

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 on 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 Anders Nyrén (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 2013 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.

Each of the Annual General Meetings 2011–2013 resolved on a long-term incentive program, based on employee stock options, for senior executives and key employees in order to align the interests of the participants and the shareholders.

The Committee has monitored and evaluated these long-term incentive programs and has found that the retention effect of the incentive programs has decreased over time due to the limited value of employee stock options in a volatile market. To further attract, retain and motivate key employees in the Group, the Committee has proposed that the Board submit to the Annual General Meeting 2014 a proposal for a revised incentive program, in the form of a performance share program.

Stockholm, January 2014

Sandvik Aktiebolag (publ)
The Board of Directors