

CORPORATE GOVERNANCE REPORT 2017



“Good corporate governance implies creating good conditions for continued sustainable and profitable growth and thus value for our shareholders.”

DEAR SHAREHOLDER,

Gränges is today a significantly larger company than it was at the time for the IPO in October 2014. Sales have increased from SEK 5 billion to over SEK 11 billion in 2017 and the operating profit from SEK 541 million to SEK 933 million. Today, Gränges has production facilities in three continents, a diversified product portfolio and is the leading actor in the markets the company operates.

During the year, the Board of Directors has continued to work on strategic matters for continued growth. One of the items on the agenda has been the decision to expand the Huntingdon facility in the United States, whose capacity will increase by almost 25 per cent when fully expanded in the fall of 2019. A high demand for the product categories that Gränges produces locally in the United States has been a driving factor in this decision. The fact that the US imposed anti-dumping and countervailing duties on imports from China of aluminium foil products in the autumn of 2017, further reinforced the decision. The Board of Directors has also discussed the Group's capacity and production capabilities in other regions.

Gränges has a market leading position in a global market. This position is based on deep technical skills, continuous innovation, long-term customer relations and extensive knowledge of the production of advanced aluminium products. These are key success factors that we intend to continue to build on. In 2017, Gränges' centre for research and innovation in Finspång has been strengthened with further expertise, and in the coming year Gränges plans to establish a Research & Innovation centre in the United States.

Good corporate governance for profitable growth

Good corporate governance implies creating good conditions for continued sustainable and profitable growth and thus value for our shareholders. The efforts related to performance improvement measures is ongoing and is an important topic for the Board of Directors. During the year, further steps have been taken in the Group's sustainability work, both in terms of governance, ethics, environment and social issues. From the Board of Director's perspective, this work entails strengthening the company's position and business opportunities in the longer term while reducing sustainability-related risks. The sustainability report for 2017 includes the US operations that were acquired in 2016.

In 2017, Gränges once again reported a higher growth rate than the market, while improving earnings and reducing debt. In view of the company's strong financial position and taking into account the company's outlook, the Board of Directors proposes to the Annual General Meeting 2018 that the dividend should be increased by 25 per cent to SEK 3.00 per share. This implies that 35 per cent of the profit for the year will be returned to our shareholders.

Finally, I would like to take the opportunity to express the Board of Directors' appreciation to the CEO Johan Menckel and his colleagues for a dedicated and well-executed performance in 2017.

Stockholm, February 2018

Anders G. Carlberg
Chairman of the Board of Directors

Good and sound corporate governance ensures that companies are run as sustainably, responsibly, and efficiently as possible in the interests of the shareholders. It is about complying with external regulations and doing the right things. Good corporate governance also creates order and systems for the Board and Group Management, and contributes to increased confidence among existing and potential owners, customers, legislators, the public, and other stakeholders.

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, and other relevant internal and external regulations and policies.

The Code

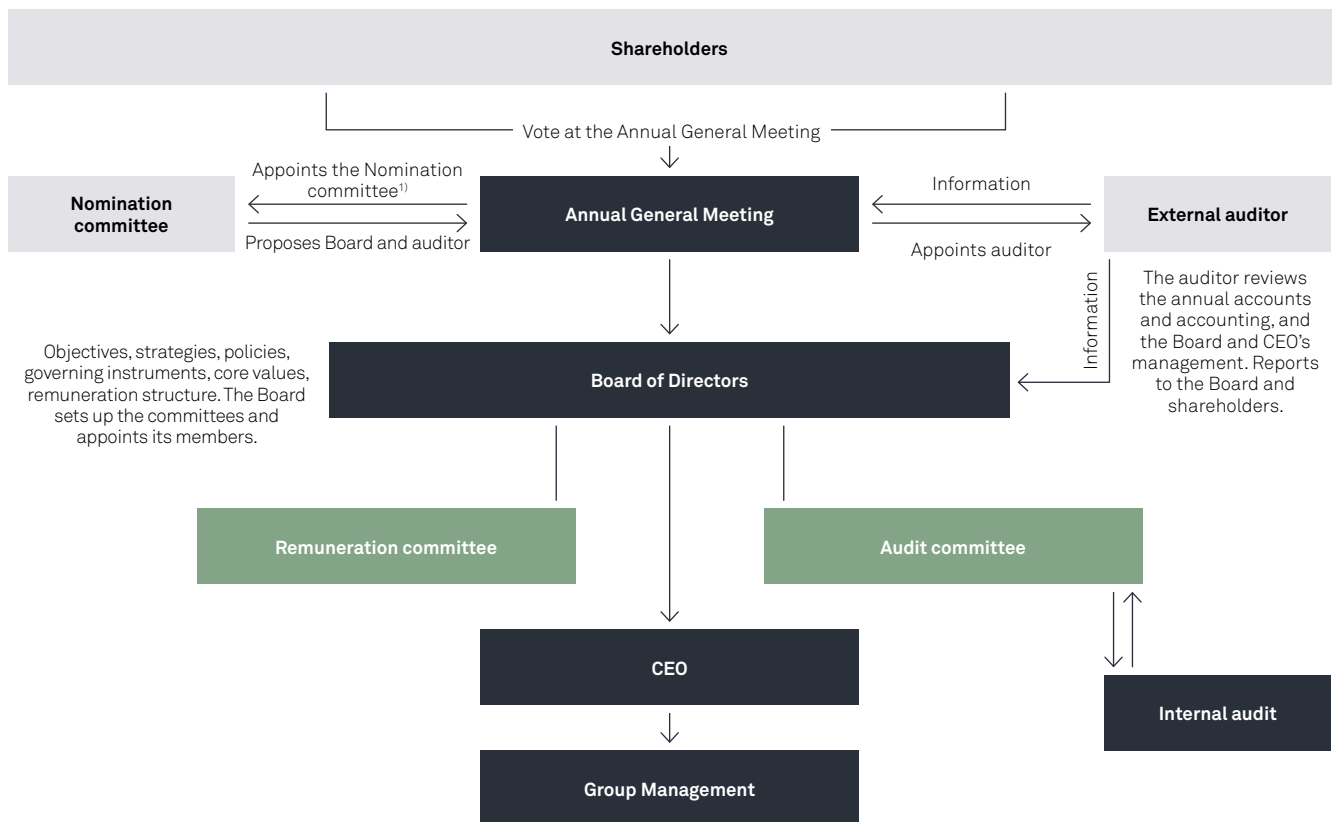
The Code's aim is to strengthen confidence in Swedish listed companies by promoting the positive development of the corporate governance in such enterprises. Gränges complies with the Code and this corporate governance report has been prepared as part of Gränges' application of the Code. Gränges has not reported any infringements of the Code in 2017. The company's auditors have reviewed this report, and have not made any comments on its contents.

Organization

Gränges is a leading global supplier of rolled aluminium products for heat exchanger applications and other niche markets. The Group has around 1,600 employees and net sales of more than SEK 11 billion, and

CORPORATE GOVERNANCE IN GRÄNGES

The governance, management, and control of Gränges are distributed between 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.



External steering documents

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

Internal steering documents

- Articles of Association
- Formal work plan for the Board and committees, instructions for CEO
- Code of Conduct
- Insider Policy
- Financial Management Policy
- Information Policy
- Other policies, guidelines, and manuals

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

the company's geographical regions are Europe, Asia and Americas. Gränges has five production facilities on three continents with a combined annual production capacity of 420,000 tonnes. The facilities are at Finspång in Sweden, Shanghai in China, as well as Huntingdon (Tennessee), Salisbury (North Carolina), and Newport (Arkansas) in the US.

The Chinese subsidiary also owns 50 per cent of a company based in Shanghai, which is engaged in metal stamping. Since 1 October, 2017, Gränges holds 51 per cent of the shares in the production company Getek GmbH, which produces aluminium billets using advanced spray-forming technology.

The Group's parent company, Gränges AB, is a Swedish publicly listed company with organization number 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.

Shareholders

Gränges' shares have been traded on Nasdaq Stockholm's Mid Cap list since 10 October, 2014. The share capital in Gränges amounts to SEK 101 million, distributed among 75,517,386 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, 2017, the number of shareholders totalled 9,279. Fjärde AP-fonden was the largest shareholder, followed by AFA Försäkring and SEB Fonder. 65.8 per cent of the shareholders held 500 shares or fewer and the 15 largest shareholders held 46.1 per cent of the total number of shares. Foreign-based share ownership amounted to 50.3 per cent. No shareholder has a shareholding of more than 10 per cent of the total number of shares. There are no limits on how many votes each shareholder may cast at a general meeting of shareholders.

The Annual General Meeting (AGM) held on 4 May, 2017, authorized the Board, on one or more occasions before the 2018 AGM, to have the option of deciding to issue new shares and/or convertible instruments. These are equivalent to 10 per cent of the total number of shares outstanding in the company at the time of the resolution adopted by the AGM, 7,517,539 shares.

Shareholdings of Board members and Group Management are shown on pages 62–65. More information about the Gränges share and shareholders, including a table showing share ownership on 31 December, 2017, can be found on pages 50–51.

Annual General Meeting

The company's highest decision-making body is the AGM, during which shareholders exercise their influence over the company.

Annual General Meeting 2017

The AGM was held on 4 May, 2017. At the meeting, 34.348 per cent of shares in the company were represented.

At the AGM, Anders G. Carlberg, Carina Andersson, Peter Carlsson, Katarina Lindström, Hans Porat, and Ragnhild Wiborg were re-elected as Board members. Anders G. Carlberg was re-elected as Chairman of the Board. The Board has an even gender balance, three of the six AGM appointed members being women.

Ernst & Young AB was again appointed as the company's auditors and authorized public accountant Erik Sandström was appointed by Ernst & Young AB as chief auditor.

Other resolutions taken during the AGM included:

- To pay a dividend of SEK 2.40 per share; SEK 180,420,926 in total.
- To authorize the Board, on one or more occasions before the 2018 AGM, to have the option of deciding to issue new shares and/or convertible instruments. These are equivalent to 10 per cent of the total number of shares outstanding in the company at the time of the resolution adopted by the AGM, 7,517,539 shares in total.
- To approve the guidelines proposed by the Board of Directors on remuneration to senior executives.

- To resolve, according to the Board's proposition, on a long-term (three years) incentive programme, LTI 2017, offered to the management team and selected key individuals as a supplement to the annual short-term incentive programme ("STI 2017"). STI 2017 measures EBIT (50 per cent), cash conversion (30 per cent) and individual performance (20 per cent). Remuneration under STI 2017 may not exceed 60 per cent of annual basic pay, except for the person holding the position President Americas, who may obtain 100 per cent of annual basic pay. A payout equivalent to the amount for STI 2017 is allocated, indexed to the Gränges Group's total return and paid out proportionately each year over three years if the individual remains a Gränges Group employee. The total payout from STI and paying LTI programmes may not exceed 150 per cent of annual basic pay on the date of the payout, except for the person holding the position President Americas, who instead will have 200 per cent of annual basic pay as a limit.
- To approve board members' and auditors' fees.

Nomination committee

The Nomination committee represents Gränges' shareholders and its duties consist of proposing nominations for the Chairman of the Board, Board members, the auditor, AGM chairman, Board fees, fees for committee work, and fees for the auditor.

Gränges' Nomination committee will, before the 2018 AGM, comprise representatives from the company's three largest shareholders on 31 August, 2017, and the Chairman of the Board. The Chairman of the Nomination committee will be the committee member who represents the largest shareholder, unless otherwise agreed by this committee.

On 31 August, 2017, Gränges' three largest shareholders were Fjärde AP-fonden, AFA Försäkring, and SEB Fonder, which have been invited to nominate candidates for the Nomination committee. On 11 September, 2017, it was announced on the company's website and in a press release that the Nomination committee ahead of the 2018 AGM had the following composition: Jannis Kitsakis (Fjärde AP-fonden), Anders Algotsson (AFA Försäkring), Rikard Andersson (SEB Fonder), and Anders G. Carlberg (Gränges' Chairman). The Chairman of the Nomination committee is Jannis Kitsakis.

Nomination committee for the 2018 AGM

Appointed by/Name	Percentage of votes on 31 December, 2017
Fjärde AP-fonden/Jannis Kitsakis	9.4
AFA Försäkring/Anders Algotsson	6.8
SEB Fonder/Rikard Andersson	5.0
Chairman of the Board of Gränges AB/Anders G. Carlberg	0.0

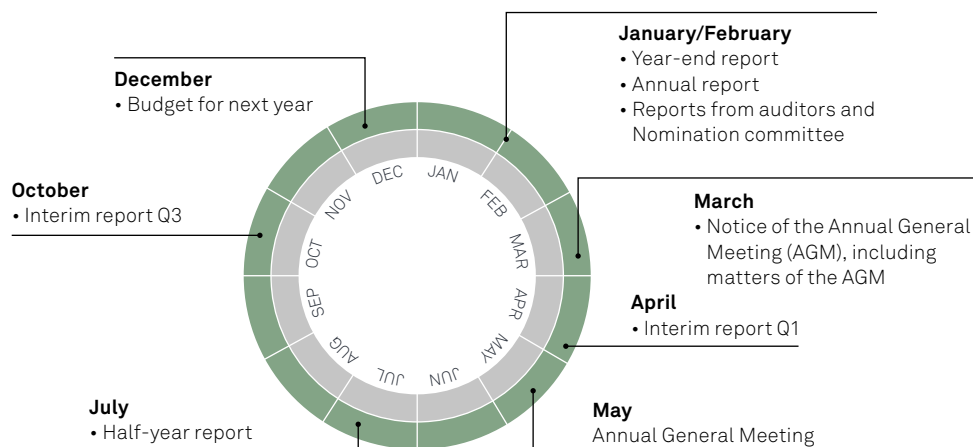
Shareholders had until 26 January, 2018, to submit proposals and comments to the Nomination committee, whose proposals were published with the notice convening the AGM. With the publication of this notice, the Nomination committee has published a motivated statement on the company's website that supports its proposals to the Board and a report on how the committee's work has been conducted.

Work of the Nomination committee before the 2018 AGM

Since the Nomination committee was formed in autumn 2017, it has met on three occasions. The Chairman of the Board presented an evaluation of the Board's work that was conducted in September 2017 at the Nomination committee's second meeting on 23 October, 2017, and also notified the Board of the results of its evaluation at the Board meeting on 4 December, 2017. The result of this evaluation was broadly positive.

In its work before the 2018 AGM, the Nomination committee has assessed whether the composition of the current Board is sufficiently broad, competent, diverse, and gender equal, and whether it meets demands on the Board given the company's current and future circumstances.

The Board's work in 2017



The Nomination committee has continued to discuss the requirements for diversity, including discussions based on the Corporate Governance Code's requirement to state how the policy on diversity has been applied. Gränges' nomination work is based on the diversity requirements stipulated in section 4.1 of the Code. The goal is that Gränges' Board should have an equal gender distribution and a good breadth regarding age, geographical origin, experience, and education and occupational background.

According to the review carried out by the Nomination committee, the Board has strong breadth, is diverse in terms of backgrounds and skills, and has an excellent gender balance. The annual evaluation of the Board has formed part of the basis of this assessment. The Nomination committee works continually to identify and evaluate potential new Board members.

In accordance with instructions for the Nomination committee, no fees will be paid to its members.

The Board

The Board's main responsibility is to manage Gränges' affairs in the best interests of the company and all shareholders. The Board continually assesses Gränges' financial position and ensures that the company's financial position can be satisfactorily verified. The Board decides on issues related to the Group's strategic direction and organ-

ization, and decides on key acquisitions, investments, and disposals. The Board also evaluates the Group Management. Before every AGM, and based on proposals made by the Remuneration committee, the Board prepares proposals for guidelines to determine remuneration for the CEO and to other members of the Group Management.

Adopting a systematic and structured process, and each year, the Board evaluates the work of the Board to develop its procedures and efficiency. In 2017 this was conducted under the leadership of the Chairman of the Board who asked Board members and Board deputy members to grade given aspects of its work, and also gave the Board members the opportunity to submit proposals for improvements. The results of the evaluation, which are presented in the Nomination committee section, were strongly positive throughout.

The constituent Board meeting following the 2017 AGM established the formal work plan for the Board, including work plans for the Remuneration and Audit committees, instructions for the CEO, and an adjusted Insider Policy. The work plan governs the Board's work and responsibilities, and how this should be divided between the Board members, between the Board's committees, and between the Board and the CEO, and how often the Board should meet.

Before every Board meeting, Board members receive an agenda and data on which to base decisions. Each Board meeting includes a review of current business conditions, group results, and financial position and

Board composition, attendance and remuneration 2017

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
Anders G. Carlberg	2014	x	14/14	3/3	3/3	516,667	26,667	50,000	593,333
Ragnhild Wiborg	2014	x	12/14	5/5	n/a	285,000	80,000	–	365,000
Terje Andersen (until 04-05-2017)	2009	x	7/7	2/2	n/a	91,667	13,333	–	105,000
Hans Porat	2016	x	14/14	n/a	3/3	285,000	–	25,000	310,000
Carina Andersson	2014	x	14/14	n/a	3/3	285,000	–	25,000	310,000
Peter Carlsson	2016	x	12/14	n/a	2/2	285,000	–	16,667	301,667
Katarina Lindström	2016	x	14/14	5/5	n/a	285,000	40,000	–	325,000
Øystein Larsen	2010		12/14	n/a	3/3	40,000	–	–	40,000
Konny Svensson	2013		13/14	5/5	n/a	40,000	–	–	40,000
Elin Lindfors	2016		10/10	n/a	n/a	40,000	–	–	40,000
Tommy Andersson (until 04-12-2017)	2014		10/10	n/a	n/a	40,000	–	–	40,000
Total fees									2,470,000

outlook. Other issues that are considered include competition and general market conditions. The Board 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 the continual follow-up of decision-making and unresolved issues.

Composition of the Board of Directors

Under the Articles of Association, the Board must comprise at least four and no more than eight members elected by a general meeting of shareholders, with no more than four deputy members. The Board constitutes a quorum when more than half of all Board members (including members appointed by employees) are present. The Board should consist of a well-balanced mix of the competencies required to manage Gränges' work responsibly and successfully. The assessment is that Gränges' Board has, with regard to the company's operations, phase of development, and general circumstances, an appropriate composition characterized by versatility and breadth in terms of members' skills, experience, and background. Gränges' Board has a good gender distribution, since three of its six members are women.

In accordance with the law on Board representation of private-sector employees, staff are entitled to appoint two Board members and two deputy Board members. The employee organizations exercised this right until 4 December 2017 when Tommy Andersson resigned and he was not replaced. Information about Board members is on pages 62–63 and at www.granges.com

Chairman of the Board

The Chairman organizes and leads the Board's work, represents the company in ownership matters, evaluates the Board's work, has day-to-day contact with the CEO, and ensures that the Board fulfils its duties and obligations effectively.

The Board's work in 2017

Fourteen minuted Board meetings were held in 2017, of which four were "per capsulam" (by letter), and five were telephone meetings. The remaining five were conventional meetings, of which one was held at Gränges' plant in Finspång, one at the North American operations' headquarters in Franklin, Tennessee, and the others in Stockholm.

The Board formed a quorum at all these meetings. At the February and September meetings, the Board held sessions in the absence of Group Management. The CEO and CFO participated in all meetings. The Secretary of the Board is Gränges' General Counsel who is not a Board member.

In 2017 the Board's main issues have been the investment to expand the rolled aluminium capacity of the Huntingdon plant in the US, investment in the Getek GmbH production company, new estimates of useful lives for machines and installations, and establishing a commercial paper programme to complement the Group's other short-term financing.

Remuneration committee

According to the Board's formal work plan, the Remuneration committee must comprise the Chairman of the Board, and one or more Board members elected at a general meeting of shareholders, who should be independent from the company and Group Management. Members should have the required knowledge and experience of issues relating to senior executive remuneration.

The Remuneration committee submits proposals to the Board on the CEO's salary and other terms of employment, and sets out limits for other Group Management salaries and terms of employment. The committee also adopts guidelines for remuneration principles and evaluates their application.

At the Remuneration committee's meetings in 2017, incentive programmes and pensions have been particular topics of discussion.

Information on members of the Remuneration committee is given in the table on page 58. A statement of remuneration to Group Management can be found in Note 8.

Audit committee

The Audit committee should comprise at least three Board members elected at a general meeting of shareholders. Most should be independent of the company and Group Management. The committee elects a chairman from among its members, who may not be the Chairman of the Board. The Audit Committee meets before each reporting date, and after if necessary.

The Audit committee's duty is to support the Board in fulfilling its responsibilities in internal control and accounting, and to ensure the quality of Gränges' financial reporting. The aim is to improve: the quality of the company audit; the relationship between the Board and the company's auditor; and the supervision and control of the company's financial risk exposure and risk management.

The Audit committee analyses and highlights key accounting issues affecting the Group, and monitors the financial reporting process to ensure quality. The 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, the committee determines the focus and scope of the internal auditing and establishes an internal audit plan based on the identified risks.

Gränges' internal auditing is reported to the Board and must ensure that the company has sufficient internal control systems for financial reporting. The General Counsel is responsible for internal auditing. 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 audit between the units is to exchange experiences and achieve best practice within the Group. In November 2017, an internal audit of Gränges' operations in North America was conducted and in December an internal audit of the head office in Stockholm was carried out.

In conjunction with the quarterly reviews of the company's financial performance and position, the Audit committee takes part in the management's assessment of the areas where estimates are important to the Group. An area that has been reviewed extensively during 2017 is the company's new estimates of useful lives, especially for machinery and installations. Other areas highlighted in 2017 are the company's hedging strategy and financing. The focus areas of financial and internal control, business control, treasury, IT, and strategic projects have been continually monitored during the year.

The Audit committee has had five meetings in 2017. The Group's auditor, Erik Sandström, attended all committee meetings and reported on controls and audit planning throughout the year. Information on members of the Audit committee is in the table on page 58.

Auditor

The auditor, elected at the annual general meeting, is responsible for reviewing the company's annual accounts and accounting, and examining Board and CEO 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. Ernst & Young AB was appointed auditor at the AGM, and has informed the company that authorized auditor Erik Sandström will be chief auditor until the 2018 AGM.

The external audit of the parent company and group accounts, and of the administration of the Board and CEO, is conducted according to International Standards on Auditing (ISA), and with generally accepted auditing standards in Sweden. The company's chief auditor participates in all Audit committee meetings. For information on auditor fees, please refer to Note 9.

CEO and Group Management

Group Management is responsible for developing and implementing the Group's overall strategies relating to issues such as product and customer strategies, and acquisitions and divestments. These issues are prepared by Group Management to be decided on by the Board.

The CEO is appointed by the Board and is responsible for the day-to-day management of the company in accordance with the Board's instructions and guidelines.

On 1 January, 2018, Group Management comprised eight people: the CEO, CFO, President Europe, President Asia, President Americas, SVP Technology & Business Development, General Counsel, and SVP Communications & Investor Relations. The SVP Human Resources, SVP Process Engineering & Operational Development and, since 1 May, 2017, SVP Research & Innovation, are part of the Extended Group Management.

Group Management holds monthly meetings to review the results and financial position of the Group and subsidiaries. Other questions dealt with at these meetings include strategy issues and follow-up of budgets and forecasts. Subsidiaries are also monitored more closely due to the CEO being chairman of the three subsidiaries in Sweden, China, and the US. Other members of Group Management and employee representatives also serve on these companies' boards. The subsidiaries' boards monitor day-to-day operations and approve each subsidiary's strategy and budget.

More information on Group Management is on pages 64–65.

Remuneration of Group Management

At the end of 2017 and start of 2018, the Board, through the Remuneration committee, conducted a review of the guidelines for remunerating senior executives. The Board's proposition regarding new guidelines will be presented in the decision data for the AGM to be held on 3 May, 2018. More information on remunerating senior executives is in Note 8.

Sustainability management and organization

Gränges' sustainability agenda and activities are governed by its policies and management systems. Gränges is dedicated to developing and implementing these policies to guide employees in their everyday work with sustainability and communication with stakeholders.

Gränges' policies include the Code of Conduct, Supplier Declaration, Anti-corruption Policy, Environmental, Health and Safety Policy, Diversity Policy, Energy Policy, Crisis Plan and Information Policy. Gränges observes all applicable local and international laws and regulations, and it continually works with the precautionary principle by including sustainability topics in risk assessments.

Gränges' sustainability activities are led by the Group Management team and VP Sustainability, who was appointed in October 2017 to manage the company's group-wide sustainability agenda. The VP Sustainability reports to the SVP Communications & IR and the Group Management team. The CEO in turn reports to the Board of Directors. Specific sustainability matters are managed by members of Group Management. The General Counsel is responsible for governance, the SVP Process Engineering and Operational Development for environment, health and safety, and the SVP Human Resources for social responsibility.

Gränges' sustainability report follows the guidelines of the Global Reporting Initiative's (GRI) framework for sustainability reporting, GRI Standards: Core. The sustainability report for 2017 can be found on pages 26–45 and 112–121. In 2016 Gränges joined the UN Global Compact, which is a commitment to fulfil the Global Compact principles relating to human rights, labour law, the environment, and anti-corruption.

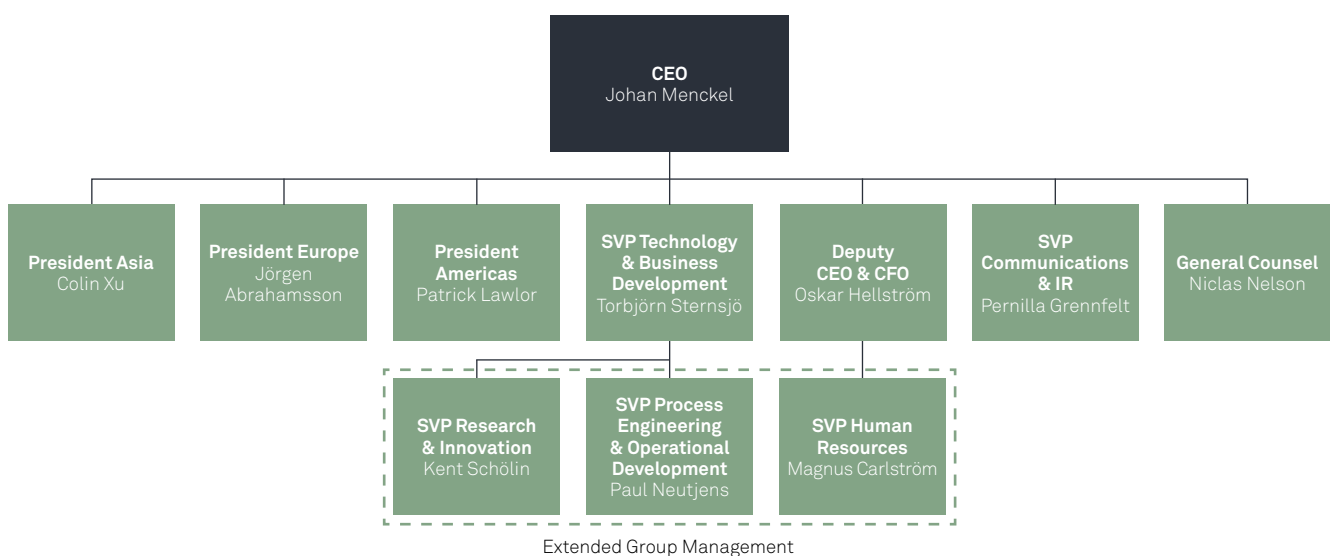
Internal control regarding financial reporting

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

Framework

Gränges' work with 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, control activities, information and communication, and monitoring.

GROUP MANAGEMENT



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 depends on a healthy control environment, reliable risk assessment, and established control activities; and on information, communication, and monitoring working satisfactorily.

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 with essential accounting issues, and monitors the internal control of financial reporting. To maintain an effective control environment and robust internal controls, the Board has delegated the day-to-day responsibility to the CEO, who in turn has assigned this responsibility to other members of Group Management.

Quality in financial reporting is ensured through different measures and routines. The company has policies and manuals for financial reporting, including the Financial Management Policy, Metal Management Policy, Group Accounting Manual and Instruction for Financial Reporting. In addition to the above, there are important group-wide steering documents such as the Code of Conduct, Insider Policy and Information Policy. Work goes on to further develop common group policies and manuals.

Gränges' whistleblower function enables employees to anonymously report suspected maladministration or violations of the company's business ethics rules. The whistleblower function is accessible for all staff and is described in the company's code of conduct and on the intranet. It aims to guarantee safety in the workplace, maintain good business ethics and curb financial irregularities. No whistleblower complaints have been recorded in 2017.

Risk assessment

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 day-to-day reporting to Group Management and the Board, 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 in the Group identify, monitor, and evaluate these risks. This creates the basis for taking well-rounded and correct business decisions at all levels. As a rule, financial risk such as currency, commodity, refinancing, and counterparty risk, and interest rate and credit risk, are mainly handled by the parent company's accounting and finance functions according to Financial Management Policy, the Metal Management Policy, the Group Accounting Manual and the Instruction for Financial Reporting.

A description of the Group's risks and risk management is on pages 46–49.

Control activities

The main purpose of control activities is to prevent and discover material errors in financial reporting at an early stage so that such errors can be managed and resolved. Control activities are conducted at a general level and 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 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 such example is the established controller function that analyses and monitors deviations and reports its findings to other parts of the Group.

Monitoring by Group Management occurs, for example, through regular meetings with subsidiary managing directors to discuss operations, financial position, and results, as well as key financial and operating indicators. The Board 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 monitored, which limits the risks of errors in 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.

In Nasdaq Stockholm's continual work to monitor regular financial information by listed companies, Gränges' Annual Report for 2016 was one of the reports chosen to be specifically reviewed in relation to relevant reporting standards, such as IFRS and the Annual Accounts Act. The stock exchange's review of Gränges Annual Report 2016 resulted in observations in parts of Gränges' accounts, for which the exchange wanted to note the company's comments and considerations. Gränges responded to the stock exchange's questions and subsequently heard that the exchange had no further questions or comments, asking only that the company considers a couple of comments for next year's accounts.

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 intranet. Since 2016, Gränges has an updated Insider Policy to meet the demands on the company and insiders on the grounds of the EU Market Abuse Regulation (MAR).

All communication from Gränges must be timely, reliable, accurate, and up-to-date. External communication should be in accordance with the Group's Information 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 on the company's website and are published simultaneously to Nasdaq Stockholm and Finansinspektionen.

Monitoring

The Board's monitoring of the internal control of financial reporting occurs primarily through the Audit committee, including the monitoring of the internal audit and through contact with the external auditors. External auditors monitor selected areas of internal control annually 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. In terms of the 2017 audit, the auditors have monitored the internal controls in selected key processes, and have reported their findings to the Audit committee and Group Management.

BOARD OF DIRECTORS



ANDERS G. CARLBERG

Chairman
Born: 1943
 M.Sc. Business Administration.
 Chairman of Herenco. Board member of Investmentbolaget Latour, Sweco, AxFast, Recipharm and Beijer Alma.
Previous positions: Board member of Sapa 2002–2013. CEO of J.S. Saba, CEO of Nobel Industrier, CEO of Axel Johnson International, Deputy CEO of SSAB and other management positions.
 Elected to the Board, 2014.
 Chairman of the Remuneration committee and member of the Audit committee.
Shareholding: 35,294 shares.



CARINA ANDERSSON

Board member
Born: 1964
 M.Sc. Engineering, Material Science.
 Board member of Beijer Alma, SinterCast and Systemair.
Previous positions: General Manager Powder Technology, Sandvik Materials Technology, CEO of Ramnäs Bruk and CEO of Scana Ramnäs. Board member of Mälardalens Högskola, Sandvik Riser Technology and chairman of Sandvik Powdermet and Sandvik Osprey.
 Elected to the Board, 2014.
 Member of the Remuneration committee.
Shareholding: 2,402 shares.



PETER CARLSSON

Board member
Born: 1970
 B. Sc. Economics.
 CEO and resident of Northvolt. Board member of Metso, Orbital Systems and Ketra Lightning.
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.
 Elected to the Board, 2016.
 Member of the Remuneration committee.
Shareholding: 0 shares.



KATARINA LINDSTRÖM

Board member
Born: 1965
 M. Sc. Material Science.
 Senior Vice President International Manufacturing, Volvo Group Trucks Operation. Elected member of the Swedish Royal Engineering Academy.
Previous positions: Senior Vice President, Operations and Supply Chain Management at Volvo Group Trucks Operation, various management positions at Volvo since 1988.
 Elected to the Board, 2016.
 Member of the Audit committee.
Shareholding: 2 000 shares.



HANS PORAT

Board member
Born: 1955
 M.Sc. Engineering, Material Science
 Board member of Ecolan.
Previous positions: President and CEO of Nolato, various executive positions at ABB, Vice President of Trelleborg, President of Gadelius Japan.
 Elected to the Board, 2016.
 Member of the Remuneration committee.
Shareholding: 0 shares.



RAGNHILD WIBORG

Board member
Born: 1961
 M.Sc. Business Administration.
 Board member of Kistefos, REC Silicon, Intrum, INSR ASA, IM Skaugen and EAM Solar.
Previous positions: Fund management operations at Odin Fonder and at Wiborg Kapitalförvaltning. Worked at several investment banks, including Pareto, ABG Sundal Collier, First Chicago and Scandinavian Bank.
 Elected to the Board, 2014.
 Chairman of the Audit committee.
Shareholding: 1,176 shares.

EMPLOYEE REPRESENTATIVES

**ÖYSTEIN LARSEN**

Employee representative

Born: 1957

Has been an employee representative on the Board since 2010.

Employed at Gränges since 1979. IT architect.

Employee representative of Unionen.

Shareholding: 470 shares.

**KONNY SVENSSON**

Employee representative

Born: 1954

Upper secondary school education.

Has been an employee representative on the Board since 2013.

Employed at Gränges since 2008.

Chairman of blue collar union IF Metall.

Employee representative of IF Metall.

Employee representative of Gränges Sweden AB.

Shareholding: 235 shares.

**ELIN LINDFORS**

Deputy employee representative

Born: 1988

B.Sc. Material Science.

Has been an employee representative on the Board since 2016.

Employed at Gränges since 2013.

Technical Manager Re-melting.

Representative of the Swedish Association of Graduate Engineers and the Union for Professionals.

Shareholding: 420 shares.

AUDITOR

**ERIK SANDSTRÖM**

Auditor in charge

Ernst & Young AB

Born: 1975

Authorized public accountant and member of FAR.

Other assignments: Munters, Mycronic, Rottneros, Tradedoubler, Praktikertjänst, Transcom.



1. PAUL NEUTJENS 2. MAGNUS CARLSTRÖM 3. KENT SCHÖLIN 4. JOHAN MENCKEL 5. PATRICK LAWLOR

GROUP MANAGEMENT

1. PAUL NEUTJENS

SVP Process Engineering & Operational Development

Born: 1959

M.Sc. Engineering, Metallurgy and Applied Material Science.

SVP Process Engineering & Operational Development since 2017.

CTO at Gränges and member of the Management Team, 2013–2017.

Strategic Project Director at Sapa Heat Transfer, 2011–2013. Director of Lean Production at Sapa Profiles Europe, 2007–2010. Several management positions at Alcoa, 1994–2007. Several management positions at Hoogovens Aluminium, 1986–1994.

Member of extended Management Team since 2017.

Shareholding: 4,000 shares.

2. MAGNUS CARLSTRÖM

SVP Human Resources

Born: 1966

LL.M., Executive MBA, Behavioral Sciences (3.5 Y).

SVP Human Resources of Gränges since 2017. Director HR & Communications of Gränges AB

and Gränges Europe 2012–2016.

VP HR at Strabag Scandinavia 2009–2012. Head of Strategic Leadership & Training at Peab Group 2006–2009. Head of HR at Peab Sverige 2000–2006.

Member of extended Management Team since 2017.

Shareholding: 0 shares.

3. KENT SCHÖLIN

SVP Research & Innovation

Born: 1964

M.Sc. Engineering, Material Science.

SVP Research & Innovation at Gränges since 2017. President for Gränges Europe and member of the Management Team, 2013–2017. Managing Director for Sapa Heat Transfer Finspång, 2012–2013. MD of Gunnebo Gateway, 2005–2012. Several management positions at Sapa Heat Transfer, 1994–2004. Research engineer at Gränges Technology 1989–1994. Member of extended Management Team since 2017.

Shareholding: 4,705 shares.

4. JOHAN MENCKEL

CEO

Born: 1971

M.Sc. Engineering.

CEO of Gränges since 2013. CEO of Sapa Heat Transfer, 2012–2013. Business Area President of Sapa Profiles Asia, 2011–2012. Managing Director of Sapa Heat Transfer Shanghai, 2007–2010. Management positions at Sapa Heat Transfer, 2004–2006. Consultant at Accenture, 1996–2004.

Member of the Management Team since 2013.

Other assignments: Member of the Board of Directors in Svenska Postkodföreningen AB and Nederman Holding.

Shareholding: 38,000 shares.

5. PATRICK LAWLOR

President Americas

Born: 1964

B.Sc. Economics.

President Americas for Gränges since 2016. President Americas of Sapa Extrusions during 2010–2015. CFO at Sapa Extrusion North America, 2009–2010. CFO at Indalex,

Inc., 2007–2009. Several managerial positions at Norsk Hydro, 1997–2007.

Member of the Management Team since 2016.

Other assignments: Member of the Board of Can Art Aluminium Extrusions LLP and Vice President of Global Aluminium Foil Roller Initiative (GLAFRI).

Shareholding: 0 shares.

6. PERNILLA GRENNFELT

SVP Communications & Investor Relations

Born: 1970

B.Sc. Economics.

SVP Communications & Investor Relations at Gränges since 2014. IR Manager at ICA Gruppen, 2013–2014. Head of Investor Relations at Hakon Invest, 2005–2013. Journalist and Editor at News Agency Direkt, 1999–2005. Advisor at Matteis Fondkommission, 1996–1999.

Member of the Management Team since 2014.

Shareholding: 4,905 shares.



6. PERNILLA GRENNFELT 7. COLIN XU 8. TORBJÖRN STERNSJÖ 9. OSKAR HELLSTRÖM 10. JÖRGEN ABRAHAMSSON 11. NICLAS NELSON

7. COLIN XU

President Asia

Born: 1976

M.Sc. Economics and Business Administration, MBA.

President for Gränges Asia since 2013. Managing Director for Sapa Heat Transfer Shanghai, 2011–2013. At Sapa Heat Transfer Shanghai, 2001–2010, with several leading management positions since 2003.

Member of the Management Team since 2013.

Shareholding: 0 shares

8. TORBJÖRN STERNSJÖ

SVP Technology & Business Development

Born: 1962

M.Sc. Engineering.

SVP Technology & Business Development since 2017. Director Business Development at Gränges 2015–2017. President of the joint venture Sapa Chalco Aluminium Products Chongqing 2011–2015. President of Sapa Profiles in Asia 2007–2010. Managing Director of

Sapa Heat Transfer Shanghai 1999–2007. Various senior positions within Gränges and Sapa since 1994.

Member of the Management Team since 2017.

Shareholding: 10,000 shares.

9. OSKAR HELLSTRÖM

Deputy CEO & CFO

Born: 1979

M.Sc. Engineering and B.Sc. Economics.

CFO of Gränges since 2013 and Deputy CEO of Gränges since 2017. CFO of Sapa Heat Transfer, 2011–2013. Director Group Development & Control at Sapa Group, 2009–2011. Strategy Manager at Sapa Group, 2008–2009. Consultant at Booz Allen Hamilton, 2005–2008.

Member of the Management Team since 2013.

Shareholding: 15,000 shares.

10. JÖRGEN ABRAHAMSSON

President Europe

Born: 1967

ADP, London Business School.

President Europe for Gränges since 2017. Production Manager Sapa Heat Transfer, CEO Rosengrens Produktions AB, CEO Sapa Profilbearbetning AB, Sapa Profilbockning AB and Sapa Komponenter AB. Head of Sapa Profiler Finspång. Production Director Gränges Sweden AB.

Member of the Management Team since 2017.

Shareholding: 0 shares.

11. NICLAS NELSON

General Counsel

Born: 1964

LL.M.

General Counsel at Gränges since 2014. Associate General Counsel at Autoliv, 2002–2014. Legal Counsel at ABB, 1998–2002. Attorney at Hökerberg & Söderqvist Advokatbyrå, 1993–1998. Associate at Vinge, 1992–1993. Law Clerk at City Court of Malmö, 1990–1992.

Member of the Management Team since 2014.

Other assignments: Chairman of the Board of Directors of SWERMA (Swedish Risk Management Association).

Shareholding: 5,000 shares.