

# Corporate Governance report

## Chairman's comment



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.

### An intensive year

2022 was a turbulent year in our industry as in many others. The global component shortages and supply chain constraints continued to impact our customers' business, especially in the first half of the year. The war in Ukraine and the difficult geopolitical situation put stress on European industry. We also saw

extraordinary price increases on metal, energy, as well as the highest interest rates and inflation since decades.

The Board worked closely with Gränges' management team to navigate these circumstances. With high professionalism and flexibility, the short-term issues were tackled one by one. At the same time Gränges kept focus on the long term, driving improvement programmes, accelerating its sustainability work, and building a stronger team.

It's pleasing to see that, in the end, 2022 was yet another record year for Gränges in terms of operating profit and sustainability, and that we have a new long-term strategy in place.

### A new strategy for sustainable growth

An important work item for the management and the Board in the first half year was to develop the Navigate strategy for sustainable growth, and to set new, more ambitious financial targets. The strategy builds on Gränges position and opportunity to take advantage of the global trends of regionalization, sustainability, and electrification of vehicles.

Within the framework of Navigate, the Board decided on several significant investments. Let me mention for instance the new recycling and casting centre in Huntingdon, which is an important part of our efforts in decarbonization and circularity, but will also reduce cost, increase productivity and improve flexibility for customers. We also took several steps on our expansion plans for the battery and electrical vehicle industries, with ongoing investments in all three regions.

In September, we made a very productive Board visit to Finspång. It was rewarding to meet local management and to see completed investment programmes now coming online. We also reviewed the opportunity for further investments in production of aluminium cathode foil in that site. Based on strong demand from leading global battery producers, we decided at the beginning of 2023 to invest in doubling the capacity in Finspång.

### Demonstrating sustainability leadership

Gränges also updated its targets for sustainability during 2022. We made important investments in decarbonization and in recycling. We continued to look into investment opportunities driven by the sustainability trend. We launched the sustainable product brand Gränges Endure. In 2022, Gränges also reached its lowest carbon emission intensity and highest recycling volumes ever.

The certification of the operations in Shanghai and Americas against the Aluminium Stewardship Initiative standards also demonstrated Gränges' commitment to responsibly sourced and produced products. Gränges was also awarded the Platinum rating from EcoVadis for the second year.

### Strong team, well positioned for sustainable growth

In summary, Gränges made good progress on its sustainable growth plan in 2022. In view of the improved financial results and stable financial situation and taking the market outlook and our investment opportunities into account, the Board proposes a dividend of SEK 2.50 (2.25) per share for the 2022 fiscal year. This means that 38 per cent of the net profit will be distributed to our shareholders.

I would like to take the opportunity to welcome Steven Armstrong to the Board. I would also like to thank Carina Andersson, who was not available for re-election in 2022, for taking a very active role in the Board since 2014. I'm grateful to all my fellow board members for your strong engagement, good collaboration, and constructive work.

Finally, I would like to thank Gränges' management and dedicated employees for their great efforts during an exceptionally challenging year. It's our firm belief that Gränges is very well positioned for an exciting future.

Stockholm, March 2023

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.

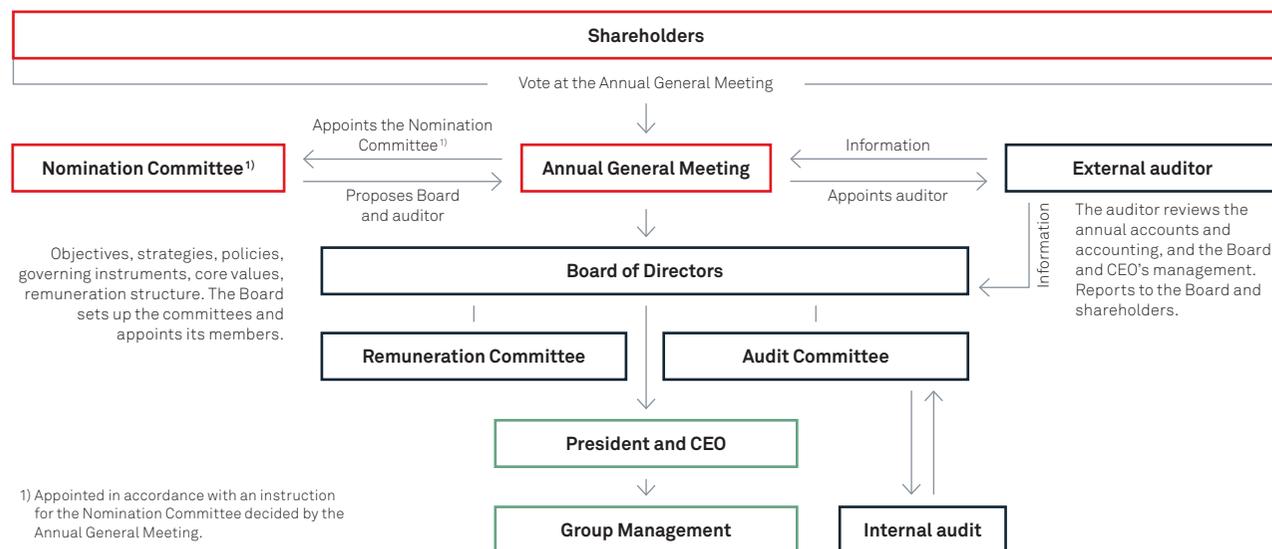
Gränges complies with the Swedish Corporate Governance Code and this Corporate Governance Report has been prepared as part of Gränges' application of the Code. Gränges does not report any deviations from the Code regarding the financial year 2022. The company's auditors have made a statutory examination of this corporate governance report. The Code is available on [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

During 2022, Gränges has 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 2022. 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 2,700 employees and net

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.



### 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

sales of about SEK 24,5 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 580 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.

Gränges has 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 President Americas.

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.

### The share and shareholders

Gränges' share has been traded on Nasdaq Stockholm's 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 profit. On 31 December 2022, the number of known shareholders totalled 11,703. The Fourth Swedish National Pension Fund (AP4) was the largest shareholder, followed by AFA Insurance and Swedbank Robur Funds. 73.3 per cent of the shareholders held 500 shares or fewer and the ten largest shareholders held 44.3 per cent of the total number of shares. Foreign-based share ownership amounted to 47.2 per cent of the capital. No shareholder had a holding 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 represent at a general meeting.

The Annual General Meeting (AGM) held on 4 May 2022 decided to authorize the Board of Directors to, on one or more occasions until the AGM 2023, issue new shares.

Information about the shareholdings of the Board and Group Management can be found on pages 78–80. More information about the Gränges share and shareholders, including a table of shareholdings as of 31 December 2022, can be found on pages 51–52.

### 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 2022

The AGM 2022 was held on 4 May 2022 at IVA Conference Centre (Wallenbergssalen), Grev Turegatan 16, Stockholm.

At the meeting, 50,4 per cent of the shares in the company were represented.

The AGM decided to re-elect Fredrik Arp, Mats Backman, Martina Buchhauser Peter Carlsson, Katarina Lindström and Hans Porat and new election of Steven Armstrong. Carina Andersson had declined re-election. The AGM re-elected Fredrik Arp as the Chairman of the Board of Directors.

The AGM granted the members of the Board of Directors and the Chief Executive Officer discharge from liability towards the company for management of the company in 2021.

The AGM re-elected the registered accounting company 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 2021 financial year,
- To resolve on a dividend of SEK 2.25 per share, in total 239,194,391 SEK,
- To resolve, in accordance with the Nomination Committee's proposal, the Board of Directors (the Board) 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 for the period until the conclusion of the AGM 2022 will be in accordance with the following. The Chair of the Board will receive SEK 825,000 and each of the other elected Board members will receive SEK 350,000. 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 shall receive unchanged SEK 40,000 each, for the corresponding period.
- To resolve that fee will be paid to the auditor in accordance with approved invoices,
- To resolve, in accordance with the Board's 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's proposal, on approval of one long-term incentive programme, LTI 2022. The programme will run for three years and will be offered to senior managers to supplement the annual incentive programme ("STI 2022").

- To resolve, in accordance with the Board's proposal, introduce a warrant program, IP 2022, for senior executives and other key employees. The number of warrants shall not exceed 900,000 and shall be issued free of charge. Upon transfer of the warrants, a market-based premium calculated according to the Black & Scholes Option Pricing Model shall be paid.
- To resolve, in accordance with the Board's proposal, to authorise the Board, on one or more occasions until the next AGM, to decide on a rights issue 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 on a rights issue 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 and proposes 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 to the AGM. In addition, the Nomination Committee shall submit proposals for Nomination Committee instructions if required.

Gränges' Nomination committee for the AGM 2023 consists of representatives of the company's three largest shareholders as of 31 August 2022 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 2022, Gränges' three largest shareholders were: The Fourth Swedish National Pension Fund (AP4), AFA Insurance and Swedbank Robur, which were invited to nominate candidates for the Nomination Committee. The Nomination Committee ahead of the AGM 2023 had the following composition: Jannis Kitsakis (AP4), Anders Algotsson (AFA Insurance), Jan Dworsky (Swedbank Robur) and Fredrik Arp (Chairman of the Board of Gränges). The Chairman of the Nomination Committee is Jannis Kitsakis.

### NOMINATION COMMITTEE FOR THE 2023 AGM

Appointed by/Name	Percentage of votes on 31 December 2022
AP4/Jannis Kitsakis <sup>1)</sup>	9.3
AFA Insurance/Anders Algotsson <sup>1)</sup>	6.6
Swedbank Robur/Jan Dworsky <sup>1)</sup>	6.3
Chairman of the Board of Gränges AB/Fredrik Arp <sup>2)</sup>	0.0

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

2) For exact number of shares, see page 78.

Shareholders have been able to submit proposals and comments to the Nomination Committee until 31 January 2023. The Nomination Committee's proposals are published through the notice to 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 AGM 2023

Since the nomination committee was constituted in the autumn of 2022, it has had four meetings. No fee has been paid for the work of the Nomination Committee. At the second meeting of the Nomination Committee on 10 November 2022, the Chairman of the Board presented the Board evaluation that was carried out with

all Board members during the autumn. The Chairman of the Board carried out a comprehensive evaluation in terms of the number of questions. The result was consistently very positive.

Through the Nomination Committee, Gränges applies the rule 4.1 of the Code as diversity policy when preparing proposals for Board members. The rule means that the Board of Directors shall have a composition that is appropriate to the company's operations, stage of development and other circumstances, characterized by versatility and breadth regarding competence, experience and background of the members elected by the AGM. Gender balance shall be pursued.

Ahead of the 2023 Annual General Meeting, the Nomination Committee has assessed whether the composition of the current Board meets the requirements of the Code's diversity policy and has found that this is the case. However, the Nomination Committee also works continuously with the identification and evaluation of potential new Board members in order to broaden the Board in terms of background and competencies.

An assessment has also been made, as the previous year, of each individual board member's ability to devote sufficient time and commitment to the work of the board and the assessment has turned out positively.

The annual evaluation of the Board of Directors has been part of the basis for these assessments.

### The Board of Directors

The main responsibility of the Board of Directors (the Board) is to manage Gränges' affairs 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 continuously assesses Gränges' financial position and ensures that the company's financial position can be satisfactorily verified. The Board decides on issues related to the

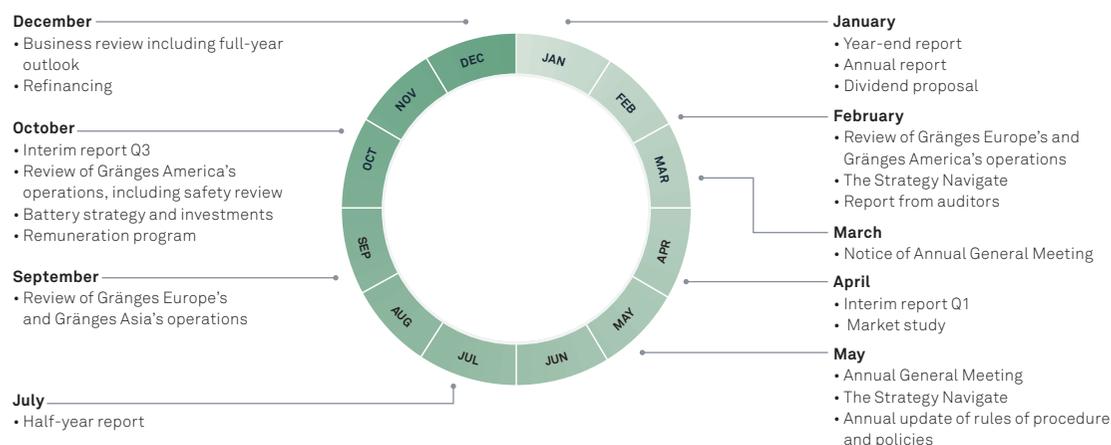
Group's strategic direction and organization, and decides on key acquisitions, investments and divestments. The Board continuously evaluates the work of the CEO and Group Management. Before AGM, and based on proposals from the Remuneration Committee, the Board prepares proposals for guidelines for remuneration to the CEO and other senior managers.

The basis is the Board's Rules of Procedure, the CEO instructions and the principles for division of duties between the CEO, Chairman of the Board, the Board and various committees established by the Board. The Board's Rules of Procedure and the CEO instructions are revised and updated annually. Through a systematic and structured process, the Board annually evaluates its work to develop procedures and efficiency. In 2022, the evaluation was carried out under the leadership of the Chairman of the Board. The outcome of the evaluation, which also is reported in the section about the Nomination Committee, was consistently very positive.

At the statutory Board meeting, following directly on the 2022 AGM, the Board's Rules of Procedure including Rules of Procedure for the Remuneration and Audit Committees was established, as well as the CEO instructions. The Rules of Procedure governs the work and responsibilities of the Board, the frequency of Board meetings, as well as the division of duties between the Board members, between the Board committees, and between the Board and the CEO.

Prior to 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 addressed include competition and market conditions. The Board regularly reviews the general risk situation from various 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.

### The Board's work in 2022



### 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 has a quorum if more than half of the board members, including employee representatives, 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 a suitable composition, regarding the

company's operations, development phase and general circumstances, characterized by versatility and breadth regarding the competence, experience and background.

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 2022. Information about Board members can be found on pages 78–79 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 is well organized and conducted efficiently, and that the Board fulfils its duties and obligations. The Chairman of the Board organizes and leads the work, is responsible for contacts with the owners in ownership matters and ensures that the work of the Board 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 duties between the Board on one hand, and the CEO and the bodies set up by the Board on the other.

### The work of the Board of Directors in 2022

In 2022, 10 recorded Board meetings were held. The Board was in quorum at all meetings. Gränges' CEO and Deputy CEO, also CFO, have participated in all meetings. The Board has held sessions in the absence of Group Management at two occasions.

Among the significant issues dealt with by the Board in 2022 are the changed state of the surrounding world and Gränges' adjustments to this, the updated strategy Navigate, strategy and investments in products for the battery market, various investment decisions such as the investment in a new recycling center in the US. The Board has also continued the follow up on the integration of the acquisition in Poland done in 2020.

### Remuneration Committee

According to the Rules of Procedure for the Board of Directors, the Remuneration Committee shall comprise of 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 three meetings were held.

The Remuneration Committee submits proposals to the Board 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.

In 2022, the Remuneration Committee worked on an in-depth analysis and evaluation of the company's long-term incentive program in order to find an effective way for Gränges to increase the company's value through its employees.

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

### BOARD COMPOSITION, ATTENDANCE AND REMUNERATION 2022

Name	Elected year	Independent in relation to the company/owners	Attendance			Board of Directors' fees, SEK	Audit Committee fees, SEK	Remuneration Committee fees, SEK	Total fees, SEK
			Board meetings	Audit Committee meetings	Remuneration Committee meetings				
Fredrik Arp	2020	X	10/10	n/a	3/3	808,333	–	60,000	868,333
Steven Armstrong <sup>1)</sup>	2022	X	5/5	n/a	2/2	233,333	–	20,000	253,333
Mats Backman	2018	X	10/10	4/4	n/a	341,667	125,000	–	466,667
Martina Buchhauser	2021	X	9/10	3/4	n/a	341,667	55,000	–	396,667
Peter Carlsson	2016	X	9/10	n/a	1/3	341,667	–	30,000	371,667
Katarina Lindström	2016	X	8/10	4/4	n/a	341,667	55,000	–	396,667
Hans Porat	2016	X	10/10	n/a	3/3	341,667	–	30,000	371,667
Carina Andersson <sup>2)</sup>	2014	X	5/5	n/a	1/1	108,333	–	10,000	118,333
Isabelle Jonsson	2022		4/4	n/a	2/2	20,000	–	–	20,000
Emelie Gunnstedt	2022		3/3	n/a	n/a	13,333	–	–	13,333
Öystein Larsen <sup>3)</sup>	2010		6/6	n/a	1/1	20,000	–	–	20,000
Konny Svensson <sup>3)</sup>	2013		10/10	4/4	n/a	40,000	–	–	40,000
Elin Lindfors <sup>3)</sup>	2016		8/9	n/a	n/a	40,000	–	–	40,000
Fredrika Pettersson <sup>3)</sup>	2020		5/5	n/a	n/a	23,178	–	–	23,178
<b>Total fees</b>						<b>3,014,845</b>	<b>235,000</b>	<b>150,000</b>	<b>3,399,845</b>

1) Elected as new Board member at the AGM on 4 May 2022.

2) Resigned as Board member at the AGM on 4 May 2022.

3) Resigned as Employee representatives in the Board in 2022.

### Audit Committee

According to the Rules of procedure for Board of Directors, the Audit Committee should comprise of 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 elects the Chairman of the Audit Committee who should 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 responsibilities 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 is informed 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 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 2022, internal audit of Gränges' operation in Huntingdon, Tennessee, in the US, was conducted. In addition, to ensure the frequency of the audit, even if it has been difficult to travel due to restrictions linked to COVID-19, an external party was hired to carry out the internal audit of Gränges' Chinese operation.

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 received special focus during the year is the need for write-downs as a result of the fire that occurred in Gränges' Polish subsidiary in Konin during the spring.

The Audit Committee annually sets a number of focus areas and during the year these have been financing and the new strategy.

The Audit Committee had four meetings in 2022. 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 73.

### 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 2022 AGM, Ernst & Young AB was appointed auditor and announced that the authorized public accountant Andreas Troberg is auditor in charge until the 2023 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 twice a year and to the Board once a year.

Information about auditor fees can be found in Note 12.

**Group management****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, for example product and customer strategies, and acquisitions and divestments. The matters are prepared by Group Management to be decided upon by the Board.

Gränges' Group Management comprises six members: President and CEO, Deputy CEO and CFO, President Asia, President Europe, President Americas and SVP Sustainability.

Group Management holds monthly meetings to review the results and financial position of the Group.

More information about Group Management can be found on page 80. Information about remuneration to senior executives can be found in Note 10.

**Sustainability governance**

Gränges' Group Management, which includes the SVP Sustainability, 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. 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.

The Group's Sustainability department, headed by the SVP Sustainability, is responsible for leading the development and execution of Gränges' 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 SVP Sustainability also leads a cross-regional sustainability team in which all regional sustainability leads are represented. The team is responsible for leading Gränges' global sustainability efforts, as well as developing global sustainability plans. Ensuring best practice sharing across the organization is also a key objective for the team.

The regional Presidents are responsible for developing and executing local sustainability plans and targets, aligned with the global strategy and the local needs. A systematic follow-up of all regions' sustainability efforts is done through regional semi-annual Sustainability Boards, which are chaired by SVP Sustainability and represented by the CEO.

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. The report and its contents have partially been externally assured by the company's auditors EY.

The statutory sustainability report in accordance with the Swedish Annual Accounts Act has been issued by Gränges' Board of Directors. See details on page 64. The report relates to the financial year 2022 and covers all fully owned operations of the Group at the start of 2022. For more information, refer to page 118.

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

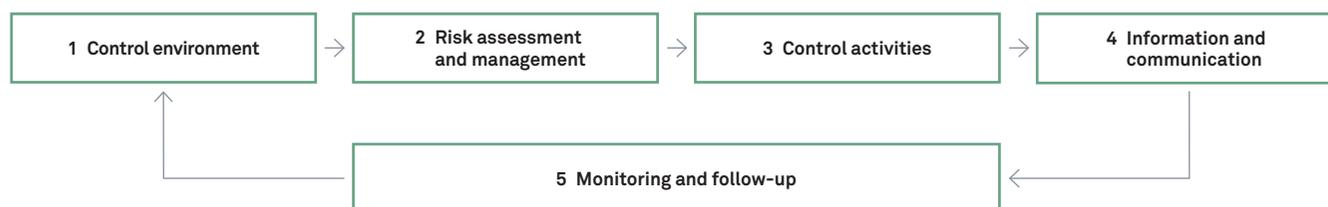
Under the Swedish Companies Act and the Code, the Board is responsible for ensuring that the company has good internal control and routines that ensure compliance with established principles for financial reporting and internal control. The Board must also ensure that financial reporting complies with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

**Framework**

Gränges' 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 risk management, Control activities, Information and communication, and Monitoring and follow-up.

Gränges' process for internal control 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.

## Internal control and risk management



### 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 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 Manual, which are reviewed annually. 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 continuous work to further develop policies and manuals.

Gränges has an externally managed Whistle-blower function which can be accessed via the company's intranet, the external website, by telephone or by mail. 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 discover and remediate 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 2022, there were three cases (two) reported through the Whistle-blower function whereof none were qualified as a whistle-blower case in line with Swedish legislation. 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 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 often occurs within the framework of these processes. At Group level, only general risk assessments are conducted. Managers identify, monitor, and evaluate 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 53–59.

### 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, which are identified in the 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 example is the established controller function that analyses and monitors deviations and reports its findings to the Group.

Group Management has regular meetings with the subsidiary managers to discuss operations, financial position, and results, as well as key financial and operative key figures. 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 followed up, which limits the risks of errors in the financial reporting.

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

#### 4. Information and communication

Effective and correct 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 employees.

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, correct, 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, Finansinspektionen (FI) and 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. Essential observations are also reported directly to the Board. Regarding the 2022 audit, the auditors have monitored the internal control in selected key processes and have reported their findings to the Audit Committee.

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.

### 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, 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.

- 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

# 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 and Nolato AB.

**Previous positions:** Chairman of the Board in, among others Hövding Sverige AB, Ahlsell AB, Bröderna Edstrand AB, Munksjö AB, Thule AB, Parques Reunidos SA and Qioptiq SA. Board member in, among others Swedfund International AB, 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.



## STEVEN ARMSTRONG

Board member

**Born:** 1964

**Education:** BA (Hons) in Business Studies & Economics, East London University.

**Position:** Board member. Elected to the Board in 2022. Member of the Remuneration Committee.

**Other assignments:** Member of the Board of Governors of the University of East London.

**Previous positions:** Various management positions within Ford, among others Corporate Officer at Ford Motor Company, President at Changan Ford, Ford Brazil and Ford South America. Chairman, President and CEO at Ford Europe. SVP Purchasing and COO at Volvo Cars. COO at Getrag-Ford Transmissions.

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



## MATS BACKMAN

Board member

**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:** Operating Partner Triton. Board member in Tobii AB.

**Previous positions:** Group CFO in Trustly. 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:** 15,000 shares.



## MARTINA BUCHHAUSER

Board member

**Born:** 1966

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

**Position:** Board member. Elected to the Board in 2021. Member of the Audit Committee.

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

**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

Board member

**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:** 10,000 shares.



## KATARINA LINDSTRÖM

Board member

**Born:** 1965

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

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

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

**Previous positions:** Board member in Skövde Högskola. President Global Operations, Munters AB. Senior Vice President International Manufacturing & Senior Vice President, Operations and Supply Chain Management in Volvo Group Trucks Operation, and other Executive management positions within Operations and Product Management in Volvo Trucks Asia and Volvo Powertrain AB.

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



## HANS PORAT

Board member

**Born:** 1955

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

**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

## Auditor



**ISABELL JONSSON**

Employee Representative

**Born:** 1995

**Education:** Master's degree, Business law, Linköping University.

**Description:** Contract specialist in the purchasing department, employed at Gränges since 2020. Employee representative of the Board since 2022. Representing Unionen.

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



**EMELIE GUNNSTEDT**

Employee Representative

**Born:** 1988

**Education:** Social science programme, High School.

**Description:** Process operator, team-leader, employed at Gränges since 2007. Deputy employee representative of the Board since 2022, employee representative since 2023. Representing IF Metall.

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



**ROBERT DAHLQVIST**

Deputy employee Representative

**Born:** 1989

**Education:** M.Sc. Engineering Nano Science and PhD in Physics, Lund University.

**Description:** Application engineer, employed at Gränges since 2019. Deputy employee representative of the Board since 2023. Representing the Swedish Association of Graduate Engineers and the Union for Professionals.

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



**TOBIAS JOHANSSON**

Deputy employee Representative

**Born:** 1976

**Education:** Natural farming, High School.

**Description:** Process operator, employed at Gränges since 1998. Deputy employee representative of the Board since 2023. Representing IF Metall.

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



**ANDREAS TROBERG**

Auditor in charge  
Ernst & Young AB

**Born:** 1976

**Description:** Authorized public accountant and member of FAR.  
**Other assignments:** Sectra, Bokusgruppen and Lantmännen.

# 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:** 135,000 shares, 33,036 synthetic shares<sup>1)</sup> and 180,000 warrants.



## 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, 43,399 synthetic shares<sup>1)</sup>, 150,000 call options and 90,000 warrants.



## 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, 11,646 synthetic shares<sup>1)</sup>, 33,000 call options and 90,000 warrants.



## 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 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:** 125,233 synthetic shares<sup>1)</sup> and 315,000 synthetic 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:** 42,928 synthetic shares<sup>1)</sup> and 155,000 synthetic 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 AB, 2020–2022. VP Sales and Marketing, Gränges Finspång AB, 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, 11,988 synthetic shares<sup>1)</sup>, 43,000 call options and 90,000 warrants.

1) Synthetic shares within investment programme for senior management (IP 2020) and synthetic share equivalents within Long Term Incentive Programs (LTI 2020, LTI 2021, LTI 2022).

2) Synthetic options within investment programmes for senior management (IP 2020 and IP2022).