

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 2018 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. Performance share programs have been adopted annually by the Annual General Meeting since 2014. The program was amended in 2018 when the matching share was replaced by one additional performance share. The Committee further notes that the performance share programs are well balanced, have been well received, have increased retention compared to earlier share option programs and align the participants interest with those of the shareholders.

Stockholm, January 2019

Sandvik Aktiebolag (publ)
The Board of Directors