

Guidelines for remuneration of Group management in Atlas Copco

The President and CEO and the other members of the Executive Committee (hereinafter referred to as "Group Management") fall within the provisions of these guidelines. These guidelines do not apply to any remuneration decided by the General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The Atlas Copco Group's business strategy is available in the annual report which can be accessed at www.atlascopcogroup.com.

The successful implementation of the company's business strategy and its sustainable long-term interests requires that the company can offer market competitive remuneration to attract, motivate and retain employees with the right mindset and competence.

Types of remuneration etc.

The remuneration for a member of the Group Management shall consist of: a base salary, variable compensation (excluding such decided by the General Meeting), pension benefits and other benefits. The General Meeting may, and has over a number of years, irrespective and independent of these and previous guidelines resolved on share and share-price related remuneration i.e. long-term incentive.

(i) Base salary

The base salary shall be based on competence, area of responsibility, experience and performance. The Group uses an international reputable assessment system for evaluating the scope and responsibility of the positions and for setting and reviewing base salary. Market benchmarks shall be conducted annually. The performance of a member of the Group Management shall be continuously monitored during the year and used as a basis in the annual salary review.

(ii) Variable compensation

Variable compensation shall be performance based and the purpose is to motivate and compensate value-creating achievements and thereby promoting the company's business strategy, long-term interests and sustainability.

The variable compensation shall be measured over a period of one year and may amount to not more than 100 percent of the annual base salary. The variable compensation shall be linked to predetermined and measurable criteria which can be financial or non-financial and which shall contribute to the company's long-term and sustainable development.

The Board shall make an assessment, on the proposal from the Remuneration Committee, how well the CEO has met the criteria of variable compensation once the measurement period has expired. The CEO is responsible for the corresponding evaluation regarding the other members of the Group Management.

In addition, further variable compensation may be awarded in extraordinary circumstances, provided such arrangements are limited in time and is only made on an individual basis either for the purpose of recruiting or retaining executives, or as remuneration for performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the annual base salary. Any resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

The Board shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable compensation paid on incorrect grounds (claw-back).

(iii) Pension benefits

The pension benefits, including health insurance (Sw: *sjukförsäkring*), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. Premiums may amount to not more than 35 percent of the base salary.

(iv) Other benefits

Other benefits may include, for example, life insurance, medical insurance (Sw: *sjukvårdsförsäkring*) and company car. Costs for such benefits may not amount to more than 10 percent of the base salary.

Mandatory law, other regulations and expatriate terms

Nothing in these guidelines can restrict the application of any mandatory law and other regulations. For employment relations governed by rules other than Swedish due adjustment may be made taking into account, to the extent possible, the overall purpose of these guidelines. For a member of the Group Management working on an international assignment outside of the home country certain other benefits may apply in compliance with the company's terms and conditions for Expatriate Employment.

Termination of employment

A member of the Group Management may terminate its employment with a six month notice period and will not be entitled to severance pay unless bound by a non-compete obligation. When a termination is made by the company the member shall be entitled to severance pay (based on number of years served with the company, age and possible income from other economic activity or employment) up to not more than two times the base salary.

Salary and employment conditions for employees

The total remuneration to employees shall be market competitive. The remuneration components, increase and growth rate over time shall be considered by the Remuneration Committee and the Board when the guidelines are decided.

The decision-making process to determine, review and implement the guidelines

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting for decision. The Remuneration Committee established by the Board shall continuously review and assess the guidelines as well as the implementation of such. A member of the Group Management shall not attend the process of, or decision, which may affect such member.

Deviations from the guidelines

The Board may resolve to deviate from the guidelines, in whole or in part, if in a specific case there are special reasons for the deviation and the Board deems a deviation is needed to serve the company's long-term interests or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters, which includes any resolutions to deviate from these guidelines.

Description of material changes to the guidelines and how the views of shareholders' have been taken into account

Other than editorial changes, these guidelines are substantially similar to the previous version with a clarification regarding the right to reclaim variable compensation. The company has not received any material comments on the guidelines. The Board considers the revisions, with the aforementioned clarification, to reflect the general interest of the shareholders.