

*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 ON RESOLUTION ON GUIDELINES FOR SALARY AND OTHER REMUNERATION**

The Board of Directors proposes that the General Meeting adopts the following guidelines for salary and other remuneration to Board members and senior managers. "Senior managers" refers to the CEO and the Deputy CEO of the Group, and senior managers included in Gränges' Group Management. These guidelines will be valid for agreements entered into after the General Meeting's resolution and for changes made to existing agreements thereafter. These guidelines do not apply to any remuneration resolved upon by the General Meeting.

### **The guidelines' promotion of the company's business strategy, long-term interests and sustainability**

In short, the company's business strategy is the following.

Gränges is continuously strengthening its core business by optimization and development of competitive, sustainable product offerings that meet customer needs. It also drives long-term sustainable growth by investing in recycling, new business, and partnerships.

For more information regarding the company's business strategy, please see the company's website, [www.granges.com](http://www.granges.com), as well as the latest annual report including the sustainability report.

Gränges shall offer remuneration levels and terms of employment which are necessary to recruit, develop, and retain individuals in Group Management. These individuals shall possess the expertise, motivation and capacity required to uphold, develop, and implement overall value-additive strategic targets for the Gränges Group and, moreover, to support its long-term interests. To obtain this, it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and remuneration levels. These guidelines ensure that individuals in Group Management, regardless of geographical market, may be offered competitive total remuneration, and are aimed at creating increased transparency on remuneration issues. Applicable laws and other relevant regulatory frameworks (both Swedish and foreign) in this area must be complied with at all times.

### **Remuneration and remuneration forms**

The basic principle is that the remuneration must be competitive and consist of a balanced combination of fixed salary, variable remuneration, pension benefits, other benefits and terms for dismissal/severance payment. Furthermore, the Board of Directors may prepare, and the General Meeting resolve on, share and share-price related incentive programmes. Such a combination of remuneration fosters and supports management and achievement of

objectives in both a short and long-term perspective. The various types of remuneration that may be paid out are described below.

#### *Fixed salary*

The fixed salary shall consist of customary base salary. The salary shall be based on responsibility, performance, expertise and the complexity and scope of the task. In the event of full payment of variable remuneration, the fixed annual base salary shall comprise 40 per cent of the total cash remuneration, with the exception of persons holding the position as Regional President, where the percentage can be at least 33.33 per cent.

#### *Variable remuneration (STI and LTI)*

The variable remuneration shall comprise both short-term and long-term incentives, without there being any guarantee of variable remuneration.

An annual short-term incentive programme (**STI**), which provides a cash variable remuneration, shall be offered to the Group Management. The outcome of STI shall be governed by financial and non-financial parameters for the Gränges Group. The financial objective must be related to value creation and the non-financial objective must be linked to the carbon footprint of the business, which is a long-term sustainability goal. The objectives must be designed so that they both promote the Group's business strategy and long-term sustainability goals. At the end of the measurement period for fulfillment of the predefined parameters for payment of STI, a comprehensive evaluation shall be conducted to assess the extent to which these parameters have been met. With regards to financial objectives, the evaluation will be based on the latest financial information made public by the company. With regard to the sustainability objectives, the assessment shall be based on what the company has stated in the sustainability report.

Maximum remuneration for STI is 60 per cent of the fixed annual base salary for each individual in Group Management, with exception for the persons holding the position as Regional President, for whom the maximum remuneration can be up to 100 per cent of the fixed annual base salary.

The Board shall annually evaluate whether a long-term incentive programme (**LTI**) is to be adopted or, if a share or share price-related LTI programme, is to be proposed to the Annual General Meeting. These programmes can be cash-based or related to the share/share price. Share or share price-related LTI programmes are resolved upon by the Annual General Meeting and are therefore not covered by these guidelines. All LTI programmes must have a clear connection to the Group's business strategy and long-term sustainability goals.

Please refer to [www.granges.com](http://www.granges.com) for information on previously resolved LTI programmes that have not fallen due for payment.

The company does not have any potential deferral periods, but has since 2021, according to agreements, possibility to reclaim variable remuneration.

#### *Pension*

Pension shall be paid in accordance with the relevant national legislation of the country in which each person in Group Management operates and it shall be on market terms.

The pension shall be based on a defined contribution pension plan, except for cases where a defined benefit pension is required by law or collective bargaining agreement. The pensionable salary shall comprise the fixed annual base salary and, when required by law or collective bargaining agreement, variable remuneration.

For the CEO, the pension premiums shall amount to 35 per cent, calculated on fixed monthly remuneration, and are thus premium defined. The retirement age for the CEO is 65 years of age.

For other individuals in Group Management, the pension provision shall not amount to more than 30 per cent of the base salary, unless a higher percentage arises due to law or collective bargaining agreement. The retirement age for other individuals in Group management is 60–68 years, depending on the country of employment.

#### *Other benefits*

Benefits which are not directly related to fixed salary and variable remuneration, for example a company car and medical care benefits, shall promote the performance of the work and be consistent with standard practice on the market for this target group. The total costs as a consequence of such benefits may not exceed 20 per cent of the fixed annual base salary.

For employments governed by rules other than Swedish, other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### *Special remuneration*

Additional cash variable remuneration may be paid out under extraordinary circumstances, provided that such extraordinary arrangements are limited in time, and may only be awarded on an individual basis either for the purpose of recruiting or retaining individuals in Group Management or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 20 per cent of the fixed annual base salary and may not be awarded more than once per year and per individual. Any resolution on such remuneration shall be adopted by the Board of Directors based on a proposal from the Remuneration Committee.

#### *Remuneration to Board members*

In certain cases, Board members elected by the General Meeting should be able to receive fees and other remuneration for work carried out on behalf of the company, alongside their work on the Board of Directors. Fees at market rates, approved by the Board of Directors, may be payable for such services.

#### **Terms for termination etc.**

There is a mutual notice of termination period of six months between the CEO and the company. Upon termination by the company, severance remuneration without set-off is also paid for an additional twelve months. The mutual notice of termination period for the Deputy

CEO and other individuals in Group Management shall correspond to six months. Upon termination by the company, severance remuneration for an additional twelve months is paid, without setting off the first six months.

#### **Salary and terms of employment for other employees**

In the preparation of this proposal on guidelines, salary and terms of employment for employees of the company have been taken into account by including information on the employees' total remuneration, the components of the remuneration, and increase and rate of increase of remuneration over time, in the Remuneration Committee's and the Board of Director's basis of decision when evaluating the reasonableness of the guidelines and appurtenant limitations.

#### **The decision-making process to determine, review and implement the guidelines**

The Board of Directors resolves, after preparation by the Remuneration Committee, on the structures of remuneration systems, as well as levels and forms of remuneration to individuals in Group Management. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall monitor and evaluate programmes for variable remuneration for individuals in Group Management, the application of the guidelines, and the current remuneration structures and remuneration levels in the company.

The members of the Remuneration Committee are independent of the company and company management. The CEO and other members of Group Management do not participate in the Board of Director's and/or the Remuneration Committee's processing of, and resolutions regarding, remuneration-related matters insofar as they are affected by such matters. Conflicts of interest are counteracted in all resolutions and any potential conflicts of interest are handled in accordance with the company's framework for governance, consisting of a code of conduct, policies and guidelines.

#### **Derogation from the guidelines**

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, part of the work of the Remuneration Committee is to prepare the Board of Director's resolutions regarding remuneration issues, which includes resolutions on derogations from the guidelines.

#### **Miscellaneous**

The total remuneration and the other benefits paid to the CEO and the Deputy CEO during the year are stated in the remuneration report. In addition hereto, the total remuneration and the other benefits paid to the individuals in the Group management is stated in the annual report.

For further information regarding remuneration, please refer to Granges annual report and website, [www.granges.com](http://www.granges.com).

Stockholm in March 2023

**Gränges AB (publ)**

*The Board of Directors*