

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

## Board of Directors' proposal for LTI programme for 2017 for senior executives

The Board proposes that the General Meeting passes a resolution on a long-term incentive programme ("LTI 2017") for the Management Team and selected key individuals to supplement the annual short-term incentive programme ("STI 2017") according to the following main principles:

- STI 2017 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 2017, where a payout equivalent to the amount for STI 2017 is allocated, is indexed to the Gränges Group's total return and paid out proportionately on an annual basis over a period of three years ("vesting periods") provided that the individual remains in the Gränges Group's employ.

### **Purpose of Gränges LTI 2017**

The purpose of Gränges LTI 2017 is to provide remuneration in line with market norms and at the same time stimulate a long-term commitment to Gränges by linking the participants' remuneration to the interests of the shareholders by indexing to Gränges' total return. LTI 2017 is also expected to help Gränges retain and recruit key individuals.

### **The role of Gränges' Board of Directors in LTI 2017**

Gränges' Board of Directors is authorised to interpret LTI 2017, including but not limited to:

- Deciding on the participants in LTI 2017.
- Deciding on the participants' payout from LTI 2017, including determining the development of the total return during the vesting period.
- Adjusting the terms and conditions for LTI 2017 to comply with laws, regulations etc.
- Adjusting the payout for LTI 2017 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 2017 are deemed inappropriate.

### **Participation in LTI 2017**

- Payments within the framework of LTI 2017 will only be made to participants who remain in the Gränges Group's employ, provided that no local laws or regulations exist entitling participants to LTI payouts. Deviations from this principle (so-called "good leaver agreements") must be approved by Gränges' Board.
- In the event of a participant's death, the outstanding amount from LTI 2017 will be paid out no later than two months from the date of death. Total return is calculated based on the closing price on the last trading day of the month before the date of death.
- If a participant is absent due to illness or for another reason for a period of more than six months during the vesting period for LTI 2017, 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 2017 and for proposing payouts adjusted to Gränges' total return for approval by Gränges' Board.

Indexing of the total return in LTI 2017 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 2017 year-end report.
- Dividends: Dividends during the respective vesting periods will increase the percentage value of LTI 2017, where the percentage is calculated as the dividend in SEK divided by the closing price on the dividend date (the Thomson method).
- Ending points: The average closing price for the Gränges share on Nasdaq Stockholm during the ten trading days after the publication dates for the year-end reports for the years 2018, 2019 and 2020.

Payouts under LTI 2017 will as a rule not be regarded as pensionable income. In cases where pension plans define payouts as pensionable income (e.g. ITP in Sweden), the payout from LTI 2017 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 2017.

- 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 2017 take place during 2019, 2020 and 2021 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, who instead will have 200 per cent as a limit.

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

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Stockholm, March 2017  
**Gränges AB (publ)**  
*Board of Directors*