smelters and sources electricity from low-carbon sources (hydro and nuclear) through the deregulated energy market in Sweden. The operations in Shanghai and Americas use natural gas in their production, and in these operations, 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. Gränges also works to promote the use of renewable energy in the supply chain as this is necessary to reduce the carbon footprint of primary aluminium.

Clean transportation

The financing or refinancing of investments into zero emission vehicles, machinery and related infrastructure.

(11.2)

Low-carbon vehicles
Zero emission vehicles, including electric machines such as electric forklifts.

Infrastructure for electric vehicles
Infrastructure supporting low-carbon vehicles, such as charging stations for electric vehicles.

>> INVESTING IN GREEN MOBILITY

Decarbonising transport is a core theme of the EU 2020 strategy. The long-term objective of the European Union on carbon emissions is an overall reduction of 80–95 per cent by 2050. Electrification is a powerful decarbonisation measure that facilitate emissions reductions across sectors.

Green Project and evaluation & selection process

Allocation of Green Finance Instrument proceeds
Gränges' overall management of environmental, social, governance and financial risks is a core component of its decision-making processes. The process for evaluation and selection of Green Projects will follow the same standard decision process.

Green Project evaluation & selection process
Green Projects shall comply with the eligibility criteria defined under the Green Project Categories. The process of evaluating and selecting eligible Green Projects as well as the allocation of Green Finance Instrument proceeds to eligible Green Projects comprise the following steps:

i. Sustainability experts and representatives at Gränges evaluate potential Green Projects, their compliance with the Green Project categories, and their environmental benefits.
ii. A list of the potential Green Projects are presented to Gränges Green Finance Committee ("GFC"). The GFC is solely responsible for the decision to acknowledge the project as green, in line with the Green Project criteria. Green Projects will be marked as green in a dedicated register ("Green Register"). A decision to allocate net proceeds will require a consensus decision by the GFC. The decisions made by the GFC will be documented and filed.

Green Finance Committee
The GFC is chaired by the Chief Financial Officer and includes the following members:

- Chief Executive Officer
- Chief Financial Officer
- SVP Sustainability
- VP Group Treasury

The GFC will convene every 6 months or when otherwise considered necessary. For the avoidance of doubt, the GFC holds the right to exclude any Green Project already funded by Green Finance Instrument net proceeds. If a Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure under Management of Proceeds until reallocated to other eligible Green Projects.

Management of proceeds

Tracking of Green Finance Instrument net proceeds
Gränges will use a Green Register to track the allocation of net proceeds from Green Finance Instruments to Green Projects. The purpose of the Green Register is to ensure that Green Finance Instrument net proceeds only support the financing of Green Projects or to repay Green Finance Instruments. The allocation of proceeds will be reviewed by an external auditor appointed by Gränges.

Temporary holdings
Unallocated Green Finance Instrument net proceeds may temporarily be placed in the liquidity reserve and managed accordingly by Gränges.

Exclusions
Temporary holdings will not be placed in entities with a business plan focused on fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, environmentally negative resource extraction, gambling or tobacco.

Reporting & transparency

To enable the monitoring of performance and provide insight into prioritised areas, Gränges will annually and until maturity of the Green Finance Instruments issued, provide investors with a report that describes the allocation of proceeds and the environmental impact of the Green Projects. The report will be made available on Gränges' website together with this Framework.

In the case Gränges would have other Green Finance Instruments than bonds outstanding the company may choose to report, in relation to these other financial instruments, directly and non-publicly, to the lenders or counterparts.

Allocation reporting

Allocation reporting will include the following information:

i. A summary of Green Finance Instrument developments
ii. The outstanding amount of Green Finance Instruments issued, presented per type of Green Finance Instrument
iii. The balance of the Green Projects in the Green Register (including any temporary investments and Green Finance Instrument repayments) and the available headroom in the value of the Green Projects (if any)
iv. The total proportion of Green Finance Instrument net proceeds used to finance new Green Projects (defined as Green Projects financed after the finance instrument issuance) and the proportion of Green Finance Instrument net proceeds used to refinance Green Projects (defined as Green Projects financed before the finance instrument issuance)
v. The total aggregated proportion of Green Finance Instrument net proceeds used per Green Project category

Impact reporting

The impact reporting aims to disclose the environmental impact of the Green Projects financed under this Framework, based on Gränges' financing share of each project. The impact report will also disclose what environmental objectives the Green Projects contribute to.

As Gränges can finance a large number of smaller Green Projects in the same Green Project category, impact reporting will, to some extent, be aggregated.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis.

The impact assessment will, if applicable, be based on the KPIs presented in the table on the next page.

GREEN PROJECT CATEGORIES	KEY PERFORMANCE INDICATORS (KPIS)
Sustainable Aluminium products and solutions 	• Quantified, such as tonnes of aluminium recycled • Annual GHG emissions avoided (tonnes of CO_2e emissions) • Short description of research & innovation projects
Energy intensity 	• Annual energy savings (MWh) • Annual GHG emissions avoided (tonnes of CO_2e emissions) • Short description of research & innovation projects
Renewable energy 	• Installed renewable energy capacity (kW) • Annual renewable energy generation (kWh) • Annual GHG emissions avoided (tonnes of CO_2e emissions)
Clean transportation 	• Number of vehicles/machines/charging stations • Annual GHG emissions avoided (tonnes of CO_2e emissions)

Sustainability-Linked Finance Framework

This Framework is developed to align with the Sustainability-Linked Bond Principles published in June 2020 by ICMA and the Sustainability-Linked Loan Principles published in May 2021 by LMA, APLMA and LSTA.

This Framework outlines the Key Performance Indicators and related Sustainable Performance Targets that is considered material and ambitious, in line with the guiding principles.

Further, the financial characteristics, reporting and verification of the Sustainability-Linked Finance Instruments are presented.

The terms and conditions of the underlying documentation for each Sustainability-Linked Finance Instrument ("SLFI") issued by Gränges shall provide a reference to this Framework.

Summary of KPIs and SPTs

KPIs/SPTs	Reduce carbon emissions intensity from own operations and purchased energy (scope 1 and 2) by 25 per cent by 2025 compared to 2017	Reduce carbon emissions intensity from sourced metal inputs (scope 3) by 30 per cent by 2025 compared to 2017	At least 30 per cent of total sourced metal inputs to be recycled aluminium by 2025
Target Observation Date[1]	31st December 2025		
Financial characteristics	Margin adjustments, coupon step-ups or increased redemption price		
Reporting and post issuance verification	Annually in Sustainability Report or in separate Sustainability Progress Report		

1) The specific date at which the performance of each KPI(s) against each predefined SPT(s) is observed

Selection of Key Performance Indicators

The selection of KPIs has been made after considerations on which topics are relevant, core and material to the company's business. Gränges may incorporate one or several KPIs per financial instrument issued under this Framework. The selection of KPIs will be specified in respective Finance Instrument documentation.

Material topics for Gränges

The aluminium industry generates around 2 per cent of global greenhouse gas emissions annually (Source: European Aluminium, 2020). As aluminium products are projected to experience growth, following an increased decarbonisation trend, the reason to address emissions from the aluminium industry is important. To reduce emissions from the industry, the focus must be on decarbonising the electricity consumption which accounts for the majority of the industry's carbon footprint. Focus must also be on the decarbonisation of emissions from the processing of aluminium, which account for more than a quarter of the carbon footprint from the industry. Lastly, an increased collection, recovery and use of aluminium scrap, requiring only 5 per cent of the energy needed to produce primary aluminium, can reduce the need for carbon intensive primary aluminium.

This is in line with Gränges' materiality assessment made 2018, reviewed 2020, where emissions to air and water, energy use and recycled aluminium were considered to be key topics for Gränges. The materiality assessment reflects internal and external stakeholders' assessment of material sustainability topics for Gränges' business. Gränges is committed to combat climate change and reduce the climate impact from its business, as well as along the value chain, and is addressing this as part of its sustainability strategy and ambitions.

The majority of Gränges' carbon footprint originates from sourced metal inputs and not from Gränges' own operations. However, in order to make sure that Gränges lead by example and commits to the overall carbon reduction of the aluminium industry, the company has a clear focus on reducing the carbon emissions from own operations and purchased energy.

Gränges works actively to take product stewardship and reduce climate impact along its value chain and across the life-cycles of its products. This means that Gränges looks at the climate impact all the way from extraction of bauxite until the products' end-of-life. As 92 per cent of Gränges' total carbon footprint in 2020 related to scope 3 emissions, Gränges is committed to contribute to decarbonising the full value chain of its products. Gränges strives to take a holistic approach in reducing the climate impact and the company tracks total carbon emissions intensity (scope 1, 2 and 3) as the key metric to measure such performance.

Gränges works to reduce the climate impact from purchased materials and services by expanding the use of recycled aluminium as this can save up to 95 per cent of the energy needed to produce primary aluminium. 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.

Based on this, Gränges will incorporate KPIs targeting its ambitions to reduce carbon emissions from Gränges' own operations and purchased energy, as well as from sourced metal inputs, and the ambition to increase the share of recycled aluminium of total sourced metal inputs.

Resource efficient operations and responsible energy sourcing

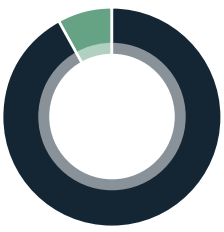
KPI 1: Carbon emissions intensity from own operations and purchased energy (scope 1 and 2), tonnes CO_2e/tonne

Responsible and sustainable sourcing

KPI 2: Carbon emissions intensity from sourced metal inputs (scope 3), tonnes CO_2e/tonne

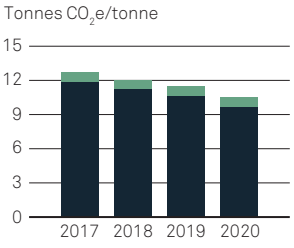
KPI 3: Share of recycled aluminium of total sourced metal inputs, per cent

Total carbon footprint, 2020



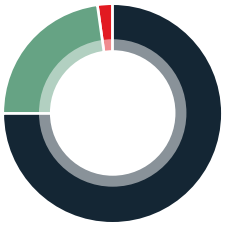
- Own operations and purchased energy (scope 1+2), 8%
- Purchased materials and services (scope 3), 92%

Total carbon intensity



- Own operations and purchased energy (scope 1+2)
- Purchased materials and services (scope 3)

Total sourced metal inputs, 2020



- Primary aluminium (ingots + slabs), 75%
- Recycled aluminium, 23%
- Alloying elements, 2%

Calibration of Sustainability Performance Targets

Resource efficient operations and responsible energy sourcing
SPT 1 – Reduce carbon emissions intensity from own operations and purchased energy (scope 1 and 2) by 25 per cent by 2025 compared to 2017 measured in tonnes CO_2e/tonne

This target was set in the beginning of 2019 to reflect Gränges' ambitions to contribute to decreased carbon footprint from the aluminium industry through leading by example. Carbon emissions intensity from own operations and purchased energy increased by 1 per cent 2020 versus 2019 and 3 per cent versus baseline 2017, mainly a result of higher energy intensity.

Tonnes CO_2e/tonne	2020	2019	2018	2017	2016
Tonnes CO_2e/tonne	0.83	0.82	0.75	0.81	0.83
Development vs 2017 baseline	2%	1%	–7%	Baseline	–

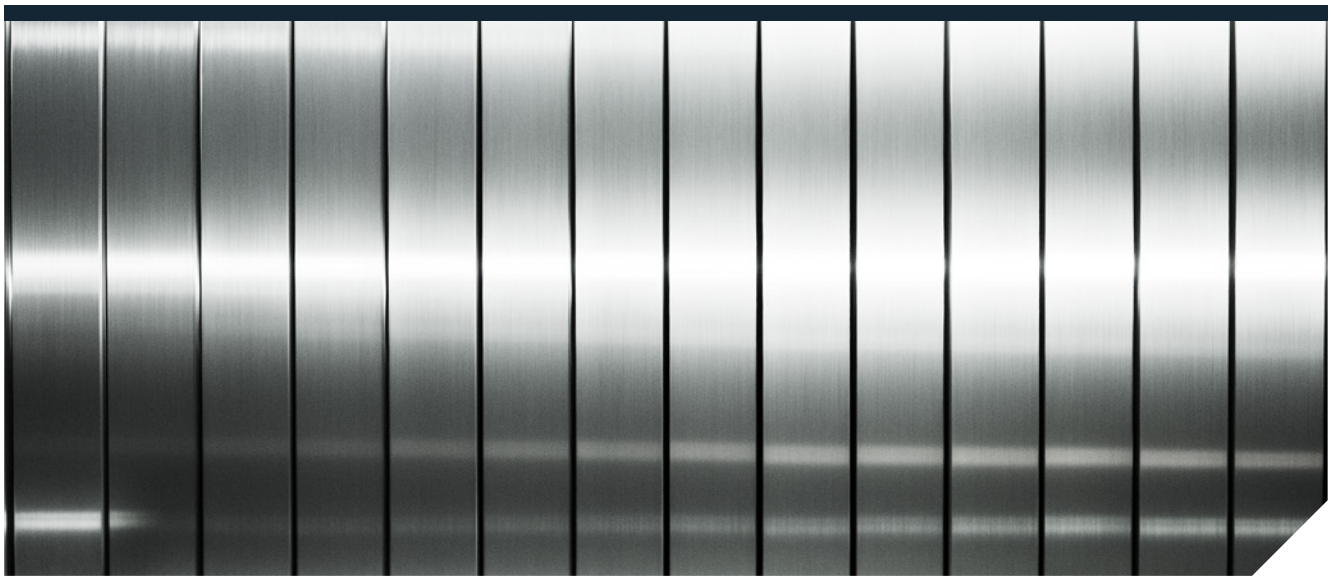
Peer comparison
In the aluminium industry, not many downstream aluminium companies have set firm carbon emissions reduction targets, which makes it difficult for Gränges to compare the ambitiousness of its climate targets. Gränges' scope 1 and 2 carbon emissions intensity target for 2025 implies an annual reduction rate of –3.5 per cent which is more ambitious or at least commensurate to those aluminium companies who produce primary aluminium, i.e. upstream the value chain.

Strategy to achieve SPT 1
Gränges' scope 1 and 2 emissions mainly origin from the fuels and electricity used in the re-melting and casting rolling and slitting processes. Gränges strategy to reach SPT 1 is to increase energy efficiency and the use of renewable energy in its own operations and re-melt recycled aluminium efficiency as this requires more energy than primary aluminium.

Gränges works to achieve continuous energy efficiency improvements. The company carries out regular energy audits and considers the best available technology for new investments and refurbishments. Energy efficiency measures are primarily linked to improved metal yield, thermal processes and recovery of waste heat.

Gränges' 2025 target, to increase the share of renewable energy, was quantified in April 2021 to at least 20 per cent, from previously being articulated as a directional target 'to increase'.

Risks to achieving SPT 1
When increasing the share of recycled aluminium in the re-melting facilities, Gränges may need to accept slight increases in energy consumption compared to using primary ingots. Even though this has a small negative effect on scope 1 and scope 2 emissions, the positive effect on scope 3 emissions more than offsets the increase in operational emissions and the total climate impact is positively impacted by increased use of recycled aluminium. Also, carbon emissions intensity is sensitive to fluctuations in production volumes, product mix changes and make-or-buy decisions on slabs and re-roll inputs which can have a negative impact on energy intensity.



SPT 2 – Reduce carbon emissions intensity from sourced metal inputs (scope 3) by 30 per cent by 2025 compared to 2017 measured in tonne CO_2e/tonne

In 2020, Gränges' Group Management team made a strategic decision to further raise its sustainability ambitions by introducing a quantative emission reduction target for scope 3 emissions. The target uses the same baseline year as the scope 1 and 2 reduction target to allow full comparability and to be able to combine the performance evaluation for scope 1, 2 and 3. In 2020, the carbon emissions intensity from purchased materials and services was reduced by 8 per cent versus 2019 and 20 per cent versus the baseline 2017. This was mainly driven by expanded sourcing of recycled aluminium as well as low-carbon primary aluminium.

Tonnes CO_2e/tonne	2020	2019	2018	2017	2016
Tonnes CO_2e/tonne	9.6	10.5	11.2	11.9	12.2
Development vs 2017 baseline	–19%	–12%	–6%	Baseline	–

Peer comparison

In the aluminium industry, very few peers measure scope 3 emissions, and Gränges is one of few peers to measure and set targets for scope 3 emissions. This means that finding relevant and comparable peer data is not possible. Gränges' scope 3 carbon emissions intensity target for 2025 implies an annual reduction rate of –4.4 per cent.

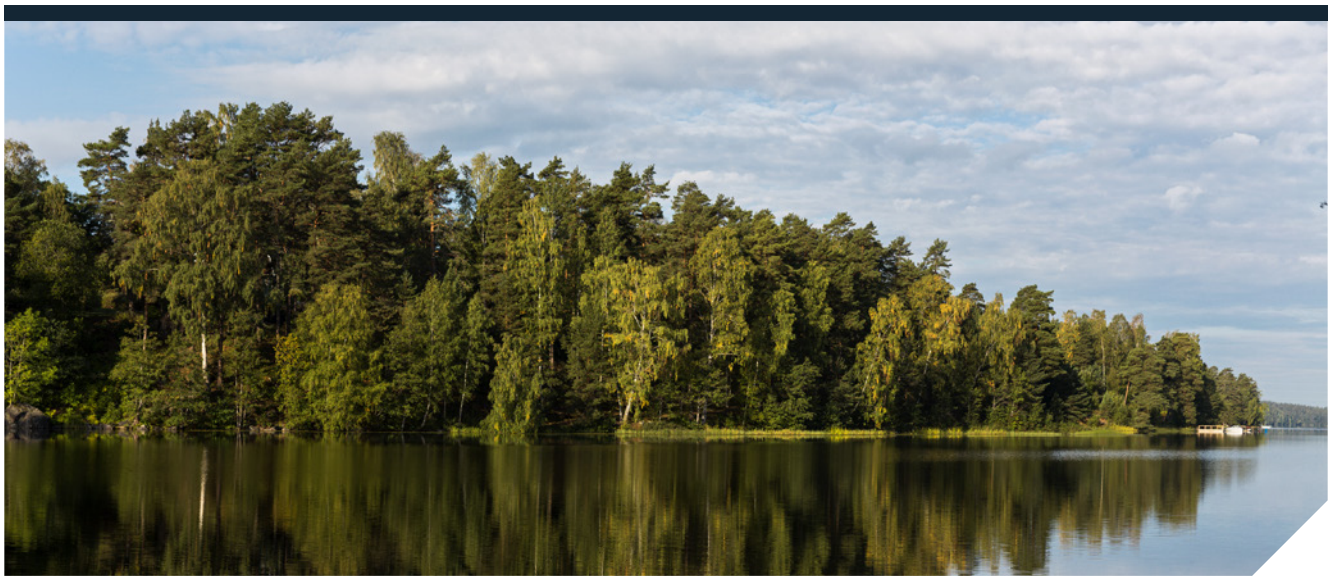
Strategy to achieve SPT 2

To reduce carbon emission intensity from sourced metal inputs, Gränges will focus on increasing the sourcing of recycled aluminium to replace primary aluminium as input materials, and also increase sourcing of low-carbon primary aluminium. Producing primary aluminium is very energy intensive, and the climate impact mainly comes from the energy intensive smelting process. Gränges' strategy to decrease the climate impact from such raw materials is to collaborate with suppliers to expand sourcing of low-carbon primary aluminium produced using renewable energy. Gränges will also promote increased supply chain traceability through dialogue with commodity traders.

Recycled aluminium has its main climate impact from processing and transporting recycled materials. Recycled aluminium saves up to 95 per cent of the energy needed to produce primary aluminium. Gränges works to increase the share of recycled aluminium of total sourced metal inputs and will do so by collaborating with suppliers to expand sourcing of recycled aluminium. Gränges will also work to design and develop alloys, which allow for a higher share of recycled aluminium and which are efficiently dismantled, collected, sorted and recycled after products' end-of-life.

Risks to achieving SPT 2

The attractiveness of recycled aluminium is increasing as regulation as well as the global trend is promoting a shift to a low-carbon and circular economy. Gränges will collaborate with suppliers to secure the availability of both recycled aluminium as well as low-carbon primary aluminium.



SPT 3 – At least 30 per cent of total sourced metal inputs to be recycled aluminium by 2025

As part of Gränges Group Management team's strategic decision to raise the company's sustainability ambitions, the previously communicated recycling target was upgraded in 2021. Originally launched in 2019, the 2025 target of increasing the share of sourced recycled aluminium of total sourced metal inputs was raised from previously 20 per cent to at least 30 per cent. Gränges increased the share of sourced recycled aluminium to 22.5 per cent (19.8) in 2020.

Tonnes CO_2e/tonne	2020	2019	2018	2017	2016
Share of recycled aluminium of total sourced metal inputs %	22.5%	19.8%	16.7%	11.5%	13.9%

Peer comparison

Comparisons to peers in the aluminium industry can be made, but are dependent on the products being manufactured. A large part of Gränges' products consists of aluminium alloys and combination of alloys in so called clad materials. Compared to less advanced products the possibility to use recycled aluminium is more limited affecting both the final materials climate footprint and the comparability to other aluminium products. Therefore availability of relevant data for peer comparison is limited. Gränges is one of few peers in the aluminium industry to measure scope 3 emissions.

Strategy to achieve SPT 3

Gränges will increase the share of sourced metal inputs from recycled aluminium by collaborating with suppliers to expand sourcing of recycled materials. 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. Gränges sources pre-consumer used materials from customers and recycling companies and post-consumer used materials from recycling companies. Gränges will design and innovate alloys which allow for a higher share of recycled aluminium and which are efficiently dismantled, collected, sorted and recycled after products' end-of-life.

Risks to achieving SPT 3

The conditions and availability of recycled aluminium differ geographically, and the feasibility to increase usage depends on type of production (clad versus unclad products) as well as local availability.

Since aluminium is often used as a long-lasting material in buildings and vehicles with long lifespans, the availability of recycled aluminium can be a significant constraint. It can also be a challenge to recycle aluminium since it is often used in combination with other materials and an efficient process requires good sorting, separating and re-melting technologies. Moreover, material for brazed heat exchangers consists of 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.

Overall, Gränges' selected KPIs and related SPTs included in this Framework are to be considered ambitious and beyond a business as usual trajectory based on the historical performance of the company as well as on comparison with peers' sustainability agendas.

Financial characteristics

Characteristics outlined in this Framework are applicable to all Sustainability-Linked Finance Instruments issued under it. The proceeds of Sustainability-Linked Finance Instruments will be used for general corporate purposes.

Depending on Gränges' performance versus the applicable SPT(s) as per the Target Observation Date, 31 December 2025, the characteristics of Sustainability-Linked Bond(s) will change. This may include coupon step-ups and/or increased redemption price of bonds. For other Sustainability-Linked Finance Instruments than bonds, the SPTs included in this Framework will be broken down to annual SPTs. These SPTs as well as the variation of the margin related to the achievement of the SPTs, will be specified in the specific finance instrument documentation. Regardless of financial characteristic selected, the scale of the impact aims at being meaningful and commensurate. The financial characteristic selected for each finance instrument will be specified in the transaction specific documentation.

In addition, should Gränges fail to provide relevant reporting or verification, in line with this Framework, the financial characteristics of Sustainability-Linked Finance Instruments will change as outlined in the transaction specific documentation.

The KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework, regardless of any changes to Gränges' sustainability strategy. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards. However, any changes to Gränges' organisational structure, the calculation methodology for a KPI or significant changes in data due to better data accessibility, that leads to an impact on the baseline equal to, or above, 5 per cent, will result in a change in baseline. Any new or updated Financing Framework, in relation with any subsequent securities issuance, shall not have any implications on the securities issued under this Framework.

Reporting

To ensure investors and other stakeholders have updated and adequate information about Gränges' sustainability strategy and the progress on the SPT in relation to the respective KPIs, the progress of each SPT will be included in Gränges' publicly available annual Sustainability Report, published on Gränges' website. Gränges may also select to report on the information outlined below in a separate Sustainability-Linked Progress Report.

In the case Gränges would have other Sustainability-Linked Finance Instruments than bonds outstanding the company may choose to report, in relation to these other financial instruments, directly and non-publicly, to the lenders or counterparts.

The Sustainability Report/Sustainability-Linked Progress Report will form the basis for evaluating the impact on respective finance instrument characteristics as outlined in "financial characteristics" as well as in the respective transaction documentation. The Sustainability Report/Sustainability-Linked Progress Report will include the following reporting points.

- The performance of the KPIs and related SPTs, as per the relevant reporting period and when applicable, including the calculation methodology and baselines when relevant,
- Information about potential recalculations of baselines,
- Information on any relevant updates to Gränges' sustainability strategy and/or governance with an impact on the KPIs and SPTs,
- A list of Sustainability-Linked Finance Instruments outstanding.

Where feasible and possible the reporting will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities, behind the evolution of the performance on the KPIs on an annual basis,
- Illustration of the positive sustainability impacts of the performance improvement,
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs.

External review

Second party opinion
Sustainalytics has provided a second opinion to this Framework verifying its credibility, impact and

- alignment with ICMA's Green Bond Principles 2021,
- alignment with ICMA's Sustainability-Linked Bond Principles 2020,
- alignment with LMA/APLMA/LSTA Green Loan Principles 2021, and
- alignment with LMA/APLMA/LSTA Sustainability-Linked Loan Principles 2021.

Post Issuance Verification
Gränges will assign an independent verifier to provide, on an annual basis, limited assurance that an amount equal to the Green Finance Instrument net proceeds has been allocated to Green Projects.

Gränges will seek independent and external verification of the company's performance level against each SPT for each KPI by a qualified external reviewer with relevant expertise, such as an auditor or an environmental consultant, at least once a year, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB financial characteristics, until the last reporting date, specified in the finance instrument specific documentation, has been reached.

Failure to provide the ex-post verification before the reporting dates, specified in the finance instrument specific documentation, will result in an automatic adjustment in the financial characteristics.

Publicly available documents
The Framework and the second party opinion will be publicly available on Gränges' website together with the Green Bond limited assurance, the annual Green Bond Report and the annual SLB reporting and verification once published.

›› GLOSSARY

Alloy
Material composed of one metal with additions of other metals and/or elements.

Aluminium ingot
A small block of aluminium, typically used as input material for re-melting.

Annealing
Heat treatment to partially or fully remove work hardening in the material after cold rolling.

Brazing
Joining of metals through melting and solidification of a braze metal. Casting method to convert molten metal to a desired solid form.

Casting
Method to convert molten metal to a desired solid form.

Cathode foil
Thin flat rolled aluminium product for cathode current collector in lithium-ion batteries.

Cladding
A layer of metal bonded to a dissimilar metal or alloy.

Heat exchanger
A device for transforming heat from one medium to another.

Rolled aluminium
Aluminium that has been hot and/or cold rolled to desired gauge.

Slab
Input material to the rolling process that is produced by casting.

GRÄNGES