

**A performance based personnel option plan for 2019**

It is important that key personnel in Epiroc have a long term interest in a good value development of the shares of the Company and align their performance in a manner that enhances such a development. In particular this applies to the group of key personnel that consists of the senior executives and the division presidents. It is also the assessment of the Board that a share related option program increases the attractiveness of Epiroc on the global market and enhances the possibility to recruit and keep key personnel in the Group.

As part of the Atlas Copco Group, certain Epiroc employees have participated in Atlas Copco personnel option plans. The then existing personnel stock option plans were split between Atlas Copco and the Company in connection with the distribution and listing of the Company. The Board proposes for 2019 a personnel stock option plan corresponding to the personnel stock option plans previously approved by the annual general meetings of Atlas Copco AB.

**Scope and main principles**Granting

The Board asks for the right to decide on the issuing of performance stock options that can give a maximum of 100 key personnel in the Group the possibility to acquire a maximum of 3,058,704 A shares.

Issuing

The issuing is dependent on the value increase of the Group expressed as Economic Value Added during 2019. In an interval of SEK 750,000,000 the issue varies linear from zero to 100% of the maximum number. The size of the plan and the limits of the interval have been established by the Board and are compatible with the goals in the long term business plan of the Group.

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

category 1 – the President & CEO: 305,970 (262,520) options

category 2 – other members of the Group Management (5): 58,194 (52,326) options (average per person for the group)

category 3 – Division presidents (7): 48,846 (46,393) options

category 4 – other key personnel (87): 24,366 (23,142) options

The Board shall decide which persons shall be included in category 4 based on position, qualification and individual performance. The issuing of options will take place not later than March 20, 2020.

The Board shall have the right to introduce an alternative incentive plan for key personnel in such countries where the granting of options is not feasible. Such alternative incentive solutions (SAR) shall, to the extent possible, have terms and conditions corresponding to the ones applicable to the performance stock option plan.

The term of the performance stock options

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

Exercise

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

Exercise price

The exercise price shall be set to an amount corresponding to 110% of the average of the closing rates at Nasdaq Stockholm of A shares during a period of ten business days next following the date of the publishing of the full-year summary for 2019.

Maximized outcome

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

Recalculation

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

A decision regarding such recalculation shall be taken by the Board.

#### Theoretical Value for the Recipient

A theoretical value on a personnel option has been established based on the Black & Scholes model for valuating options. As a base for the calculation, among other factors, a share price of SEK 88.03 and an expected volatility of 30% have been used. The theoretical value is calculated to amount to SEK 14.74 per personnel option or in total a maximum of SEK 45,085,297 for the whole plan.

#### Requirement for senior executives and division presidents regarding own investment

As prerequisite for the participation of the senior executives and division presidents (13 persons) in the personnel stock option plan 2019 applies that they have invested a maximum of 10% of their respective base salary for 2019, before tax, in A shares of the Company (20% for expatriates with net salary). The investment may be in cash or by pre-owned shares, however, not by shares that are obtained as part of the participation in the stock option plan for 2017 and 2018. The participation in the plan corresponds proportionally to the investment made. Those who have chosen to invest in A shares will get, in addition to the proportional participation in the plan, the right to acquire, three years after the investment year, the number of shares (matching shares) that corresponds to the number of shares acquired under 2019 at a price of 75% of the market value upon which the exercise price for the shares in the 2019 plan was based, subject to continued employment and continued ownership of the shares. If the number of the acquired shares has been reduced, the right to matching shares is reduced on a share by share basis.

The theoretical value for this is calculated to be SEK 25,69 per matching share or in total approximately SEK 1,236,383.

#### Delivery of shares

The personnel options shall give the right to acquire already issued A shares.