

Board of Directors' report

Group Total

Order intake and revenue

The demand for Sandvik's products and solutions was stable overall during 2023, with variations between segments and regions. Demand in mining was on stable high levels, with a decline in equipment orders, compensated by solid growth within parts, services and consumables. Strong momentum was noted in automation and battery-electric solutions. On the back of a more challenging environment, with increased interest rates and inflationary pressure, the infrastructure segment displayed soft demand in all of Sandvik's major regions. The slow-down in manufacturing activities, also signaled in the global Purchase Managers' Indexes, had a negative impact on volumes in general engineering. Solid demand was noted in the aerospace segment, while the development in automotive was stable. Sandvik's order intake amounted to SEK 125,011 million (134,019), and revenues were SEK 126,503 million (123,453), implying a bill ratio of 99 percent (109).

Earnings and return

Sandvik's EBITA increased to SEK 24,530 million (22,471), corresponding to 19.4 percent (18.2) of revenues. The adjusted EBITA increased to SEK 25,240 (24,470) and the adjusted EBITA margin increased to 20.0 percent (19.8) compared to the previous year. Changes in foreign exchange rates affected adjusted EBITA positively by SEK 601 million (3,711) compared with the preceding year. Net financial items amounted to SEK -2,623 million (531). The result before taxes for the Group was SEK 19,794 million (16,983), and SEK 19,794 million (17,738) for continuing operations. Income tax had a total impact of SEK -4,493 million (-5,758) on earnings, corresponding to 22.7 percent (26.9) of profit before taxes. Profit for the year attributable to owners of the Parent Company was SEK 15,300 million (11,212). Basic earnings per share for the Group amounted to SEK 12.20

(8.95) and SEK 12.20 (10.25) for continuing operations. Return on capital employed was 17 percent (17) and return on equity was 18 percent (14).

Working capital

Relative net working capital for the year was 29 percent (26) of revenues. In absolute terms net working capital amounted to SEK 35,048 million (33,361) at the end of the year. In terms of volume, net working capital increased by SEK 1,687 million compared with the preceding year. Changed currency rates decreased net working capital by SEK -898 million compared with the preceding year. The structural effect from acquisitions and divestments increased working capital by SEK 146 million.

Cash flow and financing

Cash flow from operating activities increased to SEK 18,797 million (10,465). Net cash flow after investing activities was SEK 10,293 million (-9,839). At the end of the year, cash and cash equivalents amounted to SEK 4,363 million (10,489) and free operating cash flow was SEK 19,582 million (11,985).

Financial net debt was SEK 35,215 million (36,466) and the financial net debt/EBITDA ratio was 1.18 (1.32).

At the end of 2023, Sandvik had unutilized credit facilities SEK 16,525 million equivalent, which includes a revolving credit-facility of SEK 11,000 million, and other SEK 5,525 million equivalent. The remaining duration for the Group's outstanding bonds is currently 3.8 years. At year-end 2023, Sandvik Group held a

Earnings and return	2022	2023
EBITA, MSEK	22,471	24,530
EBITA margin, %	18.2	19.4
Adjusted EBITA ¹⁾ , MSEK	24,470	25,240
Adjusted EBITA margin ¹⁾ , %	19.8	20.0
Profit before tax, MSEK	16,983	19,794
Profit for the period	11,225	15,301
Return on capital employed, %	16.5	16.5
Return on total equity, %	14.2	17.7
Earnings per share, basic, SEK	8.95	12.20
Earnings per share, diluted, SEK	8.94	12.18
Items affecting comparability in EBITA ²⁾	-1,999	-710
Whereof continuing operations		
EBITA, MSEK	20,145	24,530
EBITA margin, %	17.9	19.4
Adjusted EBITA ¹⁾ , MSEK	22,486	25,240
Adjusted EBITA margin ¹⁾ , %	20.0	20.0
Profit before tax, MSEK	17,738	19,794
Profit for the period	12,854	15,301
Earnings per share, diluted, SEK	10.24	12.20
Adjusted earnings per share, diluted, SEK	11.98	12.69
Items affecting comparability in EBITA ²⁾	-2,341	-710

1) Adjusted for items affecting comparability.

2) 2022 is mainly related to the wind-down of operations in Russia, structural measures to support resilience ambitions and M&A costs. The line items affected are mainly Cost of goods and services sold SEK -818 million, Selling expenses SEK -653 million, Administrative expenses SEK -450 million, and Other operating expenses SEK -708 million. 2023 is mainly related to structural measures to support resilience ambitions announced in May 2022, applicable for all Business Areas, with the main portion related to SMM and SRP. It also includes wind-down of operations in Russia and M&A costs. The line items affected are mainly Cost of goods and services sold SEK -479 million, Administrative expenses SEK -228 million, Other operating income SEK 252 million and Other operating expenses SEK -168 million.



Quarterly trend of revenue and profit before tax

MSEK		Revenue	Profit before tax	Net margin, %
2022	First quarter	29,006	5,465	19
	Second quarter	31,658	5,266	17
	Third quarter	31,694	1,467	5
	Fourth quarter	31,095	4,785	15
2023	First quarter	30,968	5,063	16
	Second quarter	32,243	4,428	14
	Third quarter	31,476	5,004	16
	Fourth quarter	31,816	5,298	17

long-term credit-rating of A- according to the international credit-rating agency Standard & Poor's and likewise A-2 for short-term loans.

Equity

Equity at year-end amounted to SEK 87,697 million (81,270), or SEK 69.9 per share (64.8). The equity ratio was 50 percent (46).

Investments

Investments in non-current assets for the full year 2023 amounted to SEK 5,354 million (4,530) corresponding to 153 percent of scheduled depreciation. Proceeds from the sale of companies and shares, net of cash, amounted to SEK -164 million (-34). Investments in internally generated intangible assets were SEK 1,085 million (680).

Capital expenditure, Group total	2022	2023
Investments in non-current assets, MSEK	4,530	5,354
% of revenue	3.7	4.2
% of scheduled depreciation	132	153

Financial position	2022	2023
Cash flow from operating activities, MSEK	10,465	18,797
Cash flow after investing activities, MSEK	-9,839	10,293
Cash and cash equivalents as of December 31, MSEK	10,489	4,363
Net debt as of December 31, MSEK	43,952	43,475
Net financial items, MSEK	531	-2,623
Equity ratio, %	46	50
Financial net debt/ EBITDA	1.32	1.18
Equity as of December 31, MSEK	81,270	87,697
Equity per share as of December 31, SEK	64.8	69.9

Acquisitions during the year

In February, Sandvik acquired 95 percent of the shares in the Irish-based company PMT Premier Machine Tools Limited, a solutions provider to medical customers in Ireland. In February, Sandvik also completed the previously announced acquisition of Polymathian Industrial Mathematics, an Australia-based provider of advanced mine optimization software and services.

In April, Sandvik acquired the remaining 70 percent of MCB Services and Minerals, a seller of mining software and services. Deswik, a Sandvik-owned company since 2022, had already acquired 30 percent of MCB Services and Minerals in 2019.

In June, Sandvik acquired Norgalv, a galvanizing company in Canada.

In August, Sandvik acquired Postability, a Canadian-based global software firm developing NC (numerical control) post processors for Mastercam.

In November, Sandvik acquired esco GmbH, a German-based supplier of software for power skiving, an important technology within gear machining.

In December, Sandvik acquired Buffalo Tungsten, Inc., a leading US-based manufacturer of tungsten metal powder and tungsten carbide powder.

Parent Company¹⁾

The Parent Company's revenues for 2023 amounted to SEK 13,705 million (13,139) and the operating result was SEK -6,868 million (4,906). The result from shares in Group companies of SEK 12,855 million (11,166) for the year consists mainly of dividends and contributions. Interest-bearing liabilities, less cash and cash equivalents and interest-bearing assets, amounted to SEK 38,011 million (16,147). The Parent Company's total assets increased by SEK 17,546 million, from SEK 82,868 million to SEK 100,414 million. Investments in non-current assets amounted to SEK 384 million (320).

The number of employees in the Parent Company and the subsidiaries operating on commission for Sandvik AB as of December 31, 2023 was 3,641 (3,720).

1) The Parent Company includes subsidiaries operating on commission for Sandvik AB. These are presented in note P12.

Dividend

The Board of Directors proposes a dividend of SEK 5.50 per share (5.00). The dividend proposal represents 43 percent (42) of adjusted earnings per share, dilutive for the Sandvik Group in total.

Dividend 5.50 per share	
× number of shares	1,254,385,923
	=6,899,122,577
Profit carried forward	19,234,003,161
Total, SEK	26,133,125,738

Employees

The average number of employees amounted to 40,686 (42,318), of which 21 percent (20) were women. The employee turnover rate was 10 percent (12). Wages, salaries and other remunerations for the year totaled SEK 26,323 million (25,467).

Current guidelines for the remuneration of senior executives

The below remuneration guidelines were approved by the Annual General Meeting 2020 and apply until the Annual General Meeting 2024.

Scope of the guidelines

These guidelines encompass the President and other members of the Group Executive Management. The guidelines do not apply to any remuneration decided on or approved by the General Meeting.

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

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 is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer senior executives a competitive total remuneration. For more information regarding the Company's business and sustainability strategy, please see the Company's website: home.sandvik.

Types of remuneration

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 remuneration may consist of fixed salary, variable remuneration, pension benefits and other benefits.

Fixed salary

The purpose of the fixed salary is to attract and retain senior executives with the right competence for the respective positions. The salary level should be determined by comparing the salary to similarly complex positions within a defined peer group.

Variable remuneration

– Variable share related remuneration

The Company may offer long-term share related or share price related remuneration. Such programs are adopted by the General Meeting and are therefore not covered by these guidelines. There are

currently ongoing long-term share related incentive programs for senior executives and key employees in the Group. For more information on these programs, see the Company's website: home.sandvik.

– Variable cash remuneration

The Company may offer short or long-term variable cash remuneration. The fulfillment of objectives for awarding such remuneration shall be measured over a period of one to three years. Such remuneration may amount to not more than 75 percent of the fixed annual salary per year.

Variable cash remuneration shall be conditional upon the fulfillment of defined and measurable criteria. These criteria shall aim at promoting the Company's business strategy and performance as well as its long-term interests, including its sustainability. At the beginning of each year the Board of Directors and the Remuneration Committee shall establish the criteria, including key performance indicators (KPIs) and the target ranges, deemed relevant for the upcoming measurement period. The criteria may be financial, with at least three KPIs, and non-financial, and shall always be related to business performance. At least 80 percent of the variable cash remuneration shall be linked to the financial criteria. The President and Group Function heads shall be measured on Group level KPIs and the Business Area Presidents shall be measured on both Group level and Business Area level KPIs. The established KPIs shall be presented on the Company's website: home.sandvik. The extent to which the criteria for awarding variable cash remuneration have been fulfilled shall be determined when the measurement period has ended and will be published in the Report on Evaluation of Remuneration the following year. For financial criteria, the evaluation shall be based on the latest financial information made public by the Company.

– Special arrangements

In specific cases, the Company may offer one-off remuneration provided that such remuneration is only made on an individual basis, for the purpose of recruiting or retaining senior executives, does not exceed an amount corresponding to 100 percent of the individual's fixed

annual salary and maximum variable cash remuneration, and is not paid more than once per year and individual.

– Right to withhold or reclaim remuneration

Terms and conditions for variable remuneration shall be designed so that the Board of Directors (i) has the right to limit or refrain from payment of variable remuneration if exceptional economic circumstances prevail and such a measure is considered reasonable, and (ii) has the right to withhold or reclaim variable remuneration paid to an executive based on results that afterwards were found to have been misstated because of wrongdoing or malpractice (so called malus and clawback).

Pension benefits

For the President, the pension benefit shall be defined contribution and the pension premiums shall amount to not more than 37.5 percent of the fixed annual salary. For the other senior executives, pension benefits shall be defined contribution and amount to not more than 55 percent of the fixed annual salary, in accordance with the Swedish ITP1 pension scheme. Exceptions to this main rule may be decided on for senior executives with existing defined benefit schemes provided that the cost of such schemes does not exceed the above mentioned cap.

Other benefits

Other benefits may include, for example, life insurance, medical insurance and company car benefit. Such benefits may amount to not more than 5 percent of the fixed annual salary. For senior executives in need of double accommodation, paid accommodation, etc. may be added in line with Sandvik's regulations and such benefits may amount to not more than 20 percent of the fixed annual salary.

Termination of employment

Severance pay may be paid when employment is terminated by Sandvik. The President and the other senior executives may have a period of notice of not more than 12 months, in combination with severance pay corresponding to 6–12 months fixed salary. When employment is terminated by the senior executive, the



notice period may not exceed six months and no severance pay shall be paid.

In case a senior executive is not entitled to severance pay, but is covered by a non-compete undertaking, the senior executive may instead be compensated for such a non-compete undertaking. Any remuneration paid as compensation for a non-compete undertaking shall not exceed 60 percent of the fixed salary at the time of notice of termination of the employment and shall not be paid for a longer period than 18 months. Fixed salary during the notice period together with any compensation for the non-compete undertaking shall not exceed an amount equivalent to the senior executive's fixed salary for 24 months.

Consideration of remuneration to the Company's employees

When preparing the proposal for these guidelines, the employment conditions applied within the Company as a whole have been used as a benchmark, following the principle that the remuneration packages of all Sandvik employees should be based on the complexity of the position, performance and market practice. In general, the same combination of remuneration components such as fixed salary, variable remuneration, pension and other benefits are offered within Sandvik.

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

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for senior executive remuneration. The Board of Directors shall prepare a proposal for guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for senior executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the Remuneration Committee are independent

of the Company and its executive management. The President and the other senior executives do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters to the extent that they are affected by such matters.

Decisions on remuneration to the President are taken by the Board of Directors, based on proposals from the Remuneration Committee, and decisions on remuneration to the other senior executives are taken by the Remuneration Committee.

Adjustments to local rules

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

For information concerning the current remuneration of senior executives, including ongoing long-term incentive programs, refer to note G4.

Proposal for new guidelines for the remuneration of senior executives

The Remuneration Committee has recommended that the Board of Directors proposes that the Annual General Meeting 2024 adopt guidelines for remuneration with, in principle, the same content as the current guidelines. However, a change is proposed in respect of pension benefits where the cap for defined contribution benefits is lowered to be better aligned

with market practice and the possibility to offer defined benefit schemes is removed.

In light of the above, the Board of Directors proposes that the Annual General Meeting 2024 resolves on guidelines for remuneration with the same content as the guidelines that were resolved at the Annual General Meeting 2020, with the exception of the section on pension benefits, which is proposed to have the following new wording:

For the President, the pension benefit shall be defined contribution and the pension premiums shall amount to not more than 37.5 percent of the fixed annual salary. For the other senior executives, pension benefits shall be defined contribution and amount to not more than 35 percent of the fixed annual salary.

Research and development (R&D)

Each business area is responsible for its own R&D activities. Focus areas are machining materials and process development, powder metallurgy, electrification and digital solutions.

Sandvik has a portfolio of approximately 6,921 (7,079) active patents. In 2023, 722 (725) new patents were granted. Investments in R&D were SEK 4,803 million (4,471), corresponding to 3.8 percent (4.0) of revenues. The number of employees in R&D, including Quality Assurance, was 3,134 (3,009).

Tax

Sandvik is a multinational group with many intercompany transactions. The OECD has issued guidelines for transfer pricing of cross-border transactions in multinational groups. Sandvik adheres to these guidelines and also to the local legislation of each country to ensure that a correct pricing model is deployed and that a correct amount of tax is paid in each country. Sandvik monitors the OECD's tax reform work and the EU initiatives on tax transparency carefully and observes these standards as and when enacted. Sandvik strives to have good relations with our stakeholders, such as tax authorities, non-governmental organizations and investors.

Sandvik has initiated cooperation with tax authorities in several countries. We are

convinced that an open discussion and cooperation with tax authorities around the globe will help us to reduce uncertainty about the taxes we are obliged to pay. We contribute to the local communities and countries in which we operate in the form of, for example, taxes and employment opportunities. In 2023, the Group paid SEK 6,852 million (5,262) in income taxes globally. Income tax comprises just a portion of all taxes paid by Sandvik worldwide. In addition, we pay social security contributions, environmental and energy taxes, property taxes, etc. Furthermore, Sandvik collects and pays taxes at the request of governments and authorities, including indirect taxes and withholding taxes.

Environment

In Sweden, Sandvik operates under licenses at nine sites in accordance with the Swedish Environmental Code. Each site holds the necessary environmental

permit, and none of them exceeded their limits throughout the year. In 2023, new environmental permits were applied for the Sandviken (Sweden) sites. Sandvik Additive Manufacturing and Sandvik Coromant received new permits while the permit process for Sandvik Rock Tool was still ongoing at year-end. Notifications for operational changes and renewal of permission for handling flammable goods were submitted for Seco Tools in Fagersta. The site in Arboga was closed at the end of the year.

Statutory sustainability report

Sandvik has, in accordance with the Annual Accounts Act, prepared a statutory sustainability report, approved for issue by the Board of Directors and the President and CEO. The Statutory Sustainability Report and Sustainable Business Report comprise pages 2–3, 7, 13, 58–66, 142–160.

Events after the end of the period

On January 25, Sandvik announced a new restructuring program to strengthen operational efficiency and resilience. The program will generate annual savings of about SEK 1.2 billion.



Development in business areas

Sandvik's operations consists of three business areas: Sandvik Mining and Rock Solutions, Sandvik Rock Processing

Solutions and Sandvik Manufacturing and Machining Solutions.

Order intake by business area

MSEK	2022	2023	Change, %	Change, % ¹⁾
Sandvik Mining and Rock Solutions	62,895	64,527	3	-1
Sandvik Rock Processing Solutions	9,874	11,238	14	-13
Sandvik Manufacturing and Machining Solutions	46,428	49,247	6	-1
Continuing operations	119,196	125,011	5	-2
Discontinued operations	14,822	–	n/m	–
Group total	134,019	125,011	-7	-2

1) Change compared with the preceding year, at fixed exchange rates for comparable units.

Revenue by business area

MSEK	2022	2023	Change, %	Change, % ¹⁾
Sandvik Mining and Rock Solutions	56,843	65,690	16	12
Sandvik Rock Processing Solutions	9,587	11,472	20	-3
Sandvik Manufacturing and Machining Solutions	45,901	49,340	7	0
Continuing operations	112,332	126,503	13	6
Discontinued operations	11,122	–	n/m	–
Group total	123,453	126,503	2	5

1) Change compared with the preceding year, at fixed exchange rates for comparable units.

Adjusted EBITA and adjusted EBITA margin by business area

MSEK	2022	% of revenue	2023	% of revenue	Change, %	Change, % ¹⁾
Sandvik Mining and Rock Solutions	11,643	20.5	13,716	20.9	18	18
Sandvik Rock Processing Solutions	1,530	16.0	1,661	14.5	9	-15
Sandvik Manufacturing and Machining Solutions	10,023	21.8	10,597	21.5	6	-2
Group activities	-711	n/m	-733	n/m	3	11
Continuing operations	22,486	20.0	25,240	20.0	12	7
Discontinued operations	1,985	17.8	–	–	n/m	n/m
Group total	24,470	19.8	25,240	20.0	3	7

1) Change compared with the preceding year, at fixed exchange rates for comparable units.

n/m=non meaningful

Sandvik Mining and Rock Solutions

Sandvik Mining and Rock Solutions is a global leading supplier of equipment and tools, parts, service, digital solutions and sustainability-driving technologies for the mining and infrastructure industries. Order intake for the business area amounted to SEK 64,527 million (62,895), a decrease of -1 percent at fixed exchange rates for comparable units. Revenue totaled SEK 65,690 million (56,843), an increase of 12 percent at fixed exchange rates for comparable units. The EBITA margin was 21.0 percent (18.3) of revenues and the adjusted EBITA margin was 20.9 percent (20.5) of revenues. The items affecting comparability of SEK 67 million (-1,264) were primarily charges related to divestments and implementation of structural measures to support resilience ambitions.

Financial overview, MSEK	2022	2023
Order intake	62,895	64,527
Revenue	56,843	65,690
EBITA	10,379	13,783
EBITA margin, %	18.3	21.0
Adjusted EBITA ¹⁾	11,643	13,716
Adjusted EBITA margin ¹⁾ , %	20.5	20.9
Return on capital employed, %	22.6	24.6
Number of employees ²⁾	16,206	17,019
Items affecting comparability ³⁾	-1,264	67

1) Adjusted for items affecting comparability.

2) Full-time equivalent.

3) Primarily related to the wind-down of operations in Russia and M&A costs during 2022 and the restructuring program and divestments in 2023.

Sandvik Rock Processing Solutions

A leading supplier of equipment, service and technical solutions for processing rock and minerals in the mining and infrastructure industries. Order intake for the business area amounted to SEK 11,238 million (9,874), a decrease of -13 percent at fixed exchange rates for comparable units. Revenue totaled SEK 11,472 million (9,587), a decrease of -3 percent at fixed exchange rates for comparable units. The EBITA margin was 13.2 percent (13.9) of revenues and the adjusted EBITA margin was 14.5 percent (16.0) of revenues. The items affecting comparability were SEK -144 million (-201) mainly related to implementation of structural measures to support resilience ambitions.

Financial overview, MSEK	2022	2023
Order intake	9,874	11,238
Revenue	9,587	11,472
EBITA	1,330	1,517
EBITA margin, %	13.9	13.2
Adjusted EBITA ¹⁾	1,530	1,661
Adjusted EBITA margin ¹⁾ , %	16.0	14.5
Return on capital employed, %	16.7	8.6
Number of employees ²⁾	2,919	2,946
Items affecting comparability ³⁾	-201	-144

1) Adjusted for items affecting comparability.

2) Full-time equivalent.

3) Primarily related to M&A costs and the wind-down of operations in Russia during 2022 and the restructuring programs during 2023.

Sandvik Manufacturing and Machining Solutions

Sandvik Manufacturing and Machining Solutions is a market-leading manufacturer of tools and tooling systems for advanced metal cutting, expanding into digital manufacturing and software solutions, as well as disruptive technologies like additive manufacturing and in-line metrology. Order intake for the business area amounted to SEK 49,247 million (46,428), a decrease of -1 percent at fixed exchange rates for comparable units. Revenue totaled SEK 49,340 million (45,901), an increase of 0.4 percent at fixed exchange rates for comparable units. The EBITA margin was 20.4 percent (19.8) of revenues and the adjusted EBITA margin was 21.5 percent (21.8) of revenues. The items affecting comparability of SEK -552 million (-935) were mainly related to M&A costs and implementation of structural measures to support resilience ambitions.

Financial overview, MSEK	2022	2023
Order intake	46,428	49,247
Revenue	45,901	49,340
EBITA	9,088	10,045
EBITA margin, %	19.8	20.4
Adjusted EBITA ¹⁾	10,023	10,597
Adjusted EBITA margin ¹⁾ , %	21.8	21.5
Return on capital employed, %	13.8	13.7
Number of employees ²⁾	20,802	20,326
Items affecting comparability ³⁾	-935	-552

1) Adjusted for items affecting comparability.

2) Full-time equivalent.

3) For 2022 primarily related to the wind-down of operations in Russia, M&A costs and implementation of structural measures to support resilience ambitions. For 2023 mainly related to restructuring programs and M&A costs.



Corporate governance report

Sandvik AB has its head office in Stockholm and is the Parent Company of the Sandvik Group, with subsidiaries in about 70 countries. The Group has about 41,000 employees and revenues in about 170 countries. Sandvik AB is a public company with its shares listed on Nasdaq Stockholm.

Corporate governance within Sandvik is based on external rules such as the Swedish Companies Act, the Nordic Main Market Rulebook for Issuers of Shares, the Swedish Code of Corporate Governance (the "Code") and other relevant laws and regulations. The Code is available at corporategovernanceboard.se. In 2023, Sandvik applied the Code without deviating from any of its regulations.

The Sandvik Way

Sandvik's corporate governance framework, The Sandvik Way, implements

the external rules previously mentioned and also sets out the internal rules and principles for governance that apply specifically within Sandvik. It is based on three segments, as set forth in the model below, and describes how common ways of working have been implemented throughout the entire organization.

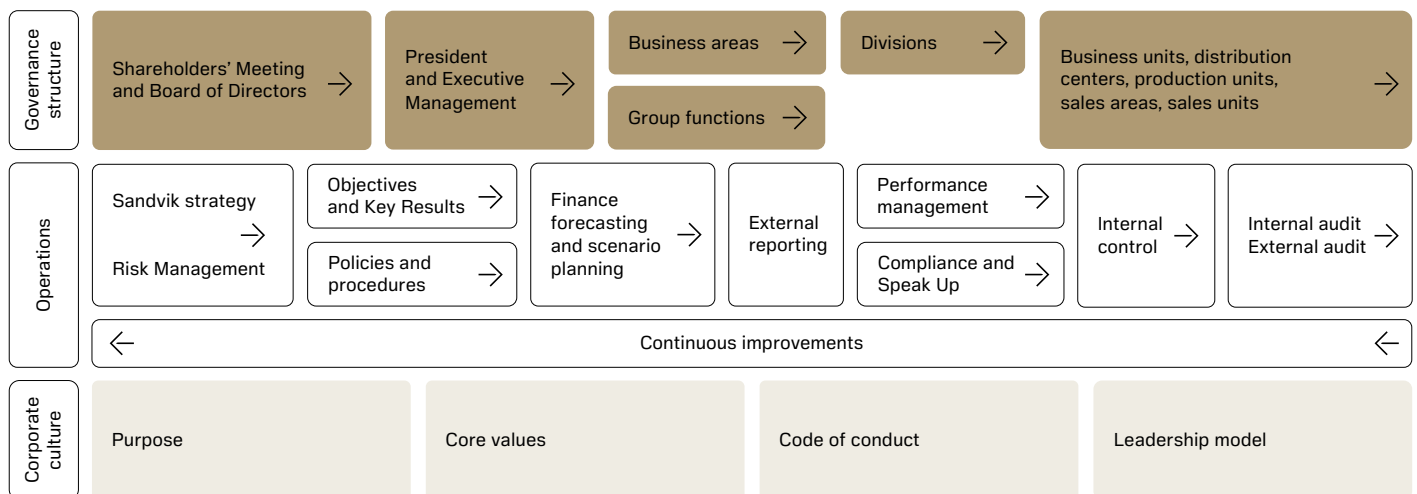
Governance structure

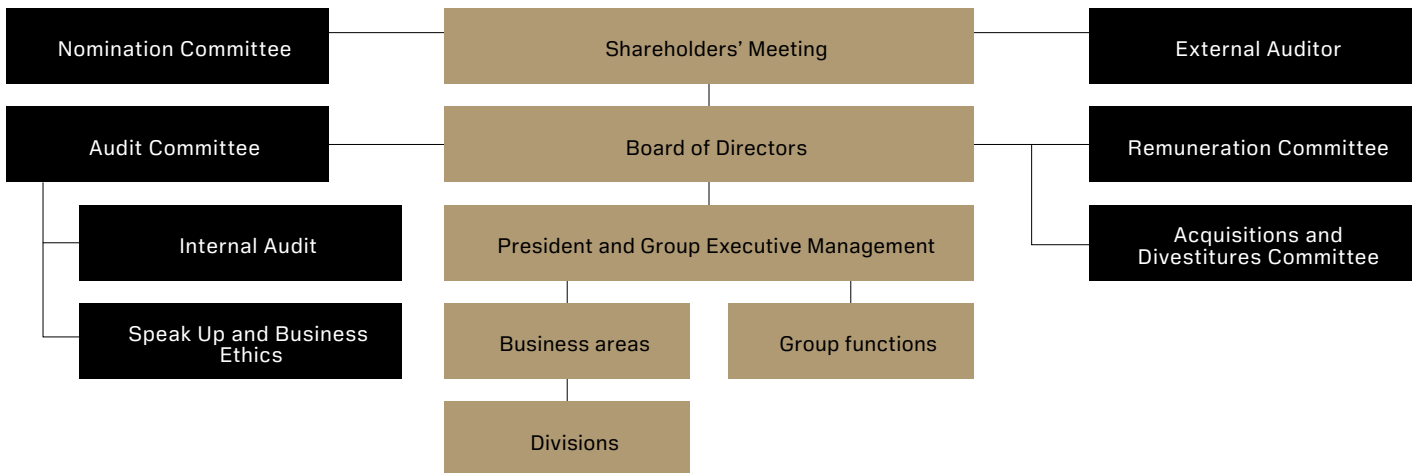
This segment outlines how the Sandvik Group is led and governed. The Board of Directors, elected at the Shareholders' Meeting, sets the strategic direction for the Group. The President carries this out

through the Group Executive Management whose members manage and oversee the operations of the Group. The main operational responsibility in the Group lies with the business areas and divisions, whereas the Group functions are responsible for functional policies and processes supporting the business.

The Sandvik Way is implemented in the respective business areas, with additional requirements cascaded down in the operational structure of each business area.

The Sandvik Way



Corporate governance model**Operations**

The detailed controls and risk frameworks common across the Group are detailed in this segment. This includes many aspects such as strategy and risk management, policies, financial forecasting and scenario planning, as well as compliance, internal controls and audits. Performance management, controls and continuous improvements provide a solid basis for our ways of working.

Corporate culture

This segment sets the foundation for how we all shape our culture in the company and enable a customer-oriented and responsible business. Our operational controls and risk frameworks are supported by the ambitions and requirements of our purpose, core values, Code of Conduct and leadership model.

Ownership structure

As of December 31, 2023, Sandvik's share capital amounted to SEK 1,505,263,107.60 represented by 1,254,385,923 shares. At year-end, Sandvik had about 138,000 shareholders and AB Industrivärden was the largest owner with about 14.1 percent of the share capital. Of the total share capital at year-end, about 40 percent was owned by investors outside Sweden.

Shareholders' meeting

The General Meeting of Shareholders is the highest decision-making body. At the Annual General Meeting, the shareholders are given the possibility to exercise their voting rights in relation to, for example, the Annual Report, dividends, election of the Board and appointment of auditor, and other matters stipulated in the Companies Act, the Articles of Association and, where applicable, the Code.

All shareholders who have been entered in the share register and have informed the company of their participation within the time limit stated in the notice of the General Meeting are entitled to participate at the General Meeting and vote according to the number of shares held. Shareholders are also entitled to be represented by a proxy at a General Meeting. According to the Articles of Association, the Board may also decide to allow shareholders to exercise their voting rights through postal voting before the General Meeting.

All shares in Sandvik carry equal voting rights with one vote per share.

2023 Annual General Meeting

Shareholders representing 60.1 percent of the share capital and votes participated at the Annual General Meeting held on April 27, 2023. Resolutions included the following:

- Dividend of SEK 5.00 per share

Ten largest shareholders, December 31, 2023, %

AB Industrivärden	14.1
Alecta Pension Insurance	4.5
Swedbank Robur Funds	4.3
Vanguard	3.2
Lundbergföretagen AB	2.9
BlackRock	2.9
Handelsbanken Funds	2.4
SEB Funds	1.9
Norges Bank	1.7
Fidelity International (FIL)	1.4

Source: Monitor by Modular Finance AB

- Re-election of Board members Jennifer Allerton, Claes Boustedt, Marika Fredriksson, Johan Molin, Andreas Nordbrandt, Helena Stjernholm, Stefan Widing and Kai Wärn as well as re-election of Johan Molin as Chairman of the Board
- Re-election of PricewaterhouseCoopers AB as auditor
- Approval of the Board's remuneration report
- Adoption of a long-term incentive program in the form of a performance share program for about 350 senior executives and key employees in the Group
- Authorization for the Board to decide on acquisition of the company's own shares up to a maximum of 10 percent of all the shares in the company



The 2023 Annual General Meeting was held at the Göransson Arena in Sandviken, Sweden.

For additional information about the Annual General Meeting, including the minutes, visit: home.sandvik.com.

2024 Annual General Meeting

The next Annual General Meeting will be held in Sandviken, Sweden, on April 29, 2024. More information can be found in the notice convening the General Meeting and at: home.sandvik.com.

Nomination Committee

The Nomination Committee is a preparatory body that prepares proposals for, among other things, the election of the Board, the Chairman of the Board and auditors as well as fees for adoption at the General Meeting. The Annual General Meeting has adopted instructions for the Nomination Committee, which include

Nomination Committee's tasks ahead of the 2024 Annual General Meeting

- Proposal concerning the Chairman of the Meeting
- Proposal concerning the number of Board members
- Proposal concerning remuneration of each Board member
- Proposal concerning the Board and Chairman of the Board
- Proposal concerning auditor and remuneration of the auditor
- If deemed necessary, proposal for changes to the Nomination Committee's instruction concerning the procedure for appointment of the Nomination Committee for the forthcoming Annual General Meeting and its assignment

procedures for appointing the Nomination Committee, valid until the General Meeting resolves on a change. In accordance with these instructions, the Nomination Committee shall consist of members appointed by each of the four largest shareholders in terms of the number of votes on the final business day in August plus the Chairman of the Board (convener).

Nomination Committee for 2024 AGM

For the 2024 Annual General Meeting, the Nomination Committee consists of Fredrik Lundberg, Chairman (Industrivärden), Daniel Kristiansson (Alecta), Marianne Nilsson (Swedbank Robur Funds), Lars Pettersson (Lundbergs) and Johan Molin (Sandvik's Chairman of the Board).

Up to the date of this Annual Report, the Nomination Committee met on three occasions. The Nomination Committee was informed of the results of the Board's own evaluation. The Committee met with the President and CEO and the Group CFO who presented the company's strategy. The Nomination Committee discussed the general criteria that Board members should fulfill, including the independence requirement, and reviewed the number of Board assignments that each Board member has in other companies. The Nomination Committee applied rule 4.1 of the Code as the diversity policy. This rule states that the Board shall have an appropriate composition in view of the company's operations, phase of development and other relevant circumstances, display diversity and breadth in terms of

qualifications, experience and background of the Board members elected by the General Meeting and that the company shall strive for gender balance.

Board of Directors

The Board is responsible for the company's organization and the management of the company's business. The Board is required to continuously monitor the company's and the Group's financial position.

The Board is to ensure that the company's organization is designed in a way that ensures that the financial statements, the management of assets and the company's financial condition in general are controlled in a satisfactory manner. The Board also adopts the strategy for the Group and monitors the performance and compliance with relevant rules and strategic plans.

The President is appointed by the Board and is responsible for the daily operations pursuant to guidelines and instructions issued by the Board. The distribution of responsibilities between the Board and the President is laid down in the Board's Procedural Guidelines which are reviewed and adopted each year. The review is based on such aspects as the Board's evaluation of the individual and collective work that the Board performs.

In addition to financial reporting and the monitoring and follow-up of daily operations and profit trend, Board meetings address the goals and strategies for the operations, significant acquisitions and investments, as well as

matters relating to the capital structure. Senior executives report business plans and strategic issues to the Board on an ongoing basis.

Composition

As of December 31, 2023, Sandvik's Board consisted of eight members elected by the Annual General Meeting. The Nomination Committee communicated before the 2023 Annual General Meeting that the Nomination Committee had applied rule 4.1 of the Code as the diversity policy. The current Board composition is the result of the work of the Nomination Committee prior to that General Meeting. The Board consists of members with experience from different geographic areas and different industry sectors. Excluding the President, 43 percent of the Board members elected by the General Meeting are women. No Board member represents any under-represented social groups.

Pursuant to Swedish legislation, trade unions are entitled to representation on the Board and they have appointed two members and two deputies.

The Board members are presented on pages 54–55.

Independence

Marika Fredriksson and Helena Stjernholm are not regarded as independent in relation to major shareholders in the company and Stefan Widing is not regarded as independent in relation to the

company and its executive management. The other five Board members elected by the General Meeting are all independent in relation to Sandvik and its executive management, as well as the company's major shareholders. Accordingly, the composition of the Board complies with the independence requirements of the Code. The President is the only executive member of the Board.

Board proceedings during 2023

During the year, the Board held 14 meetings. The Board addressed matters related to the Group strategy, the new Sandvik brand, financial targets and cash management, sustainability reporting, succession planning and talent manage-

ment, investments and operational restructuring and review of previously made investments.

The Presidents of all business areas presented their goals and strategies and the Board also reviewed the strategies and results from a number of the divisions. Further, the Board handled matters relating to the acquisitions of Buffalo Tungsten, Inc., MCB Services and Minerals, Premier Machine Tools Ltd and Norgalv Ltd.

The Remuneration Committee, Audit Committee and the Acquisitions and Divestitures Committee reported from their respective meetings. With respect to the Audit Committee, reported matters included accounting principles, financial

Attendance at Board and Committee meetings in 2023

Member	Board	Audit Committee	Remuneration Committee	Acquisitions and Divestitures Committee
Total number of meetings	14	5	3	1
Jennifer Allerton	14			
Thomas Andersson	14			
Claes Boustedt	14	5		1
Marika Fredriksson	13			
Fredrik Håf	14			
Erik Knebel	14			
Thomas Lilja	13			
Johan Molin	14	5	3	1
Andreas Nordbrandt	14			
Helena Stjernholm	14	5	3	1
Stefan Widing	14			
Kai Wörn	14		3	

Composition of the Board as of December 31, 2023

Name	Function	Independent in acc. with the Code	Shareholding, number ¹⁾ Dec 31, 2023	Elected	Audit Committee	Remuneration Committee	Acquisitions and Divestitures Committee
Jennifer Allerton	Member	Yes	10,000	2015			
Thomas Andersson	Member ²⁾		0	2012			
Claes Boustedt	Member	Yes	50,000	2015	Chairman		Member
Marika Fredriksson	Member	No ³⁾	2,500	2017			
Fredrik Håf	Deputy ²⁾		2	2022			
Erik Knebel	Deputy ²⁾		1	2021			
Thomas Lilja	Member ²⁾		4,840	2016			
Johan Molin	Chairman	Yes	950,000	2015	Member	Chairman	Chairman
Andreas Nordbrandt	Member	Yes	0	2021			
Helena Stjernholm	Member	No ³⁾	5,000	2016	Member	Member	Member
Stefan Widing	Member	No ³⁾	65,464	2020			
Kai Wörn	Member	Yes	12,000	2020		Member	

1) Pertains to own and closely related persons' shareholdings in Sandvik AB.

2) Employee representatives (both members and deputy members participate in Board meetings). Thomas Lilja (member) and Erik Knebel (deputy) represent Unionen/Ledarna/Swedish Association of Graduate Engineers. Thomas Andersson (member) and Fredrik Håf (deputy) represent IF Metall.

3) Marika Fredriksson and Helena Stjernholm are not regarded as independent in relation to major shareholders in the company and Stefan Widing is not regarded as independent in relation to the company and its executive management.



outcome, ERM, compliance, Speak Up and Code of Conduct, internal control and internal audit as well as the result of the external audit. The Committees also submitted matters for resolution by the Board and the minutes and reports from these meetings were made available to the Board members.

In the autumn of 2023, the Board traveled to Canada to visit Sandvik's operations in Winnipeg and a customer mine where Sandvik's Battery Electric Vehicles are being used.

Remuneration of the Board

As resolved at the 2023 Annual General Meeting, the fee to the Chairman of the Board was SEK 2,875,000 and the fee to each of the non-executive Board members elected by the General Meeting was SEK 770,000.

In addition, SEK 338,000 was paid to the Chairman of the Audit Committee and SEK 192,000 to each of the other Committee members, in total SEK 722,000. The Chairman of the Remuneration Committee was paid SEK 161,000 and each of the other Committee members SEK 127,000, in total SEK 415,000. The Chairman of the Acquisitions and Divestitures Committee was paid SEK 218,000 and each of the other Committee members SEK 161,000, in total SEK 540,000.

For more detailed information on remuneration of the Board members, see note G4.

Evaluation of the work of the Board

To ensure the quality of the work of the Board, optimize the work processes and identify the possible need for further expertise and experience, the work of the Board and its members is evaluated annually. In 2023, the evaluation was led by the Chairman of the Board, without the involvement of an independent third party, and was carried out by way of each Board member responding anonymously to an online questionnaire. The Chairman also held separate evaluation discussions with all Board members. The compiled results of the evaluations were analyzed and subsequently presented to the Board as well as to the Nomination Committee.

Board Committees

The tasks of the Committees and their work procedures are stipulated in written instructions issued by the Board. The Committees' primary task is to prepare issues and present them to the Board for resolution.

The members of each Committee, including the Committee Chairman, are appointed annually by the Board at its constituent meeting held after the Annual General Meeting.

Remuneration Committee

During 2023 the members of the Remuneration Committee were Johan Molin (Chairman of the Committee), Helena Stjernholm and Kai Wärn. The tasks of the Remuneration Committee are, among others, those prescribed by the Code, which include preparing proposals regarding guidelines for remuneration of senior executives and long-term incentive programs for senior executives.

The Remuneration Committee decides on the remuneration to be paid to the Group Executive Management. Based on the recommendations of the Remuneration Committee, the Board decides the remuneration and terms of employment for the President.

For guidelines, remuneration and other benefits payable to the Group Executive Management, refer to the Guidelines for the remuneration of senior executives on pages 42–43 and note G4.

During 2023 the Remuneration Committee held three meetings.

Audit Committee

During 2023 the members of the Audit Committee were Claes Boustedt (Chairman of the Committee), Johan Molin and Helena Stjernholm. Areas addressed by the Audit Committee mainly related to:

- Monitoring the financial reporting and ensuring its reliability
- Effectiveness of the system of internal control and internal audit
- Planning, scope and follow-up of the internal and external audit for the year
- Assistance to the Nomination Committee with regards to proposal for auditor

- Monitoring of the external auditor's independence and objectivity vis-à-vis the company, including the extent to which the auditor provides other services than auditing services to the company
- The Group's systematic processes for overall corporate risk management, as well as more detailed risk management matters including legal disputes, compliance, corporate investigations, IT security, Group Digital Security Improvement, accounting procedures, taxation, treasury, finance operations, insurance coverage and pension issues
- The development and effectiveness of compliance processes, with special focus on ensuring operational stability of the compliance program
- Sandvik's Code of Conduct, Sandvik's global whistleblowing system, some specific cases managed through Speak Up as well as the overall effectiveness of the system
- Sandvik's sustainable business strategy and materiality analysis

During 2023 the Audit Committee held five meetings at which Sandvik's external auditor and representatives of the company's management were present.

Acquisitions and Divestitures Committee

During 2023 the members of the Acquisitions and Divestitures Committee were Johan Molin (Chairman of the Committee), Claes Boustedt and Helena Stjernholm. The purpose of the Committee is to prepare matters relating to major or strategically important acquisitions and divestitures for Board decisions. The Committee meets on an ad hoc basis, at the request of the President and CEO in consultation with the Chairman of the Board.

During 2023 the Acquisitions and Divestitures Committee held one meeting, during which the Committee reviewed matters related to a proposed acquisition.

President and Group Executive Management

The President is accountable for Group decision-making in all areas delegated by the Board. In order to ensure a full Group perspective in these matters, the President has appointed the Group Executive Management as an advisory forum, focusing on how to achieve Group targets, strategies, structure and organization. The Group Executive Management meets each month and its members are accountable for implementing the President's decisions.

In 2023, the Group Executive Management consisted of:

- Stefan Widing, President and CEO, and President of Sandvik Manufacturing and Machining Solutions
- Cecilia Felton, Executive Vice President and Chief Financial Officer
- Mats Eriksson, President of Sandvik Mining and Rock Solutions
- Richard Harris, President of Sandvik Rock Processing Solutions
- Nadine Crauwels, President of the Sandvik Machining Solutions business area segment
- Christophe Sut, President of the Sandvik Manufacturing Solutions business area segment (up until May 7, 2023)
- Mattias Nilsson, President of the Sandvik Manufacturing Solutions business area segment (as of May 8, 2023)
- Jessica Alm, Executive Vice President and Head of Group Communications and Sustainability (up until April 30, 2023)
- Björn Roodzant, Executive Vice President and Head of Group Communications and Sustainability (as of May 1, 2023)
- Johan Kerstell, Executive Vice President and Head of Human Resources
- Sofia Sirvell, Executive Vice President and Chief Digital Officer (as of March 1, 2023)
- Åsa Thunman, Executive Vice President and General Counsel

The members of the Group Executive Management are presented further on pages 56–57.

Business areas

The Sandvik organizational model is based on a decentralized business model. There are three separate business areas – Sandvik Mining and Rock Solutions, Sandvik Rock Processing Solutions and Sandvik Manufacturing and Machining Solutions – each based on distinct product offerings. Each business area has full responsibility and accountability for its respective business results.

Sandvik Manufacturing and Machining Solutions is divided into two business area segments – Sandvik Machining Solutions and Sandvik Manufacturing Solutions. Further, each of the three business areas is organized in a number of divisions based on product offering or brand. The division is the highest operational level in the Sandvik organizational structure. Certain divisions that are based on a product offering are divided into business units representing a defined part of the product offering.

For an overview of Sandvik's organizational model, refer to page 2 and visit [home.sandvik](https://www.home.sandvik) for more detailed information relating to the Group's business activities and product portfolios.

Group functions

There are five Group functions within Sandvik: Communications and Sustainability, Finance, HR, IT and Legal. Group functions specifically focus on setting the appropriate enabling structures and processes that are common for the Group or cover a specific area for which the Group is responsible.

External auditor

At the 2023 Annual General Meeting, the audit firm PricewaterhouseCoopers AB was re-elected auditor of Sandvik AB for the period until the 2024 Annual General Meeting. Peter Nyllinge is the auditor-in-charge.

The auditor continuously audits and monitors the company's general

accounting and the execution by the Board and the President of their respective responsibilities.

The progress of the audit is reported regularly during the year to the management teams of individual companies and the business areas, the Audit Committee and the Board. The auditor meets with the Board at least once a year without the President or any other member of the Group Executive Management attending.

The independence of the external auditor is guaranteed by the Audit Committee having determined the principles for allowing non-audit services to be provided by the auditor and, in some cases, pre-approving non-audit services.

Audit fees are paid continuously over the period in office on an approved current account basis. For detailed information on fees paid to the auditor, see note G5.

Internal control over financial reporting

The Sandvik organization manages a well-established financial reporting process aimed at ensuring a high level of internal control.

The internal control system aligns with the conceptual framework of COSO, which is based on five key components that provide an effective framework for describing and designing the internal control system implemented in the organization. The five components are Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring and Follow-up. The application of the COSO framework is described below.

Sandvik's Board is ultimately responsible for the governance of risk management including internal control over financial reporting.

Control environment

Sandvik internal control over financial reporting forms an integral part of the operations, described in *The Sandvik Way*, which also includes risk assessments, policies, procedures and compliance.

The Sandvik Financial Reporting Policies and Procedures govern control



over financial reporting. These documents contain detailed instructions regarding accounting policies and financial reporting procedures to be applied by all Sandvik reporting entities.

A Sandvik Financial Internal Control Framework has been developed and includes key components such as well-defined roles and responsibilities, internal control procedures and the risk and control matrix which defines a mandatory minimum of control activities that contribute to the mitigation of risks to acceptable levels. Internal control implementation projects managed by Group Internal Controls were completed during the year. Future implementations (including new acquisitions) will be managed and implemented by the respective business area.

Risk assessment and risk management

The Enterprise Risk Management (ERM) process at Sandvik includes the area of financial reporting. Read more about the ERM program on page 58.

Key risks noted in local assessments and observations made by Internal and External Audit are also taken into consideration to ensure that adequate controls exist to mitigate these risks.

Control activities

Mandatory control activities include business process controls, IT controls and corporate governance controls focusing on compliance with policies and procedures. Internal controls are tailored per each operational entity based on risks and applicability. Entity management and process owners are responsible for

ensuring that internal controls are operated as per agreed design.

At Group level, Group Control manages the reporting process to ensure the completeness and accuracy of financial reporting and compliance with IFRS requirements.

Controllers in the divisions and business areas perform analytical reviews and investigations, conduct business trend analyses and update forecasts.

Information and communication

Policies and procedures related to financial reporting are updated and communicated on a regular basis to all entities.

Results of monitoring and status of improvement activities related to internal controls are included in the CFO report which is part of the agenda for the Audit Committee meetings.

Quarterly interim reports are published externally and are supplemented by investor meetings attended by members of the Group Executive Management.

Monitoring and follow-up

Entity management as well as local and global process owners are responsible for testing the effectiveness of internal controls through self-assessments every six months and according to the requirements in the Sandvik Internal Control Framework. Results of the self-assessment testing of controls including test evidence are reported and consolidated in a Governance, Risk and Compliance IT tool. The tool also requires reporting of action plans with the purpose to remediate ineffective controls.

Business areas and divisions are to monitor the remediation of ineffective controls. The Audit Committee monitors the effectiveness of internal controls related to financial reporting presented by management with potential deficiencies and suggested actions.

The Board reviews all quarterly interim reports as well as the Annual Report prior to publishing. The Audit Committee reports to the Board regarding internal control matters including matters for resolution. Minutes from Audit Committee meetings are made available to Board members.

Internal audit

Internal Audit is subordinated to the Audit Committee and the Vice President of Internal Audit reports to the Audit Committee.

Internal audits include, as a basis, the Group's policies for corporate governance, risk management and internal control regarding areas such as financial reporting, compliance with the Code of Conduct and IT.

The outputs of the audits include action plans and programs for improvement. Findings are reported to the business area management and to the Audit Committee.

Internal Audit interacts with External Audit on a periodic basis to discuss and share audit plans and audit results.

Board of Directors



Johan Molin

Born 1959. Chairman of the Board since 2015. Chairman of the Remuneration Committee and the Acquisitions and Divestitures Committee and member of the Audit Committee.

Education and business experience:

M.Sc. in Business and Economics, Stockholm School of Economics. President and CEO of Assa Abloy 2005–2018. President and CEO of Nilfisk-Advance 2001–2005. Various positions within Atlas Copco 1983–2001.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 950,000.



Jennifer Allerton

Born 1951. Board member since 2015.

Education and business experience:

M.Sc. in Physics and B.Sc. in Mathematics, Physical Sciences and Geosciences. Chief Information Officer at F. Hoffmann-La Roche Ltd 2002–2012. Technology Director at Barclaycard 1999–2002. Various positions at ServiceNet, USA, BOC (now Linde), Cable & Wireless Business Networks and Unilever plc.

Current board assignments:

Board member of Iron Mountain Inc. and Barclays Bank Ireland plc.

Shareholding in Sandvik (own and closely related persons): 10,000.



Claes Boustedt

Born 1962. Board member since 2015. Chairman of the Audit Committee and member of the Acquisitions and Divestitures Committee.

Education and business experience:

M.Sc. in Business and Economics, Stockholm School of Economics. Executive Vice President of L E Lundbergföretagen AB since 1997. President of L E Lundberg Kapitalförvaltning AB since 1995.

Current board assignments:

Board member of Hufvudstaden AB, Förvaltnings AB Lunden and Alleima AB.

Shareholding in Sandvik (own and closely related persons): 50,000.



Marika Fredriksson

Born 1963. Board member since 2017.

Education and business experience:

Master of Business Administration. CFO and Group Executive Vice President of Vestas Wind Systems A/S 2013–2022. CFO of Gambro AB 2009–2012. CFO of Autoliv Inc. 2008–2009. Various positions within Volvo 1996–2008, including CFO and Senior Vice President Finance and Strategy at Volvo Construction Equipment Corporation.

Current board assignments:

Chairman of the board of Emagine A/S and board member of AB Industrivärden, A.P. Møller-Mærsk A/S., KONE Oyj and Ecolan AB.

Shareholding in Sandvik (own and closely related persons): 2,500.



Andreas Nordbrandt

Born 1971. Board member since 2021.

Education and business experience:

M.Sc. in Mechanical Engineering and Hydraulics. President of the Underground Rock Excavation Division within the Epiroc Group 2018. Various positions within the Atlas Copco Group 1995–2018, including President of the Underground Rock Excavation Division, President of the Rocktec Division, Vice President Service Operations and Operations Manager Business Line Manager, Service Division, Atlas Copco Mining and Rock Excavation Australia.

Current board assignments:

Chairman of the board of Alleima AB.

Shareholding in Sandvik (own and closely related persons): 1,375 (acquired February 1, 2024).



Helena Stjernholm

Born 1970. Board member since 2016. Member of the Audit Committee, the Remuneration Committee and the Acquisitions and Divestitures Committee.

Education and business experience:

M.Sc. in Business and Economics, Stockholm School of Economics. President and CEO of AB Industrivärden since 2015. Investment manager and subsequently partner at IK Investment Partners 1998–2015. Consultant at Bain & Company 1997–1998.

Current board assignments:

Board member of AB Industrivärden, Telefonaktiebolaget LM Ericsson and AB Volvo.

Shareholding in Sandvik (own and closely related persons): 5,000.

Employee representatives



Stefan Widing

Born 1977. Board member since 2020.

Education and business experience:

M.Sc. Applied Physics and Electrical Engineering and Bachelor of Business Administration. President and CEO, Sandvik AB, and President of the Sandvik Manufacturing and Machining Solutions business area since 2020. Various positions within the Assa Abloy Group 2006–2020, including Executive Vice President HID Global division 2015–2020, Director of Product Management and General Manager of Shared Technologies Unit. Various positions in the Saab Group 2001–2006.

Current board assignments: Board member of the Swedish Association of Industrial Employers (Industriarbetsgivarna).

Shareholding in Sandvik (own and closely related persons): 65,464.



Kai Wörn

Born 1959. Board member since 2020. Member of the Remuneration Committee.

Education and business experience:

M.Sc. in Mechanical Engineering, the Royal Institute of Technology, Stockholm. President and CEO of Husqvarna AB 2013–2020. Operations partner at IK Investment Partners Norden AB 2011–2013. President and CEO of Seco Tools AB 2004–2010. Various positions within ABB 1985–2004.

Current board assignments:

Chairman of the board of Electrolux Professional AB and SunStreet Energy AB.

Shareholding in Sandvik (own and closely related persons): 12,000.



Thomas Andersson

Born 1962. Board member since 2022, deputy Board member 2012–2022 (employee representative, IF Metall).

Education and business experience:

Chairman of the Union Committee, Metal Workers' Union, Sandvik Coromant, Gimo. Various operator positions at Gimoverken, Sandvik Coromant, since 1984. Construction firm Anders Diös 1980–1984.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 0.



Fredrik Håf

Born 1983. Deputy board member since 2022 (employee representative, IF Metall).

Education and business experience:

Chairman of the Union Committee, Metal Workers' Union, division Rock Tools, Sandviken, Sweden. Various operator positions at division Rock Tools, since 2002.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 2.



Thomas Lilja

Born 1975. Board member since 2016 (employee representative, Unionen/Ledarna/Swedish Association of Graduate Engineers).

Education and business experience:

Technical College Graduate, Mechanical Engineering. Chairman Trade Union, Unionen Sandvik Sweden and Unionen Coromant and Machining Solutions. Various purchasing positions within Sandvik 2000–2010 and various production and logistics positions within Scania 1995–2000.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 4,840.



Erik Knebel

Born 1965. Deputy Board member since 2021 (employee representative, Unionen/Ledarna/Swedish Association of Graduate Engineers).

Education and business experience:

Technical College Graduate, Mechanical & Automation. Chairman of the Swedish Association of Graduate Engineers Sandvik Sweden and Sandvik Coromant Gimo. Various positions within Sandvik Coromant and Sandvik Machining Solutions since 1990; Production, IT and Quality.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 1.

HONORARY CHAIRMAN

Percy Barnevik

Born 1941. Chairman of the Board of Sandvik AB 1983–2002.

BOARD SECRETARY

Åsa Thunman

Born 1969. Executive Vice President and General Counsel, Sandvik AB, since 2014.

AUDITOR

PricewaterhouseCoopers AB

Auditor-in-charge: Peter Nyllinge, Authorized Public Accountant.

Other auditing assignments:

Saab AB, Getinge AB and AB Electrolux.

Group Executive Management



Stefan Widing

Born 1977. President and CEO, Sandvik AB, President of the Sandvik Manufacturing and Machining Solutions business area since 2020.

Education and business experience:

M.Sc. Applied Physics and Electrical Engineering and Bachelor of Business Administration. Various positions within the Assa Abloy Group 2006–2020, including Executive Vice President HID Global division 2015–2020, Director of Product Management and General Manager of Shared Technologies Unit. Various positions in the Saab Group 2001–2006.

Current board assignments: Board member of the Swedish Association of Industrial Employers (Industriarbetsgivarna).

Shareholding in Sandvik (own and closely related persons): 65,464.



Nadine Crauwels

Born 1971. President of the Sandvik Machining Solutions business area segment since 2020.

Education and business experience:

M.Sc. in Mechanical Engineering. President of Sandvik Coromant 2017–2020. Various other positions within Sandvik Coromant since 2000, including Vice President Customized Solutions and Strategic Relations, and Sandvik Coromant Manager Switzerland. Project Engineer and Consultant for the metal cutting industry at WTCM (today Sirris) 1995–2000.

Current board assignments: Board member of Alfa Laval AB.

Shareholding in Sandvik (own and closely related persons): 10,925.



Mats Eriksson

Born 1962. President of the Sandvik Mining and Rock Solutions business area since 2022.

Education and business experience:

B.Sc. in Computer Science. President of the Load and Haul division 2016–2022. President and CEO of Cencorp Oyj 2010–2012 and Salcomp Oyj 1998–2006 as well as leading positions for several other companies.

Current board assignments:

Board member of Sandvik Pension Fund in Finland.

Shareholding in Sandvik (own and closely related persons): 4,866.



Cecilia Felton

Born 1984. Executive Vice President and Chief Financial Officer, Sandvik AB, since 2022.

Education and business experience:

B.Sc. Environmental Policy with Economics. Various positions within Sandvik since 2013, including acting Chief Financial Officer, Vice President Group Control and Director Group M&A and Investments, and Director Group Business Control. Various positions within Ernst & Young, Operational Transaction Services, London, 2007–2013.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 4,999.



Richard Harris

Born 1970. President of the Sandvik Rock Processing Solutions business area since 2022.

Education and business experience:

Bachelor of Engineering and Chartered Engineer. Various positions within Sandvik since 2002, including President of the Walter division 2019–2022, President of the Wolfram division 2016–2019 and different Supply and Production Director roles. Previously various positions within manufacturing companies, including Production Manager at Land Rover and Plant Manager at Keiper UK Ltd.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 5,772



Johan Kerstell

Born 1970. Executive Vice President and Head of Human Resources, Sandvik AB, since 2016.

Education and business experience:

M.Sc. in Business and Economics. Various positions in Human Resources within Sandvik since 2004. Consultant at Cap Gemini 1999–2003.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 31,779.



Mattias Nilsson

Born 1972. President of the Sandvik Manufacturing Solutions business area segment since May 2023.

Education and business experience:

B.Sc. in Business Administration, Finance and Accounting. Various positions within Sandvik since 2007 including Vice President Offer Management and R&D at Sandvik Coromant 2021–2023.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 3,522.



Björn Roodzant

Born 1969. Head of Group Communications and Sustainability, Sandvik AB, since May 2023.

Education and business experience:

M.Sc. in Economics, Strategy and Marketing. Various positions within Sandvik since 2004, including Vice President Marketing and Communications at Sandvik Coromant.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 3,873.



Sofia Sirvell

Born 1974. Executive Vice President and Chief Digital Officer (CDO), Sandvik AB, since March 2023.

Education and business experience:

M.Sc. in Industrial Engineering. Various positions within H&M 2006–2021 including Deputy Chief Technical Officer 2020–2021 and Head of Strategy IT 2019–2020.

Current board assignments: –

Shareholding in Sandvik (own and closely related persons): 1,450.



Åsa Thunman

Born 1969. Executive Vice President and General Counsel, Sandvik AB, since 2014.

Education and business experience:

Master of Laws (LL.M), Sweden and the Netherlands. Various positions within Securitas 2009–2014, including General Counsel, Elekta AB 1999–2009, including General Counsel, and Lagerlöf & Leman law firm 1996–1999.

Current board assignments:

Board member of the Swedish Association of Listed Companies (Aktiemarknadsbolagens förening).

Shareholding in Sandvik (own and closely related persons): 5,497

Changes in the Group Executive Management

Jessica Alm, Head of Group Communications and Sustainability, left Sandvik and was succeeded by Björn Roodzant in May 2023. Christophe Sut, President Sandvik Manufacturing Solutions, left Sandvik and was succeeded by Mattias Nilsson in May 2023. Sofia Sirvell was appointed Chief Digital Officer and member of the Group Executive Management as of March 2023.

Information regarding board assignments and holdings of shares as of December 31, 2023. Current board assignments refer to assignments in companies or organizations outside the Sandvik Group.

Risk management

The Sandvik risk management process aims to support our business in managing and mitigating critical risks which may impact our ability to achieve our financial targets and strategic objectives.

ERM – a part of our strategic work

To effectively identify and manage risk is an important element of business success for all parts of the Sandvik business.

Sandvik has implemented an Enterprise Risk Management (ERM) program that covers all business areas, divisions, and functions within the Group. The Sandvik Board of Directors is ultimately responsible for the governance of risk management and Sandvik's Group Executive Management ensures there is a common and efficient process in place. All management teams are responsible for their own risk management. The teams must follow the minimum requirements outlined in The Sandvik Way, which requires reviewing the strategic and operational risks at least annually. The ERM methodology is also used as a tool for decision-making, operationally and within projects, as well as in the strategy process in various levels of the Group.

Sandvik Group key risks

Since 2022, we have complemented the bottom-up process with a strategic analysis at the Group Executive Management level to more specifically identify key risk areas that are tied to our ability to execute on our Make the Shift Strategy on the Group level. The purpose is to get a more focused and concrete risk landscape for the Group to enable good follow-up of the different risk-mitigating activities in relation to the strategic goals. The Sandvik Key Risk map is presented on page 17.

An ERM report, summarizing key risks and mitigating activities across our business, was provided to Sandvik's Audit

Committee and Board of Directors in December 2023. The Board of Directors' and the Audit Committee's involvement in the ERM process is further described on pages 51–52.

Insurance as a risk management tool

Sandvik has tailored insurance programs that transfer the risks associated with, amongst others, the Group's property, cargo, and liability exposures. Insurable risks are continuously evaluated and actions are taken to reduce these insurable risks, as part of Sandvik's loss-prevention strategy. During 2023, a Technology Errors and Omissions insurance was procured to meet customer expectations within our software business. Supported by our loss-prevention procedure and guidelines, risk evaluations highlight opportunities to reduce the potential for business interruption and to ensure the Group's ability to deliver to its customers. In order to ensure cost efficient and tailored insurance solutions, selected risks are reinsured through the Group's captive insurance company.

Business continuity and crisis management

The Global Risk Management Policy and related procedures for business continuity and crisis management set the requirements for local management teams to ensure their ability to successfully respond to disruptive events and continue their business operations on an acceptable level when faced with challenges. Once a risk materializes, our crisis and business continuity management priorities are to minimize harm to

people, to the environment, and to minimize damage to Sandvik's business, as well as ensuring a swift return to normal activities and safeguarding the company brands.

Internal audit and internal control in Sandvik's risk work

The internal audit function regularly follows up the implementation of different risk management programs such as ERM, business continuity, crisis management and the insurance programs. Sandvik applies group-wide internal controls to monitor risk mitigations. Read more about the internal controls program at Sandvik on pages 52–53.

Sandvik Group risk profile

The Sandvik Group risk profile is based on the bottom-up ERM process where the divisions, business areas and functions first make their assessment and the Group Risk Management Council makes recommendations for a new Group risk profile based on the outcome of these assessments. The ERM process is complemented with a strategic analysis at the Group Executive Management level to create the Group Key Risk map. The map is also coupled with a follow-up model for tracking the different initiatives that lead to better risk mitigation, which the Group Executive Management team review and discuss every quarter, thus creating a more dynamic and strategically relevant risk management discussion at the highest levels of the company.

The outcome of these two processes is presented in the table on page 60, together with examples of what the identified risks mean for Sandvik in



In risk management, there are many crossroads to navigate.

different parts of the organization and the mitigating activities taken to manage them.

Sustainability and climate change

Assessment and management of sustainability risks, including climate change, are integrated parts of the ERM program and are set out in the Sandvik Key Risks map and Risk Profiles in different parts of the organization. During 2022 we conducted an assessment of current and future natural and climate change-related hazards for Sandvik locations covering 285 individual sites and 94 percent of the overall Total Insured Value (TIV). The assessment reflects the current situation and models the evolution of Natural Hazards under

different climate change scenarios and at different future time horizons.

The goals with the assessment were to provide an overview of the physical climate risks facing the portfolio of sites at different time horizons and under different climate change scenarios and to establish a ranking of locations from high to low climate risk based on climate data and insured values. The assessment is used to support in the identification and prioritization of management actions, which may include in-depth assessments of sites and investments in resilience measures, as upcoming steps in Sandvik's climate resilience journey.



Read more about the strategic risk landscape on page 17.

Strategic objective	Key risk	What does this mean?	Examples of what do we do (mitigation)
Shift to growth 	Geopolitical development	Trends towards regionalization or nationalization and trade wars Disruptive events (natural disasters, pandemic)	Reviewing regional strategies and footprint distribution and supply chain
	Securing key supply	Potential resource constraints around supply of battery cells and minerals	Different initiatives around sourcing and business continuity planning
	Acquisition value creation	Business case delivery Ensure efficient administrative integration	M&A Tracker/review process and score cards Integration follow-up processes with business reviews
	Business transformation	Electrification of the mine Closed loop manufacturing Execution of the digital shift and data-driven productivity	Performance management and execution of the strategy for M&A, product development and the six moves for enabling the digital shift
	Inventory build-up/cash conversion	Access to cash M&A agenda realization	Inventory management projects in all business areas and divisions
Digital shift 	Digital disruption	Cyber security Information security Disruption by digital players	Cyber security improvement program and the six steps Sandvik has identified to enable the digital shift
Sustainability shift 	Being compliant	Ensuring an ethical culture Increased regulatory complexity Stricter financing requirements	Learning and workshop initiatives across the organization, digital journey and a new Third Party Management policy and process
	Changing regulatory requirements	Trade sanctions Product/safety requirements Change to data-driven processes	CSRD preparation project Compliance digital journey to increase agility
Agile through cycle 	Managing inflation	Price management Leverage procurement capabilities	Ongoing price management efforts and price/volume growth tracking Different sourcing initiatives to increase flexibility/agility
	Managing downturn	Meeting target EBITA range Timely execution of contingency plans Margin volatility	Contingency plans, strong performance management and agile decision process with decentralized approach for each part of the business
Customer's 1st choice 	Understand changing customer needs	Customer centricity Timely adjustment to market transformation Ensuring customer value	Customer satisfaction measurement, with divisions, business units and sales areas taking necessary actions close to the customers
Employer of Choice 	Key talent attraction and retention	New talent (digital, electrification, sustainability) Re-skill existing workforce	Talent attraction and development projects in all parts of the business Group common employer branding initiatives targeting new competence areas