

## **Evaluation of Atlas Copco AB's remuneration to Senior Executives 2013 with respect to points 10.3 and 9.1 in the Swedish Corporate Governance Code (the "Code")**

### Remuneration to Senior Executives

The Basic Principles for salary and other remuneration to Senior Executives are proposed to and approved by the Annual General Meeting and the full content of those principles are published in the Annual Report.

The elements of the remuneration are designed to successfully attract and retain high quality and competent members of Group Executive Management in order to create long lasting value for the corporation and its stakeholders. Therefore, the remuneration principles for the Senior Executives should contain a well balanced mix of fixed salary, variable compensation and long term incentive program, pension benefits, other benefits and principles for termination and severance pay.

### Remuneration Committee

The Board's Remuneration Committee, which during the year 2013 has consisted of the Chair of the Board, Sune Carlsson, who also was Chair of the Remuneration Committee, Peter Wallenberg Jr and Anders Ullberg had one meeting during 2013.

The Remuneration Committee has prepared matters concerning the Long Term Incentive Plans and other remuneration matters that have been brought to the Board for decision. The Remuneration Committee has handled the annual salary review process for the CEO in the same manner and provided guidance in the remuneration review of the other Senior Executives.

### Evaluation and Conclusion

In line with the Code and using the long term goals and strategy of the Atlas Copco Group and external benchmarks as a basis, the Remuneration Committee has evaluated how the remuneration principles are applicable as well as how they have been applied and followed for the Senior Executives during 2013.

The Remuneration Committee concludes that the remuneration policy is fully in force and that it has been applied and followed in compliance with the established and approved principles.

The Remuneration Committee also concludes that the variable compensation both for the cash element and the share related element has been an incentive for the participants as well as having contributed to the value creation.

During the year the Committee has also evaluated the long term incentive program and in 2013, there were four performance stock option plans (2007-2010) with exercisable options and two stock option plans (2011-2012) with options not yet exercisable. The exercise price for the 2013 plan was established early 2014. The costs for the plans are hedged through the purchase of own shares and the Annual General Meeting is requested to mandate such purchase each year.

Nacka, March 2014.

Remuneration Committee of the Atlas Copco AB Board