

OUR MODERN SLAVERY 2021 STATEMENT

on422

RESPECTING HUMAN RIGHTS

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MODERN SLAVERY STATEMENT

At Sandvik we have a long history of ethical and responsible business conduct. We recognize that safeguarding human rights across our operations and supply chains is an area of great importance to our employees, customers, suppliers, shareholders, and the communities where we operate. We have a zero-tolerance approach to the abuse of human rights and will continue to take steps to identify, report, address and ultimately eliminate any exploitation of vulnerable people whom we may be involved, directly or indirectly here in Australia or overseas.

The statement is made pursuant to section 14 of the Australian Government's Modern Slavery Act 2018 (the Act) and covers the period 1 January 2020 to 31 December 2020. It is Sandvik's second Modern Slavery Statement and sets out the information required by the Act and describes the risks of Modern Slavery in our business and supply chain, our responses to those risks and how we evaluate the effectiveness of our management responses. It is made in line with our Code of Conduct, which describes the principles of behavior that all our employees aspire to and provides us with practical guidance in our actions and everyday business decisions.

* This statement has been prepared by Sandvik Mining and Construction Australia Pty Ltd (ABN 62 003 771 382) and also includes details of the operations of Sandvik Mining and Construction Australia Pty Ltd's related entities operating in Australia, which include Sandvik Mining and Construction Australia (Production/Supply) Pty Ltd (ABN14 008 640 908), Sandvik Australia Pty Ltd (ABN 22 000 362 210), NTX Australia Pty Ltd (ABN 30 611 342 913), Seco Tools Pty Ltd (ABN 28 003 337 442), SMC Logistics Australia Limited (ABN 34067173747), Terelion (Australia) Pty Ltd (ABN 24 088 141 217) and Sandvik Financial Services Pty Ltd (ABN 90 161 934 176).

In this statement, the terms 'Sandvik Australia', 'Sandvik', the 'Company', the 'Group', 'our business', 'organisation', 'we', 'us', and 'our' refer to all of the above entities.

INDICES

Sandvik is included in several prestigious sustainability indices and is a signatory of the UN Global Compact (UNGC).



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We have a zero tolerance approach for any form of modern slavery.

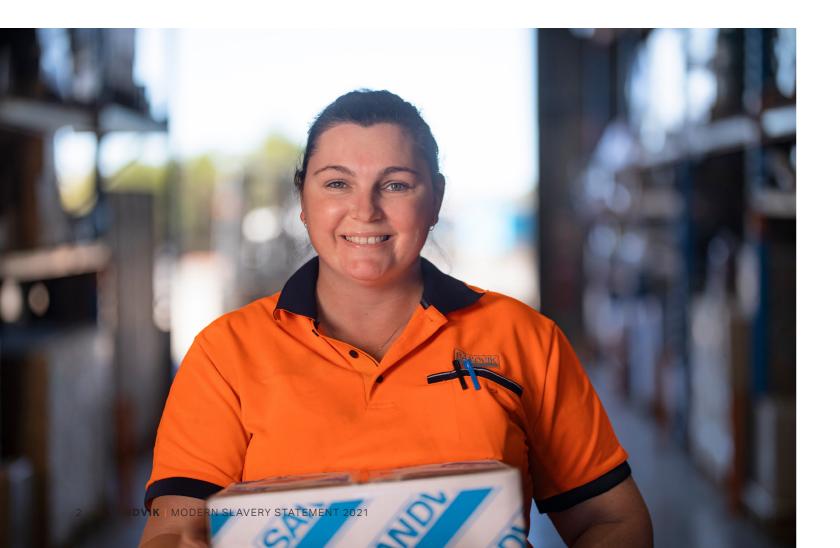


WHO WE ARE

Sandvik is a global, high-tech engineering Group with approximately 37,000 employees and sales in more than 160 countries. We have a strong focus on enhancing customer productivity, profitability and sustainability.

Our operations are based on unique expertise in materials technology, extensive knowledge about industrial processes and close customer cooperation. This combination, coupled with continuous investments in research and development (R&D), has enabled us achieve world-leading positions in the following areas:

- Tools and tooling systems for industrial metal cutting ٠
- Equipment and tools, service and technical solutions for the • mining and construction industries
- Advanced stainless steels and special alloys as well as products • for industrial heating



OUR BUSINESS AREAS

BUSINESS AREAS

SANDVIK MINING AND ROCK SOLUTIONS



A global leading supplier in equipment and tools, parts, service and technical solutions for the mining and construction industries. Application areas include rock drilling, rock cutting, loading and hauling, tunneling and quarrying.

SANDVIK MANUFACTURING AND MACHINING SOLUTIONS



A global market-leading manufacturer of tools and tooling systems for advanced industrial metal cutting. Products are manufactured in cemented carbide and other hard materials such as diamond, cubic boron nitride and special ceramics.

SANDVIK MATERIALS TECHNOLOGY



A world-leading manufacturer of advanced stainless steels and special alloys for the most demanding industries. The offering covers a large variety of product forms, such as tube, pipe, bar and strip steel as well as products for industrial heating.

SANDVIK ROCK PROCESSING SOLUTIONS¹⁾



A leading supplier of equipment, service and technical solutions for processing rock and minerals in the mining and construction industries.

DIVISIONS

- Underground Drilling
- Loading and Hauling
- Surface Drilling
- Rock Drills and Technologies
- Mechanical Cutting
- Parts and Services
- Rock Tools
- Rotary Drilling

Sandvik Machining Solutions²⁾

- Sandvik Coromant
- Seco
- Walter
- Dormer Pramet
- Wolfram

Sandvik Manufacturing Solutions²⁾

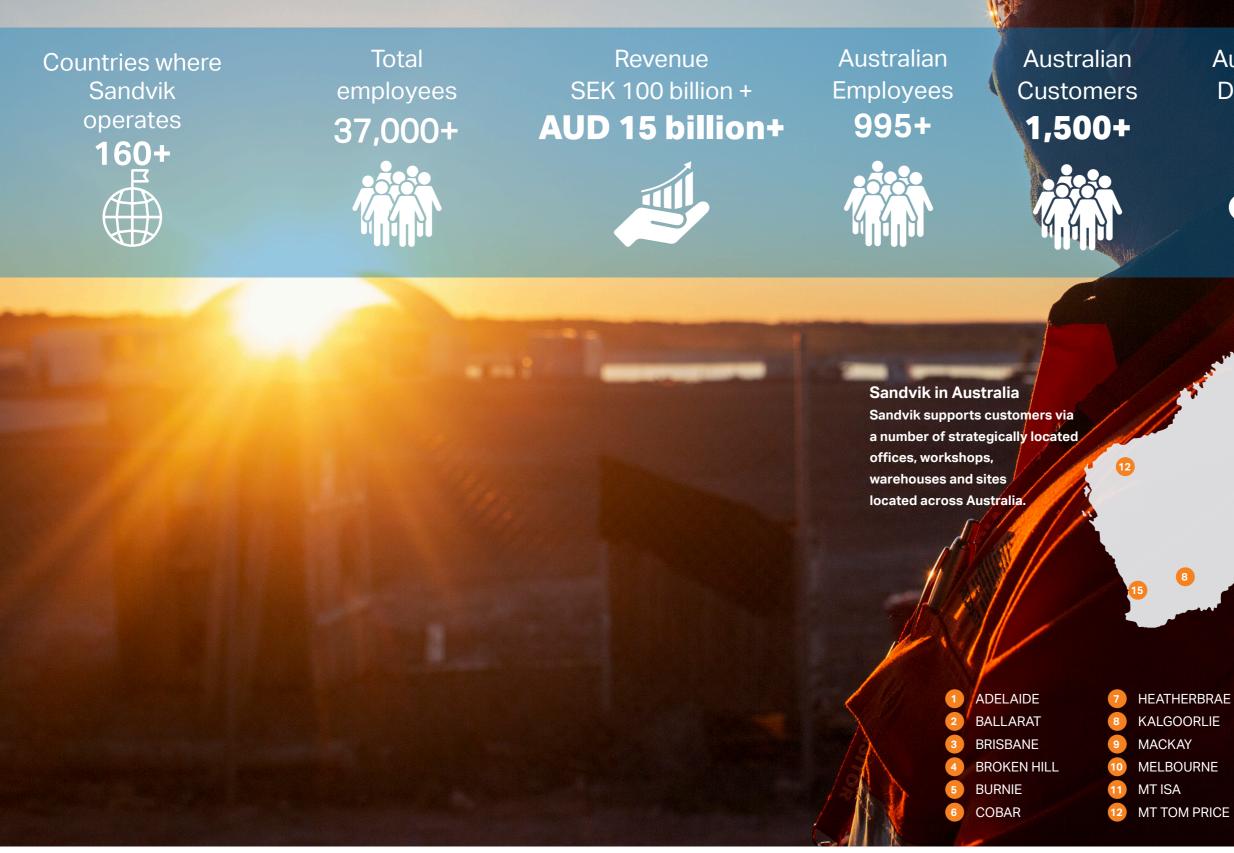
- Additive Manufacturing
- Design and Planning Automation
- Metrology

- Tube
- Kanthal
- Strip

- Stationary Crushing and Screening
- Mobile Crushing and Screening
- Attachment Tools
- Shanbao

ABOUT SANDVIK AUSTRALIA

Sandvik is a high-tech and global engineering group with a focus on enhancing customer productivity, profitability, safety and sustainability. While it was founded in Sweden, it now has operations in more than 160 countries. Australia is a key market.







Australia ranked in Top 5 Sandvik markets



13 OLYMPIC DAM ORANGE PERTH SYDNEY 17 TOWNSVILLE

OUR APPROACH

As a leading supplier in equipment and tools, parts, service and technical solutions in Australia, Sandvik has connections with hundreds of suppliers, partners and subcontractors globally. The complex nature of these interactions means a variety of different measures are required to identify and eliminate threats of modern slavery.

A strong company strategy

Our approach to this challenge relies upon a strong company strategy, excellent culture, effective governance tools, a clear sustainability agenda, and mechanisms for assessing potential exposure to slavery and for addressing its impacts.

Company culture

Company culture is one of the first lines of defense against modern slavery. We operate in accordance of The Sandvik Way, a global governance model created to ensure the highest standard of corporate behaviour. The Sandvik Way includes a Code of Conduct that expresses zero tolerance for any form of modern slavery, including forced or compulsory labour and any form of child labour.

Sustainability

An anti-slavery focus is also a key part of Sandvik's global sustainability work and 2030 sustainability goals.

At the operational level. At the operational level, a number of mechanisms and devices are in place to reduce potential exposure to slavery. The distribution and enforcement of a Supplier Code of Conduct and the use of a Sustainable Supplier Management approach are two key tools Sandvik Australia also works hard to vet potential suppliers, to audit working conditions at select suppliers, and to evaluate its own performance in addressing modern slavery.

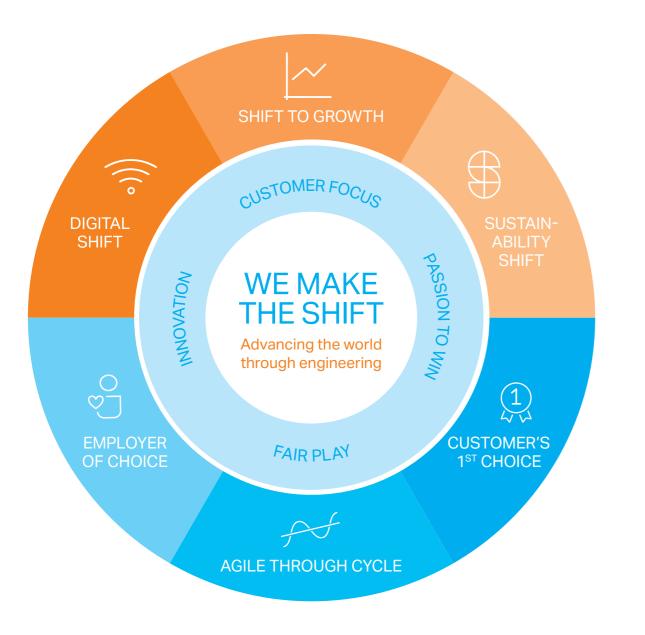
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An anti-slavery focus is also a key part of Sandvik's global sustainability work

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SHIFTING TO GROWTH

During 2020, Sandvik updated its strategyto increase our focus on growth. In recent years we have divested underperforming businesses, decentralized the organization and become a much more resilient company. From this stable platform we will further increase the focus on growth, digitalization, sustainability and agility.



We shift to growth

We have set a growth target of at least five percent (CAGR) through a business cycle. We need to increase our acquisition pace and we will add products and technology as well as services and digital solutions to our existing offerings. This growth target means that we aim to become a SEK 115 billion company by 2025. We will also focus on improving our New Sales Ratio (sales of new products).

We make the digital shift

Our objective is to be a leader in digital solutions in our industry and we will grow our digital customer offering. Internally, we will ensure efficiency through a seamless flow, supported by standardized business systems across our sites.

We make the sustainability shift

We have long-term 2030 sustainability goals in the areas of climate, circularity, people and fair play. All business areas and divisions have plans and actions to deliver on the goals and we will transparently report on the progress. By 2025, we aim to be halfway to reaching the targets.

We are our customer's first choice

Across the organization we want to advance the way we measure and improve customer value and customer satisfaction. By 2025, our divisions will be able to track their customer satisfaction improvements through structured

CORE VALUES

Customer Focus, Innovation, Fair Play and Passion to Win are our core values. Our core values represent the culture of the company and they guide us in our actions and daily business decisions. Customer Focus: We constantly strive to exceed our customers' expectations and enable them to excel in their business. We are decentralized and decisions are taken close to customers. Innovation: We always strive for technology leadership, and successful methods and show continuous measurable progress. We are agile through cycle

Our financial targets include a trough EBIT margin, adjusted for items affecting comparability and metal prices, of 16 percent on a rolling twelve-month basis. In our different industries, our cost structure should be flexible enough to manage economic downturns. Well-prepared contingency planning will enable quick responses to changing market conditions. Continuous improvements on fixed costs and operational efficiency are other key factors.

We are the employer of choice

We aim to be the employer of choice within our industries and attract the top talents. We will ensure a diverse workforce with regards to factors such as age, gender, nationality and ways of thinking. 25 percent of our managers will be women by 2025.

partnerships. We work to ensure everyday advancements and innovative shifts. **Fair Play:** We put health and safety first. We are ethical, compliant and conduct our business sustainably. **Passion to Win:** We establish our market leadership through strong performance management, continuous improvements and empowered people. We are passionate about making our company number one.

SUSTAINABILITY GOALS 2030

Launched in 2019, our Sustainability Goals are in place to help us make the shift to a more sustainable business. This will help our planet and bring greater value to the company, our customers and other stakeholders.

Our Sustainability Goals 2030 take a holistic approach that includes customers, suppliers and our own operations in its scope. In 2020, we reported regularly on sustainability KPIs in our interim reports to ensure we are on track to achieve our goals. The four goal areas have also been included in the business area review process, and across the organization all divisions have developed roadmaps to achieve the goals in their most relevant areas. We have a team responsible for ensuring that sustainable supplier management is integrated into the daily purchasing procedures and performance management of the organization.

Our main contribution to sustainability is through our products and solutions. For example, our electrically powered mining equipment and highly efficient and precise drills help our customers improve their productivity and work environment, while reducing waste, energy and emissions. We also contribute to medical improvements and improved quality of life with, for example, our ultra-fine medical wire for devices such as pacemakers and hearing implants.

O WE BUILD CIRCULARITY

We will drive the shift to more circular business models and use of resources, finding ways to close loops and generate new revenue streams from the processes and materials we use.

Our goal: More than 90 percent circular

WE SHIFT CLIMATE

We will deliver on our commitments to reduce our climate impact. We are aiming to shift mindsets and outcomes in our own business, for our customers and with our suppliers to help reach our targets.

Our goal: Halve the CO₂ impact

WE CHAMPION PEOPLE

We aspire to the highest standards for people and will continue to raise these standards in line with our goal of zero harm.

Our goal: Zero harm to people



We will constantly aim higher in ethics and transparency, being a leader in playing fair and being open. **Our goal:** Always do the right thing

UNITED NATIONS SUS DEVELOPMENT GOAL

Sandvik is committed to the UN Sustainable Development Goals (SDGs). We have defined the goals that are most relevant to us and to which we actively contribute. Below are some examples:

SDG	Goal	Description
3 GOOD HEALTH AND WELL-BEING 	SDG 3	Good health
5 GENDER EQUALITY	SDG 5	Gender equ
7 AFFORDABLE AND CLEAN INTRES	SDG 7	Clean energ
8 DECENT WORK AND ECONOMIC GROWTH	SDG 8	Decent wor
9 NOUSTRY NNOVATION AND INFRASTRUCTURE	SDG 9	Industry inr
12 ESPONSIBLE CONSUMPTION AND PRODUCTION	SDG 12	Responsible
13 CLIMATE	SDG 13	Climate act

STAINABLE S	
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OUR SUPPLY CHAIN

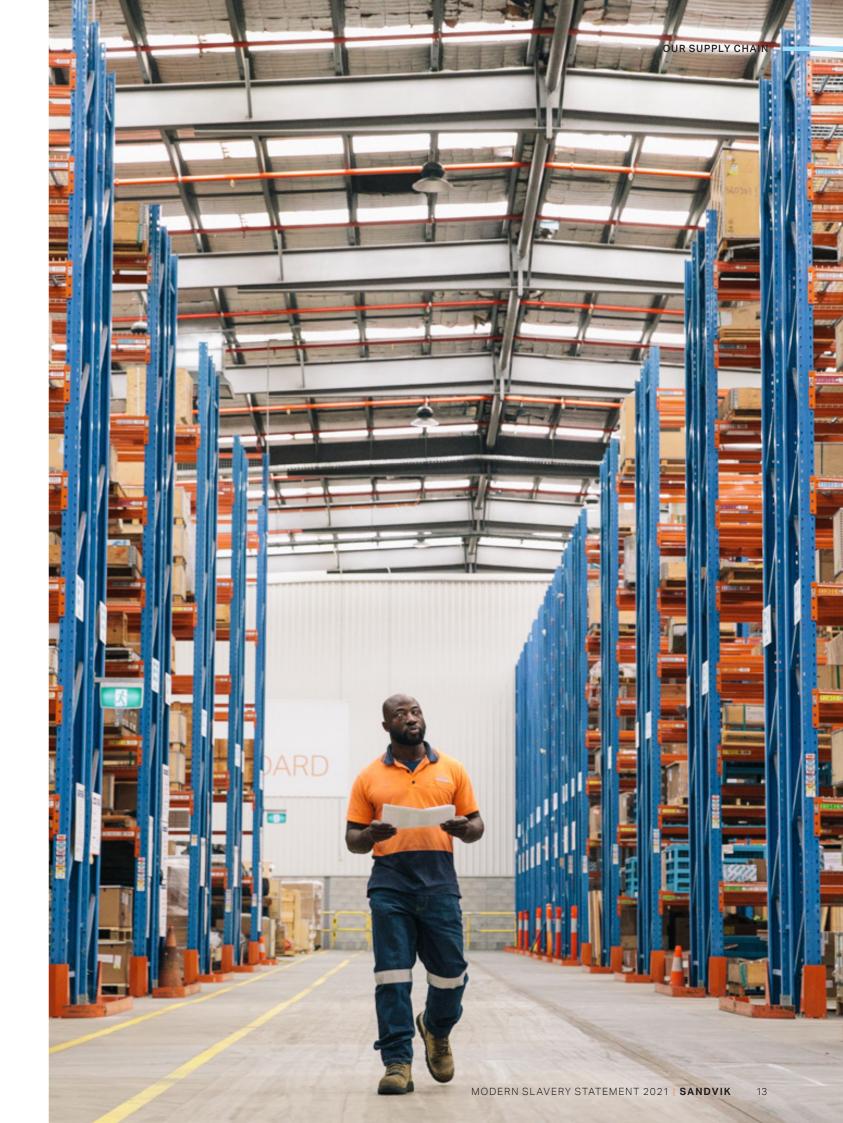
In Australia, Sandvik divides its supply chain into two categories: direct and indirect procurement. Direct procurement involves the procurement of goods, material and services directly related to the production of goods and/or services that the business is offering.

Indirect procurement, meanwhile, relates to purchases of goods and services required to operate the business. In 2020, 2414 suppliers were directly engaged with our Australian operations with a total contestable spend of < 190 M AUD. Sandvik's international base suppliers totalled 443 (286 suppliers fewer than FY19).

Where possible, Sandvik buys locally to provide small enterprises with support to build local communities' procurement opportunities.

SUPPLY LOCATIONS





CORPORATE GOVERNANCE AND HUMAN RIGHTS

Sandvik's operations globally are run under an overarching corporate governance framework known as The Sandvik Way. The framework is intended to be observed and respected by all employees and is based on four building blocks.

whose members manage and over-

see the operations of the Group. The

main operational responsibility in the

Group lies with the business areas

and divisions, with Group functions

responsible for functional policies

Culture and Enabling Structure

tion for how we all shape our culture in

oriented and responsible business. Our

the company and enable a customer

operational controls and risk frame-

works are underpinned by the ambi-

tions and requirements of our purpose,

core values (Customer Focus, Innova-

of Conduct and leadership principles.

tion, Fair Play and Passion to Win), Code

This building block sets the founda-

and processes supporting the

business.

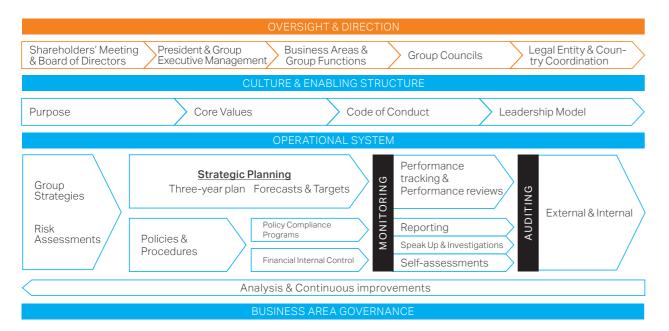
The Sandvik Way

Sandvik's corporate governance framework, The Sandvik Way, sets out the internal rules and principles for governance that apply specifically within Sandvik. It is based on four building blocks, as set forth in the model below, and describes how common ways of working have been implemented throughout the entire organization.

Oversight and Direction

This part outlines how the Group is led and governed from the top. The Board of Directors, elected at the Shareholders' Meeting, sets the strategic direction for the Group. The President carries this out through the Group Executive Management

The Sandvik Way



Operational System

The detailed controls and risk frameworks common across the Group are detailed in the operational system. This includes many aspects from planning and forecasting, policies, procedures and controls to compliance, monitoring and audit. The operational system represents the day-to-day controls that directly impact the work of our employees.

Business Area Governance

The final building block in the framework comprises the systems of business area governance, each reflecting the independent challenges and opportunities each business faces in its own industry sector.



CODE OF CONDUCT AND INTEGRITY

Sandvik's business strategy, business model and the 2030 Sustainability Goals form the basis for the company's sustainable business governance. Relevant goals are set to address material areas and efficiently manage related risks and opportunities. Policies and management systems have been set to ensure financial, environmental and social compliance.

Code of Conduct

The Sandvik Code of Conduct is a cornerstone for our company.

Sandvik has a long history of working in accordance with applicable laws and internationally recognized principles, as well as in partnership with our local communities. Our Code of Conduct is built on our internal Core Values and external principles, such as the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption as outlined in the ten principles of the United Nations Global Compact, in which we

Supplier Code of Conduct Sandvik is committed to the fundamental principles on human rights, labor rights, the environment and the fight against corruption throughout our operations. This also includes building sustainable relationships with our suppliers. We have developed the Supplier Code of Conduct ("The Supplier Code") and we require our suppliers to make every effort to comply with it. It applies to our entire

participate. We are also committed to adhering to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. We believe that by doing so we are providing a solid foundation that supports a more sustainable future for Sandvik and for our stakeholders.

The Code of Conduct is a vital component in The Sandvik Way governance model, which encompasses common steering documents and processes, such as our policies and procedures. The Sandvik Way also describes a common culture and ways of working and is an important enabler for achieving our 2030 sustainability goals.

supply base including suppliers, contractors, distributors, and agents.

The Sandvik Supplier Code requires all our suppliers to not engage in or support the use of any form of forced, compulsory or illegal labour, including trafficking, child labour, prison labour or bonded labour. We monitor, evaluate the risk of violations of our Supplier Code of Conduct and so far as we are aware, there have been no such violations to date. We also perform audits of identified high risk suppliers. We require that suppliers, contractors, distributors and agents make every effort to comply with the Supplier Code of Conduct, which shall be part of the business agreement any supplier has with Sandvik. We are not aware of any instances of non-compliance.



SUSTAINABLE PROCUREMENT

Modern Slavery and reporting

Our Code of Conduct expresses zero tolerance for any form of modern slavery including forced - or compulsory labour, as well as for any form of child labour in any part of our business or in our supply chain. Breaches against our Code of Conduct, Supplier Code of Conduct, policies or applicable law, can be directly reported to a manager or through our reporting tool, Speak Up, which allows anonymous reporting in all jurisdictions where this is possible. All reports received are evaluated and responded to.

Global Procurement Policy

We have adopted a Group-wide Procurement Policy that includes our previous sustainability commitments towards sustainable procurement processes, to prevent bribery and corruption, ensure compliance with the Supplier Code of Conduct, reduce the environmental footprint and negative social impact of our supply base and ultimately protect and create business value for Sandvik and our business partners.

A number of processes support the implementation of the newly adopted

policy, such as supplier sustainability risk assessment and approval process. This revised process, an integrated part of our purchasing model, is in a pilot phase with the intention to cover all new suppliers once fully implemented.

We annually carry out a Reasonable Country of Origin Enquiry based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas in order to identify melters/refiners associated with our supply chain.

Sustainable Procurement

Provides an overview of our expectations regarding sustainable sourcing. The standard details the policies and procedures that suppliers are required to comply with in relation to environmental, social, governance, labour and human rights. It includes an expectation that suppliers conduct business in a manner consistent with internationally recognised human rights and the United Nations Guiding Principles on Business and Human Rights and that they comply with the requirements of the Modern Slavery Act 2018 (Cth). Acknowledgement of and

agreement to comply with the standard is required as part of the contract award process and reviewed through performance assessments during the term of contract.

Supplier sustainability program

Sandvik's Supplier Sustainability Program focuses on three areas:

- Creating supplier commitment
- Building capacity both externally and internally

 Monitoring of identified high-risk suppliers through audits. All audits are carried out in accordance with common procedures and guidelines and the corrective action plans are followed through until implementation.

Terms and Conditions

All contracts, as well as our supplier purchase order standard terms and conditions, require that minimum standards in environmental, ethical, human rights and health and safety are met. Our standard purchase order includes a specific modern slavery clause

ASSESSING OUTCOMES

Our team at Sandvik continually assess our effectiveness in managing modern slavery and human rights risks by tracking our actions and outcomes, partnering with suppliers, undertaking regular internal governance and external assurance processes.

Our initial Modern Slavery Statement published identified a number of targeted actions that would bring positive impact to highligh the importance of understanding the impact of Modern Slavery and starting to understand how Sandvik could make an impact in its eradication. The actions proposed for FY19 and the outcomes are as follows:

- Establishing an anti-slavery work group The establishment of the work group was delayed throughout 2020 due to resource constraints and Covid-19; the focus was on mapping the supplier base developed during 2020.
- Mapping suppliers more than 2,000 suppliers.
- Delivering training programs and procedures for Sandvik's Supplier base mapping was completed and employees and suppliers of Sandvik Australia the results analysed in conjunction with a third-party Sandvik developed and approved an eLearning auditor. The risk of Modern slavery was identified for module for all employees at the end of 2020. The eLearning is mandatory for all employees and was Completing the digitalisation of supplier self-assessintroduced to Sandvik Australia in early 2021. We ment questionnaires intend to make a similar eLearning available to our Sandvik's online systems and tools were developed suppliers by 2022.

and delivered for Sandvik Supplier Relationship Management at the end of 2020 to be rolled out to suppliers in 2021.

Conducting Sandvik Supplier Code of Conduct audits of identified high risk suppliers

The number of audits able to be conducted was severely affected by the availability of resources both from Sandvik Australia and suppliers due to the pandemic.

CONSULTATION WITH OUR ENTITIES

Identification and implementation of actions to assess and manage our modern slavery risks continues to involve consultation and engagement across Sandvik with all of our associated entities.

Examples of consultation in FY2020, include engaging with;

- of a new eLearning course for all entities
- slavery regularity requirements, as well as, our risks and feedback received in relation to this Modern Slavery Statement
- Internal and external teams in relation to local suppliers and modern slavery risks and how these are being managed.
- Key stakeholders within Sandvik Group
- All Australian employees via training programs, webinars and other communications

- Developing KPIs for compliance by suppliers The development of KPIs to monitor our supplier's compliance has been delayed until 2021. Sandvik's aim for FY2021 is for the suppliers making Sandvik's top 80% of spend to complete the self-assessment questionnaire and for Sandvik to assess each of these.
- Implementing a new Modern Slavery policy A Modern Slavery Policy was completed and approved by the Board of Sandvik on the 6 October 2020

Although it has been a challenging period Sandvik was able to make significant progress in these areas and continue to assess their effectiveness.

Sandvik Australia Procurement groups, Learning & Development, Legal and Sustainability teams on the development

Executive Management Teams and Board of Directors across all entities have been regularly briefed on modern

OUR APPROACH TO TRAINING AND CAPACITY BUILDING

We recognize the successful management of human right risks, including modern slavery and human trafficking, in Australia as well as globally, requires the ongoing capability building of all employees at Sandvik.



Sandvik requires that all Australian employees complete online training on the Code of Conduct and acknowledge that they have read and understand the policy. Employees are required to complete training on evolving areas of compliance on a regular basis. Short training videos, webinars and in-person training sessions are important means of reaching as many employees as possible. Sandvik Australia's intranet pages have practical guidance in easy-to-understand summaries, Q&A documents, and scenarios on a wide range of topics.

Sandvik Australia continually evaluates its training content in this area to ensure that additional training and reference materials on human trafficking and modern slavery are available to the employees that require supplemental training based on unique risks or regulatory requirements.

Sandvik Australia communicates to its related entities at regular intervals utilising various channels including, but not limited to, individual and team face-to-face and online meetings, intranet news, webinars and documentation.

RISKS DURING PANDEMIC

In FY20, the COVID-19 pandemic caused unprecedented disruption in many areas of our Company, including our supply chain. Actions to address these risks required a coordinated approach between our Health and Safety, Procurement and Logistics and Business teams. Modern slavery risks within our supply chain due to the increased challenges of obtaining goods and services during the COVID-19 pandemic, a few potential risks were identified in our supply chain, including:

- Increased demand for PPE which required us to use new suppliers to fulfil orders
- Increased financial pressure on small businesses, in some cases leading to closure and the unemployment of workers
- Limited due diligence for new suppliers as a result of having to source items, in particular PPE, in short timeframes
- Scarcity of items potentially leading to increased pressures on suppliers and hazardous working conditions for workers

- Health and financial stress for workers who were unable to work for health reasons or because of supplier shutdowns or regional lockdowns
- · Inability to physically distance increasing the risk of contracting the virus

Addressing these risks

We worked closely with our suppliers to ensure risks were understood and mitigated in the procurement of key supplies and services.

- Preferential use of existing suppliers and vendors who had already undergone due diligence processes and are aware of our requirements
- Supporting our suppliers with 7-day payment terms to all small businesses and working collaboratively with our suppliers to address any cashflow challenges
- Continued due diligence of our higher risk suppliers

NOTE

Due to the pandemic, movement around countries and across borders was restricted for the FY 2020. As a result, Sandvik Supplier Sustainability supported by the Australian businesses carried out on-site audits of two of its suppliers. The result of those two audits was a finding of no slavery. Sandvik's aim for FY2021 is to complete at least 15 onsite audits of suppliers.



LOOKING FORWARD

Modern slavery is a persistent challenge and ongoing efforts are required to reduce the risk of supporting the practice and to help in its eradication. With this in mind, Sandvik Australia has a range of initiatives and activities planned for the period through to December 2021. These include but are not limited to:

- Develop and complete digital supplier evaluation of top 80% of Sandvik total spend
- 15 physical comprehensive supplier audits against the terms and conditions of our supplier code of conducted completed in the next 12-months
- Continue setting objectives for the anti-slavery work group
- Complete the digitalisation process of supplier onboarding and self-assessment questionnaires
- Roll out modern slavery eLearning to suppliers for completion
- Extending desktop and physical auditing of identified at-risk suppliers against the Sandvik Supplier Code of Conduct
- Continue to work with suppliers to remedy any potential findings and incorporate human rights considerations into contractual provisions (where relevant)
- Monitor internal compulsory Modern Slavery training programs and procedures for employees
- Continue supplier engagement to raise awareness of Modern Slavery risk
- Review and update Sandvik Supplier Code of Conduct highlighting specific reference to Modern Slavery

More information on Sandvik's approach to human rights and slavery can be found at www.sandvik.com. This Statement was approved by the Board of Sandvik Mining and Construction Australia Pty Ltd on 29 June 2021.





Wayne Scrivens **Managing Director**

Sandvik Mining and **Construction Australia Pty Ltd**

RESPECTING HUMAN RIGHTS

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FEEDBACK

We value all feedback. Please forward any comments on this statement or request additional information to apacmarketing@sandvik.com



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