



## Annual General Meeting of Sandvik Aktiebolag

The shareholders in Sandvik Aktiebolag are convened to the Annual General Meeting to be held on Monday, 29 April 2019 at 3:00 p.m. at the Göransson Arena, Sätragatan 21, Sandviken, Sweden.

### RIGHT TO PARTICIPATE AND NOTICE

Shareholders who wish to participate in the Meeting must be recorded in the share register maintained by Euroclear Sweden AB on Tuesday, 23 April 2019 and notify the company of their participation in the Meeting not later than Tuesday, 23 April 2019.

Notice of participation in the Meeting shall be made on the Company's website [home.sandvik](http://home.sandvik), by telephone +46 (0) 26-26 09 40 weekdays 9:00 a.m.–4:00 p.m. or by letter to Computershare AB, "Sandvik's AGM", Box 610, SE-182 16 Danderyd, Sweden.

Shareholders whose shares are registered in the name of a nominee must temporarily have re-registered the shares in their own name at Euroclear Sweden AB on Tuesday, 23 April 2019 to be entitled to participate in the Meeting. Please note that this procedure also applies with respect to shares held on a bank's shareholder deposit account and certain investment savings accounts.

When giving notice, please state name, personal or corporate registration number, address and telephone number and the number of assistants, if any. If participation is by proxy, the proxy should be submitted to the address stated above in advance of the Meeting. Proxy forms are available on the Company's website [home.sandvik](http://home.sandvik). Please see below for information on processing of personal data.

### AGENDA

1. Opening of the Meeting.
2. Election of Chairman of the Meeting.
3. Preparation and approval of the voting list.
4. Election of one or two persons to verify the minutes.
5. Approval of the agenda.
6. Examination of whether the Meeting has been duly convened.
7. Presentation of the Annual Report, Auditor's Report and the Group Accounts and Auditor's Report for the Group.
8. Speech by the President and CEO.
9. Resolution in respect of adoption of the Profit and Loss Account, Balance Sheet, Consolidated Profit and Loss Account and Consolidated Balance Sheet.
10. Resolution in respect of discharge from liability of the Board members and the President for the period to which the accounts relate.
11. Resolution in respect of allocation of the Company's result in accordance with the adopted Balance Sheet and resolution on record day.
12. Determination of the number of Board members, Deputy Board members and Auditors.
13. Determination of fees to the Board of Directors and Auditor.
14. Election of Board members:
  - 14.1 Jennifer Allerton

- 14.2 Claes Boustedt
- 14.3 Marika Fredriksson
- 14.4 Johan Karlström
- 14.5 Johan Molin
- 14.6 Björn Rosengren
- 14.7 Helena Stjernholm
- 14.8 Lars Westerberg
15. Election of Chairman of the Board.
16. Election of Auditor.
17. Resolution on guidelines for the remuneration of senior executives.
18. Resolution on a long-term incentive program (LTI 2019).
19. Closing of the Meeting.

## **PROPOSALS FOR RESOLUTIONS**

### **Item 11 – Dividend and record day**

The Board of Directors proposes that the Annual General Meeting resolve on a dividend of SEK 4.25 per share. Thursday, 2 May 2019 is proposed as the record day. If the Meeting approves these proposals, it is estimated that the dividend be paid by Euroclear Sweden AB on Tuesday, 7 May 2019.

### **The Nomination Committee's proposals**

The Nomination Committee consists of its Chairman Fredrik Lundberg (AB Industrivärden), Kaj Thorén (Alecta), Pär Boman (Handelsbankens Pensionsstiftelse and others), Marianne Nilsson (Swedbank Robur) and Johan Molin (Sandvik's Chairman of the Board).

The Nomination Committee proposes that the Annual General Meeting resolve on the following:

**Item 2 –** Attorney Sven Unger as Chairman of the Meeting.

**Item 12 –** Eight Board members with no deputies and a registered public accounting firm as Auditor.

**Item 13 –** Fees to the Board of Directors:

- Chairman of the Board of Directors: SEK 2,550,000 (2,400,000)
- Other Board members not employed by the Company: SEK 690,000 (660,000) each
- Chairman of the Audit Committee: SEK 300,000 (285,000)
- Other members of the Audit Committee: SEK 170,000 (160,000) each
- Chairman of the Remuneration Committee: SEK 145,000 (135,000)
- Other members of the Remuneration Committee: SEK 115,000 (110,000) each

No fees shall be paid to the members of the Acquisitions and Divestitures Committee.

Fees to the Auditor shall be paid in accordance with approved invoices.

**Item 14 –** Election of the following persons as Board members:

- 14.1 Jennifer Allerton (re-election)

- 14.2 Claes Boustedt (re-election)
- 14.3 Marika Fredriksson (re-election)
- 14.4 Johan Karlström (re-election)
- 14.5 Johan Molin (re-election)
- 14.6 Björn Rosengren (re-election)
- 14.7 Helena Stjernholm (re-election)
- 14.8 Lars Westerberg (re-election)

**Item 15 –** Re-election of Johan Molin as Chairman of the Board of Directors.

**Item 16 –** Pursuant to the recommendation of the Audit Committee, re-election of PricewaterhouseCoopers AB as Auditor for the period until the end of the 2020 Annual General Meeting.

**Item 17 – Proposal by the Board of Directors for a resolution on guidelines for the remuneration of senior executives**

The Board of Directors proposes that the Annual General Meeting resolve to adopt the following guidelines for the remuneration of senior executives for the period extending until the 2020 Annual General Meeting, which guidelines correspond to those adopted by the 2018 Annual General Meeting.

The remuneration of the Group Executive Management is to comprise fixed salary, variable salary, pension and other benefits. The total remuneration package should be based on market terms, be competitive and reflect the individual's performance and responsibilities as well as the Group's earnings trend.

The variable salary may comprise short-term incentives in cash and long-term incentives in cash, shares and /or share-based instruments in Sandvik AB. Variable salary in cash is conditional upon the fulfillment of defined and measurable goals and should be maximized in relation to the fixed salary. Long-term incentives in the form of shares and /or share-based instruments in Sandvik AB may be provided through participation in long-term incentive programs approved by the General Meeting. Terms and conditions for variable salary should be designed so that the Board of Directors, if exceptional economic circumstances prevail, has the option of limiting or refraining from payment of variable salary if such a measure is considered reasonable.

In specific cases, agreements may be reached regarding one-off remuneration amounts provided that such remuneration does not exceed an amount corresponding to the individual's annual fixed salary and maximum variable salary in cash, and is not paid more than once per year and individual.

Pension benefits should be defined contribution.

Normally, severance pay is paid when employment is terminated by Sandvik. Members of the Group Executive Management generally have a period of notice of not more than 12 months, in combination with severance pay corresponding to 6–12 months fixed salary. An alternative solution may be applied to the President comprising a period of notice of 24 months and no severance pay. No severance pay will be paid when employment is terminated by the employee.

The Board of Directors is to have the right to depart from the guidelines resolved on by the Annual General Meeting if, in an individual case, there are special reasons for this.

The sphere of senior executives encompassed by the guidelines comprises the President and other members of the Group Executive Management.

For information concerning the current remuneration of senior executives, including ongoing long-term incentive programs, refer to note 3.5 in the Company's 2018 Annual Report and the company's website.

## **Item 18 – Proposal by the Board of Directors for a resolution on a long-term incentive program (LTI 2019)**

### ***Background***

Since 2014 Sandvik's Annual General Meeting has annually resolved on long-term incentive programs for senior executives and key employees, in the form of performance share programs requiring investment by all participants. The Board of Directors considers that these programs fulfill their purpose of aligning the interests of the participants and the shareholders, strengthening the Sandvik Group's ability to attract, retain and motivate qualified employees and strengthening Sandvik's focus and objective to meet its long-term business goals. Accordingly, the Board of Directors proposes that the Annual General Meeting resolve on a long-term incentive program for senior executives and key employees for 2019 ("LTI 2019") on the below terms and conditions.

### ***General***

LTI 2019 encompasses approximately 350 senior executives and key employees in the Sandvik Group, divided into four categories. The maximum number of Sandvik shares that can be allocated pursuant to LTI 2019 is 3 million shares, which corresponds to approximately 0.24 percent of the number of outstanding shares in Sandvik.

In order to participate in LTI 2019 the employee is required to invest in Sandvik shares at market price no later than 14 June 2019 ("Investment Shares"). In the event that the employee is not able to invest before this date due to being entered in an insider list (logbook) kept by Sandvik, the Board of Directors shall be entitled to postpone the date of investment for such employee. The employee may within the scope of LTI 2019 invest up to an amount corresponding to 10 percent of the employee's fixed annual salary before tax at the time of the investment.

Provided such acquisition of Investment Shares is made, participants of LTI 2019 will be entitled to allotment of Sandvik shares, free of charge, after a period of three years on the terms and conditions set forth below.

### ***Performance Shares***

Each acquired Investment Share entitles participants to be allotted Sandvik shares provided certain performance targets are met ("Performance Shares"). The maximum number of Performance Shares that may be allotted for each acquired Investment Share is:

- 8 for the President,
- 7 for each additional member of the Group Executive Management (currently 7 persons),
- 6 for each senior manager (approximately 60 persons), and
- 5 for each key contributor (approximately 283 persons).

Each member of the Group Executive Management shall nominate the persons that are to be offered participation in LTI 2019 and that are to be classified as senior manager and key contributor, respectively, based on position, qualification and individual performance. All nominations are to be approved by the President and CEO.

The number of Performance Shares that will finally be allotted to the participant for each acquired Investment Share is dependent on the development of the Sandvik Group adjusted Earnings Per Share (“EPS”) during the financial year 2019 (“EPS 2019”), compared to adjusted EPS for the financial year 2018 (“EPS 2018”). The Board of Directors establishes the levels regarding adjusted EPS that must be attained for allotment of a certain number of Performance Shares. Allotment will take place as follows:

- One Performance Share will be allotted for each acquired Investment Share if EPS 2019 exceeds EPS 2018.
- In order for any remaining Performance Shares to be allotted EPS 2019 growth must exceed 5 percent in relation to EPS 2018. The EPS growth required for the maximum number of Performance Shares to be allotted for each acquired Investment Share is established by the Board of Directors.

The level required for maximum allotment and the extent to which the established levels are attained will be disclosed in the 2019 Annual Report.

### ***Prerequisites for allotment***

The allotment of Performance Shares requires continuous employment and that all Investment Shares be held during a period of three years from the acquisition of the Investment Shares (“Vesting Period”). The Chairman of the Board of Directors may in special cases grant exemptions from these requirements for individual participants, whereas the Board of Directors may decide on any such exemption concerning groups of participants.

If the prerequisites for allotment set forth for LTI 2019 are met, allotment of Performance Shares will take place during 2022, and no later than 30 June 2022. The allotment will take place free of charge, subject to tax.

### ***Adjustment of the number of Performance Shares etc.***

Before the allotment of Performance Shares takes place, the Board of Directors shall consider whether the number of Performance Shares is reasonable taking into account the financial results and position of Sandvik, the impact of larger acquisitions, divestments and other significant capital transactions, stock market conditions and other circumstances. If the Board of Directors deems that this is not the case, the Board of Directors shall reduce the number of Performance Shares to the lower number the Board of Directors finds appropriate or decide that no allotment should take place.

In the event of a bonus issue, split, rights issue and/or other similar events in Sandvik, the Board of Directors shall be entitled to decide on the recalculation of the terms of LTI 2019.

An alternative cash based incentive solution may be implemented for participants in countries where the acquisition of Investment Shares or allotment of Performance Shares is not appropriate, or if such solution is otherwise considered appropriate. Such alternative incentive solution shall to the extent practically possible be designed to correspond to the terms of LTI 2019. The President and CEO shall be authorized to decide which persons that should be offered participation in the cash based incentive solution.

The Board of Directors, or a committee appointed by the Board of Directors for this purpose, shall be responsible for the detailed design and administration of LTI 2019 based on the main terms set forth herein.

The right to be allotted Performance Shares cannot be transferred and does not give the participant a right to compensation for dividend distributed during the Vesting Period with respect to the underlying shares.

### ***Costs of LTI 2019 and hedging arrangements***

The total cost of LTI 2019 is estimated up to SEK 315 million, assuming a Sandvik share price of SEK 135. The costs will be allocated over the years 2019–2021. The costs have been calculated as the sum of personnel costs, including social security costs of SEK 52 million, and administration costs of approximately SEK 2 million for the program.

Sandvik intends to secure its commitment to deliver up to 3 million Sandvik shares under LTI 2019 through a share swap agreement with a third party. The interest cost for such a share swap is estimated at approximately SEK 2 million per year based on the current interest levels and a share price of SEK 135. Against this cost, however, stands the value of possible dividends.

### ***Preparation of the proposal***

The proposal has been prepared by the Board's Remuneration Committee and has been discussed and resolved on by the Board of Directors. The President has not taken part in the Board of Directors' discussion and resolution with respect to the proposal.

### ***Majority requirement***

The resolution regarding LTI 2019 requires a majority of more than half of the votes cast at the Meeting.

### ***Other***

For a description of other long-term incentive programs within Sandvik reference is made to note 3.5 in Sandvik's 2018 Annual Report and to the Company's website.

## **INFORMATION AT THE ANNUAL GENERAL MEETING**

The Board of Directors and the President shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the agenda, and circumstances that can affect the assessment of the Company's or its subsidiaries' financial situation, or the Company's relation to other group companies.

## **DOCUMENTATION**

The Nomination Committee's proposals under items 2 and 12–16 and the Board of Directors' proposals under items 17 and 18 are included in their entirety in this notice. The Nomination Committee's statement and the presentation of the proposed Board members is available on the Company's website [home.sandvik](http://home.sandvik). Accounting documents, the Auditor's Report and the Auditor's statement regarding the application of the guidelines for remuneration are available at Sandvik AB, Kungsbron 1, section G, floor 6, Stockholm, as well as on the Company's website [home.sandvik](http://home.sandvik). Copies of the documents will be sent without charge to those shareholders who so request and provide their address to the Company.

## **SHARES AND VOTES**

The total number of shares and votes in the Company is 1,254,385,923.

## **PROCESSING OF PERSONAL DATA**

Sandvik Aktiebolag, reg. no. 556000-3468, is the controller of the processing of personal data performed by the Company or its service providers in connection with the Meeting. For information on how your personal data is processed, please see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

## **PROGRAM**

Registration for the Meeting will commence at 1:00 p.m. There will be musical entertainment and a light meal served from 1:00 p.m. A program with focus on how Sandvik is taking advantage of global trends and contributing to the development of our industries will begin at 2:00 p.m. The award of the Wilhelm Haglund medal will take place at approx. 2:30 p.m.

Stockholm, March 2019

SANDVIK AKTIEBOLAG (PUBL)  
The Board of Directors