
Sustainability-Linked Finance Framework

October 2024

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Summary

This Sustainability-Linked Finance Framework has been developed to support Gränges' path to net-zero. The Framework describes the prerequisites for issuing Sustainability-Linked Finance instruments and will replace Gränges' Green and Sustainability-Linked Finance Framework dated in 2021. The terms and conditions of the underlying documentation for each Sustainability-Linked Finance Instrument issued by Gränges shall provide a reference to this Framework.

The Sustainability-Linked Finance Framework complies

with the Sustainability-Linked Bond Principles ("SLBP"), established by the International Capital Markets Association ("ICMA") in June 2024, and the Sustainability-Linked Loan Principles ("SLLP") established by the Loan Market Association ("LMA"), the Asia Pacific Loan Market Association ("APLMA") and the Loan Syndication and Trading Association ("LSTA") in February 2023. The Framework has been reviewed by Sustainalytics confirming its alignment with the sustainability-linked bond- and loan principles.

| | | |
|---|--|---|
| KPIs | Scope 1+2 absolute GHG emissions (kilotonnes CO ₂ e) | Scope 3 GHG emissions intensity (tonnes CO ₂ e/tonnes packed product) |
| SPTs | SPT 1: Reduce absolute scope 1 and 2 GHG emissions by: <ul style="list-style-type: none"> • SPT 1a: 33% by 2028 • SPT 1b: 38% by 2029 • SPT 1c: 42% by 2030 | SPT 2: Reduce scope 3 GHG emissions intensity by: <ul style="list-style-type: none"> • SPT 2a: 45% by 2028 • SPT 2b: 51% by 2029 • SPT 2c: 57% by 2030 |
| Target Observation Dates | December 31, 2028, December 31, 2029, or December 31, 2030. (as specified in the transaction specific documentation) | |
| Financial characteristics | Margin adjustment, coupon step-up, or increased redemption price | |
| Reporting and post issuance verification | Annually in Gränges' Annual and Sustainability Report | |





This is Gränges

Gränges is a global leader in aluminium rolling and recycling in selected niches. The company is committed to creating circular and sustainable aluminium solutions in partnership with customers and suppliers – for a better future.

Gränges’ solutions help customers grow and transition to climate neutrality. They are used for efficient climate control in transportation and buildings, electrification and battery components, recyclable packaging, and more.

Gränges hold strong positions in Europe, Asia, and the US. The company has six rolled aluminium production facilities with a total annual production capacity of 610 ktonnes. With product development and production capacity on three continents, Gränges has a solid platform to efficiently meet complex customer demands and new trends in an efficient and sustainable way.



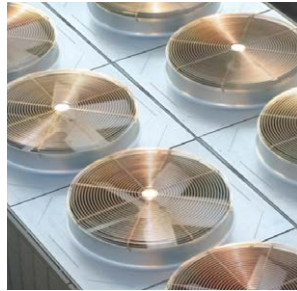
A diverse product portfolio

Gränges' aluminium solutions are used in some of the world's most demanding applications. The company has a diverse product portfolio mainly to four markets: automotive, heating ventilation and air conditioning (HVAC), other niches, and specialty packaging.



Automotive

Gränges' largest market is automotive where the company is a market leader in heat exchanger material.



HVAC

HVAC is Gränges' second largest market where the company's materials are used in both industrial and domestic air conditioning systems.



Other niches

Thanks to its versatile and durable properties, aluminium is used in a range of different applications in buildings, wind turbines, transformers, and heat exchangers for industrial use. It's also a key material in electrification and battery components. Gränges is the only company with global cathode foil production by 2024.



Specialty packaging

Aluminium foil provides a complete barrier to light, oxygen, moisture, and bacteria, making it ideal for packaging. Aluminium packaging is extremely versatile and is used in a wide range of applications for the food, beverage, and pharmaceutical industries.

Aluminium – enabler of the green transition

Aluminium plays an important role in the transition towards a circular and sustainable economy. The metal is for example used to produce lightweight vehicles, energy-efficient buildings, and resource-efficient packaging. Key characteristics of aluminium include its light weight, infinite recyclability, durability, and strength, features which are all contributing positively to sustainability and circularity. Through light, durable and recyclable materials, energy and emission savings can be achieved both operationally and in product usage.

Aluminium is a permanent material, which means that the metal produced today does not just meet the current demand for the material in cars, packaging, buildings, and more – but

over time accumulates to create a major economic resource for the future. Given this, recycling of aluminium provides an opportunity to reduce greenhouse gases by replacing the need for primary aluminium. Moreover, the aluminium recycling process requires only 5 percent of the energy needed to produce the primary metal and the benefits of increased aluminium recycling are therefore significant.

Gränges works to leverage the unique properties of aluminium by designing and manufacturing sustainable products and solutions, which can improve circularity and resource efficiency as well as climate performance along the value chain.

Sustainability at Gränges

Sustainability is a strong driver and enabler of Gränges’ long-term competitiveness and value creation. It is also critical to future-proofing Gränges’ business.

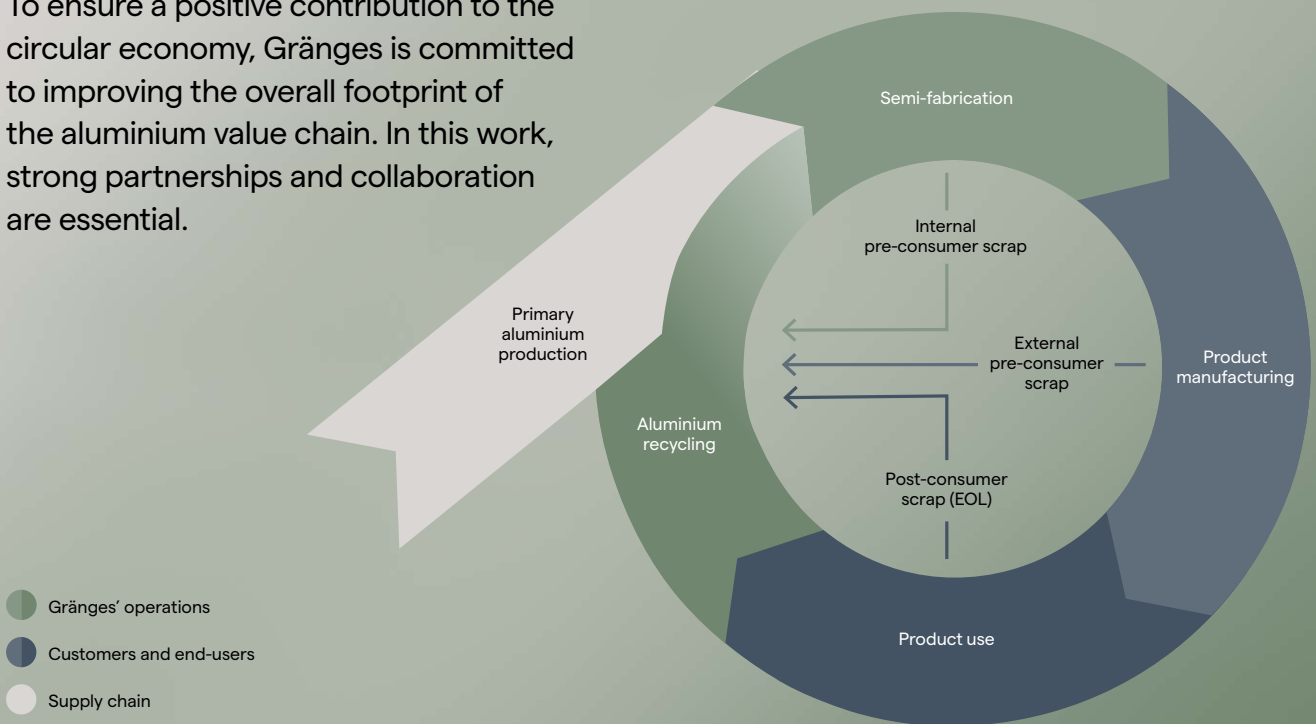
Even though aluminium products are enabling decarbonization of several industries, the aluminium industry itself generates more than 1.1 billion tonnes of carbon emissions annually. This corresponds to around 2 percent of the global carbon emissions.¹ Given the anticipated growth in demand for aluminium, the climate impact from the aluminium industry needs to be addressed. Gränges has a strong position in the value chain and works to make a difference through its commitment to sustainability. This is driven by ambitious plans for net-zero, circularity, and responsible production and practices. The aim of the sustainability plan is to drive sustainable growth through the creation of circular and sustainable aluminium solutions.

In 2022, Gränges conducted an initial double materiality assessment to identify material sustainability topics. The process was in line with the double materiality principles, as outlined in the draft version of the ESRS Standards. Both internal and external stakeholders were involved to provide input to the assessment. In 2024, the result from the 2022 materiality assessment was validated based on the new requirements on how to quantitatively assess sustainability topics in ESRS. 13 sustainability topics were identified as material as they were deemed to have the highest sustainability impact and/or financial impact. The material topics were mapped in Gränges long-term ambition towards 2030 and 2040.

¹ Source: European Aluminium 2020

A strong contributor to the circular economy

To ensure a positive contribution to the circular economy, Gränges is committed to improving the overall footprint of the aluminium value chain. In this work, strong partnerships and collaboration are essential.



Ambitious long-term goals and plans

In 2023, Gränges upgraded its sustainability long-term ambitions and plans to 2030 and 2040. The sustainability plan focuses on three key areas which are important in the creation of sustainable and circular aluminium solutions: net-zero, circular, and responsible. Each area has accompanying long-term goals which show a clear direction. To achieve the goals and drive sustainable growth, Gränges invests in sustainable supply and recycling, operations, and customers and sectors.



Net-zero

Gränges invests in sustainable operations and sustainable sourcing and recycling to reduce the life-cycle climate impact of its products. By 2030, Gränges aims to reduce its carbon intensity by 65 percent versus baseline 2017. By 2040 the company aims to reach net-zero emissions throughout the value chain. The long-term climate goals have been validated by SBTi.



Circular

Gränges invests in circular business models, closed-loop partnerships, recycling capacity, and circular alloy development to increase the usage of recycled materials in its products. By 2030, Gränges aims to reach a total recycling volume of 500 ktonnes which corresponds to 10x the volume in baseline 2017.



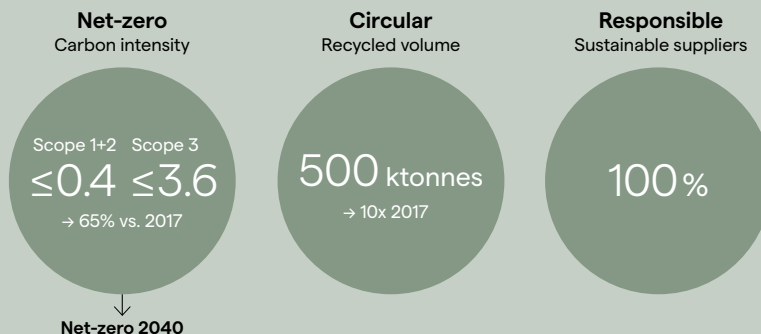
Responsible

Gränges invests in safety, business ethics, and people to ensure responsibly produced aluminium and responsible business practices throughout the value chain. By 2030, Gränges aims to have 100 percent sustainable suppliers, as defined by the company's new responsible sourcing process that will be implemented in 2024.

Invest in sustainable

- Supply and recycling
- Operations
- Customers and sectors

2030 sustainability goals



Sustainable growth

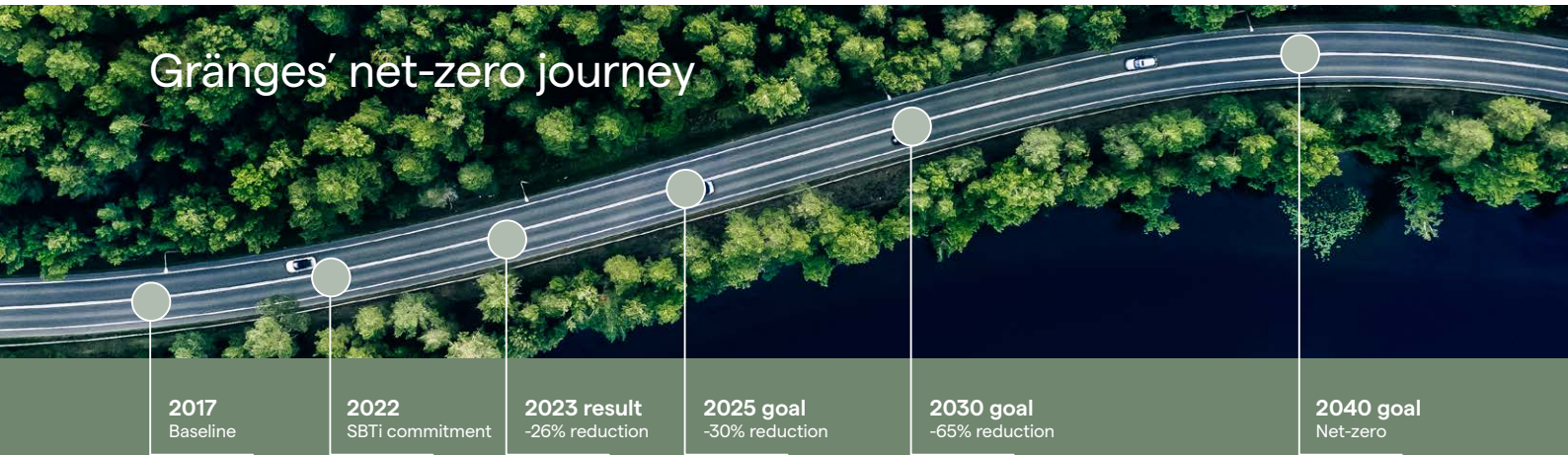
Net-zero plan

Gränges is committed to mitigating climate change and has set a goal to reach net-zero by 2040. The company strives to reduce the climate impact along the value chain – from its own operations and from the materials sourced.

In 2023, Gränges developed regional 2030 decarbonization plans which were consolidated into a group-wide net-zero plan. In summary, the company plans to reach net-zero through five main pathways, as summarized below. Recycling growth accounts for more than half of the 2030 plan, followed by low-carbon primary aluminium, and renewable electricity.

In 2023, Gränges reduced the total carbon intensity by 5 percent versus prior year, driven mainly by all-time-high recycling and renewable energy usage. All Gränges’ regions contributed to this progress through high engagement and a strong sustainability mindset. Some actions implemented in the past few years include:

- Formed a joint-venture with Shandong-Innovation Group (SIG) securing access to low-carbon primary aluminium in Gränges’ facility in Shanghai. This investment is expected to have a significant positive impact on the company’s decarbonization performance over time.
- Invested in a new recycling and casting line in Huntingdon, enabling the use of 100 percent recycled aluminium instead of primary aluminium when casting. This investment is expected to have a positive effect on Gränges’ scope 3 emissions.
- Entered a renewable electricity partnership in Shanghai, securing 100 percent renewable electricity at the production facility. The partnership has had a significant positive effect on Gränges’ Scope 2 emissions.



Gränges’ five pathways to net-zero and prioritized activities

| 1 Net-zero Gränges | 2 Net-zero electricity | 3 Recycling growth | 4 Net-zero primary aluminium | 5 Net-zero solutions and sectors |
|--|---|---|---|---|
| Scope 1 | Scope 2 | Scope 3 | Scope 3 | |
| Priorities | | | | |
| <ul style="list-style-type: none"> • Increase material and energy efficiency • Reduce and phase-out natural gas and non-renewable fuels • Deploy decarbonization technologies | <ul style="list-style-type: none"> • Form value chain partnerships • Renewable electricity certificates • Generate own renewable electricity | <ul style="list-style-type: none"> • Form value chain partnerships • Invest in recycling capabilities and capacity • Develop circular alloys | <ul style="list-style-type: none"> • Form value chain partnerships • Support suppliers’ decarbonization plans | <ul style="list-style-type: none"> • Invest in growth from sustainable sectors • Collaborate with customers and OEMs • Develop sustainable and circular alloys |
| Ambitions | | | | |
| 100% net-zero fuels by 2040 | 100% renewable electricity by 2030 | 500 ktonnes recycling by 2030 | 100% net-zero primary aluminium by 2040 | Enabler for net-zero and sustainable growth |

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 Sustainability function, 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 chairs two cross-regional teams within Sustainability and Source Green & Recycle (SG&R), in which all regional sustainability and SG&R leads are represented. The teams are responsible for leading Gränges' global sustainability and SG&R efforts and plans. Ensuring best practice sharing across the organization is also a key objective for both teams.

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.

Sustainability risks

Mapping and managing sustainability risks is integrated into Gränges' multi-disciplinary and company-wide risk management process. Gränges works actively with risk management to monitor and minimize risks in a structured and proactive manner. Gränges' systematic risk management allows focus on core business and customers while minimizing time spent on unwanted issues. Gränges' risk management process requires all regional management teams to review, rank, and prioritize risks annually, maintaining updated mitigation plans. These regional risk assessment and mitigation plans form the basis for the Group Management Team's annual risk review aimed at ensuring that effective risk mitigation plans and processes are in place from a Group perspective, including whether a risk should be owned and managed by the Group Management Team or regional Presidents.

To ensure a reliable and systematic management approach, including risk management, Gränges also aims to have all

production facilities certified under ISO 14001 (environmental management), ISO 50001 (energy management), ISO 45001 (safety management) and the standards provided by Aluminium Stewardship Initiative (ASI). The target is to have all these standards in place by 2025. As of April 2024, all sites are certified under the ISO 14001 and ASI standards.

The following sites are certified as per April 2024:

- ISO 14001: Finspång, Konin, Huntingdon, Newport, Salisbury, Shanghai, Saint Avold
- ISO 50001: Finspång, Huntingdon, Newport, Salisbury, Shanghai, Saint Avold
- ISO 45001: Konin and Shanghai
- ASI Performance and Chain of Custody Standards: Finspång, Konin, Shanghai, Huntingdon, Salisbury, Newport, and Franklin (US corporate office).

Sustainability commitments and recognition

Since October 2016, Gränges has been a signatory to the UN Global Compact and undertakes to fulfil the principles relating to human rights, labor, environment, and anti-corruption. The principles also form the foundation of the company’s Code of Conduct and Supplier Code of Conduct. The company is also committed to helping fulfill the 2030 Agenda and Sustainable Development Goals (SDGs). Gränges has identified those SDGs that are most relevant for its business and where the company has its largest impacts and contributions.

Gränges’ sustainability performance and management are continuously assessed by customers, sustainability and ESG analysts as well as other stakeholders. This serves as an important element of the ongoing stakeholder dialogue and is in line with the company’s ambition to provide stakeholders with a credible basis for their evaluation of Gränges. Below are some examples of external sustainability evaluation and recognition achieved in 2023.



EcoVadis

For the third consecutive time, Gränges was awarded a Platinum rating from EcoVadis which places Gränges among the leading 1 percent of companies assessed globally in the industry “Manufacture of basic precious and other non-ferrous metals”.



CDP

Gränges achieved an A- score in CDP’s Climate change questionnaire, placing the company well above sector average of B-.



MSCI

Gränges received an AA rating in the MSCI ESG Ratings assessment 2022¹. MSCI ESG Research provides MSCI ESG Ratings External reporting and evaluation on global public and a few private companies on a scale of AAA (highest rating) to CCC (lowest rating), according to exposure to industry specific ESG risks and the ability to manage those risks relative to peers.



Sustainalytics

Gränges achieved an overall risk rating of 21.1 (Medium) in Sustainalytics’ ESG Risk Rating Report 2023². This placed the company as the number 4 among 42 aluminium companies and number 6 among 228 metal companies.



¹ The use by Gränges of any MSCI ESG research llc or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Gränges by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.
² Copyright ©2022 Sustainalytics. All rights reserved. This publication contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>

Sustainability-Linked Finance Framework

Rationale for developing a Sustainability-Linked Finance Framework

Demand for sustainable products is increasing among consumers in general. Climate effects like wildfires, floodings and heat waves are clear signs that change is urgent. Regulatory requirements are becoming tougher, and investors are demanding sustainability performance. The transformation to a more sustainable society and circular business models is a necessity for future success. This requires a shift to fossil-free and renewable energy sources, innovative material technologies and increased recycling. Through its leading position in creating circular and sustainable aluminium solutions, Gränges has the opportunity to help customers and original equipment manufacturers (OEMs) grow and transition to climate neutrality.

In 2021 Gränges established a Sustainability-Linked Finance Framework, which is now updated to align with a new long-term strategy and more ambitious sustainability targets. By establishing this updated Sustainability-Linked Finance Framework (Framework), Gränges' aims to utilize sustainability-linked financing to drive sustainable growth through the creation of circular and sustainable aluminium solutions. Furthermore, the Framework enables investments to increase

Gränges' overall sustainability performance and its transition to circularity and net-zero.

By linking financing to material sustainability key objectives, Gränges aims to enhance its sustainability performance and support industry-wide progress. This updated Framework enables Gränges' to issue various forms of sustainability-linked instruments including loans and bonds.

The Framework is developed to align with the Sustainability-Linked Bond Principles published in June 2024 by International Capital Market Association (ICMA) and the Sustainability-Linked Loan Principles published in February 2023 by Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndication Trading Association (LSTA). The Framework is structured according to ICMA's Sustainability-Linked Bond Principles five components:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Financial characteristics
4. Reporting
5. Verification



Selection of key performance indicators

The selection of key performance indicators (KPIs) in this Framework has been made after consideration of which topics are relevant, core, and material to Gränges’ business and strategy. According to the Intergovernmental Panel on Climate Change (IPCC)¹ net greenhouse gas (GHG) emissions have increased since 2010 across all major sectors, with industry accounting for 22 percent of net global GHG emissions in 2019, corresponding to 13 GtCO₂e. Among the industrial sectors, the global aluminium industry is responsible for about two percent of global anthropogenic emissions, generating more than 1.1 GtCO₂e of emissions annually².

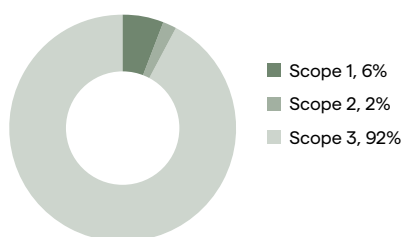
While aluminium production is responsible for significant GHG emissions globally, it is also recognized as an essential material for the transition to a fully decarbonized economy due to its properties. Besides being a highly circular material, which can be recycled multiple times without losing its

properties, aluminium plays an increasing role in reducing the climate footprint of other sectors, such as road transports².

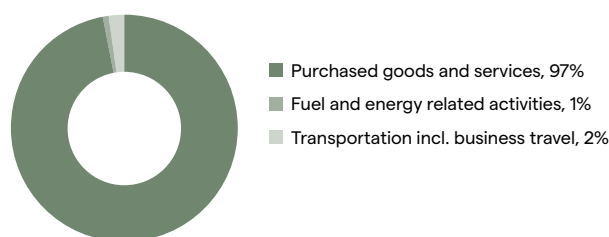
Based on Gränges’ material topics and sustainability ambitions and plans, GHG emissions, recycling, and sourced materials are of high strategic relevance for the company’s current and future operations. As a semi-manufacturer of rolled aluminium products, Gränges’ largest climate impacts originate in the value chain. In 2023, 92 percent of Gränges’ total climate impact originated from the value chain (scope 3) and 8 percent from the company’s own operations (scope 1+2). Gränges is committed to mitigating climate change and has set a goal to reach net-zero by 2040.

To drive emission reductions and reach net-zero, Gränges has established clear KPIs which target emission reductions in its own operation and in the value chain, mainly driven by recycling growth.

Breakdown of total GHG emissions in 2023



Breakdown of scope 3 GHG emissions in 2023



| | Key Performance Indicator 1 | Key Performance Indicator 2 |
|-----------------------------------|--|--|
| KPI Definition | Scope 1+2 absolute GHG emissions (ktonnes CO ₂ e) | Scope 3 GHG emissions intensity (tonnes CO ₂ e/tonne packed product) |
| Description and Scope | <p>Reduction of absolute carbon emissions from own operations (scope 1) and purchased energy (scope 2), ktonnes CO₂e.</p> <p>Scope 1 emissions covers direct emissions from Gränges’ operations, which include production facilities, office buildings, company owned vehicles, and refrigerants.</p> <p>Scope 2 emissions covers Gränges indirect emissions from the generation of purchased electricity, heat and steam consumed by Gränges, in production facilities and office buildings.</p> | <p>Reduction of carbon emissions intensity from significant Scope 3 categories (purchased goods and services, fuel- and energy related activities, upstream transportation and distribution, business travel, and downstream transportation and distribution), tonnes CO₂e/tonne.</p> <p>The KPI covers approximately 91 percent of Gränges indirect emissions in the value chain, confirmed by Gränges’ greenhouse gas inventory conducted for SBTi in 2022.</p> |
| Calculation methodology | Calculated according to the GHG Protocol using the market-based methodology for scope 2 GHG emissions. | Calculated according to the GHG Protocol applying the operational control. |
| EU Environmental objective | Climate Change Mitigation | |
| UN SDGs | 7 and 13 | |

1 IPCC (2023). Synthesis Report of the IPCC Sixth Assessment Report (AR6). Available at: <https://www.ipcc.ch/report/ar6/syr/>

2 World Economic Forum (2020). Aluminium for Climate: Exploring pathways to decarbonize the aluminium industry. Available at: https://www3.weforum.org/docs/WEF_Aluminium_for_Climate_2020.pdf

3 23-11-14-Net-Zero-by-2050-Science-based-Decarbonisation-Pathways-for-the-European-Aluminium-Industry_FULL-REPORT.pdf

Calibration of sustainability performance targets

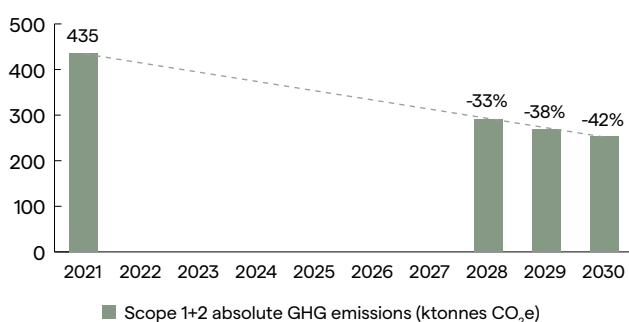
Based on Gränges’ 2030 sustainability goals, Gränges has incorporated mid-term SPTs targeting its ambitions to reduce GHG emissions from the company’s own operations and

purchased energy, as well as from significant value chain emissions in line with the Science Based Targets initiative approved targets.

SPTs relating to KPI 1: Absolute Scope 1+2 GHG emissions reduction

| KPI | Scope 1+2 absolute GHG emissions (ktonnes CO ₂ e) | | |
|-------------------------|--|-------------------|-------------------|
| Baseline | 2021 | | |
| Target observation date | December 31, 2028 | December 31, 2029 | December 31, 2030 |
| Reduction target | -33% | -38% | -42% |

The SPTs represent a linear reduction compared to the 2021 baseline.



Historical trajectory and baseline

| | 2023 | 2022 | 2021 |
|------------------------------|-------|-------|----------|
| ktonnes CO ₂ e | 309.8 | 396.9 | 434.6 |
| Development vs 2021 baseline | -29% | -9% | Baseline |

Level of ambition and benchmark

Gränges’ 2030 and 2040 targets for Scope 1+2 have been approved by the Science Based Targets initiative, confirming that they align with the Paris Agreement and climate science. The targets also harmonize with the report “Net-zero by 2050: Science-based decarbonization pathways for the European Aluminium Industry¹” which states that the European aluminium production should be cut by at least 37 percent and 78 percent by 2030 and 2040 to reduce emission reductions of more than 90 percent by 2050. Furthermore, Gränges’ targets are considered highly ambitious compared to peers in the industry. Lastly, the 2030 target supports the company’s long-term goal to reach net-zero GHG emission across the value chain by 2040.

Strategy to achieve SPT 1

Gränges’ scope 1 and 2 emissions mainly origin from the fuels and electricity used in the re-melting and casting as well as the rolling and slitting processes. Gränges’ net-zero strategy to reach the targets therefore focuses on:

- Increasing material and energy efficiency
- Reducing and phasing-out natural gas and non-renewable fuels
- Deploying decarbonization technologies
- Forming value chain partnerships
- Purchasing renewable electricity contracts
- Generating own renewable electricity

Risks to achieving SPT 1

When increasing the share of recycled aluminium in the re-melting facilities, Gränges may need to accept slight increases in energy consumption compared to using primary ingots. Even though this has a small negative effect on scope 1 and scope 2 emissions, the positive effect on scope 3 emissions more than offsets the increase in operational emissions and the total climate impact is positively impacted by increased use of recycled aluminium. Gränges has already taken large measures to reduce its GHG emissions in scope 1 and scope 2 which poses challenges to reduce emissions at the same pace going forward.

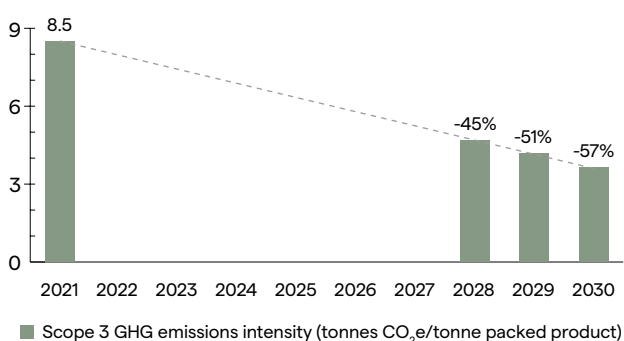
¹ 23-11-14-Net-Zero-by-2050-Science-based-Decarbonisation-Pathways-for-the-European-Aluminium-Industry_FULL-REPORT.pdf

SUSTAINABILITY-LINKED FINANCE FRAMEWORK

SPTs relating to KPI 2: Scope 3 GHG emissions intensity

| KPI | Scope 3 GHG emissions intensity (tonnes CO ₂ e/tonne packed product) | | |
|--------------------------------|---|-------------------|-------------------|
| Baseline | 2021 | | |
| Reduction target | -45% | -51% | -57% |
| Target observation date | December 31, 2028 | December 31, 2029 | December 31, 2030 |

The SPTs represent a linear reduction compared to the 2021 baseline.



Historical trajectory and baseline

| | 2023 | 2022 | 2021 |
|-------------------------------------|------|------|----------|
| tonnes CO₂e/tonne | 7.8 | 8.1 | 8.5 |
| Development vs 2021 baseline | -8% | -5% | Baseline |

Level of ambition and benchmark

Gränges' 2030 and 2040 targets for Scope 3 have been approved by the Science Based Targets initiative, confirming that they align with the Paris Agreement and climate science. The 2030 target also supports Gränges' long-term goal of reaching net-zero by 2040.

Strategy to achieve SPT 2

To reduce carbon emission intensity from the value chain, Gränges will focus on increasing the sourcing of recycled aluminium to replace primary aluminium as input materials, and also increasing the sourcing of low-carbon primary aluminium. Gränges' net-zero strategy to reach the target therefore focuses on:

- Forming value chain partnerships
- Investing in recycling capabilities and capacity
- Developing circular alloys
- Supporting suppliers' decarbonization plans

Risks to achieving SPT 2

The attractiveness of recycled aluminium and low-carbon primary aluminium is increasing as regulation and the global trend is promoting a shift to a low-carbon and circular economy. Gränges will collaborate with and push its suppliers to secure the availability of both recycled aluminium as well as low-carbon primary aluminium.

Financial characteristics

The financial characteristics of any Sustainability-Linked Finance Instrument issued under this Sustainability-Linked Finance Framework will be specified in its related transaction specific documentation.

For any Sustainability-Linked Finance Instrument issued under this Framework, the characteristics may change and lead to a financial impact in the form of either a premium payment, coupon step-up or margin adjustment in the event that a trigger event occurs. A trigger event occurs if:

- Any of the KPIs have not achieved the respective SPT on the target observation date, or
- The reporting does not meet the requirements as set out in the related transaction specific documentation, or
- The verification has not been provided as set out in the related transaction specific documentation.

The financial characteristic selected for each Sustainability-Linked Finance instrument including specification of financial impact, target observation date, fallback mechanisms and reporting end date will be stated in the relevant transaction specific documentation.

Fallback mechanisms

Fallback mechanisms applicable to any Sustainability-Linked Finance instrument issued under this Framework include a potential recalculation of the baseline figures if there is a significant change of at least five percent to the 2021 baseline due to changes in Gränges' organizational structure, the calculation methodology, or data quality. Any recalculation of the baseline will be verified by a qualified external reviewer.

For the avoidance of doubt, the KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any bond issued under the Framework, regardless of any changes to the baseline, overarching sustainability strategy or potential Framework updates. This includes any changes relating to the company's general sustainability targets and ambitions.

Reporting

To ensure investors and other stakeholders have updated and adequate information about Gränges' sustainability strategy and the progress on the SPTs in relation to the respective KPIs, the progress of each SPT will be included in Gränges' publicly available Annual and Sustainability Report, published on Gränges' webpage. Gränges may also select to report on the information outlined below in a separate Sustainability-Linked Progress Report.

In the case Gränges would have other Sustainability-Linked Finance Instruments than bonds outstanding the company may choose to report, in relation to these other financial instruments, directly and non-publicly, to the lenders or counterparts.

The Annual and Sustainability Report / Sustainability-Linked Progress Report will form the basis for evaluating the impact on respective finance instrument characteristics as outlined in "financial characteristics" as well as in the respective transaction documentation. The Annual and Sustainability Report / Sustainability-Linked Progress Report will include the following reporting points:

- The performance of the KPIs and related SPTs, as per the relevant reporting period and when applicable, including the calculation methodology and baselines when relevant
- Information about potential recalculations of baselines
- Information on any relevant updates to Gränges' sustainability strategy and/or governance with an impact on the KPIs and SPTs
- A list of Sustainability-Linked Finance Instruments outstanding

Where feasible and possible the reporting will also include:

- Qualitative and /or quantitative explanations of the contribution of the main factors, including M&A activities, behind the evolution of the performance on the KPIs on an annual basis
- Illustration of the positive sustainability impacts of the performance improvement
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs

Verification

External review

Gränges will annually seek external and independent verification of the level of performance of the KPIs against the SPTs by a qualified external reviewer with relevant expertise. The verification will be publicly available together with Gränges Sustainability-Linked Progress Report / Annual and Sustainability Report on Gränges website.

Second-party opinion

Gränges has engaged Sustainalytics to provide a second-party opinion to this Framework assessing the relevance, robustness, reliability, and ambition level of the selected KPIs and SPTs and confirming its alignment with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles.





Head office

Granges AB (publ)
Box 5505
SE-114 85 Stockholm
Sweden

Visiting address

Linnégatan 18
114 47 Stockholm
Sweden

Tel: +46 8 459 59 00

www.granges.com

Reg. no. 556001-6122