

Sandvik Supplier

Code of Conduct

1. BACKGROUND

Sandvik Supplier Code of Conduct outlines standards to ensure that working conditions at Sandvik's suppliers are safe, that workers are treated with respect and dignity, that manufacturing processes are environmentally responsible, and that business is conducted in an ethical manner.

2. LEVEL OF STANDARDS

Sandvik expects that suppliers adhere to all applicable laws, rules and regulations and strive to exceed both international and industry best practices. The provisions as set forth in this Code of Conduct provide the **minimum standards** that must be fulfilled to be an approved supplier to Sandvik and the **qualifying standards** that Sandvik also expects a supplier to meet, but not necessarily prior to becoming an approved supplier to Sandvik.

- a. The **minimum standards** must be fulfilled before being approved as a supplier.
- b. Regarding the **qualifying standards**, it is the expectation of Sandvik that suppliers establish clear policies, goals and action plans aimed at meeting the standards set forth in this Code of Conduct. Sandvik will monitor that milestones have been established and management systems have been put in place to ensure that the qualifying standards will be fulfilled. Failure to do so may impact the future ability of a supplier to conduct business with Sandvik.

Sandvik recognizes that conformance with all of the standards established in this Code of Conduct is a dynamic rather than static process and encourages suppliers to continuously improve their workplace conditions.

3. EVALUATION AND FOLLOW-UP

Suppliers will be asked to provide information as required by Sandvik regarding the standards in this Code of Conduct. Based on this information, the suppliers will be evaluated and the results will be measured and compared. Sandvik must have the opportunity to conduct on-site evaluations and inspections of the supplier's facilities to review progress in relation to these standards. Sandvik encourages the suppliers to evaluate and monitor their sub-suppliers, since information regarding the compliance of these parties with this Code of Conduct might be required by Sandvik.



4. ELIGIBILITY OF THE SUPPLIER CODE OF CONDUCT

The provisions of this Code of Conduct set forth the minimum standards and qualifying standards of all suppliers with whom Sandvik conducts business and their sub-suppliers in the supply chain. The suppliers shall ensure that their relevant sub-suppliers meet the principles in this Code of Conduct, or the relevant set of principles.

5. THE SANDVIK STANDARDS

The standards are grouped into three main categories:

- A. Labor**
- B. Environment**
- C. Business Ethics**

General expectations of Sandvik regarding these three areas are as follows:

Labor:

Sandvik expects its suppliers to support and respect the protection of internationally proclaimed human rights and to ensure that they are not complicit in human rights abuses.

Environment:

Sandvik expects its suppliers to have an effective environmental policy and to comply with existing legislation and regulations regarding the protection of the environment. Where possible, suppliers should support a precautionary approach to environmental matters, undertake initiatives to promote greater environmental responsibility and encourage the diffusion of environmentally friendly technologies that implement sound lifecycle practices. Suppliers should strive to implement recognized management systems and guidelines, such as ISO 14001.

Business Ethics:

Sandvik expects its suppliers to adhere to the highest standard of ethical conduct.

MINIMUM STANDARDS

Sandvik expects all supplier relations to be based on honesty, trust and transparency.

All Sandvik suppliers are obliged to fulfill the minimum standards as described below.

A. Labor

1. Forced Labor:

Sandvik requires its suppliers to prohibit any use of forced, bonded or indentured labor or involuntary prison labor, and embrace employment practices consistent with ILO conventions pertaining to forced labor: *Forced Labor Convention, (c.29-1930) and Abolition of Forced Labor Convention, (C.105-1957)*. All work, including overtime work, must be voluntary and workers should be free to leave upon providing reasonable notice. Suppliers

shall also not require that workers surrender personal certificates and identifications, such as government-issued identification, passports or work permits, as a condition of employment.

2. Child Labor:

Sandvik requires its suppliers not to engage in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, *the ILO Minimum Age Convention (C.138-1973)* or *the Prohibition and Immediate Elimination of the Worst Forms of Child Labor Convention (C. 182-1999)*. The minimum admission to employment or work shall not be less than the age of completion of compulsory schooling, normally not less than 15 years or 14 where the local law of the country permits, preferably to the highest age. Additionally, all young workers (below 18) must be protected from performing any work that is likely to be hazardous or to interfere with education or that may be harmful to health, physical, mental, social, spiritual or moral development. All suppliers shall comply with all laws and regulations governing child labor and apprenticeship programs.

3. Discrimination:

Sandvik requires that its suppliers do not tolerate any form of discrimination in hiring and employment practices on the grounds of age, race, color, national origin, religion, sex, disability or other characteristics protected by applicable law.

4. Harassment, Harsh or Inhumane Treatment:

Sandvik requires its suppliers to create and maintain an environment that treats all employees with dignity and respect and does not use any threats of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse. No harsh or inhumane treatment, coercion or corporal punishment of any kind is tolerated, nor is there to be the threat of any such treatment.

B. Environment

1. Environmental policy

Sandvik requires its suppliers to have an environmental policy statement.

C. Business Ethics

1. Corruption:

Sandvik requires its suppliers to respect local laws and not engage in any form of corrupt practices, including extortion, fraud or bribery.

2. Conflict of Interest:

Sandvik suppliers are required to disclose to Sandvik any situation that may appear as a conflict of interest, and disclose to Sandvik if any Sandvik employees under contract with Sandvik may have an interest of any kind in the supplier's business or any kind of economic ties with the supplier.

3. Gifts and Hospitality:

Sandvik accepts gifts or entertainments if they are consistent with common business practices, are not excessive in value and cannot reasonably be construed as a bribe or payoff

and if they do not violate applicable law.

However, Sandvik will not accept any benefit intended for a Sandvik employee to facilitate the supplier's business with Sandvik.

QUALIFYING STANDARDS

In the event of non-compliance with the qualifying standards at the time of signing a contract with Sandvik, all Sandvik suppliers are expected to have established targets and action plans to ensure conformity to the qualifying standards as they are described below.

A. Labor

1. Freedom of Association and Collective Bargaining:

Sandvik expects its suppliers to recognize and respect the rights of employees to freely associate, organize and bargain collectively in accordance with the laws of the countries in which they are employed, as well as core ILO conventions *Freedom of Association and Protection of the Right to Organise Convention, (C 87, 1948)* and *Right to Organise and Collective Bargaining Convention, (C.98-1949)*. Sandvik recognizes the importance of open communication and direct engagement between workers and management, and suppliers must respect the rights of workers to associate freely and communicate openly with management regarding working conditions without fear of harassment, intimidation, penalty, interference or reprisal.

2. Working Hours:

Sandvik expects its suppliers to comply with all applicable requirements governing working hours as established by local law. Working hours should never exceed 60 hours per week, including overtime, except in emergency or unusual situations. Suppliers must ensure that all overtime work is voluntary and compensated at the prevailing overtime rates. Suppliers are encouraged to ensure that workers are provided with one day off in every seven-day week.

3. Compensation:

Sandvik expects its suppliers to comply, at a minimum, with all laws and regulations relating to wages and including those pertaining to minimum wages, overtime wages, piece rates and other elements of compensation, and to provide legally mandated benefits.

4. Health and Safety:

Sandvik expects its suppliers to follow all relevant legislation, regulations and directives in the country in which they operate, or at any other location where production or work is undertaken, to ensure a safe and healthy workplace. Suppliers should strive to implement recognized management systems and guidelines, such as OHSAS 18001. The supplier is expected to ensure, at a minimum, reasonable access to drinking water, sanitary facilities, fire safety, emergency preparedness and response, industrial hygiene, adequate lighting and ventilation, management of occupational injury and illness and machine safeguarding. These same standards apply to any dormitory or canteen facilities.

B. Environment

1. Chemical and Hazardous Materials:

Chemical and other materials posing a hazard if released into the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.

2. Minimize Waste, Maximize Recycling:

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities is to be monitored, controlled and treated as required prior to discharge or disposal. Other types of waste are to be reduced or eliminated at source or through such practices as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

3. Air Emissions:

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals and combustion of by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

4. Greenhouse Gas Emissions:

The supplier shall strive to reduce greenhouse gas emissions caused by its business operations, primarily carbon dioxide (CO₂) emissions. The monitoring and documentation of CO₂ emissions associated with Sandvik's share of production will be encouraged. Information about CO₂ management shall be provided to Sandvik on request.

5. Energy Management:

Energy management with focus on minimizing the waste of energy shall be applied in all suppliers' business operations.