

Corporate governance report

Corporate governance refers to the decision-making system through which the shareholders, directly or indirectly, control the company. Epiroc's corporate governance is designed to support the Group's long-term strategy for profitable growth by good internal control and a healthy corporate culture.



Comment from Ronnie Leten, Chair of the Board

"Epiroc has been an independent company for more than three years now. When I look back, there is a lot to be proud of. During the first years, our service business developed well, but customers hesitated somewhat when it came to investments. Then came the global pandemic, which created turbulence around the world. The rapid recovery that followed proved Epiroc's ability to prioritize availability to customers.

It is not easy to lead an organization when conditions change so quickly, but Epiroc has shown that crises are handled well. I am convinced that the key to success is committed employees who have the authority to take responsibility for their business and their customers at the local level. Decentralization has served us well as a company, but it also comes with responsibility. A healthy corporate culture is needed, as well as good corporate governance.

Another contributor to Epiroc's success is that we dare to think new. Epiroc's innovative solutions show that we drive the productivity and sustainability transformation in the industry. Automation, digitalization and electrification are strong and long-term market trends where Epiroc has positioned itself well. In combination with an effective decision-making and a good internal control, this creates prerequisites for sustainable value creation for our customers and shareholders also in the future."

Governance

Besides relevant laws and regulations, Epiroc, as a company listed on Nasdaq Stockholm, also adheres to the Nasdaq Stockholm's Rule Book for Issuers, as well as the Swedish Corporate Governance Code (the Code). Epiroc has not reported any deviations from the Code for the fiscal year.

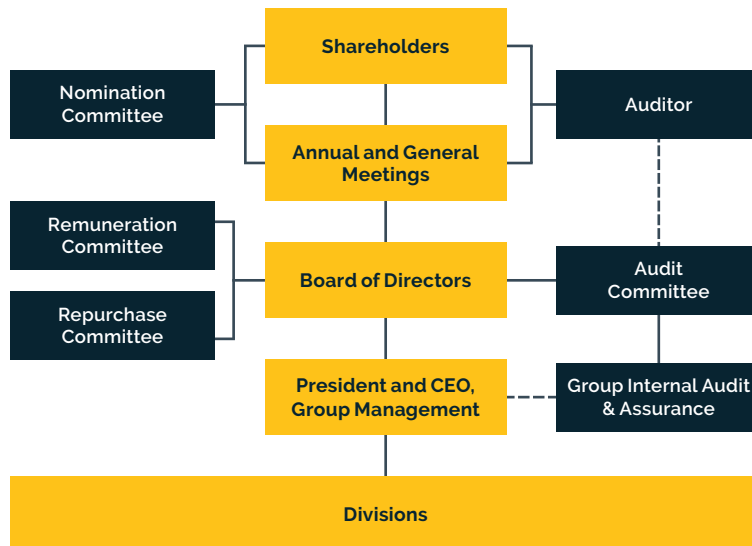
The most important internal control document is the Articles of Association, which is adopted by the Annual General Meeting. This is followed by the Board's, including its committees', rules of procedure, Epiroc's Code of Conduct (CoC), as well as a number of Group policies that cover the entire operation.

To make it easy for employees, the database the Epiroc Way is available on the intranet, in which all documents and processes for how Epiroc conducts business are available. The Group policies together with the CoC help Epiroc and its employees to comply with applicable law and maintain high ethical and environmental standards throughout the value chain.

Shareholders

At year-end, the total number of shareholders was 68 213 (67 162). The company's largest owner is Investor AB, which at the end of the year held 17.1% of the shares and 22.7% of the votes. The share of foreign ownership was 54.4% (53.4) of the number of outstanding shares. See more information about the share and the shareholders in the chapter "The Epiroc share".

CORPORATE GOVERNANCE STRUCTURE



Examples of relevant external control documents

- Swedish Companies Act
- Swedish Annual Accounts Act
- Securities Market Act
- Nasdaq Stockholm's regulations for issuers
- Swedish Code of Corporate Governance
- UN Global Compact

Examples of relevant internal control documents

- Articles of Association
- Rules of procedure for the Board
- Board committees' charters
- Instructions for the President and CEO
- Instruction regarding financial reporting
- Code of Conduct and Code of Conduct for Business Partners
- Policies and other guidelines and instructions contained in the Epiroc Way

Annual and General Meetings

The Annual General Meeting (AGM) is Epiroc's highest decision-making body, where shareholders exercise their voting rights and decide on e.g., the company's Articles of Association, governance and more. In addition to the AGM, Extraordinary General Meetings may be convened. Notices of general meetings are posted on Epiroc's website and in the Official Swedish Gazette (Post- och Inrikes Tidningar). Information about the general meeting is also published in the two national newspapers, Svenska Dagbladet and Dagens Nyheter.

An open shareholder dialogue is important to Epiroc, and shareholders are given the opportunity to ask questions at or before general meetings. The decisions made are announced via a press release and minutes of the meeting are published on Epiroc's website.

Nomination Committee

The Nomination Committee's task is to propose board members and auditors as well as remuneration for these to the AGM. The four largest shareholders, directly registered or ownership grouped, in terms of votes at the end of August - who wish to appoint a member - will form a Nomination Committee. In addition, the Chair of the Board shall be a member of the Nomination Committee. Should the ownership structure change before the time of the AGM, there are regulations in place to handle it.

The Nomination Committee's proposal and opinion are published at the latest in connection with the notice. The Nomination Committee shall perform its tasks in accordance with the Code and pay special attention to the requirements for breadth and versatility when it comes to competence, experience and background of proposed board members.

Nomination Committee

Member	Represents	Votes August 31, 2021
Petra Hedengran (Chair)	Investor AB	22.7%
Mikael Wiberg	Alecta	3.6%
Helen Fash Gillstedt	Handelsbanken fonder	2.0%
Jan Andersson	Swedbank Robur fonder	1.8%
Ronnie Leten	Chair of the Board, Epiroc AB	

**The Annual General Meeting
will be held on April 25, 2022
at 5.00 PM CEST in Nacka**

Shareholders who wish to submit proposals to the Nomination Committee can do so by e-mail: nominations@epiroc.com or by letter to: SVP General Counsel, Epiroc AB, Box 4015, SE-131 04 Nacka, Sweden.

The Board of Directors

Epiroc's Board has the ultimate responsibility for the organization and its administration. The Board's work follows a written procedure and the Board is assisted by three committees that have an administrative and preparatory role: the Remuneration Committee, the Audit Committee and the Repurchase Committee.

The Board's tasks include establishing and monitoring overall goals and strategies, business plans, financial reports and adopting the necessary internal governing documents. The Board shall ensure that there are appropriate systems for follow-up and control as well as ensure the quality of the financial reporting. The Board must also identify how sustainability issues affect the company's risks and business opportunities, and report the sustainability development in the Annual and Sustainability Report.

The Board appoints, evaluates, and if necessary, dismisses the President and CEO. Other tasks include deciding on the Group's major investments, acquisitions and divestments. The Board also has the responsibility for ensuring that succession planning takes place to a reasonable extent.

The Chair of the Board leads the Board's work, is responsible for efficiency in this work, and also ensures that the Board fulfills its obligations. The Chair of the Board represents the Board in relation to Epiroc's shareholders.

The Board may delegate tasks to one or more of the board members, or to others, but shall then ensure that the tasks are performed correctly. In line with this, the Board can also on its own initiative let people outside the company, e.g., consultants, investigate and prepare matters.

The Board held ten Board meetings in 2021, including the statutory meeting. Epiroc's General Counsel was secretary at all the meetings.

Board composition

According to the Articles of Association, the board members appointed by the AGM shall consist of a minimum of six and a maximum of twelve members. They are appointed annually for the period up to and including the next AGM.

The Nomination Committee has applied the Code's diversity policy when preparing its proposal for the Board and did not propose any changes to the Board's composition to the AGM 2021. A number of board members have extensive experience in the mining industry and/or the mechanical engineering industry. A vast majority also have experience in executive and financial positions in international companies. Thus, the Board has good prerequisites to provide support to the company's senior executives.

Of the elected board members appointed by the AGM, four are women and five are men. Of the non-executive board members, three are women and five are men. Except the President and CEO and the employee representatives with deputies, none of the board members are employed by the Group. The board members are presented on pages 68-69.

Board remuneration

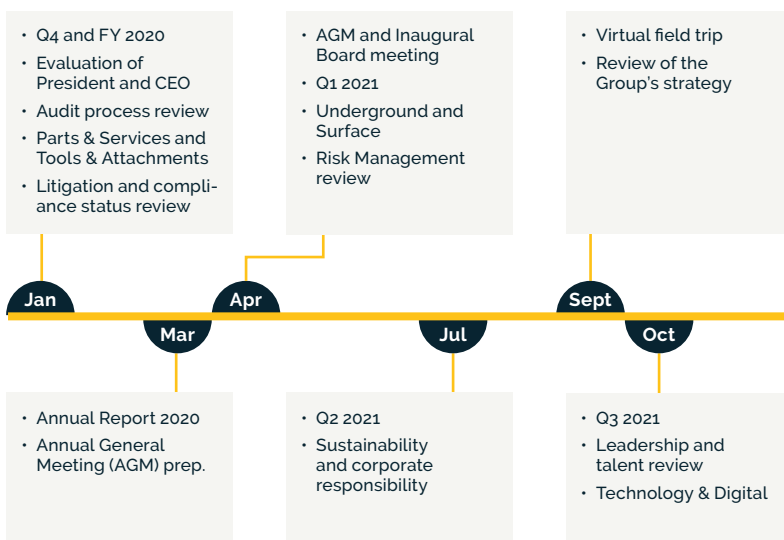
The remuneration for the Board was approved at the AGM 2021 and is presented in detail in note 5.

Evaluation of the Board

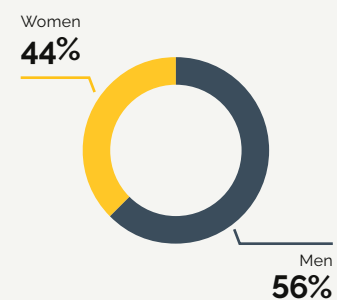
The Chair of the Board conducts an annual evaluation of the work of the Board and its committees. The evaluation aims, for example, to prioritize what issues the Board should give more attention and in which areas additional competence may be required.

The 2021 evaluation was conducted using a questionnaire which was followed up with a separate discussion with each board member. The results have been reported to the Nomination Committee.

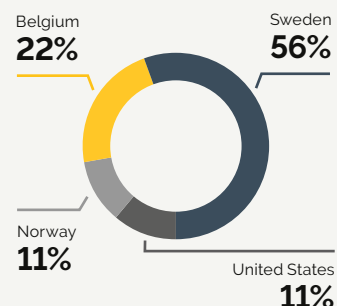
The Board's work in 2021



Gender of elected members



Nationality of elected members



Audit Committee

The Audit Committee is responsible for the follow-up of the Group's financial reporting, financial risk management and internal control, as well as accounting and auditing. To ensure good financial reporting and risk management, the Committee has a regular dialogue with the Group's external auditor. At least once a year, the Audit Committee meets with the auditor without management. The Audit Committee is also responsible for overseeing the work conducted by Group Internal Audit & Assurance and the Internal Control functions. The Committee also evaluates and assists the Nomination Committee with proposals for the election of an external audit firm. The Audit Committee shall consist of at least three members and the majority of these shall 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. Ulla Litzén, Anders Ullberg and Lennart Evrell are independent in relation to the Group and its management.

Remuneration Committee

The Remuneration Committee proposes principles for remuneration and terms of employment for members of Group Management and key personnel. The Committee shall consist of three members who are not employed by the Group. The Chair of the Board is also the chair of the Committee. Other members shall 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 to the President and CEO, Group Management and key personnel

A prerequisite for a successful implementation of Epiroc's strategy and the safeguarding of its long-term interests, including sustainability, is that the company can recruit and retain qualified employees. This requires competitive remuneration.

As Epiroc is a global company with senior executives in several countries, the composition of the remuneration may vary. As a general rule, however, the compensation consists of the following:

- Cash base salary, based on position, qualification and individual performance.
- Variable cash compensation, based on degree of fulfillment of predetermined individual financial or non-financial criteria. The financial goals can, for example, relate to value creation, development of operating profit and working capital. Non-financial criteria can be, for example, improved key sustainability figures, development and launch of innovative products, organizational changes, and improved work processes. The variable remuneration is set to a maximum of 70% of the basic salary.
- Pension premiums and additional market-based benefits.
- Long-term performance-based incentive program for key employees.

If a senior executive's employment is terminated by the Group, the remuneration depends on age, length of employment and possible remuneration from other economic activity or employment. However, the compensation is set to a maximum of a 24-month basic salary. See Note 5 for information on compensation in 2021.

The Board considers it to be in the best interest of shareholders that key personnel in Epiroc have a long-term interest in positive development in the value of the company's shares.

Long-term performance-based incentive program

The Board considers it to be in the best interest of shareholders that key personnel in Epiroc have a long-term interest in positive development in the value of the company's shares. The Board therefore believes that a share-related option program increases the opportunity to recruit and retain key employees in the Group.

Epiroc's AGM 2021 approved a performance-based employee stock option program for 2021. The program covers a maximum of 100 key employees. See note 24.

Repurchase Committee

In order to prepare and execute the repurchase of the company's own shares in accordance with the authorization of the AGM, the Board has appointed a repurchase committee. It consists of Anders Ullberg (Chair) and Ronnie Leten.

President and CEO

The President and CEO is appointed by the Board and responsible for the day-to-day management of Epiroc's operations. The work shall be done in accordance with the instructions established by the Board. Since March 1, 2020, Helena Hedblom is the President and CEO of Epiroc.

Group Management

The Group Management is appointed by the President and CEO and shall assist her/him in the day-to-day management. Based on goals set by the Board, the Group Management sets up objectives for operational activities, allocates resources and monitors the result. Group Management meets each month to review the financial result, update forecasts and discuss strategic issues. The Group Management is presented on pages 70-71.

External auditor

The task of the external auditor is to audit Epiroc AB's and the Group's Annual and Sustainability Report and accounts, the consolidated financial statements and the significant subsidiaries, as well as the management by the Board and the President and CEO. The principal auditor participates at all meetings of the Audit Committee. The auditor presents the annual audit to the Board at a meeting at which no management representative is present. After the end of each fiscal year, the auditor submits an audit report to the AGM.

At the AGM 2021, the auditor Deloitte AB, Sweden, was elected as external auditor until the AGM 2022. Since 2018, the lead auditor is Thomas Strömberg, authorized public accountant at Deloitte AB.

Curious to know more?

More information and relevant documents are available at: www.epirocgroup.com/en/investors/corporate-governance

Board of Directors



Ronnie Leten



Johan Forssell



Anders Ullberg



Ulla Litzén

Function/Since	Chair of Board/2017	Member/2017	Member/2017	Member/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. MBA from the Massachusetts Institute of Technology (MIT), USA. Honorary Doctorate, Stockholm School of Economics, Sweden.
Occupation	Full-time board member and/or Chair.	President and CEO of Investor AB.	Full-time board member and/or Chair.	Full-time board member and/or Chair.
Other assignments	Chair and member of the Board of Telefonaktiebolaget LM Ericsson.	Member of the Boards of Investor AB, Atlas Copco AB, Wärtsilä Oyj Abp, Patricia Industries AB, EQT AB, Confederation of Swedish Enterprise and Stockholm School of Economics.	Chair and member of the Boards of Boliden AB and Studsvik AB. Member of the Board of Valeo Partners. Chair of the Swedish Financial Reporting Board and member of the Board of the European Financial Reporting Advisory Group.	Member of the Boards of AB Electrolux and Ratos AB. Member of the Board of the Stockholm School of Economics and the School of Economics Association.
Principal work experience	President and CEO of Atlas Copco AB.	Managing Director, Head of Core Investments, of Investor AB.	President and CEO, and CFO of SSAB AB.	President of W Capital Management AB and Managing Director and member of Group Management of Investor AB.
Independent	No, not to Epiroc and its management as he was CEO of Atlas Copco AB (related company) in the past five years, nor to major owners as he has been a consultant at Investor AB.	No, not to larger shareholders as he is CEO and a member of the Board of Investor AB.	Yes.	Yes.
Holdings in Epiroc AB, incl. related parties	11 308 A shares 55 650 B shares 112 234 options ¹⁾	5 000 B shares 10 518 synthetic shares	14 000 A shares 31 000 B shares	75 800 A shares 3 000 B shares
Attendance				
Board meetings	10/10	10/10	10/10	10/10
Audit Committee	7/7		7/7	7/7
Remuneration Committee	3/3	3/3		
Repurchase Committee	3/3		3/3	

Information as of February 28, 2022 and holdings in Epiroc AB as of December 31, 2021. For more information and remuneration, see note 5.

¹⁾ Call options issued by Investor AB with entitlement to purchase Epiroc Class A shares.

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

Member/2017	Member/2018	Member/2018	Member/2020	Member/2020
Swedish/1954	American/1955	Norwegian/1970	Swedish/1973	Belgian/1961
M.Sc. in Engineering from the Royal Institute of Technology (KTH), Sweden. B.Sc. in Business Administration from Uppsala University, Sweden.	B.Sc. in Civil Engineering from South Dakota School of Mines and Technology, USA. MBA from Nova Southeastern University, USA.	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 (KTH), Sweden.	M.Sc. in Engineering and a PhD in Metallurgy, Ghent University, Belgium.
Full-time board member and/or Chair.	Full-time board member and/or Chair.	CEO of NG (Norsk Gjenvinning), Norway.	President and CEO, Epiroc AB.	Senior Partner Emeritus and Special Advisor at McKinsey & Co, Belgium.
Chair and member of the Board of SSAB AB. Member of the Boards of Svenska Cellulosa AB (SCA) and The Confederation of Swedish Enterprise (Svenskt Näringsliv).	Member of the Boards of Interfor Corporation, Trevali Mining Corporation and Pretium Resources Incorporated.	Member of Norwegian Government Expert Committee on Climate Friendly Investments.	Member of the Board of Stora Enso Oy and the Royal Swedish Academy of Engineering Sciences.	Chair and member of the Board of La Fortuna in Chile.
President and CEO of Boliden AB.	Executive Vice President and Chief Technical Officer of Peabody Energy. Chief Operating Officer for Rio Tinto at the Kennecott Utah Copper Mine, USA.	CEO Aker Offshore Wind, Chief Digital Officer and Managing Director Engineering Norway at Aker Solutions. Member of the Board of Principle Power Inc.	Senior Executive Vice President Mining and Infrastructure of Epiroc AB.	Partner at McKinsey & Company.
Yes.	Yes.	Yes.	No, not to Epiroc and its management as she is the President and CEO.	Yes.
4 000 B shares 7 781 synthetic shares	3 672 synthetic shares	11 452 synthetic shares	21 379 A shares 78 219 personnel options 21 333 matching options	4 305 synthetic shares
9/10 7/7 3/3	10/10	10/10	10/10	10/10

Employee representatives

Kristina Kanestad
Board member and 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
100 B shares

Daniel Rundgren
Board member and 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



Håkan Folin



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 2021*.	President Surface Division President since 2014 and member of Group Management since 2020.	President Underground Division President since 2018 and member of Group Management since 2020.	President Parts & Services Division President since 2016 and member of Group Management since 2020.
Nationality/Born	Swedish/1973	Swedish/1976	Spanish/1963	Finnish/1972	American/1975
Education	M.Sc. in Material Technology from the Royal Institute of Technology (KTH), Sweden.	M.Sc. in Engineering and Industrial Management Technology from the Royal Institute of Technology (KTH), 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, USA. MBA from the University of Pennsylvania, Wharton School of Business, USA.
Principal work experience and other information	Member of the Board of Stora Enso Oy and the Royal Swedish Academy of Engineering Sciences. Previously Senior Executive Vice President Mining and Infrastructure at Epiroc.	CFO and various management positions SSAB AB and Tibnor.	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 78 219 personnel options 21 333 matching options	2 000 A shares	16 724 A shares 250 497 personnel options 10 775 matching options	5 751 A shares 24 626 personnel options 3 807 matching options	22 669 A shares 45 194 personnel options 10 869 matching options

Information as of February 28, 2022 and holdings in Epiroc AB as of December 31, 2021. For some members, the matching options and stock options are in the form of Share Appreciation Rights (SARs).

* As of December 1, 2021, Håkan Folin is Senior Vice President Controlling and Finance. He is replacing Anders Lindén.



Jonas Albertson



Goran Popovski



Nadim Penser



Charlotta Gråhs



Martin Hjerpe



Mattias Olsson

**President
Technology &
Digital**

Division President since 2016 and member of Group Management since 2020.

Swedish/1967

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

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

7 266 A shares
23 806 personnel options
3 531 matching options

**President
Tools &
Attachments**

Division President since 2017 and member of Group Management since 2020.

Swedish and
Macedonian/1974

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 Metodij in Skopje, Republic of Macedonia.

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

7 165 A shares
114 094 personnel options
7 273 matching options

**Senior Vice
President People
& Leadership**

Member of Group Management since 2020.

Swedish/1967

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

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

6 750 A shares
18 232 personnel options
1 736 matching options

**Senior Vice
President
General Counsel**

In current position since 2022*.

Swedish/1971

Master of Law from Gothenburg University, Sweden.

General Counsel at Trelleborg AB and Dometic AB. Corporate lawyer at Husqvarna AB, lawyer at Mannheim Swartling Advokatbyrå and Hengeler Mueller Rechtsanwälte.

550 A shares
1 145 B shares

**Senior Vice
President M&A
and Strategy**

In current position since 2019.

Swedish/1976

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

Partner at McKinsey & Company.

10 000 A shares
37 267 personnel options
6 568 matching options

**Senior Vice
President Corporate
Communications**

In current position since 2018.

Swedish/1968

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

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

5 294 A shares
1 200 B shares
50 000 personnel options and 5 291 matching options

* As of February 21, 2022, Charlotta Gråhs is Senior Vice President General Counsel. She is replacing Jörgen Ekelöv.