

Corporate Governance Report

Epiroc's corporate governance is designed to support the Group's long term strategy for profitable growth and to uphold confidence among stakeholders, such as shareholders, customers, business partners, capital markets, society and employees.

Corporate governance relates to the decision-making systems by which shareholders, directly or indirectly, control the Group. The following section provides details about corporate governance within Epiroc. As a company listed on Nasdaq Stockholm, Epiroc applies the rules of the Swedish Companies Act, the Swedish Annual Accounts Act, Epiroc's Articles of Association, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the Code) as well as other Swedish and foreign laws and regulations, as applicable. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and is based on the comply or explain principle. This means that Epiroc is not required to apply every rule of the Code at all times, but may choose alternative solutions deemed to better match the circumstances, provided that Epiroc openly discloses all such deviation, describes the alternative solution and states the reason for the deviation. Epiroc does not report any deviations from the Code for the fiscal year. The auditor's statement regarding this report can be found on pages 135-137.

Further information about corporate governance is available at www.epirocgroup.com

Corporate Governance structure

The following section describes the governance structure within Epiroc and how corporate governance creates a framework for rules and regulations, areas of responsibility, processes, and routines that effectively safeguards the interests of shareholders and other parties by minimizing risks and creating good conditions for a stable expansion of Epiroc's business.

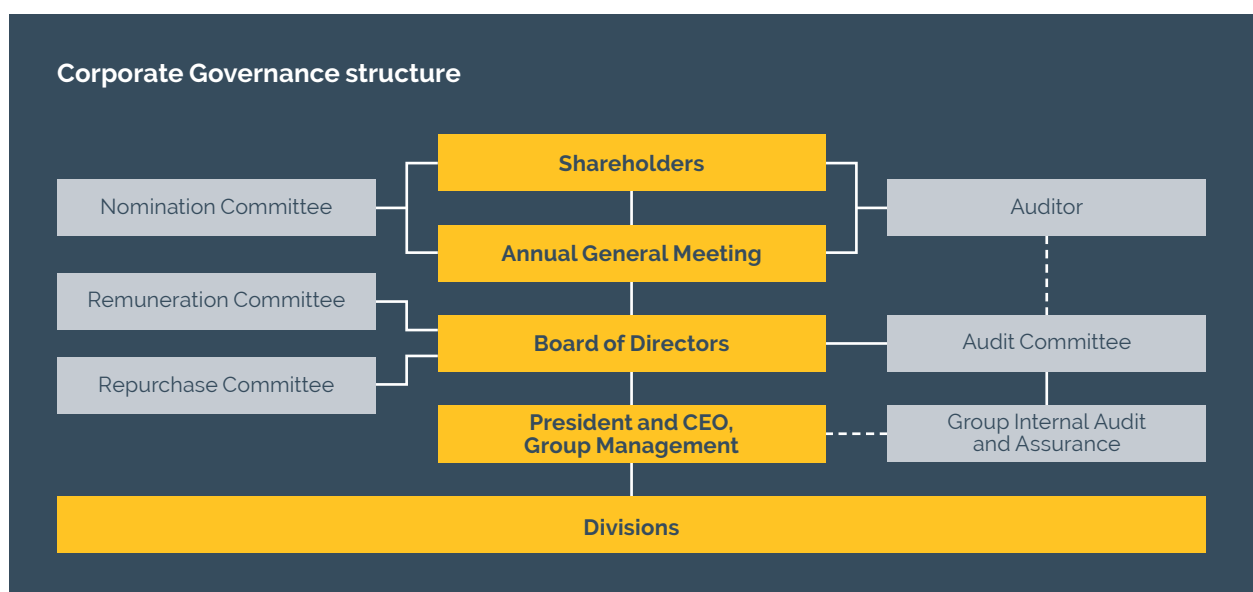
Shareholders

At year-end 2020, the total number of shareholders was 67 162 (70 716). The proportion of foreign ownership was 53.4% (52.7) of the number of outstanding shares. One shareholder, Investor AB, held 17.1% of capital and 22.7% of votes at year end. Further details about the company's shares and shareholders are presented in the section "The Epiroc share", see pages 146-147.

Annual General Meeting

The Annual General Meeting (AGM) is Epiroc's highest decision-making body and is where shareholders exercise their voting rights. Notice of a General Meeting of shareholders is posted on the Group's website and published in the Official Swedish Post. Information about the notice must be given simultaneously in the two national newspapers, Svenska Dagbladet and Dagens Nyheter. The AGM decides on matters such as the adoption of Epiroc's annual accounts, appropriation of the company's profits and the discharge of Board members and the CEO from liability for the year. The AGM also elects members of the Board, elects auditor, votes on remuneration for the Board of Directors and auditors and decides on guidelines for determining the salaries and other remuneration for the CEO and Group Management. Further, the AGM adopts instructions for the Nomination Committee and its appointment. Shareholders attending the AGM may also ask questions about the Group's activities. Resolutions passed at a meeting of shareholders are disclosed after the meeting in a press release, and the minutes of the meeting are published on Epiroc's website.

The Annual General Meeting 2021 will be held on April 28 in Nacka, Sweden.



Nomination Committee

The main task of the Nomination Committee is to propose Board members and auditors, as well as remuneration of such persons, and propose the Chairman for the AGM. The Nomination Committee instructions state that the committee, in addition to the Chairman of the Board, shall consist of one representative of each of the four shareholders controlling the largest number of votes and which desire to appoint a representative. The composition of the committee is based on ownership statistics on the last day of trading in August 2020, and there is a mechanism dealing with ownership changes occurring prior to the AGM. The proposals and the Nomination Committee's statement will be published with the notice to the AGM 2021.

The Nomination Committee must conduct its duties in accordance with the Swedish Code of Corporate Governance and particularly consider the requirements regarding breadth and versatility of the appointed Board members' qualifications, experience and background. The Nomination Committee has in its evaluation of the Board's composition taken into account diversity, independence and gender balance.

In accordance with instructions on Epiroc's website, shareholders are welcome to present proposals and opinions to the committee. Shareholders who wish to submit proposals can do so by emailing the secretary of the Nomination Committee at nominations@epiroc.com or by writing to Jörgen Ekelöv, Epiroc AB, P.O. Box 4015, SE-131 04 Nacka, Sweden.

The following representatives of Epiroc AB's shareholders, together with the Chairman of the Board, Ronnie Leten, form the Nomination Committee for the Annual General Meeting 2021:

- Petra Hedengran – Investor AB (Chair)
- Mikael Wiberg – Alecta
- Helen Fasth Gillstedt – Handelsbanken funds
- Jan Andersson – Swedbank Robur funds

Board of Directors

The Board of Directors is Epiroc's highest decision-making body below the AGM. The Board is charged with the organization of the Group and management of the Group's affairs. The Board's tasks include adopting strategies, business plans, interim reports, year-end reports, annual financial statements and certain instructions, policies and guidelines. The Board is also required to monitor economic and societal developments, identifying positive and negative sustainability impacts of the business on society, to report yearly on its progress in regards to sustainability, to ensure the quality of financial reporting and internal controls and to evaluate operations based on the objectives and guidelines set by the Board. Additional targets include deciding on the Group's major investments, acquisitions and divestments, and other changes in the organization and its activities. The Board adopts instructions for the Board's committees and an instruction for the President and CEO, as well as an instruction for the financial reporting.

The work of the Board follows written rules of procedure to ensure that the Board obtains information on all issues, and that all aspects of the Group's activities relating to the Board are addressed.

The Board has three Board committees as part of efforts to strengthen the efficiency on certain issues: a Remuneration Committee, an Audit Committee and a Repurchasing Committee. The committees have a preparatory and administrative role and members are appointed for one year at a time at the inaugural Board meeting. The work and authority of

the committees are regulated by the committee instructions, which are reviewed and approved annually.

Composition

Members of the Board of Directors, except for employee representatives, are appointed annually by the AGM for the period until the end of the next AGM. According to the Group's Articles of Association, the members of the Board of Directors to be elected by the General Meeting shall consist of a minimum of six members and a maximum of twelve members. Other than the President and CEO, the employee representatives and their deputies, none of the Board members are employed by the Group. Of the non-executive Board members elected by the AGM, three are women and six are men. The Board members are presented on pages 68-69.

The Chairman leads the work, is responsible for ensuring that the Board's work is carried out efficiently and that the Board fulfills its obligations in accordance with applicable laws and regulations. The Chairman shall monitor the Board's performance and prepare and chair the meetings. The Chairman is also responsible for ensuring that the Board of Directors evaluates its work each year and always receives the information necessary to perform its work effectively. The Chairman represents the Board in relation to Epiroc's shareholders.

Work of the Board

To accomplish its task, the Board's work follows an annual cycle. At the beginning of the year, the Board considers the year-end report and the annual report, as well as matters to be submitted to the AGM. Each year, the Board reviews the strategic direction of the Group as well as the business plan and targets for the year ahead. The Group's principal auditor also presents the annual audit. Every quarter, the Board reviews the Group's earnings and interim reports. An inaugural Board meeting is held in connection with the AGM at which members of the Board's committees are appointed and matters such as the right to sign on behalf of the company are decided. Business presentations and/or presentations on certain matters are a typical feature of Board meetings. The Board evaluates the performance of the President and CEO and also follows up on the compliance of the Code of Conduct during the year.

The Board held eight meetings in 2020, including the inaugural meeting, and issued two per capsulam resolutions. The attendance at Board meetings is presented on page 67. The General Counsel acted as secretary at the Board meetings. In the year, the Board has continuously been informed about the Covid-19 situation and the actions taken.

Evaluation of the Board

The annual evaluation of the Board of Directors' work, including the Board's committees', was conducted by the Chairman through a questionnaire and a follow-up discussion with each Board member. The evaluation included working procedures, competence and composition of the Board as well as the experience and diversity of the Board members. The findings were presented to the Nomination Committee.

Remuneration of the Board of Directors

Remuneration and fees are based on the work done by the Board. The AGM held on May 12, 2020, resolved that remuneration to the Board members elected by the General Meeting should be as follows:

- SEK 2 050 000 to the chair of the board and SEK 640 000 to each of the other directors,

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As well as compensation for committee service of:

- SEK 260 000 to the chair of the audit committee and SEK 175 000 to each one of the other members of this committee.
- SEK 125 000 to the chair of the remuneration committee and SEK 90 000 to each one of the other members of this committee.
- SEK 70 000 to each non-executive director who, in addition, participates in committee work decided upon by the board.

The AGM resolved that 50% of the director's board fee may be received in the form of synthetic shares in accordance with the Nomination Committee proposal. See also note 5.

Audit Committee

The Audit Committee supports the Board in its role of supervising auditing and internal control issues. The committee is responsible for monitoring the Group's financial reporting, financial risk management and internal control, as well as accounting and auditing. The Audit Committee has regular dialogue with the Group's auditor and has at least one meeting per year with the auditor when management is not present. It also reviews and monitors the auditor's impartiality and independence, other services provided by the Group's auditor and assists the Nomination Committee with the proposal for the election of the auditor. The Audit Committee has functional responsibility over Epiroc Group Internal Audit and Assurance. The committee is responsible for reviewing and monitoring this function's independence and objectivity, as well as the effectiveness of the activities carried forward, such as the yearly internal audit plan.

The Audit Committee must consist of at least three members, of whom a majority must be independent in relation to the Group and its management. The Audit Committee consists of Ulla Litzén (chair), Anders Ullberg, Ronnie Leten and Lennart Evrell. As from October 2020, Lennart Evrell was appointed member of the Committee. Ulla Litzén, Anders Ullberg and Lennart Evrell are independent in relation to the Group and its management.

Remuneration Committee

The principal function of the Remuneration Committee is to propose to the Board principles of remuneration and other employment terms for members of Group Management, including a proposal for remuneration to the President and CEO, and to approve remuneration and other employment conditions for the other members of the Group Management. The Remuneration Committee also handles remuneration matters of principle importance such as proposals of long-term incentive plans for key employees.

The Remuneration Committee must consist of three members who may not be employees of the Group. The Chairman of the Board chairs the committee. The other members must be independent in relation to the Group and its management. The Remuneration Committee consists of Ronnie Leten (chair), Lennart Evrell and Johan Forssell. Lennart Evrell and Johan Forssell are independent in relation to the Group and its management.

Remuneration of the President and CEO and Group Management

The remuneration of Epiroc's senior executives may consist of a base salary, variable compensation, long-term incentive programs, pension contributions and additional benefits.

The base salary should reflect the position, qualification and individual performance. Variable compensation should be contingent on the extent to which predetermined quantitative and qualitative goals are met. Variable compensation is limited to a maximum of 70% of the base salary.

In the event of termination of employment of a senior executive by the Group, compensation amounts to a maximum of 24 months' base salary depending on age, length of employment and possible income from other economic activity or employment. See note 5 for information about the remuneration during 2020.

Performance based incentive programs

The Board considers it to be in the best interest of shareholders that key personnel in Epiroc have a long-term interest in a positive development in the value of the company's shares. This applies in particular to the group of key personnel comprising the senior executives. The Board also believes a share-related options program increases the attractiveness of Epiroc in the global market and enhances the possibility of recruiting and retaining key personnel in the Group. Epiroc's 2020 AGM approved a performance based personnel options plan for 2020. The options plan is directed at a maximum of 100 key employees. For further information on the incentive programs, see note 24.

Repurchase Committee

The Board of Directors has a Repurchase Committee to prepare and execute repurchases of the company's own shares in accordance with the AGM's authorization of the Board of Directors to conduct such repurchases, see note 20. The Repurchase Committee consists of Anders Ullberg (chair) and Ronnie Leten.

Board work 2020 in brief

Q1

January 30

- Q4 and full-year 2019 results
- Evaluation of the President and CEO's performance

February 28

- Approval of the Annual Report 2019
- Annual General Meeting preparation

April 22

- Q1 2020 results

Q2

May 12

- Annual General Meeting
- Inaugural Board meeting
- Review of the Group's strategy

President and CEO, Group Management

The Group President and Chief Executive Officer (CEO) is appointed by the Board of Directors. The President and CEO is responsible for the ongoing management of the Group's business operations in accordance with instructions and regulations established by the Board. These instructions include responsibility for financial reporting, preparation of information and input for decisions, and ensuring that agreements and other measures do not conflict with applicable legislation or regulations.

The CEO appoints a Group Management team that is responsible for different parts of the organization. As per December 31, 2020, in addition to Helena Hedblom, President and CEO, the management team consisted of Anders Lindén, Senior Vice President (CFO), José Manuel Sánchez, President Surface division, Sami Niiranen, President Underground division, Jess Kindler, President Parts & Services division, Jonas Albertson, President Technology & Digital division, Goran Popovski, President Tools & Attachments division, Nadim Penser, Senior Vice President Human Resources, Jörgen Ekelöw, Senior Vice President General Counsel, Mattias Olsson, Senior Vice President Corporate Communication, and Martin Hjerpe, Senior Vice President M&A and Strategy. As from March 1, 2020, Helena Hedblom serves as President and CEO. For the period to this date, Per Lindberg was the President and CEO.

The role of Group Management is to establish strategies and policies for the Group based on the objectives set by the Board. Group Management sets targets for operational activities, allocates resources and monitors earnings. The management team is also responsible for investment planning and follow-up, acquisitions and divestments, and for preparations for Board meetings. Group Management meets monthly to review the financial performance of the preceding month, update forecasts and plans, and to discuss strategic issues.

Auditor

The task of the external auditor is to audit the Group's annual report and accounts, the consolidated financial statements and the significant subsidiaries, as well as the management by the Board of Directors and the President and CEO. After the end of each fiscal year, the auditor submits an audit report to the AGM. The principal auditor participates at all meetings of the Audit Committee. The auditor also presents the annual audit to a meeting of the Board of Directors at which the Board also meets the auditor without management being present.

At the AGM 2020 the auditor Deloitte AB, Sweden, was elected as external auditor until the AGM 2021 in accordance with the Nomination Committee's proposal. The principal auditor is Thomas Strömberg, Authorized Public Accountant at Deloitte AB.

Attendance

	Board meetings	Per capsulam resolutions	Audit Committee	Remuneration Committee	Repurchase Committee
Ronnie Leten	8	2	5	4	3
Anders Ullberg	8	2	5		3
Astrid Skarheim Onsum	8	2			
Jeane Hull	8	2			
Johan Forssell	8	2		4	
Lennart Evrell	8	2	1	4	
Sigurd Mareels ¹	6				
Ulla Litzén	7	2	4		
Helena Hedblom ²	7				
Per Lindberg ²	1	1			
Bengt Lindgren ³	4	1			
Kristina Kanestad	8	2			
Daniel Rundgren ³	8	1			
Gustav El Rachidi	8				
Niclas Bergström ³	1				
	8	2	5	4	3

1) Sigurd Mareels was elected board member at the AGM in May 2020.

2) Helena Hedblom was appointed President and CEO as from March 1, when Per Lindberg stepped down.

3) Bengt Lindgren retired on August 31, 2020. Daniel Rundgren was appointed employee representative (previously deputy) with Niclas Bergström as his deputy on October 28, 2020.

Q3

July 22

- Q2 2020 results
- Review of sustainability and corporate responsibility

September 15-17

- Virtual field trip with focus on innovation

Q4

October 22

- Q3 2020 results
- Management review
- Leadership and talent review

December 16

- Digitalization review

Board of Directors



Ronnie Leten



Johan Forssell



Anders Ullberg



Ulla Litzén

Function / Since	Chairman Elected 2017	Board member Elected 2017	Board member Elected 2017	Board member Elected 2017
Nationality / Born	Belgian / 1956	Swedish / 1971	Swedish / 1946	Swedish / 1956
Education	M.Sc. in Applied Economics from the University of Hasselt, Belgium.	M.Sc. in Economics and Business Administration from the Stockholm School of Economics, Sweden.	M.Sc. in Economics and Business Administration from the Stockholm School of Economics, Sweden.	M.Sc. in Economics and Business Administration from the Stockholm School of Economics, Sweden, and MBA from the Massachusetts Institute of Technology (MIT) in the United States.
External memberships	Chairman and member of the Boards of Directors of Telefonaktiebolaget LM Ericsson and Piab AB, and member of the Board of Directors of AB SKF.	President and CEO, and member of the Board of Directors, of Investor AB and a member of the Boards of Directors of Atlas Copco AB, Wärtsilä Oyj Abp, Patricia Industries AB, EQT AB, Confederation of Swedish Enterprise and Stockholm School of Economics.	Chairman and member of the Boards of Directors of Boliden AB and Studsvik AB and a member of the Boards of Directors of Beijer Alma AB and Valeo Partners. Chairman of the Swedish Financial Reporting Board and a member of the Board of the European Financial Reporting Advisory Group.	Member of the Boards of Directors of AB Electrolux, Husqvarna AB and Ratos AB.
Principal work experience and other information	President and CEO of Atlas Copco AB.	Managing Director, Head of Core Investments, of Investor AB.	Executive Vice President and CFO and President and CEO of SSAB AB.	President of W Capital Management AB and Managing Director and member of Group Management of Investor AB.
Independent of Epiroc and its management	No ¹⁾	Yes	Yes	Yes
Independent of major shareholders	No ²⁾	No ⁴⁾	Yes	Yes
Holdings in Epiroc AB, incl. related parties	11 308 A shares 55 650 B shares 112 234 Call options ³⁾	5 000 B shares 8 156 Synthetic shares	14 000 A shares 31 000 B shares	75 800 A shares 3 000 B shares

Principal working experience and other information and holdings in Epiroc AB as per December 31, 2020. Holdings include those of close relatives and legal entities.

1) Ronnie Leten has been President and CEO of a closely related company (Atlas Copco) within the last five years.

2) Ronnie Leten has a consultancy agreement with Investor AB, which is a major shareholder.

3) Call options issued by Investor AB entitling to purchase Epiroc Class A shares.

4) Johan Forssell is President and CEO of Investor AB, which is a major shareholder.

5) Helena Hedblom is President and CEO of Epiroc AB as from March 1, 2020.

**Lennart Evrell****Jeane Hull****Astrid Skarheim Onsum****Helena Hedblom****Sigurd Mareels**

Board member
Elected 2017

Board member
Elected 2018

Board member
Elected 2018

Board member
Elected 2020

Board member
Elected 2020

Swedish / 1954

American / 1955

Norwegian / 1970

Swedish / 1973

Belgian / 1961

M.Sc. in Engineering from the Royal Institute of Technology (KTH) and a B.Sc. in Business Administration from Uppsala University, both in Sweden.

B.Sc. in Civil Engineering from South Dakota School of Mines and Technology and MBA from Nova Southeastern University, both in the United States.

M.Sc. in Mechanical Engineering from the Norwegian University of Science and Technology in Trondheim, Norway.

M.Sc. in Material Technology from the Royal Institute of Technology, Stockholm, Sweden

M.Sc. in Engineering and a PhD in Metallurgy, Ghent University, Belgium

Member of the Boards of Directors of Svenska Cellulosa AB (SCA), ICA Gruppen AB and of The Confederation of Swedish Enterprise (Svenskt Näringsliv).

Member of the Boards of Directors of Interfor Corporation and Pretium Resources Incorporated.

CEO of Aker Offshore Wind. Member of the Board of Principle Power Inc.

Member of the Board of Directors of IPCO AB.

President and CEO of Boliden AB.

Executive Vice President and Chief Technical Officer of Peabody Energy and Chief Operating Officer for Rio Tinto at the Kennecott Utah Copper Mine in the United States.

Head of Wind Energy, Chief Digital Officer and Managing Director of the Norwegian engineering business at Aker Solutions.

President and CEO of Epiroc AB. She previously held the position of Senior Executive Vice President Mining and Infrastructure.

Senior Partner at McKinsey in Belgium.

Yes

Yes

Yes

No ⁵⁾

Yes

Yes

Yes

Yes

Yes

Yes

4 000 B shares
5 459 Synthetic shares

3 617 Synthetic shares

9 076 Synthetic shares

21 379 A shares
189 758 Personnel options
12 015 Matching options

2 035 Synthetic shares

Employee representatives

Kristina Kanestad
Board member,
employee
representative
Appointed 2018
Nationality / Born
Swedish / 1966
Holdings in Epiroc AB
1 200 B shares

Gustav El Rachidi
Deputy employee
representative
Appointed 2018
Nationality / Born
Swedish / 1970
Holdings in Epiroc AB
-

Daniel Rundgren
Board member,
employee
representative
Appointed 2019
Nationality / Born
Swedish / 1973
Holdings in Epiroc AB
-

Niclas Bergström
Deputy employee
representative
Appointed 2020
Nationality / Born
Swedish / 1969
Holdings in Epiroc AB
-

Group Management



Helena Hedblom



Anders Lindén

José Manuel
Sánchez

Sami Niiranen



Jess Kindler

Function / Since	President and CEO In current position since 2020	Senior Vice President Controlling and Finance (CFO) In current position since 2017	President Surface division Division President since 2014 and member of Group Management since 2020.	President Underground division Division President since 2018 and member of Group Management since 2020	President Parts & Services division Division President since 2016 and member of Group Management since 2020
Nationality / Born	Swedish / 1973	Swedish / 1962	Spanish / 1963	Finnish / 1972	American / 1975
Education	M.Sc. in Material Technology from the Royal Institute of Technology, Stockholm, Sweden.	B.Sc. in Economics and Business Administration from the Stockholm School of Economics, Sweden.	M. Sc. in Mining from Universidad Politécnica de Madrid, Spain. Master of Marketing and Sales Management from Cerem International Business School, Spain.	M. Sc. in Mining from Helsinki University of Technology, Finland.	B. Sc. in Mining Engineering from Colorado School of Mines and an MBA from the University of Pennsylvania, Wharton School of Business.
Principal work experience and other information	Member of the Board of Directors of IPCO AB. Previously Senior Executive Vice President Mining and Infrastructure.	Vice President Business Control of Atlas Copco Mining and Rock Excavation Technique business area.	President of the Drilling Solutions division and various management positions at Atlas Copco.	President of the Underground Rock Excavation division and various management positions at Atlas Copco.	President of the Mining and Rock Excavation Service division and various management positions at Atlas Copco.
Holdings in Epiroc AB, incl. related parties	21 379 A shares 189 758 Personnel options 12 015 Matching options	8 965 A shares 64 359 Personnel options 5 614 Matching options	16 724 A shares 275 944 Personnel options 11 127 Matching options	3 751 A shares 39 261 Personnel options 1 751 Matching options	16 724 A shares 62 512 Personnel options 10 651 Matching options

Principal working experience and other information and holdings in Epiroc AB as per December 31, 2020. Holdings include those of close relatives and legal entities. For some members, the matching options and stock options are in the form of Share Appreciation Rights (SARs).



Jonas Albertson



Goran Popovski



Nadim Penser



Jörgen Ekelöw



Martin Hjerpe



Mattias Olsson

President Technology & Digital division
Division President since 2016 and member of Group Management since 2020.

President Tools & Attachments division
Division President since 2017 and member of Group Management since 2020.

Senior Vice President Human Resources
Member of Group Management since 2020.

Senior Vice President General Counsel
In current position since 2017

Senior Vice President M&A and Strategy
In current position since 2019

Senior Vice President Corporate Communications
In current position since 2018

Swedish / 1967

Swedish and Macedonian / 1974

Swedish / 1967

Swedish / 1955

Swedish / 1976

Swedish / 1968

M. Sc. in Mechanical Engineering from Chalmers University, Sweden.

M. Sc. in International Business from University of Gothenburg, M. Sc. in International transport and logistics management from University of Gothenburg and Chalmers University of Technology, Sweden. B. Sc. in Marketing and International Business from University St. Kiril and Metódij in Skopje, Republic of Macedonia.

B. Sc. in Physics and Electronic Engineering from University of Lancaster, England.

Master of Law from Lund University, Sweden.

M.Sc. in Engineering Physics from Chalmers University of Technology, Sweden.

M.Sc. in Business Administration from the University of Linköping, Sweden.

President of the Rocktec division and Managing Director of Epiroc Rock Drills AB, in Sweden. Various management positions at Atlas Copco.

President of the Hydraulic Attachment Tools division and various management positions at Atlas Copco.

Vice President Human Resources for the Epiroc Mining and Infrastructure business area. Various management positions in human resources at Atlas Copco.

General Counsel M&A and Global Projects at Atlas Copco.

Partner at McKinsey & Company.

Head of Investor Relations at Assa Abloy. Vice President Investor Relations at Atlas Copco.

7 266 A shares
62 512 Personnel options
5 664 Matching options

7 165 A shares
102 664 Personnel options
4 774 Matching options

1 750 A shares
97 325 Personnel options

7 921 A shares
90 972 Personnel options
4 755 Matching options

8 500 A shares
23 507 Personnel options
3 226 Matching options

5 294 A shares
1 200 B shares
57 904 Personnel options
3 594 Matching options