

Notice of Annual General Meeting in Atlas Copco AB

The Shareholders of Atlas Copco AB, org.nr. 556012-2720 (the “Company”) are invited to the Annual General Meeting (the “Meeting”) Tuesday April 27, 2021.

Due to the contagious Covid-19 and the authorities’ regulations/guidance on avoiding gatherings of people, the Board of Directors has decided that the annual general meeting should be held without physical presence by inviting the shareholders to exercise their voting rights only by mail voting. Information on the resolutions adopted by the general meeting will be published on April 27, 2021 as soon as the results of the mail vote has been finalized. For further information, see the heading “Mail voting” below.

Registration

Shareholders, intending to cast its vote by mail voting, must

- be recorded in the register of shareholders kept by Euroclear Sweden AB (“Euroclear”) on Monday April 19, 2021, and
- notify the Company in writing of their intent to participate in the Meeting no later than Monday April 26, 2021, by casting their mail votes in accordance with below and to be received by the Company no later than this date.

Shares held in trust

In order to be entitled to participate in the Meeting, a Shareholder who has had shares registered with a trust must, in addition to registering at the Meeting by casting its mail vote, have the shares registered in its own name so that the Shareholder is entered in the share register on April 19, 2021. Such registration may be temporary (so-called voting rights registration) and is requested from the trust in accordance with the trust's routines at such time in advance as the trust decides. Voting rights registrations made by the trust no later than the second banking day after April 19, 2021, are taken into account in the production of the share register.

Mail voting

Shareholders will exercise their voting rights at the Meeting only by mail voting (advance voting) in accordance with Section 22 of the Act (2020:198) regarding Temporary Exemptions to Facilitate the Execution of General Meetings of Companies and Associations. A special form must be used for mail voting. The form is available on www.atlascopcogroup.com/agm. The completed and signed mail voting form serves as registration for the Meeting. No additional registration is required. The completed form must be received by Euroclear Sweden AB (which administers the forms on behalf of Atlas Copco) no later than Monday April 26, 2021. The form can be sent by e-mail to GeneralMeetingService@euroclear.com or by mail to: Atlas Copco AB, “AGM”, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. Shareholders who are natural persons can also cast their mail vote electronically by verifying their identity using “BankID” on the website of Euroclear Sweden AB <https://anmalan.vpc.se/euroclearproxy>. Shareholders are not permitted to add special

instructions or conditions to their mail votes. If this is done, the vote (i.e. the mail vote in its entirety) will be invalid. Further instructions and conditions can be found on the mail voting form. For questions about the Meeting or to receive a mail voting form by post, please contact Euroclear Sweden AB on +46 (0)8-402 90 43 (Monday–Friday 9 a.m.- 4 p.m.).

Power of attorney for proxies

Shareholders who mail vote by a proxy holder shall submit a proxy. A proxy form is available on www.atlascopcogroup.com/agm. The Company will also send a proxy form to those Shareholders who so request. If votes are casted by mail using a proxy, the proxy must be enclosed with the mail voting form. Representatives of legal entities must further enclose with the proxy a certified copy of the registration certificate or other similar authorization document to support the proxy.

Information at the Annual General Meeting

If a Shareholder so requires and the Board believes that the information can be given without causing substantial harm to the Company, the Board and the President & CEO shall give information regarding an item on the agenda or circumstances that might affect the evaluation thereof or circumstances that could affect the evaluation of the economic position of the Company or a subsidiary Company or the Company's relation to another Company within the Group. Requests for such information must be received in writing by the Company no later than ten days before the Meeting, i.e. no later than April 17, 2021, to Atlas Copco AB, Attn: Chief Legal Officer, SE-105 23 Stockholm or to board@atlascopco.com. The requested information will be provided by the Company by being made available on the Company's website www.atlascopcogroup.com/agm from April 22, 2021 at the latest. The information will also be held available at the Company and will be sent to Shareholders who have requested this and provided their address. The Company will, on April 12, publish a webcast on its website where the Chair of the Board and the President & CEO will share their reflections on the year 2020.

Proposed agenda

1. Opening of the Meeting and election of Chair
2. Preparation and approval of voting list
3. Approval of agenda
4. Election of one person to approve the minutes
5. Determination whether the Meeting has been properly convened
6. Presentation of the Annual Report and the Auditor's Report as well as the Consolidated Annual Report and the Consolidated Auditor's Report
7. Decisions regarding
 - a) approval of the Profit and Loss Account and the Balance Sheet and the Consolidated Profit and Loss Account and the Consolidated Balance Sheet
 - b) discharge from liability of the Board members and the President & CEO
 - c) the allocation of the Company's profit according to the approved Balance Sheet
 - d) record date for dividend

8. Determination of the number of
 - a) Board members and deputy members, and
 - b) auditors and deputy auditors or registered auditing company
9. Election of
 - a) Board members,
 - i) Staffan Bohman
 - ii) Tina Donikowski
 - iii) Johan Forssell
 - iv) Anna Ohlsson-Leijon
 - v) Mats Rahmström
 - vi) Gordon Riske
 - vii) Hans Stråberg
 - viii) Peter Wallenberg Jr
 - b) Chair of the Board
Hans Stråberg
 - c) Auditors and deputy auditors or registered auditing company
10. Determining the remuneration,
 - a) in cash or partially in the form of synthetic shares, to the Board of Directors, and the remuneration to its committees, and
 - b) to the auditors or registered auditing company
11. The Board's proposals regarding
 - a) Atlas Copco remuneration report 2020
 - b) a performance based personnel option plan for 2021
12. The Board's proposal regarding mandates to
 - a) acquire series A shares related to personnel option plan for 2021
 - b) acquire series A shares related to remuneration in the form of synthetic shares
 - c) transfer series A shares related to personnel option plan for 2021
 - d) sell series A shares to cover costs related to synthetic shares to Board members
 - e) sell series A shares to cover costs in relation to the performance based personnel option plans for 2016, 2017 and 2018
13. Closing of the Meeting

Item 1, 2, 4, 8 and 9 - Proposals from the Nomination Committee regarding Chair of the Meeting, number of Board members, Chair, and other Board members and registered auditing company and also the preparation and approval of the voting list and the election of one adjuster

The Nomination Committee, consisting of Petra Hedengran, the Chair of the Nomination Committee, Investor AB, Jan Andersson, Swedbank Robur Fonder, Mikael Wiberg, Alecia and Helen Fasth Gillstedt, Handelsbanken Fonder AB, who together represent more than 29% of the total number of votes in the Company, as well as Hans Stråberg, the Chair of the Board, propose as follows:

Item 1: That Hans Stråberg is elected Chair of the Meeting or, if he is unable to attend, such person as the Board may appoint in his stead.

Item 2: The voting list proposed for approval is the voting list prepared by Euroclear Sweden AB on behalf of the Company, based on the Meeting share register and received mail votes, as verified and approved by the person elected as the adjuster.

Item 4: The Board proposes that Jörgen Ekelöw, SVP, General Counsel, Epiroc AB shall be appointed as adjuster to verify the minutes of the Meeting or, if he is unable to, such persons as the Board may appoint in his stead. The person appointed as adjuster shall, in addition to signing the minutes of the Meeting along with the Chair, also verify the voting list and that incoming mail votes are correctly presented in the minutes of Meeting.

Item 8: That eight Board members be elected. That one registered auditing company be elected.

Item 9: Board members: Re-election of Staffan Bohman, Tina Donikowski, Johan Forssell, Anna Ohlsson-Leijon, Mats Rahmström, Gordon Riske, Hans Stråberg, and Peter Wallenberg Jr. That Hans Stråberg is elected Chair of the Board. That Ernst & Young AB is re-elected as auditing company which also is the Audit Committee's recommendation. Information regarding all proposed Board members is available on www.atlascopcogroup.com/agm

Item 7 c) and d) - The Board of Directors' proposals regarding dividend and record date

The Board proposes that the dividend for 2021 is decided to be SEK 7.30 per share to be paid in two equal instalments of SEK 3.65. The record date for the first instalment is proposed to be April 29, 2021 and for the second instalment October 25, 2021. If the Meeting decides as proposed, the first instalment is expected to be distributed by Euroclear on May 4, 2021 and the second instalment on October 28, 2021.

Item 10 – Proposal from the Nomination Committee regarding remuneration to the Board of Directors and for committee work and audit fee

Remuneration of SEK 2,600,000 (2,325,000) to the chair and SEK 825,000 (740,000) each to the other Board members not employed by the Company. To the chair of the Audit Committee SEK 335,000 (315,000) and SEK 210,000 (200,000) each to the other members. To the chair of the Remuneration Committee SEK 130,000 (125,000) and SEK 95,000 (90,000) each to the other members, and remuneration of SEK 100,000 (100,000) to each Board member who, in addition to the above, participates in a committee in accordance with a decision of the Board of Directors.

To further enhance the interest for the long term development of the Company, the Nomination Committee proposes that each nominated Board member shall have the possibility to choose between receiving 50% of the remuneration in the form of synthetic shares and the rest in cash and to receive the whole remuneration in cash.

The Board proposes that the obligation of the Company to pay an amount corresponding to the synthetic shares as described above shall be hedged through the purchase of own series A shares. Repurchased shares can be sold on the market in connection with the payment to the Board member in compliance with a request for mandate. The economic difference for the Company if all Board members choose to receive a part of their fee in the form of synthetic shares compared to receive the whole remuneration in cash is assessed to be very limited due to the hedging.

Audit fee is proposed to be as per approved invoice.

Item 11 – The Board’s proposals regarding:

a) Atlas Copco remuneration report 2020

b) a performance based personnel option plan for 2021

11 a) Atlas Copco remuneration report 2020

The Board has prepared a remuneration report which is proposed to be approved by the Meeting. The remuneration report is available on the Company’s website www.atlascopcogroup.com/agm.

11 b) a performance based personnel option plan for 2021

In the opinion of the Board it is important, and it is also in the best interest of the Shareholders, that key personnel in Atlas Copco have a long term interest in a good value development of the shares of the Company and align their performance in a manner that enhances such a development. In particular this applies to the group of key personnel that consists of the senior executives and the division presidents. It is also the assessment of the Board that a share related option program increases the attractiveness of Atlas Copco on the global market and enhances the possibility to recruit and keep key personnel in the Group. The proposal has been prepared by the Company’s Remuneration Committee and has been approved by the Board.

Scope and main principles

Granting

The Board asks for the right to decide on the issuing of performance stock options that can give a maximum of 335 key personnel in the Group the possibility to acquire a maximum of 1,920,585 series A shares.

Issuing

The issuing is dependent on the value increase of the Group expressed as Economic Value Added, defined as the sum of adjusted operating profit and interest income less tax expenses and cost of capital, during 2021. In an interval of SEK 3,000,000,000 the issue varies linear from zero to 100% of the maximum number. The size of the plan and the limits of the interval have been established by the Board and are compatible with the goals in the long term business plan of the Group.

The issue of performance stock options is maximized to the following number per person within the respective key group:

category 1 – the President & CEO: 107,643 (147,669) options

category 2 – Business Area Executives (4): 21,528 (29,195) options

category 3 – other members of the Group management and division presidents (28): 12,069 (17,228) options

category 4 – other key personnel (302): 4,599 (6,349) options

The Board shall decide which persons shall be included in category 4 based on position, qualification and individual performance. The issuing of options will take place not later than March 20, 2022.

The Board shall have the right to introduce an alternative incentive plan for key personnel in such countries where the granting of options is not feasible. Such alternative incentive

solutions (SAR) shall, to the extent possible, have terms and conditions corresponding to the ones applicable to the performance stock option plan.

The term of the performance stock options

The term of the options shall be seven years from the date of granting. The options are not transferable.

Exercise

The options are exercisable earliest three years from granting. The right to exercise only applies during the period a person is deemed employed.

Exercise price

The exercise price shall be set to an amount corresponding to 110% of the average of the closing rates at Nasdaq Stockholm of series A shares during a period of ten business days next following the date of the publishing of the full-year summary for 2021.

Maximized outcome

A single payment/assignment of shares under the stock option plan can never exceed four times the value of the exercise price.

Recalculation

In case there should be a decision at a general shareholders meeting regarding, for example, a reduction or increase of outstanding shares or a dividend beyond the dividend policy of the Company a recalculation can take place to preserve the value of the options. A decision regarding such recalculation shall be taken by the Board.

Theoretical market value and cost of personnel option plan

A theoretical market value on a personnel option has been established based on the Black-Scholes model for valuating options. The calculation is performed by KPMG and the following assumptions have been used as a basis. A share price of SEK 475.34, expected volatility of 30%, expected maturity of 4.9 years, expected dividend growth of 6% and risk-free interest of 1%. The theoretical market value is calculated to amount to SEK 91.97 per personnel option or in total a maximum of SEK 177,000,000 for the whole personnel option plan. Based on the theoretical market value on the personnel option plan's starting date, the calculated cost for the personnel option plan is SEK 221,000,000 including social fees.

Requirement for senior executives and division presidents regarding own investment

As prerequisite for the full participation of the senior executives and division presidents (33 persons) in the personnel stock option plan 2021 applies that they have invested 10% of their respective base salary for 2021, before tax, in series A shares of the Company (20% for expatriates with net salary). The investment may be by purchase of new or pre-owned shares, however, not by shares that are obtained as part of the participation in the stock option plan for 2019 and 2020. The participation in the plan corresponds proportionally to the investment made. Those who have chosen to invest in series A shares will get, in addition to the proportional participation in the plan, the right to acquire, three years after the investment year, the number of matching options that corresponds to the number of shares acquired under 2021 at a price of 75% of the market value upon which the exercise price for the shares in the 2021 plan was based, subject to continued employment and continued ownership of the shares. If the number of the acquired shares has been reduced, the right to matching options is reduced on a share by share basis. The calculation of the theoretical market value is performed by KPMG on the same assumptions as above personnel option plan. The theoretical market value for this is

calculated to be SEK 154.40 per matching option. The calculated cost based on the theoretical market value at the plan's starting date amounts to in total SEK 4,650,000 including social fees.

Delivery of shares and dilution

The personnel options shall give the right to acquire already issued series A shares. The personnel option plan hence shall not dilute the total number of shares in the Company.

Other outstanding incentive programs

For other outstanding incentive programs, please refer to the Company's annual report, note 23, which is available on the Company's website www.atlascopcogroup.com.

Item 12 – The Board's proposal regarding mandates to:

- a) acquire series A shares related to personnel option plan for 2021**
- b) acquire series A shares related to remuneration in the form of synthetic shares**
- c) transfer series A shares related to personnel option plan for 2021**
- d) sell series A shares to cover costs related to synthetic shares to Board members**
- e) sell series A shares to cover costs in relation to the performance based personnel option plans for 2016, 2017 and 2018**

In order for the resolutions by the Meeting in accordance with 12 a), b), d) and e) above to be adopted, the resolutions must be supported by Shareholders holding at least two-thirds of the votes cast as well as of the shares represented at the Meeting. In order for the resolution by the Meeting in accordance with 12 c) above to be adopted, the resolution must be supported by Shareholders holding at least nine tenths of both the votes cast as well as of the shares represented at the Meeting. Should majority votes not be achieved, the intention of the Company is to hedge the financial exposure in connection with the 2021 personnel option plan and secure delivery of shares by entering into an equity swap agreement with a financial institution.

12 a) acquire series A shares related to personnel option plan for 2021

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to decide, on one or more occasions, on the acquisition of shares in the Company as follows:

1. Acquisition of not more than 2,450,000 series A shares
2. The shares may only be acquired on Nasdaq Stockholm
3. The shares may only be acquired at a price per share within the registered trading interval, at any given point in time.

The acquisition is made with the intention to limit the economic risk caused by an increase of the share value during the period the performance stock options remain outstanding, to be able to fulfil future delivery obligations under personnel option and matching option agreements, to cover alternative solutions and cash settlements as well as to cover, primarily, social charges.

12 b) acquire series A shares related to remuneration in the form of synthetic shares

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to decide, on one or more occasions, on the acquisition of shares in the Company as follows:

1. Acquisition of not more than 15,000 series A shares
2. The shares may only be acquired on Nasdaq Stockholm
3. The shares may only be acquired at a price per share within the registered trading interval, at any given point in time.

The acquisition is made with the intention to hedge the obligation of the Company to pay remuneration, including social charges, to a Board member who has chosen to receive 50% of the remuneration in synthetic shares.

12 c) transfer series A shares related to personnel option plan for 2021

The Board further proposes that the Meeting decides to transfer shares in the Company in relation to the Company's personnel option plan 2021, including the matching option part, according to the following:

1. A maximum of 2,000,000 series A shares may be transferred. Right to acquire shares is to be granted the persons participating in the Company's proposed performance stock option plan 2021, with a right for each participant to acquire the maximum number of shares stipulated in the terms and conditions of this plan. The participant's right to acquire shares is conditional upon all terms and conditions of the Company's performance stock option plan 2021 being fulfilled. Shares are to be transferred on the terms and conditions stipulated by the plan, meaning inter alia, that what is stated therein regarding price and time during which the participants are to be entitled to use their right to acquire shares is also applicable to the transfer. Participants are to pay for the shares within the time and on the terms stipulated in the performance stock option plan 2021.
2. With respect to the number of shares that may be transferred under the Company's performance stock option plan, customary terms for recalculation as a result of bonus issue, share split, rights issues and similar measures apply in accordance with the terms and conditions of the plan.

As reason for the deviation from the Shareholders' right of first refusal and as the base for the transfer price in connection with the transfer of own shares, the Board states that the transfer of own shares is a part of the proposed performance stock option plan for 2021.

12 d) sale of series A shares to cover costs related to synthetic shares to Board members

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to decide, on one or more occasions, to sell not more than 15,000 series A shares in the Company to cover the costs of giving a counter value of earlier issued synthetic shares and to, primarily, cover social charges.

Shares proposed to be sold were acquired based on mandates given at the Annual General Meeting each respective year to acquire the share for the stated purpose. The sale shall take place on Nasdaq Stockholm at a price within the registered price interval at any given time.

As reason for the deviation from the Shareholders' right of first refusal and as the base for the price in connection with the sale of own shares, the Board states that the sale of

own shares is a part of the previously adopted decision regarding synthetic shares to the Board.

12 e) sale of series A shares to cover costs in relation to the performance based personnel option plans for 2016, 2017 and 2018

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to sell, at one or more occasions, a maximum of 6,800,000 series A shares, in connection with the exercise of rights under the above mentioned performance stock option plans and related costs in order to cover costs, primarily cash settlements in Sweden, SAR and social costs.

Shares proposed to be sold were acquired each respective year based on mandate given at that year's Annual General Meeting to acquire the shares for the stated purpose. The sale shall take place on Nasdaq Stockholm at a price within the registered price interval at any given time.

As reason for the deviation from the Shareholders' right of first refusal and as the base for the price in connection with the sale of own shares, the Board states that the sale of own shares is an integrated part of the previously adopted performance stock option plans. Due to current legislation, this has to be re-approved annually.

Shares and Votes

The Company has issued in total 1,229,613,104 shares of which 839,394,096 are series A shares and 390,219,008 are series B shares. On March 19, 2021 out of such shares the Company holds 12,804,916 series A shares. Series A shares have one vote and series B shares have one tenth of a vote whereas the non-represented shares held by the Company corresponds to 12,804,916 votes as per March 19, 2021.

Documentation

All information that the Company has to make available and present for the Meeting is available on www.atlascopcogroup.com/agm and with the Company and will be sent free of charge to the Shareholders who so request and state their address.

Processing of personal data

For information on how personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Nacka, March 2021

Atlas Copco AB (publ)

The Board of Directors