

*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.*

## **Sandvik AB's Remuneration Report 2023**

### **Introduction**

This Remuneration Report describes how Sandvik AB's (the "Company") guidelines for executive remuneration (the "remuneration guidelines"), adopted by the Annual General Meeting 2020, have been implemented in 2023. The report also provides details on the remuneration of the Company's President & CEO ("President") and a summary of the Company's outstanding share and share-price related incentive programs. The report has been prepared in accordance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Rules on Remuneration of the Board and Executive Management and on Incentive Programs, administered by the Stock Market Self-Regulation Committee.

Information required by Chapter 5, Sections 40–44 of the Annual Accounts Act (1995:1554) is available in note G4 on pages 77–79 of the Company's annual report for 2023 (the "Annual Report 2023"). Information on the work of the Remuneration Committee in 2023 is set out on page 51 of the corporate governance report in the Annual Report 2023.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note G4 on pages 77–79 of the Annual Report 2023.

The Company has not received any such comment as referred to in Chapter 8, Section 53 a, item 8, of the Swedish Companies Act.

### **Overall company performance in 2023**

The President summarizes the Company's overall performance in his statement on pages 4–5 of the Annual Report 2023.

### **The Company's remuneration guidelines: scope, purpose and deviations**

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. The Company's remuneration guidelines enable the Company to offer the executive management and the President competitive total remuneration.

Under the Company's remuneration guidelines, remuneration of executive management shall be set on market terms, be competitive and reflect the individual's performance and responsibilities as well as the Group's earnings trend. The remuneration may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits.

The remuneration guidelines, adopted by the Annual General Meeting 2020, can be found on pages 42–43 of the Annual Report 2023. These remuneration guidelines apply until the Annual General Meeting 2024, where the Board will be submitting revised remuneration guidelines for adoption. During 2023, the Company has complied with the applicable



remuneration guidelines. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

The auditor’s report regarding whether the Company has complied with the remuneration guidelines is available on the Company’s website [home.sandvik](http://home.sandvik).

In addition to remuneration covered by the remuneration guidelines, the Annual General Meetings of the Company have resolved to implement long-term share-related incentive programs.

### Remuneration Committee’s evaluation of remuneration

The Remuneration Committee considers that the remuneration guidelines adopted by the Annual General Meeting 2020 have worked well and that the purpose of the guidelines has been achieved. Moreover, the Committee considers the Company’s remuneration structures and remuneration levels to be balanced and on market terms. In its evaluation of ongoing long-term incentive programs for senior executives and key employees, the Committee has concluded 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.

### Total remuneration of the President

The table below sets out total remuneration to the Company’s President relating to 2023.

Table 1 – Total remuneration of the President (SEK)

Name of Director, position	Fixed remuneration		Variable remuneration		Extraordinary items <sup>5</sup>	Pension expense <sup>6</sup>	Total remuneration <sup>7</sup>	Proportion of fixed/variable remuneration <sup>8</sup>
	Base salary <sup>1</sup>	Other benefits <sup>2</sup>	One-year variable <sup>3</sup>	Multi-year variable <sup>4</sup>				
<b>Stefan Widing, President</b>	15,800,641	125,462	9,294,494	0	0	5,344,644	30,565,241	a) 70% b) 30%

1. Stefan Widing’s fixed salary 2023 amounts to SEK 15,490,824. The remaining amount relates to vacation pay, etc.
2. Relates mainly to fringe benefit and company car.
3. Pertains to 2023 and is expected to be paid in 2024.
4. Relates only to any shares vested during the financial year, taxable value on day of vesting.
5. No extraordinary items in 2023.
6. Relates to all pension contributions on pensionable salary which for 2023 was the 2022 base salary.
7. Amounts have been rounded to closest 1.0 SEK.
8. a) The sum of fixed remuneration divided by total remuneration incl. pension b) the sum of variable remuneration divided by total remuneration incl. pension.

### Variable remuneration

#### Outstanding share and share-price related incentive programs

The Annual General Meetings in 2020–2023 adopted a long-term share-related incentive program (“LTI”) for each of the respective year, for about 350 senior executives and key individuals in the Sandvik Group, divided into four categories. For all participants, a personal investment in Sandvik shares is required in each separate program. Each acquired Sandvik



share entitles the participant to be allotted, after a period of three years, a certain number of Sandvik shares free of charge (so called performance shares), provided that certain performance targets are met and subject to continuous employment and all acquired shares being held during the three-year period. The number of performance shares that will finally be allotted is dependent on the participant category and the adjusted Earnings Per Share (“EPS”) of the program year compared to the previous financial year.

For information on the number of performance shares encompassed by the three ongoing programs in 2023, see note G4 on pages 77–79 of the Annual Report 2023.

### Variable long-term share-related remuneration to the President

The table below sets out variable share-related remuneration to the Company’s President relating to 2023.

**Table 2 – Variable share-related remuneration to the President**

The main conditions of long-term share-related incentive program					Information regarding the reported financial year						
					Opening balance (Jan 1, 2023)	During the year			Closing balance (Dec 31, 2023)		
	LTI Program <sup>1</sup>	Performance period	Award date	Vesting date and end of retention period <sup>2</sup>	Awards <sup>3</sup> at the beginning of the year	Awards granted <sup>4</sup>	Shares vested <sup>5</sup>		Awards subject to vesting <sup>7</sup>		Awards forfeited <sup>9</sup>
							No. of shares	Value (SEK) <sup>6</sup>	No. of awards	Value (SEK) <sup>8</sup>	
Stefan Widing, President	LTI 2023	Jan 1 - Dec 31, 2023	Jun 13, 2023	Jun 30, 2026	0	58,771	0	0	27,675	6,038,660	31,096
	LTI 2022	Jan 1 - Dec 31, 2022	Jun 13, 2022	Jun 30, 2025	61,699	0	0	0	61,699	13,462,722	0
	LTI 2021	Jan 1 - Dec 31, 2021	Jun 11, 2021	Jun 30, 2024	48,840	0	0	0	48,840	10,656,888	0
	LTI 2020	Jan 1 - Dec 31, 2020	Jun 12, 2020	Jun 30, 2023	0	0	0	0	0	0	0
<b>TOTAL</b>					<b>110,539</b>	<b>58,771</b>	<b>0</b>	<b>0</b>	<b>138,214</b>	<b>30,158,270</b>	<b>31,096</b>

1. All Programs have a one-year performance period followed by an additional two-year retention period prior to vesting.
2. The latest date of delivery of shares to the employee share account.
3. Award is the right for the participant to potentially receive performance share(s) under the LTI Program.
4. Assuming a maximum performance outcome.
5. The number of shares delivered to the employee’s share account at vesting date.
6. The share value based on closing price on vesting date.
7. Based on actual performance outcome.
8. The share value based on closing price on Dec 29, 2023 (218.2 SEK).
9. Forfeited awards based on actual performance.

The performance criteria for the adopted LTIs is EPS growth, where adjusted EPS of the program year is compared to the adjusted EPS of the previous financial year. One performance share is allotted for each acquired Sandvik share if adjusted EPS of the program year exceeds adjusted EPS of the previous year. For any remaining performance shares to be allotted, EPS growth must exceed 5 percent, with the maximum number of performance shares being allotted at an EPS growth of 15 percent.

The criteria for maximum allotment of shares were met for LTI 2021 and LTI 2022 and therefore, 100 percent of the awards will vest in 2024 and 2025 under these programs. The



criteria for maximum allotment of shares was not fully met for LTI 2023 and therefore approx. 47 percent of the awards will vest in 2026 under the 2023 program.

### Variable short-term cash remuneration

Variable cash remuneration is conditional upon the fulfilment of defined and measurable criteria. At the beginning of each year the Board of Directors and the Remuneration Committee establish the criteria, including key performance indicators (KPIs) and the target ranges, deemed relevant for the upcoming measurement period. At least 80 percent of the variable cash remuneration shall be linked to financial criteria.

The performance criteria for the President's short-term variable remuneration aims at promoting the Company's business strategy and performance as well as its long-term interests, including its sustainability. Set out in the table below is a description of how the criteria for payment of variable short-term remuneration to the President have been applied during the financial year.

**Table 3 – Variable cash remuneration to the President**

Name of Director, Position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance per criteria (%) and b) actual award/ remuneration outcome (SEK)	
			a)	b)
Stefan Widing, President	Earnings Per Share Growth	40%	a) 100%	b) 4,647,247
			a) 0%	b) 0
	Cash Conversion Rate	20%	a) 100%	b) 2,323,623
			a) 100%	b) 2,323,623
	Revenue Growth	20%	a) 100%	b) 2,323,623
			a) 100%	b) 2,323,623
	EBITA	20%	a) 100%	b) 2,323,623
			a) 100%	b) 2,323,623

### **Comparative information on the change of remuneration and Company performance**

Year 2020 is the first reference year for the comparative reporting below.

**Table 4 – Remuneration and company performance during 2020–2023 (SEK)**

	2020	2021	2022	2023
President remuneration	20,264,431	27,347,790	22,710,436	30,565,241
Group Operating Profit <sup>1</sup>	11,216,000,000	17,275,000,000	18,592,000,000 <sup>3</sup>	22,418,000,000
Average remuneration per employee in the parent company <sup>2</sup>	500,818	863,293	842,360	989,682

1. Sandvik Group Operating Profit as per consolidated income statement in the Annual Report for the relevant year.

2. Employees in the Parent Company (i.e. Sandvik AB and the subsidiaries operating on commission for Sandvik AB) totalling 3,683 employees located in Sweden. Group Executive Management has been excluded.

3. Due to the distribution of shares in Alleima AB (business area Sandvik Materials Technology), the business area was reported as discontinued operations as of January 2022 and therefore excluded from the reporting.