

# Corporate governance report 2021

## DEAR SHAREHOLDER,

This Corporate Governance Report provides an overview of the work of the Board of Directors and management. Well-structured processes enable Gränges to operate responsibly, efficiently, and sustainably in the interest of our shareholders. It also builds trust with existing and potential owners, customers, suppliers, legislators, employees, the public and other stakeholders.

### A productive year

Living with the pandemic for two years has required the Board to create new and smarter ways to work during times when travel has been difficult. Nevertheless, we made a very productive Board visit to Gränges Konin, our newly acquired company in Poland. It was rewarding to experience the competence and enthusiasm of the local management, to inspect our large investment programme on site, and to further deepen our good relationships with the local authorities. I was also able to make an extensive trip to the US in person together with the CEO, where I could go through market plans with the team and see for myself how the latest investments are progressing according to plan.

### Supporting management during a challenging year

2021 was a turbulent year in our industry. The first half of the year saw strong demand, but the second half was heavily influenced by a global shortage of semiconductors and other components. These caused severe supply chain problems for our customers, which weighed on demand. We also saw dramatic cost increases for energy, freight, and other input costs such as alloying elements. The Board of Directors stayed in close contact with management throughout these developments. It is gratifying to see that 2021, in the end, was a record for Gränges in both volume and operating profit, and that we have many actions already in place for further improvement in 2022. Even more important is that we have been able to continue our investment programs, improve sustainability and make the organization stronger while handling these external challenges.

### Development of the strategy

Following the global trends of regionalization, sustainability, and fast growth of electric vehicle technology, we foresee an exciting future with many opportunities. Gränges is well positioned to take advantage of these trends. The work of the Board of Directors during the year focused on supporting management in navigating this new landscape.

We initiated ambitious expansion plans for the battery and electrical vehicle industries, with concrete investments already taking place in Shanghai and Finspång. We reviewed and adjusted our long-term

strategy for Asia due to dramatic sustainability-driven changes to the aluminium industry in China. We followed up our expansion project in Konin in detail and on site, and have had several reviews of the integration work during the year. Our acquisition of Gränges Konin, which took place in 2020, will play an important part for Gränges in the future. The timing looks very good, as the demand outlook in Europe is very promising just as our new capacity is coming on line. The Board also reviewed and challenged the business plans for Gränges Americas, and decided to invest in a new recycling and casting centre at the facility in Huntingdon.

### Focus on sustainability

Gränges continued to execute its sustainability strategy during the year. We also upgraded our sustainability targets to reflect an even higher ambition and good progress. For all three regions, we are now looking into additional investment opportunities driven by sustainability trends. In addition, we successfully issued a Sustainability-Linked Bond, the first to be listed on Nasdaq Stockholm.

At the end of 2021, Gränges established an internal Sustainability Board to ensure a systematic follow-up of Gränges' sustainability strategy execution at all regions and sites.

We were also very pleased when Gränges was awarded a Platinum rating from EcoVadis. Platinum is the highest rating awarded by EcoVadis and it places Gränges among the leading 1 per cent of companies assessed globally in our industry.

### New CEO and a simplified organization

Our previous CEO, Johan Menckel, announced that he would leave his position during 2021. After a professional recruiting process, we were very pleased to welcome Jörgen Rosengren as the new President and CEO of Gränges. The Board invested in a thorough, fast and efficient introduction programme, and in October, Jörgen assumed his position. Already during the fourth quarter, the Board approved the new CEO's recommendation for a new, simplified and more focused organization. It was a pleasure to see the new management take a firm grip on operations and start to make plans for the future.

### Strong position for sustainable and profitable growth

From the Board of Directors' perspective, Gränges stands out in our industry as one of the more sustainable, innovative and growth-oriented companies. But this is also a time of exciting change for the industry, which creates both opportunities and challenges. A priority for the Board of Directors in 2022 is to put in place a good plan for sustainable growth and value creation for the next several years.



In view of the improved financial results, and taking the market outlook and our investment opportunities into account, the Board proposes a dividend of SEK 2.25 (1.10) per share for the 2021 fiscal year. This increased dividend means that 40 per cent of the net profit will be distributed to our shareholders.

I would like to take this opportunity to welcome Martina Buchhauser, who joined our Board in 2021 and has already made a very valuable contribution, and thank all my fellow Board members for good cooperation, constructive contributions and engaged work. Special thanks go to Carina Andersson, who has declined re-election. She was elected to the Board in 2014 and has taken a very active role in its work. She has also served on the Remuneration Committee. Her valuable industrial experience and competence have contributed greatly to our good development, for instance during the large acquisitions we made in 2016 and 2020.

Finally, I would like to thank Gränges' management and dedicated employees for their great efforts during yet another exceptionally challenging year. I am convinced that Gränges is very well positioned for continued sustainable and profitable growth.

Stockholm, March 2022

Fredrik Arp  
Chairman of the Board of Directors

## Corporate governance in Gränges

Good and sound corporate governance ensures that the company is run as responsibly, efficiently and sustainably as possible in the interests of the shareholders. Good corporate governance creates order and system for the Board of Directors and management, and contributes to increased trust and confidence among existing and potential owners, customers, legislators, the public and other stakeholders. In this way, the business sector's freedom to develop is ensured, as is the supply of capital and competence.

Gränges' corporate governance is based on Swedish regulations and Swedish legislation, primarily the Swedish Companies Act and the Swedish Annual Accounts Act, Nasdaq Stockholm's regulatory structure for issuers, the Swedish Corporate Governance Code ("the Code"), the Articles of Association as well as other relevant internal and external regulations and policies.

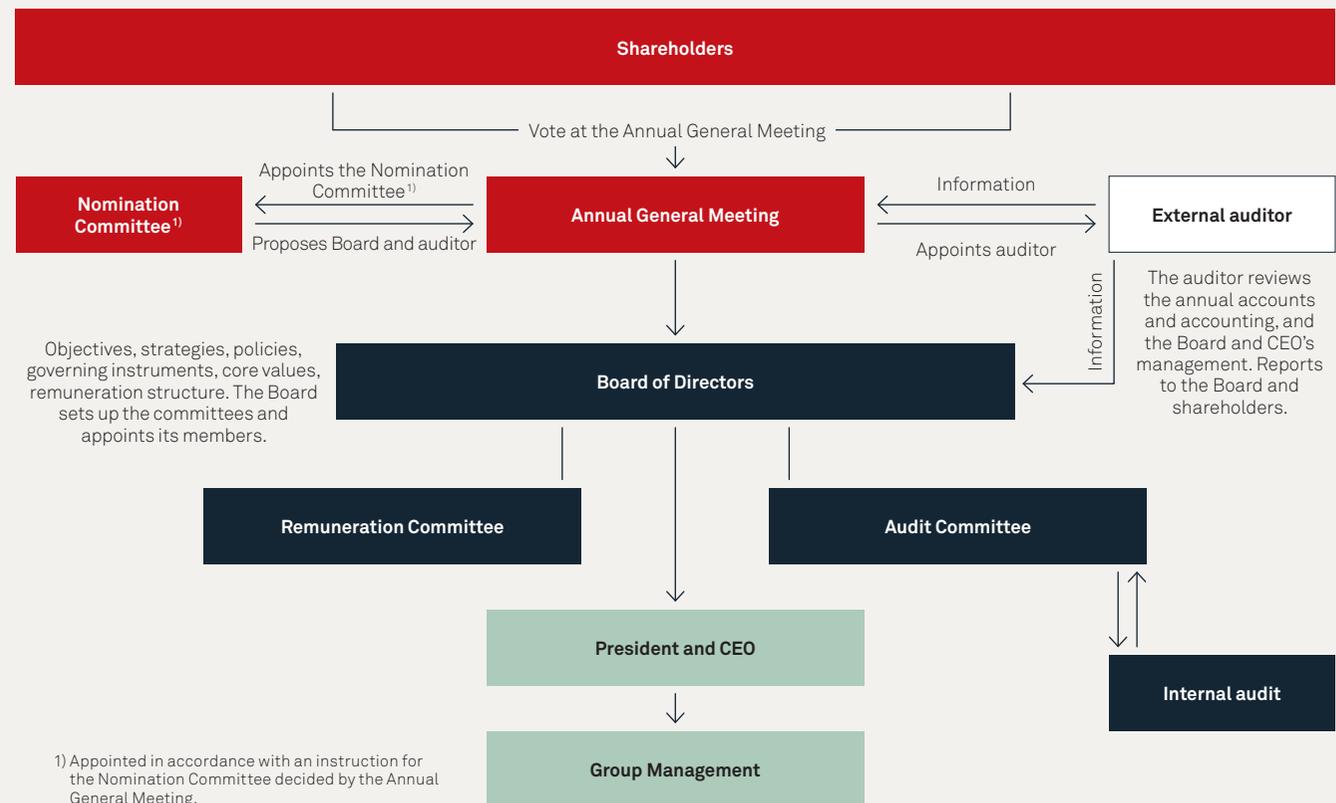
Gränges complies with the Swedish Corporate Governance Code and this Corporate Governance Report has been prepared as part of Gränges' application of the Code. Gränges does not report any deviations from the Code regarding the financial year 2021. The company's auditors have made a statutory examination of this corporate governance report. The Code is available on [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

Gränges has during 2021 followed Nasdaq Stockholm's regulatory framework for issuers and good practice in the stock market. No violations of applicable stock exchange rules or good practices in the stock market have been reported regarding Gränges by the Nasdaq Stockholm Disciplinary Board or the Stock Market Board in 2021. The CEO has no external commitments that can be considered as contrary to the company's interests. All relevant corporate governance-related information is available on Gränges' website.

### Organization

Gränges is an aluminium technology company that drives the development of lighter, smarter, and more sustainable aluminium products and solutions. The Group has 2,600 employees and net sales of about SEK 18 billion. Gränges has production facilities and conducts sales in Asia Pacific, Europe, as well as North and South America. The total annual production capacity amounts to 570 ktonnes. The production facilities are located in Finspång (Sweden), Konin (Poland), Saint-Avold (France), Shanghai (China), as well as in Huntingdon (Tennessee), Salisbury (North Carolina), and Newport (Arkansas) in the US. Gränges also owns 50 per cent of a company located in Shanghai engaged in metal stamping.

The governance, management, and control of Gränges are distributed among the shareholders at the Annual General Meeting, the Board of Directors and the CEO under Swedish Company Law, the Swedish Code of Corporate Governance, and the Articles of Association.



1) Appointed in accordance with an instruction for the Nomination Committee decided by the Annual General Meeting.

#### Examples of external steering instruments

- Swedish Companies Act
- Swedish Annual Accounts Act and IFRS
- Nasdaq Stockholm's regulatory structures for issuers
- EU Market Abuse Regulation, no 596/2014 (MAR)
- Swedish Corporate Governance Code ("The Code")

#### Examples of internal steering instruments

- Articles of Association
- Rules of Procedure for the Board of Directors and committees, instructions for CEO
- Code of Conduct (including regulations and guidance regarding whistleblowing)
- Insider Policy
- Financial Management Policy
- Accounting Manual
- Communication Policy
- Anti-Corruption Policy

Gränges has during 2021 established two business areas: Gränges Eurasia and Gränges Americas. Gränges Eurasia includes three production facilities with direct chill casting and hot rolling technology in Finspång (Sweden), Konin (Poland), and Shanghai (China), as well as Gränges Powder Metallurgy in Saint-Avold (France). Gränges Americas uses continuous casting technology and includes three production facilities in Huntingdon, Salisbury, and Newport in the US. Gränges Eurasia is headed by the CEO and Gränges Americas is headed by the regional President for the Americas region.

The Group's parent company, Gränges AB, is a Swedish publicly listed company with reg.no. 556001-6122. Its registered office is in Stockholm with its head office on Linnégatan 18. Gränges' shares are listed on Nasdaq Stockholm's Mid Cap list.

### The share and shareholders

Gränges' shares have been traded on Nasdaq Stockholm in the Mid Cap segment since 10 October, 2014. The share capital in Gränges amounts to SEK 142 million, distributed among 106,308,618 shares that give the right to an equal number of votes and an equal share in the company's assets and profits. On 31 December, 2021, the number of known shareholders totalled 10,970. The Fourth Swedish National Pension Fund (AP4) was the largest shareholder, followed by AFA Insurance and Swedbank Robur Funds. 71.4 per cent of the shareholders held 500 shares or fewer and the ten largest shareholders held 42.7 per cent of the total number of shares. Foreign-based share ownership amounted to 50.6 per cent. No shareholder had a shareholding of more than 10 per cent of the total number of shares. There are no restrictions on how many votes each shareholder may represent and cast at a general meeting of shareholders.

The Annual General Meeting (AGM) held on 6 May 2021 resolved to authorize the Board of Directors to, on one or more occasions until the AGM 2022, issue new shares.

Information about shareholdings of Board members and Group Management can be found on pages 67–69. More information about the Gränges share and shareholders, including a table of shareholdings as of 31 December 2021, can be found on pages 45–46.

### Annual General Meeting

The Annual General Meeting (AGM), which is the company's highest decision-making body, allows all shareholders to exercise the influence that their respective shareholdings represent.

#### Annual General Meeting 2021

The AGM 2021 was held on 6 May 2021. Due to the extraordinary situation during the COVID-19 pandemic the AGM was conducted by advance postal vote, without physical attendance.

At the meeting, 45.51 per cent of the shares in the company were represented.

The AGM elected Martina Buchhauser as new Board member, and re-elected Fredrik Arp, Carina Andersson, Mats Backman, Peter Carlsson, Katarina Lindström and Hans Porat as Board members. Ragnhild Wiborg had declined re-election. The AGM re-elected Fredrik Arp as the Chairman of the Board of Directors.

The AGM discharged the members of the Board of Directors and the Chief Executive Officer from liability towards the company for management of the company in 2020.

The AGM re-elected the registered accounting firm Ernst & Young AB as the company's auditor, and authorized public accountant Andreas Troberg was appointed by Ernst & Young AB as auditor in charge.

Other resolutions taken during the AGM included:

- To adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet for the 2020 financial year,
- To resolve on a dividend of SEK 1.10 per share, in total 116,939,480 SEK,
- To resolve, in accordance with the Nomination Committee's proposal, that the Board of Directors is to consist of seven members elected by the AGM, with no alternates, for the period up to the close of the next AGM,
- To resolve, in accordance with the Nomination Committee's proposal, that fees payable for the period until the conclusion of the AGM 2022 will be in accordance with the following. The Chair of the Board of Directors will receive SEK 775,000 and each of the other Board members elected by the AGM will receive SEK 325,000. Furthermore, a fee of SEK 125,000 will be paid to the Chair of the Audit Committee and SEK 55,000 to the other members. A fee of SEK 60,000 will be paid to the Chair of the Remuneration Committee and SEK 30,000 to the other members. All employee representatives of the Board shall receive unchanged SEK 40,000 each for the corresponding period of time.
- To resolve that fees will be paid to the auditor in accordance with approved invoices,
- To resolve, in accordance with the Board of Directors' proposal, on approval of the Board's remuneration report on remuneration to CEO and Deputy CEO in accordance with Chapter 8, Section 53 a of the Swedish Companies Act.
- To resolve, in accordance with the Board of Directors' proposal, on a long-term incentive programme, LTI 2021. The programme will run for three years and will be offered to senior managers to supplement the annual incentive programme ("STI 2021"). STI 2021 measures adjusted operating profit (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 President Americas, the

maximum payout is 100 per cent of annual basic pay. LTI 2021 implies that a pay-out equivalent to the amount of STI 2021 is allocated and indexed to the total return of the Gränges share. The vesting periods for LTI 2021 will run over the years 2022, 2023, and 2024 and payment will be made proportionately on an annual basis over a period of three years, 2023, 2024 and 2025, provided that the individual remains in the Gränges Group's employ. The total payout from STI and LTI programmes may not exceed 150 per cent of the annual basic pay as of the date of the payout. This shall not apply to the person holding the position as President Americas, whose total payout from STI and LTI programmes is limited to 200 per cent of the annual basic pay,

- To resolve, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to, on one or more occasions until the next AGM, issue new shares and/or convertible bonds. An issue can be decided with or without regard to shareholders' pre-emption rights. Following this authorisation, a total maximum number of shares equivalent to 10 per cent of the total number of outstanding shares in the company on the date of the General Meeting's authorisation resolution, may be issued in new share issues and/or through the conversions of convertible bonds.

The complete minutes of the AGM are available at [www.granges.com](http://www.granges.com).

### Nomination Committee

The Nomination committee represents Gränges' shareholders. It proposes to the AGM nominations for Chairman of the Board, Board members, auditor and auditor's fee, chairman of the AGM, as well as fees for Board and committee work. In addition, the Nomination Committee shall submit proposals for Nomination Committee instructions if required.

Gränges' Nomination committee for the AGM 2022 consists of representatives of the company's three largest shareholders as of 31 August 2021 and the Chairman of the Board. The member representing the largest shareholder shall be Chairman of the Nomination committee, unless the Nomination Committee agrees otherwise.

As of 31 August 2021, Gränges' three largest shareholders were The Fourth Swedish National Pension Fund (AP4), AFA Insurance and Handelsbanken Funds, which were invited to nominate candidates for the Nomination Committee. On 17 September 2021, it was announced in a press release and on the company's website that the Nomination Committee ahead of the AGM 2022 had the following composition: Jannis Kitsakis (AP4), Anders Algotsson (AFA Insurance), Niklas Johansson (Handelsbanken Funds) and Fredrik Arp (Chairman of the Board of Gränges). The Chairman of the Nomination Committee is Jannis Kitsakis.

### Nomination Committee for the 2022 AGM

Appointed by/Name	Percentage of votes on 31 December 2021 <sup>2)</sup>
AP4/Jannis Kitsakis <sup>1)</sup>	9.3
AFA Insurance/Anders Algotsson <sup>1)</sup>	6.2
Handelsbanken Funds/Niklas Johansson <sup>1)</sup>	4.5
Chairman of the Board of Gränges AB/Fredrik Arp	0.0

1) Independent in relation to the company and company management.

2) For exact number of shares, see page 46.

Shareholders have been able to submit proposals and comments to the Nomination Committee until 31 January 2022. The Nomination Committee's proposals are published through the notice convening the AGM. In connection with the notice, the Nomination Committee publishes a motivated statement on the company's website that supports its proposals to the Board and a report on how the Nomination Committee's work has been conducted.

### Work of the Nomination Committee before the 2022 AGM

Since the Nomination Committee was formed in autumn 2021, it has had five meetings. No fee has been paid for the work in the committee.

At the Nomination Committee's second meeting on 20 October 2021, the Chairman of the Board presented the Board evaluation that he had carried out with all Board members during October. The Chairman and the General Counsel carried out a comprehensive evaluation in terms of the number of questions. The result was consistently very positive.

Gränges, through the Nomination Committee, applies Rule 4.1 of the Code as Diversity Policy in the preparation of proposals for election of Board members. The rule implies that the Board of Directors should have a, with regards to the company's operations, development phase and general circumstances, appropriate composition, characterized by versatility and breadth regarding the competence, experience and background of the AGM-elected Board members. A balanced gender distribution should be pursued.

In the work before the 2021 AGM, the Nomination Committee has assessed whether the composition of the current Board of Directors meets the requirements according to the Diversity Policy of the Code and has found that to be the case. The Nomination Committee has also, as in previous years, evaluated each individual board member's ability to devote sufficient time and commitment to the board work. Both evaluations have been positive. The annual evaluation of the Board of Directors has been part of the basis for these assessments. The Nomination Committee is continuously working to identify and evaluate potential new Board members.

Prior to the 2022 Annual General Meeting, the Nomination Committee has proposed Steven Armstrong as a new member of the Board of Directors and re-election of Fredrik Arp, Mats Backman, Martina Buchhauser, Peter Carlsson, Katarina Lindström and Hans Porat. Fredrik Arp is proposed for re-election as Chairman of the Board. Carina Andersson has declined re-election and will leave the Board in connection with the Annual General Meeting.

### The Board of Directors

The main responsibility of the Board of Directors is to manage Gränges' business in the best interests of the company and shareholders, as well as to safeguard and promote a good corporate culture. The Board is also responsible for the organization and management of the Group.

The Board of Directors continuously assesses Gränges' financial position and ensures that the company's financial position can be satisfactorily verified. The Board of Directors decides on issues related to the Group's strategic direction and organization, and decides on key acquisitions, investments and disposals. The Board of Directors continuously evaluates the work of the CEO and Group Management. Before every AGM, and based on proposals from the Remuneration Committee, the Board of Directors prepares proposals for guidelines for remuneration to the CEO and other senior managers.

The basis is the rules of procedure for the Board of Directors, the CEO instructions and the principles for division of work between the CEO, Chairman of the Board, the Board of Directors and various committees established by the Board of Directors. The rules of procedure for the Board of Directors and the CEO instructions are revised and updated annually.

The Board of Directors annually evaluates its work to develop its procedures and efficiency through a systematic and structured process. In 2021, the evaluation was carried out under the leadership of the Chairman of the Board and the General Counsel. The result of the evaluation, which is also reported in the section about the Nomination Committee, was consistently very positive.

The constituent Board meeting following the 2021 AGM established the Rules of procedure for Board of Directors including Rules of procedure for the Remuneration and Audit Committees, as well as instructions for the CEO and the Insider Policy. The Rules of procedure governs the work and responsibilities of the Board of Directors, the frequency of Board meetings, as well as the division of duties between the Board members, between the Board committees, and between the Board of Directors and the CEO.

Before each Board meeting, the members receive an agenda and basis for decisions. Each Board meeting includes a review of current

business conditions, as well as the Group's earnings, financial position and outlook. Other issues that are addressed include competitive and general market conditions. The Board of Directors regularly reviews the overall risk situation from a variety of aspects, and the Group's work on health and safety, including accident statistics. The Board also has a system for continuous follow-up of decisions and open questions.

### Composition of the Board of Directors

According to the Articles of Association, Gränges' Board of Directors shall consist of at least four and at most eight AGM-elected members with a maximum of four deputies. The Board of Directors constitutes a quorum when more than half of all Board members, including members appointed by employees, are present. The Board of Directors should consist of a well-balanced mix of the competencies required to manage Gränges' work responsibly and successfully. The assessment is that Gränges' Board of Directors has a suitable composition, regarding the company's operations, development phase and general circumstances, characterized by versatility and breadth regarding the competence, experience and background of the AGM-elected Board members. Gränges' Board of Directors has a good gender distribution, since three of its seven members are women.

In accordance with the law on Board representation of private-sector employees, staff is entitled to appoint two Board members and two deputy Board members. The employee organizations have exercised this right in 2021. Information about Board members can be found on pages 67–68 and at [www.granges.com](http://www.granges.com).

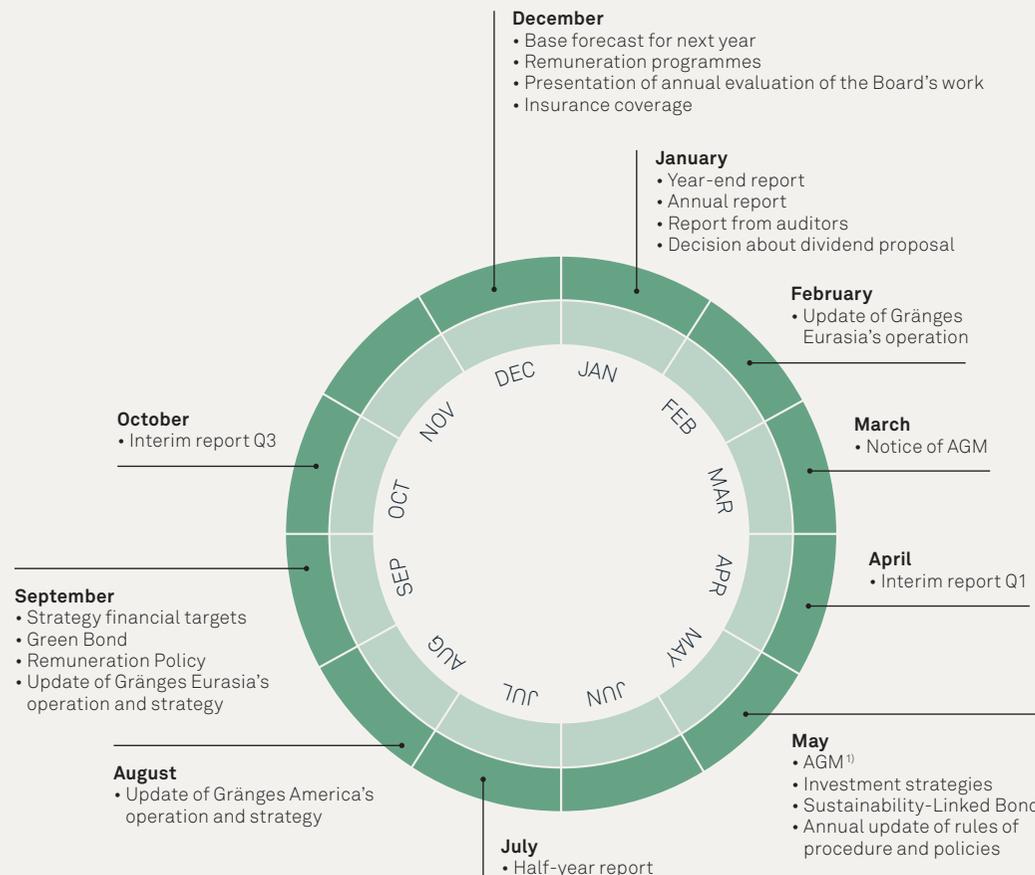
### Chairman of the Board

The Chairman of the Board of Directors has a special responsibility to ensure that the work of the Board of Directors is well organized and conducted efficiently, and that the Board of Directors fulfils its duties and obligations. The Chairman of the Board of Directors organizes and leads the work of the Board of Directors, is responsible for contacts with the owners in ownership matters and ensures that the work of the Board of Directors is evaluated annually. The Chairman of the Board of Directors is responsible for the day-to-day contact with CEO. To enable the work, the Chairman ensures that there are appropriate instructions on the division of work between the Board of Directors on one hand and the CEO and the bodies set up by the Board of Directors on the other.

### The work of the Board of Directors in 2021

In 2021, 13 minuted Board meetings were held. Of these, four were held at the head office, one in Warsaw and the others via video link.

>> THE BOARD'S WORK IN 2021



The Board of Directors formed a quorum at all meetings. Gränges' CEO and Deputy CEO, also CFO, have with some exceptions participated in all meetings. The Board of Directors has held sessions in the absence of Group Management at nine occasions. The secretary of the Board of Directors is Gränges' General Counsel.

Matters discussed and decided upon by the Board of Directors in 2021 include the appointment of a new CEO for Gränges, a thorough review of the operations in Asia and the long-term strategy in Asia.

Furthermore, the Board of Directors has closely followed up Gränges' investment in Poland, which was made in 2020, and decided on an additional investment regarding a casting machine at the facility in Huntingdon, Tennessee.

**Remuneration Committee**

According to the Rules of procedure for the Board of Directors, the Remuneration Committee shall comprise the Chairman of the Board and one or more Board members, who should be independent in relation to the company and Group Management. During the year, the committee consisted of four members and held five meetings.

The Remuneration Committee submits proposals to the Board of Directors on CEO's salary and other terms of employment, and sets out limits for other Group Management's salaries and terms of employment by adopting guidelines for remuneration principles. The committee evaluates the application of these guidelines. The committee also has the task of monitoring and evaluating ongoing and during the year completed programs for variable remuneration to Group Management.

During the latter part of 2021, the Remuneration Committee has worked on a thorough review of the company's STI and LTI programmes. The work has consisted of finding ways to partially replace the current LTI programmes and, as far as the STI programmes are concerned, adjusting the parameters that apply with regard to the outcome of the programme. This has resulted in, among other things, that sustainability criteria have been clearly set as a parameter.

Information about members of the Remuneration Committee can be found in the table on page 63. A statement of remuneration to senior executives can be found in Note 10.

**Audit Committee**

According to the Rules of procedure for Board of Directors, the Audit Committee should comprise at least three AGM-elected Board members, and the majority of them should be independent of the company and Group Management. The committee members should have specialist competence, experience of and interest in finance and accounting. The Board of Directors elects the Chairman of the Audit Committee who may not be Chairman of the Board. The Audit Committee meets before each quarterly report, and in addition if necessary. The Audit Committee supports the Board of Directors in fulfilling its responsi-

1) Due to the extraordinary situation due to the COVID-19 pandemic, the AGM was conducted by advance postal vote, without physical attendance.

bilities in internal control and accounting, and to ensure the quality of Gränges' financial reporting.

The Audit Committee analyses and highlights key accounting issues affecting the Group and monitors the financial reporting process to ensure quality. The Audit Committee also takes note of the company's impairment test and its assumptions, assists the Nomination Committee to prepare proposals for auditors and their fees, and assesses the independence of the external auditor.

The company's risk management process is based on production processes and flows. The Audit Committee considers the identified risk areas. Based on the outcome of that, the committee determines the focus and scope of the internal auditing and establishes an internal audit plan. Gränges' internal audit function reports to the Board of Directors and must ensure that the company has sufficient internal control systems for financial reporting. It is performed on a rolling schedule and is conducted by the company's Group accounting function with support from the subsidiaries' accounting functions, except for the business that is the subject of the audit. The purpose of applying so called cross-functional audits between the units is to exchange experiences and achieve best practice within the Group. In 2021, internal audit of Gränges' operation in Konin, Poland, was conducted. Due

to continued travel restrictions related to COVID-19 pandemic, the subsidiaries' participation was unfortunately limited and most of the audit was conducted by the Group's accounting function.

In conjunction with the quarterly reviews of the company's financial performance and position, the Audit Committee takes part of management's assessment of the areas where estimates are important to the Group. One area that has been reviewed in connection with each quarterly report during the year is whether the Chinese business is expected to finally achieve qualification as a high-tech company and thus enjoy a tax rate of 15 per cent instead of the ordinary tax rate of 25 per cent. For further information, see Note 17 Taxes.

The Audit Committee annually sets a number of focus areas and during the year continued strong focus has been on IT and cyber security. Additional focus area for 2021 has been the integration of the acquired business in Poland.

The Audit Committee has had five meetings in 2021. The auditor attended all meetings during the year and reported on controls and audit planning throughout the year. More information about members of the Audit Committee can be found in the table on page 63.

### Auditor

The auditor, elected at the AGM, is responsible for reviewing the annual accounts and accounting, and examining the Board's and CEO's management of the company.

According to the Articles of Association, Gränges should have at least one and at most two auditors. Registered auditing firms may be appointed as auditors. At the 2021 AGM, Ernst & Young AB was appointed auditor and announced that the authorized public accountant Andreas Troberg is auditor in charge until the 2022 AGM.

The external audit of the parent company and Group accounts, and of the administration of the Board of Directors and CEO, is conducted according to International Standards on Auditing (ISA), and with generally accepted auditing standards in Sweden. The auditor conducts a general review of the quarterly report for the third quarter and audits the Annual Report and the consolidated accounts. The auditor reports the results of his audit of the Annual Report and consolidated accounts as well as his review of the Corporate Governance Report through the auditor's report and a special report on the Corporate Governance Report, which is presented to the AGM. In addition, the auditor submits reports on audits performed to the Audit Committee three times a year and to the Board of Directors as a whole once a year.

Information about auditor fees can be found in Note 12.

### Board composition, attendance and remuneration 2021

Name	Elected year	Independent in relation to the company/ owners	Attendance Board meetings	Attendance Audit Committee meetings	Attendance Remuneration Committee meetings	Board of Directors' fees, SEK	Audit Committee fees, SEK	Remuneration Committee fees, SEK	Total fees, SEK
Fredrik Arp	2020	X	13/13	n/a	5/5	725,000	–	56,667	781,667
Carina Andersson	2014	X	12/13	n/a	5/5	320,000	–	28,333	348,333
Mats Backman	2018	X	12/13	5/5	n/a	320,000	116,667	–	436,667
Martina Buchhauser <sup>1)</sup>	2021	X	6/6	3/5	n/a	216,667	36,667	–	253,333
Peter Carlsson	2016	X	11/13	n/a	4/5	320,000	–	28,333	348,333
Katarina Lindström	2016	X	12/13	5/5	n/a	320,000	53,333	–	373,333
Hans Porat	2016	X	12/13	n/a	5/5	320,000	–	28,333	348,333
Ragnhild Wiborg <sup>2)</sup>	2014	X	7/7	2/5	n/a	103,333	16,667	–	120,000
Öystein Larsen	2010		13/13	n/a	5/5	40,000	–	–	40,000
Konny Svensson	2013		11/13	5/5	n/a	40,000	–	–	40,000
Elin Lindfors	2016		13/13	n/a	n/a	40,000	–	–	40,000
Fredrika Pettersson	2020		13/13	n/a	n/a	40,000	–	–	40,000
<b>Total fees</b>						<b>2,805,000</b>	<b>223,333</b>	<b>141,667</b>	<b>3,170,000</b>

1) Elected as new Board member at the AGM on 6 May 2021.

2) Resigned as Board member at the AGM on 6 May 2021.

### CEO and Group Management

The CEO is appointed by the Board of Directors and is responsible for the day-to-day management of the company in accordance with the Board's instructions and guidelines. Group Management is responsible for developing and implementing the Group's overall strategies regarding for example product and customer strategies, and acquisitions and disposals. The matters are prepared by Group Management to be decided upon by the Board.

Gränges' Group Management comprises six members: President and CEO, CFO and Deputy CEO, President Asia, President Europe, President Americas and SVP Sustainability. SVP Corporate Responsibility & Communication was part of the Group Management until 31 March 2021, and Gränges' General Counsel was part of the Group Management until 17 December 2021.

In March it was announced that Jörgen Rosengren had been appointed as new CEO and President in Gränges. He succeeded Johan Menckel, who in January 2021 had informed the Board that he had decided to leave his position after eight years as CEO and 18 years within Gränges. Oskar Hellström, the Deputy CEO, was Acting CEO in August and September, 2021. Jörgen Rosengren assumed his position as CEO and President on 1 October 2021.

Group Management holds monthly meetings to review the results and financial position of the Group. Other questions dealt with at these meetings include strategy matters and follow-up of budgets and

forecasts. Subsidiaries are also monitored more directly by someone from Group Management being chairman of the subsidiaries. These boards also include other members of Group Management and, where applicable, employee representatives. The subsidiaries' boards monitor day-to-day operations and approve each subsidiary's strategy and budget.

More information about Group Management can be found on page 69. Information about remuneration to senior executives can be found on page 62 and in Note 10.

**Sustainability governance**

Gränges' sustainability efforts are led by Group Management, which includes the SVP Sustainability as of 1 April 2021. Group Management ensures that Gränges' global sustainability strategy, long-term targets and policies are aligned with the company's vision and strategy. Group Management also reviews and monitors regional sustainability performance against sustainability targets, as well as makes decisions related to global sustainability priorities.

The Group Sustainability department, headed by the SVP Sustainability, is responsible for coordinating, facilitating, and driving the global sustainability strategy and long-term targets as well as issuing sustainability-related policies. Other responsibilities include regular communication and reporting on Gränges' sustainability performance and progress to internal and external stakeholders as well as coordinating a continuous stakeholder dialogue. The regional Presidents are

responsible for executing and implementing local sustainability strategies and targets, aligned with the global strategy and the local needs.

At the end of 2021, Gränges established an internal Sustainability Board to ensure a systematic follow-up of Gränges' sustainability strategy execution at all regions and sites. This internal board is chaired by the SVP Sustainability and is also represented by the CEO.

Gränges' CEO regularly presents global sustainability performance to the Board of Directors, who reviews and monitors performance against the company's targets. The Board of Directors is the body which approves the company's global sustainability strategy, long-term targets, and policies, and adopts the annual sustainability report.

To ensure integration of sustainability aspects into key functions such as Purchasing, Sales, Production and Human Resources, as well as to coordinate group-wide priorities and ensure best practice sharing across the organization, Gränges has established cross-regional and functional teams which meet regularly and where all regions are represented.

Gränges has published a sustainability report each year since 2015, and intends to continue to publish a report annually. The sustainability information in this report has been prepared in accordance with GRI Standards: Core option and constitutes Gränges' Communication on Progress in line with UN Global Compact guidelines. The report and its contents have partially been externally assured by the company's auditors EY. GRI's guidance on the reporting principles of materiality,

stakeholder inclusiveness, sustainability context, and completeness, has been used to define the content of the report. The statutory sustainability report in accordance with the Swedish Annual Accounts Act has been issued by Gränges' Board of Directors. See details on page 55. The report relates to the financial year 2021 and covers all fully owned operations of the Group at the start of 2021. For more information, refer to page 110. Gränges' last sustainability report was published on 18 March 2021.

**Internal control and risk management regarding financial reporting**

Under the Swedish Companies Act and the Code, the Board of Directors is responsible for ensuring that the company has good internal control and routines that ensure compliance with established principles for financial reporting and internal control. The Board of Directors must also ensure that financial reporting complies with the Companies Act, applicable accounting standards, and other requirements for listed companies.

**Framework**

Gränges' internal control complies with the established international framework Internal Control Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to the COSO model, review and assessment are carried out in the areas of Control environment, Risk assessment and management, Control activities, Information and communication, and Monitoring and follow-up.

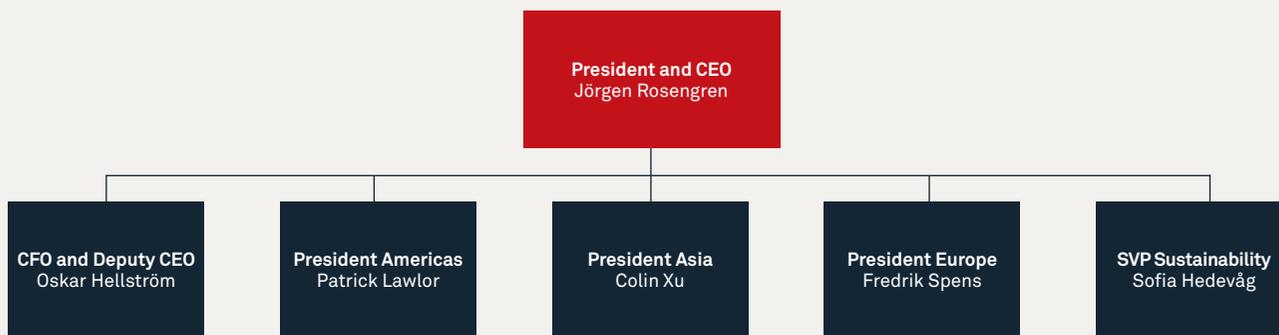
Gränges' internal control process is designed to ensure with reasonable certainty the quality and accuracy of financial reporting and ensure that reporting is prepared in accordance with applicable laws and regulations, accounting standards, and other requirements for listed companies in Sweden. This requires a healthy control environment, reliable risk assessment, established control activities, and that information, communication, and monitoring works satisfactorily.

**1 Control environment**

The control environment is defined by the Group's organizational structure, Group Management's working methods and values, and other roles and responsibilities within the organization. The Audit Committee assists the Board of Directors with essential accounting issues, and monitors the internal control of the financial reporting. To maintain an effective control environment and robust internal controls, the Board of Directors has delegated the day-to-day responsibility to the CEO, who in turn has allocated responsibilities to other Group Management members.

Quality in the financial reporting is ensured through different measures and routines. The company has policies and manuals for financial reporting, including the Financial Management Policy, the Metal Management Policy, the Investment Policy and the Group Accounting

>> GROUP MANAGEMENT



Manual, which were all updated in 2020. In addition to the above, there are important group-wide steering documents such as the Code of Conduct, the Insider Policy and the Communication Policy. There is ongoing work to further develop policies and manuals.

Gränges has an externally managed Whistleblower function which can be accessed via the company's intranet, the external website or by telephone. The function aims to detect irregularities that may seriously harm Gränges' business or employees, and it enables employees and external business partners to provide information anonymously and without fear of retaliation. By quickly uncovering and remediating irregularities, Gränges is in a better position to deal with the underlying causes before they become unmanageable. Gränges takes great consideration of the protection of personal privacy and handles submitted information in line with applicable legislation and regulation.

In 2021, there were two cases (eight) reported through the Whistleblower function whereof one related to internal working conditions and the other one is under investigation. No case qualified as a whistleblower case in line with the GDPR regulation on storing and processing of personal data. No confirmed corruption incidents were detected and no business contracts were breached or not renewed due to corruption.

## 2 Risk assessment and management

To handle the internal and external risks that Gränges' organization is exposed to, regular risk assessments are carried out. Risks that may affect financial reporting are identified, measured, and managed. This is an integral part of the daily reporting to Group Management and the Board of Directors, and forms the basis for assessing risks of errors in financial reporting.

Gränges' operations are characterized by processes with established routines and systems. Risk assessment therefore largely occurs within the framework of these processes. At Group level, only general risk assessments are conducted. Managers identify, monitor, and evaluate these risks, which creates the basis for making well-rounded and correct business decisions at all levels. Financial risks such as currency, commodity, refinancing, and counterparty risk, as well as interest rate and credit risk, are mainly handled by the parent company's accounting and finance functions according to the Financial Management Policy, the Metal Management Policy and Group Accounting Manual.

A description of the Group's risks and risk management can be found on pages 47–52.

## 3 Control activities

The main purpose of control activities is to prevent and discover material errors in financial reporting at an early stage, thereby being able to manage and resolve them. Control activities are conducted at a general level as well as at more detailed levels throughout the Group, and are both manual and automated in nature. Routines and activities have been designed to manage and resolve material risks related to financial reporting, and that are identified in risk assessments. Depending on the character and type of control activity, corrective action, implementation, documentation, and quality assurance, occur at a group or subsidiary level. As is the case for other processes, each manager is responsible for the completeness and accuracy of the control activities.

The Group has a common consolidation system, where the legal entities report, which provides good internal control of financial

## >> INTERNAL STEERING DOCUMENTS

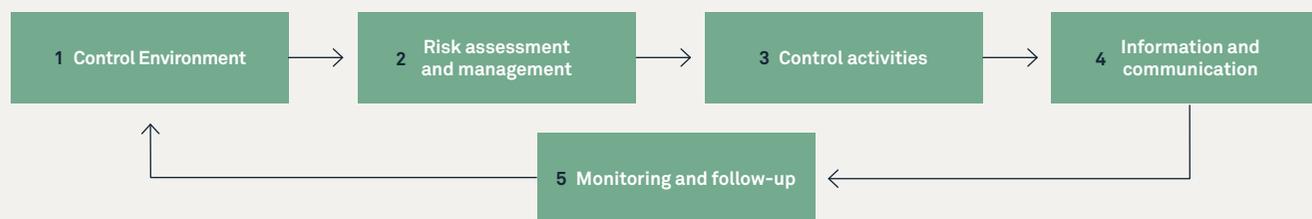
Gränges' Board of Directors has adopted a number of steering documents that apply to all Gränges Group employees globally. These documents provide a framework and guide for how the company conducts business at Gränges and outline how responsibility is divided between the Board of Directors, management and employees. In some cases, local steering documents are connected to the global steering documents.

### Global Directives

The Global Directives set out the mandatory requirements for all Group companies and employees of Gränges. Directives can be in the form of policies, principles, guidelines and instructions. A policy is a guiding principle to set a direction and dictates what employees are supposed to do. The Global Directives are adopted by the Board of Directors.

- Code of Conduct
- Accounting Manual
- Anti-Corruption Policy
- Authorization Policy
- Communication Policy
- Diversity Policy
- Financial Management Policy
- Global Privacy Policy
- Information Security Policy
- Insurance Policy
- Internal Control Policy
- Investment Policy
- Metal Management Policy
- Remuneration Policy

## >> FRAMEWORK



reporting. Most controls and processes are automated and authorization to access IT systems is limited. Control activities are performed at all levels of the Group. One example is the established controller function that analyses and monitors deviations and reports its findings to other parts of the Group.

Group Management has regular meetings with subsidiary managing directors to discuss operations, financial position, and results, as well as key financial and operative key figures. The Board of Directors continually analyses reports on operations in which Group Management describes the previous period, and comments on the Group's financial position and results. Significant fluctuations and deviations are therefore followed up, which limits the risks of errors in the financial reporting.

The closing of the books and work on the annual accounts are processes where there is further risk that errors arise in financial reporting. Naturally, this work is less repetitive and often includes several instances where estimates are made. Important control activities include ensuring that there is a well-functioning reporting structure in which subsidiaries report using standardized models, and that important income and balance sheet items are specified and commented on.

#### **4 Information and communication**

Effective and accurate internal and external information is important to ensure full and accurate financial reporting on time. Gränges' financial reporting follows Group guidelines and policies, and is updated and communicated regularly by Group Management to all relevant staff.

The accounting function has operational responsibility for day-to-day financial reporting, and works to ensure that the Group's guidelines, policies, and instructions are applied uniformly across the Group. The accounting function also identifies and communicates deficiencies in financial reporting.

Policies, guidelines, and manuals are regularly updated and are available on the company's intranet.

All communication from Gränges must be timely, reliable, accurate, and up to date. External communication should be in accordance with the Group's Communication Policy, Nasdaq's regulatory framework for issuers, and other applicable regulations. The financial information should provide the capital and equity markets with a comprehensive and clear picture of the company, its financial position, development, and strategy. All financial reports and press releases are published simultaneously to Nasdaq Stockholm and Finansinspektionen and published on the company's external website.

#### **5 Monitoring and follow-up**

The Board's monitoring of the internal control of financial reporting takes place primarily through the Audit Committee, including the monitoring of the internal audit, and through contact with the external auditors. External auditors annually monitor selected areas of internal control within the framework of the Group audit and report the outcome of their audit to the Audit Committee and Group Management. Material observations are also reported directly to the Board of Directors. Regarding the 2021 audit, the auditors have monitored the internal control in selected key processes and have reported their findings to the Audit Committee.

# Board of Directors



## FREDRIK ARP

Chairman of the Board

**Born:** 1953

**Education:** M.Sc. Economics and Ec. Doctor h.c., Lund University.

**Position:** Chairman of the Board. Elected to the Board in 2020. Chairman of the Remuneration Committee.

**Other assignments:** Chairman of the Board in Bravida Holding AB, Nolato AB and Hövding Sverige AB. Board member in Swedfund International AB.

**Previous positions:** Chairman of the Board in, among others Ahlsell AB, Bröderna Edstrand AB, Munksjö AB, Thule AB, Parques Reunidos SA and Qioptiq SA. Board member in, among others Vattenfall AB, Nuevolution AB, Getinge AB and Technogym S.p.a. CEO for PLM AB, Volvo Personvagnar AB and Trelleborg AB.

**Own and related parties' shareholding:** 13,636 shares.



## CARINA ANDERSSON

**Born:** 1964

**Education:** M.Sc. Engineering, Material Science, Royal Institute of Technology.

**Position:** Board member. Elected to the Board in 2014. Member of the Remuneration Committee.

**Other assignments:** Board member in Beijer Alma AB, Systemair AB, BE Group AB, Detection Technology Oyj and Swedish Stirling AB.

**Previous positions:** General Manager Powder Technology, Sandvik Materials Technology. CEO of Ramnäs Bruk. Board member in Mälardalens Högskola and SinterCast AB.

**Own and related parties' shareholding:** 3,274 shares.



## MATS BACKMAN

**Born:** 1968

**Education:** B.Sc. Business Administration, Stockholm University.

**Position:** Board member. Elected to the Board in 2018. Chairman of the Audit Committee.

**Other assignments:** Group CFO in Trustly.

**Previous positions:** CFO and Executive Vice President of Financial Affairs in Veoneer, Inc. CFO at Autoliv, Inc. Various management positions within Sandvik Group, including as CFO. Various management positions in Outokumpu, Nordea and Boliden.

**Own and related parties' shareholding:** 10,000 shares.



## MARTINA BUCHHAUSER

**Born:** 1966

**Education:** M.Sc. Management, Stanford University.

**Position:** Board member. Elected to the Board in 2021.

**Other assignments:** Senior advisor at H&Z Management Consulting. Member of the supervisory board at Sono Group N.V.

**Previous positions:** Chief Procurement Officer of Volvo Car Corporation and member of the management team. Senior Vice President of Purchasing and Supplier Network for Interior at BMW. Vice President of Procurement at MAN Truck & Bus. Various management positions within the Purchasing and Supplier Quality areas of Opel and General Motors.

**Own and related parties' shareholding:** 0 shares.



## PETER CARLSSON

**Born:** 1970

**Education:** B.Sc. Business Administration, Luleå University of Technology.

**Position:** Board member. Elected to the Board in 2016. Member of the Remuneration Committee.

**Other assignments:** CEO and Board member in Northvolt. Board member in Orbital Systems and Q Group.

**Previous positions:** Vice President Supply Chain and Chief Procurement Officer at Tesla Motors. Senior Vice President and Chief Procurement Officer at NXP Semiconductors. Head of Sourcing at Sony Ericsson. Board member in Metso and Rosti Group.

**Own and related parties' shareholding:** 0 shares.



## KATARINA LINDSTRÖM

**Born:** 1965

**Education:** M.Sc. Engineering, Material Science, Royal Institute of Technology.

**Position:** Board member. Elected to the Board in 2016. Member of the Audit Committee.

**Other assignments:** COO and Executive Vice President Technology and Operations in Hempel A/S. Elected member of the Swedish Royal Engineering Academy.

**Previous positions:** Board member in Skövde Högskola, Gothia Science Park and Volvo Bussar AB. President Global Operations, Munters AB. Senior Vice President International Manufacturing & Senior Vice President, Operations and Supply Chain Management in Volvo Group Trucks Operation. Various management positions in AB Volvo 1988–2018.

**Own and related parties' shareholding:** 8,687 shares.



## HANS PORAT

**Born:** 1955

**Education:** M.Sc. Engineering, Material Science, Royal Institute of Technology.

**Position:** Board member. Elected to the Board in 2016. Member of the Remuneration Committee.

**Other assignments:** Board member in Ecolean AB.

**Previous positions:** President and CEO in Nolato AB, various executive positions in ABB, Deputy CEO in Trelleborg AB, President of Gadelius Japan. Board member in Cloetta AB, Lindab International AB and Nolato AB.

**Own and related parties' shareholding:** 0 shares.

## Employee representatives



### ØYSTEIN LARSEN

Employee representative

**Born:** 1957

**Description:** Senior IT Advisor, employed at Gränges since 1979. Employee representative of the Board since 2010. Representing Unionen.

**Own and related parties' shareholding:** 638 shares.



### KONNY SVENSSON

Employee representative

**Born:** 1954

**Education:** Electrician. Basic Board & Governance Training.

**Description:** Maintenance electrician, employed at Gränges since 1997. Employee representative of the Board since 2013. Representing IF Metall. Employee representative of Gränges Finspång AB.

**Own and related parties' shareholding:** 319 shares.



### ELIN LINDFORS

Deputy employee representative

**Born:** 1988

**Education:** B.Sc. Engineering, Material Science, Royal Institute of Technology.

**Description:** Technical manager re-melting, employed at Gränges since 2013. Deputy employee representative of the Board since 2016. Representing the Swedish Association of Graduate Engineers and the Union for Professionals.

**Own and related parties' shareholding:** 568 shares.



### FREDRIKA PETERSSON

Deputy employee representative

**Born:** 1980

**Description:** Heavy conveyor/machine operator, employed at Gränges since 2017. Deputy employee representative of the Board since 2020. Senior safety representative and vice Chairman in Verkstadsklubben IF Metall in Finspång as well as assignments on department and union level.

**Own and related parties' shareholding:** 0 shares.

## Auditor



### ANDREAS TROBERG

Auditor in charge

Ernst & Young AB

**Born:** 1976

**Description:** Authorized public accountant and member of FAR.

**Other assignments:** Sectra, Moberg Pharma and Bokusgruppen.

# Group Management



## JÖRGEN ROSENGREN

President and CEO

**Born:** 1967

**Education:** M.Sc. Electrical Engineering, Lund Institute of Technology.

**Position:** President and CEO since 2021. Member of Group Management since 2021.

**Other assignments:** Board member of OEM International.

**Previous positions:** President & CEO in Bufab Group, 2012–2021. Vice President, Global Category Manager in Husqvarna Group, 2004–2011, Electrolux 2003, McKinsey & Company, 1997–2002, Philips Electronics 1993–1997.

**Own and related parties' shareholding:** 100,000 shares and 12,444 synthetic shares<sup>1)</sup>.



## OSKAR HELLSTRÖM

CFO and Deputy CEO

**Born:** 1979

**Education:** M.Sc. Engineering, Linköping University and B.Sc. Business Administration & Economics, Stockholm University.

**Position:** CFO since 2013 and Deputy CEO since 2017. Member of Group Management since 2013.

**Other assignments:** Board member in Beijer Alma AB.

**Previous positions:** CFO in Sapa Heat Transfer, 2011–2013. Director Group Development & Control in Sapa Group, 2009–2011. Strategy Manager in Sapa Group, 2008–2009. Consultant at Booz Allen Hamilton, 2005–2008.

**Own and related parties' shareholding:** 21,300 shares, 50,491 synthetic shares<sup>1)</sup> and 150,000 call options.



## SOFIA HEDEVÅG

SVP Sustainability

**Born:** 1980

**Education:** M.Sc. Business Administration, Stockholm School of Economics.

**Position:** SVP Sustainability since 2020. Member of Group Management since 2021.

**Other assignments:** –  
**Previous positions:** Member of extended Group Management 2020–2021. VP Sustainability in Gränges 2017–2020. VP Group Business Control at Swedish Match 2014–2017. Director Corporate Sustainability & Business Analysis at Swedish Match 2012–2014. Various positions at Swedish Match 2008–2012.

**Own and related parties' shareholding:** 4,250 shares, 10,008 synthetic shares<sup>1)</sup> and 33,000 call options.



## PATRICK LAWLOR

President Americas

**Born:** 1964

**Education:** B.Sc. Economics and certified Accountant, College of Commerce, Dublin.

**Position:** President Americas since 2016. Member of Group Management since 2016.

**Other assignments:** Board member in CanArt Extrusions LLP and Aluminium Association in the US.

**Previous positions:** President Americas in Sapa Extrusions, 2010–2015. CFO in Sapa Extrusion North America, 2009–2010. CFO in Indalex, Inc., 2007–2009. Several management positions in Norsk Hydro, 1997–2007.

**Own and related parties' shareholding:** 105,385 synthetic shares<sup>1)</sup> and 225,000 synthetic call options<sup>2)</sup>.



## COLIN XU

President Asia

**Born:** 1976

**Education:** M.Sc. Economics and Business Administration, MBA, China Europe International Business School.

**Position:** President Asia since 2013. Member of Group Management since 2013.

**Other assignments:** Supervisor in Shanghai Realman Energy Technology Co.

**Previous positions:** MD in Sapa Heat Transfer Shanghai, 2011–2013. Sapa Heat Transfer Shanghai, 2001–2010, with several leading management positions since 2003.

**Own and related parties' shareholding:** 42,140 synthetic shares<sup>1)</sup> and 65,000 synthetic call options<sup>2)</sup>.



## FREDRIK SPENS

President Europe

**Born:** 1975

**Education:** M.Sc. Engineering, Royal Institute of Technology.

**Position:** President Europe since 2022. Member of Group Management since 2022.

**Other assignments:** –  
**Previous positions:** MD in Gränges Finspång, 2020–2022. VP Sales and Marketing, Gränges Finspång, 2017–2020. Head of Product Area Primary Products in Sandvik Materials Technology, 2014–2017, different senior positions at Sandvik, 2006–2014. Consultant at BTS, 2000–2006.

**Own and related parties' shareholding:** 4,655 shares, 9,993 synthetic shares<sup>1)</sup> and 43,000 call options.

1) Synthetic shares within investment program for senior management (IP 2020) and synthetic share equivalents within Long Term Incentive Programs (LTI 2019, LTI 2020, LTI 2021).

2) Synthetic call options within investment program for senior management (IP 2020).