

*This is a translation of the Swedish original. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.*

## **The Board of Directors' of Sandvik AB report of the Remuneration Committee's evaluation of remuneration to senior executives**

The Board of Directors of Sandvik AB has established a Remuneration Committee which currently consists of Johan Molin (Chairman), Lars Westerberg and Johan Karlström. The Remuneration Committee's tasks include monitoring and evaluating programs for variable remuneration to senior executives, the application of Sandvik's guidelines for the remuneration of senior executives and current remuneration structures and remuneration levels. The Board of Directors hereby presents the following report on the results of the Remuneration Committee's evaluation, in accordance with rule 10.3 of the Swedish Corporate Governance Code.

The Remuneration Committee believes that the Company's guidelines for the remuneration of senior executives adopted by the Annual General Meeting 2017 have worked well and that the purpose of the guidelines has been achieved.

Moreover, the Committee believes the Company's remuneration structures and remuneration levels to be balanced and on market terms.

The Remuneration Committee has evaluated the ongoing long-term incentive programs for senior executives and key employees, which all have the purpose of aligning the interests of the participants and the shareholders. The performance share programs, which have been adopted annually by the Annual General Meeting in essentially the same format since 2014, are well-balanced and have served the purpose of retaining and motivating key employees in the Group. The Committee also notes that the programs have been well received and have obtained a level of participation that meets expectations.

Stockholm, February 2018

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