



RESPECTING HUMAN RIGHTS

Our statement on modern slavery
October 2020



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INTRODUCTION

Modern slavery is an ongoing problem that directly affects an estimated 40 million people globally. The practice involves the use of coercion, threats or deception to exploit individuals and to undermine or deprive them of their freedom. Slavery can take a number of forms, including servitude, bonded labour and forced or compulsory labour. It represents a clear violation of an individual's fundamental human rights.

Responsible governments are currently doing their utmost to eradicate this reprehensible practice. Meanwhile, responsible businesses are striving to eradicate any inputs linked to modern slavery from their business practices, partner networks, supply chains and products.

This statement sets out what Sandvik Australia* intends to do and what it has done to ensure that slavery and human trafficking is not taking place in any part of its businesses or supply chains. The statement is made pursuant to the Australian Government's Modern Slavery Act 2018 and covers the period 1 January 2019 to 31 December 2019.

Sandvik Australia takes its obligation to addressing modern slavery seriously. It has a zero-tolerance approach to the abuse of human rights. The business adheres to the Sandvik Group's global Code of Conduct and pursuant to this undertakes to comply with the strictest legal and moral standards in the conduct of its operations.

* This statement is made 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), Varel International (Australia) Pty Ltd (ABN 24 088 141 217) and Sandvik Financial Services Pty Ltd (ABN 90 161 934 176). Together these entities are referred to as "Sandvik Australia".

OVERVIEW OF OUR APPROACH

As a successful supplier of equipment, tools and technical solutions, Sandvik Australia has connections with hundreds of suppliers, partners and subcontractors in a range of countries. The complex nature of these interactions means a variety of different measures are required to identify and eliminate possible inputs tainted by modern slavery.

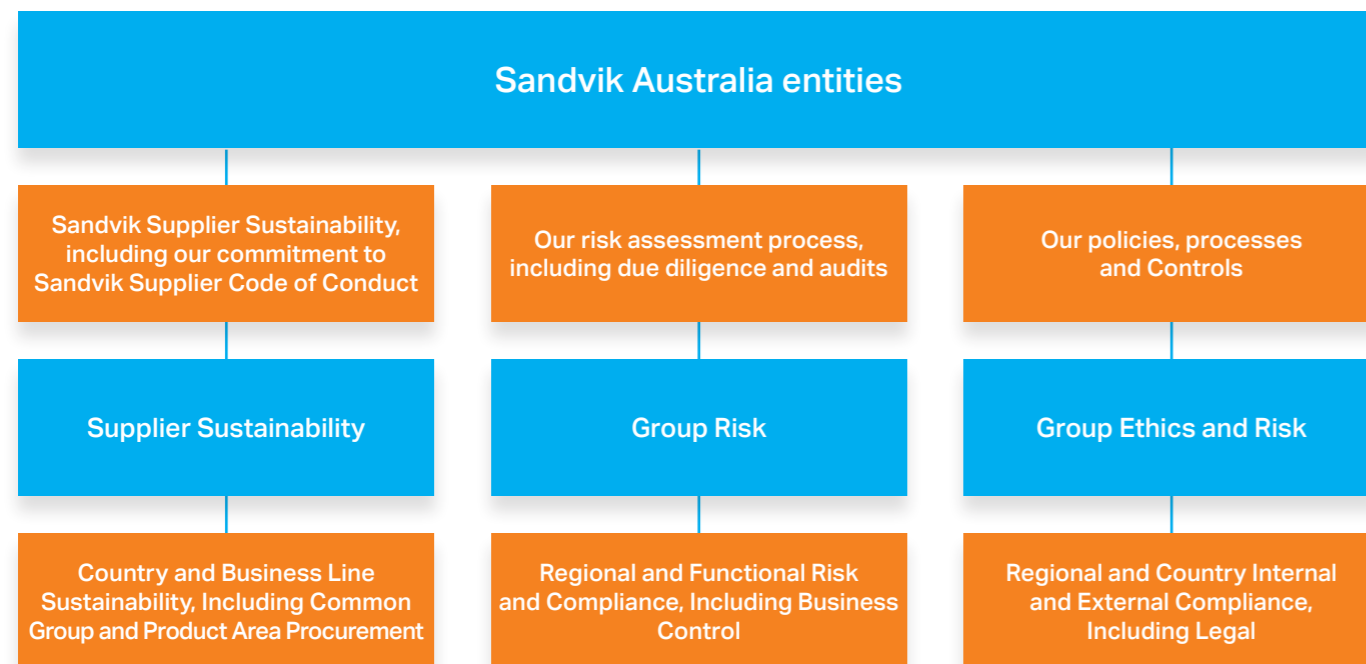
Our approach to this challenge relies upon a healthy company culture, effective governance tools, a clear sustainability agenda, and mechanisms for assessing potential exposure to slavery and for addressing its impacts.

Company culture is one of the first lines of defence against modern slavery. Sandvik Australia is a part of the Swedish multinational engineering company, Sandvik. As such, its vision is to create value for customers, shareholders, employees and other stakeholders through the core values of Customer Focus, Fair Play, Innovation and Passion to Win. Sandvik Australia aims to set the industry standard, and items on its strategic agenda that are compatible with anti-slavery work include 'accountability' and 'a culture of doing things right'.

Sandvik Australia also operates according to The Sandvik Way, a global governance model created to ensure the highest standards 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.

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

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.



OUR VISION AND OUR STRATEGY

Sandvik is creating value for its customers, shareholders, employees and other stakeholders based on its vision, strategy and core capabilities. Our core values of Customer Focus, Innovation, Fair Play and Passion to Win form the base for our corporate culture and ways of working.



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.

Countries where Sandvik operates

160+



Total employees

40,000+



Revenue SEK 100 billion +

AUD 15 billion+



Australian Employees

970+



Australian Customers

1,500+



Australian Divisions

7



Australia ranked in **Top 5** Sandvik markets



Sandvik's three key business areas

Sandvik has three main operating areas: Sandvik Mining and Rock Technology, Sandvik Machining Solutions and Sandvik Materials Technology.

Sandvik Mining and Rock Technology

Sandvik supplies equipment, tools, service and technical solutions for the mining industry and rock excavation within the construction industry. Product lines include Underground Drilling, Loading and Hauling, Surface Drilling and Exploration, Crushing and Screening, Drills and Technologies, Mechanical Cutting, Parts and Services, Rock Tools and Pedestal Drills.

Sandvik Machining Solutions

Sandvik manufactures tools and tooling systems for advanced metal cutting, and also works in digital and additive manufacturing. Product lines include Sandvik Coromant, Seco, Walter, Dormer Pramet, Sandvik Machining Solutions Supply, Additive Manufacturing, and Applied Manufacturing Technologies.

Sandvik Materials Technology

Sandvik develops and manufactures advanced stainless steels, powder-based alloys and special alloys for the most demanding industries. Product lines include Tube, Kanthal, Strip and Powder.

Sandvik in Australia

Sandvik supports customers via a number of strategically located offices, workshops, warehouses and sites located across Australia.



- | | | |
|---------------|-----------------|----------------|
| 1 ADELAIDE | 7 HEATHERBRAE | 13 OLYMPIC DAM |
| 2 BALLARAT | 8 KALGOORLIE | 14 ORANGE |
| 3 BRISBANE | 9 MACKAY | 15 PERTH |
| 4 BROKEN HILL | 10 MELBOURNE | 16 SYDNEY |
| 5 BURNIE | 11 MT ISA | 17 TOWNSVILLE |
| 6 COBAR | 12 MT TOM PRICE | |

OUR SUPPLY CHAIN

For its Australian operations, Sandvik Australia has a supplier base of some 3,000 active preferred vendors. In the 2019 financial year, we engaged with more than 2,000 active suppliers from more than 20 countries. Approximately 80 percent of our total spend was with 130 suppliers. We additionally recognise that our suppliers often have many suppliers of their own, who in turn also rely on other suppliers.

Sandvik Australia 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.



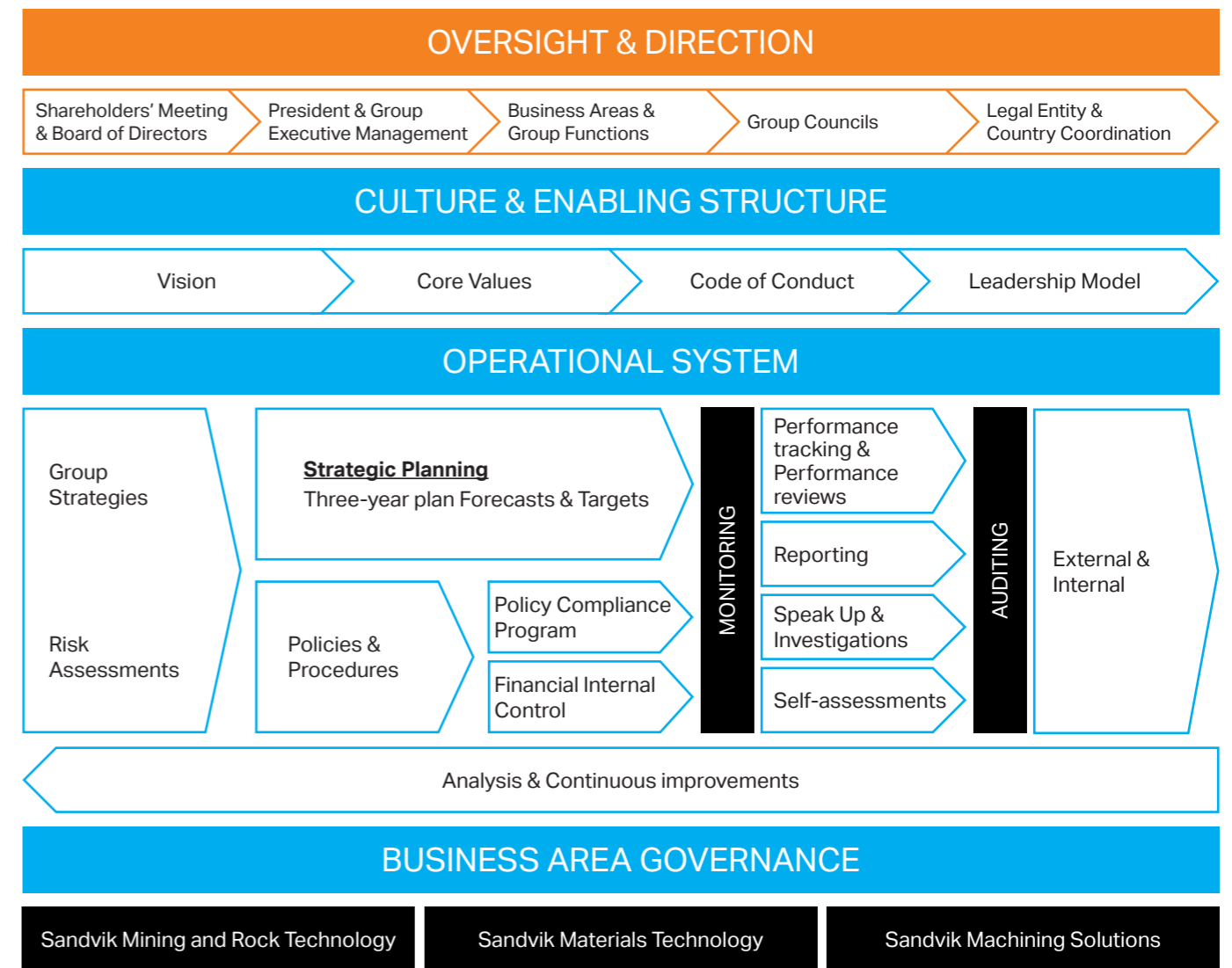
- 1 AUSTRALIA
- 2 INDONESIA
- 3 CHINA
- 4 UNITED STATES
- 5 FINLAND
- 6 NEW ZEALAND
- 7 GERMANY
- 8 CANADA
- 9 SWEDEN
- 10 INDIA
- 11 ITALY
- 12 SOUTH AFRICA
- 13 UNITED KINGDOM
- 14 FRANCE
- 15 RUSSIAN FEDERATION
- 16 NETHERLANDS
- 17 LICHTENSTEIN
- 18 SINGAPORE
- 19 AUSTRIA
- 20 SWITZERLAND
- 21 JAPAN

OUR POLICIES AND GOVERNANCE

All of 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 structured around four distinct tiers. These tiers are: Oversight and Direction; Culture and Enabling Structure; Operational System; and Business Area Governance.

This framework includes a number of policies, resources, instruments and guidelines aimed at preventing human rights abuses, including modern slavery.

Chief among these is the Sandvik Code of Conduct, which falls on the 'Culture and Enabling Structure' tier of the Sandvik Way. The Code applies to all parts of the business and expresses commitment to the ten principles in the UN Global Compact, to OECD Guidelines for Multinational Enterprises, and to the UN Guiding Principles on Business and Human Rights. All of these international regulations and guidelines prohibit slavery and forced labour. The Code directly 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 Sandvik's business or in its supply chain.




Staff at Sandvik Australia are trained to act in accordance with the Code of Conduct. Breaches of it can be directly reported to a manager or through a whistle-blower reporting tool, Speak Up, which allows anonymous reporting in all jurisdictions where this is possible. All reports received are evaluated and responded to.

Sandvik Australia expects that its suppliers, agents, business partners, consultants and licensees will follow similar principles to those in the Code of Conduct and we also expect our consultants, subcontractors and other third parties to be aware of and adhere to its ethical standards.

Another mechanism for preventing human rights abuses and slavery contained within The Sandvik Way is the Supplier Code of Conduct. All suppliers are required to read this Code and make every effort to adhere its requirements, including those related to labour and human rights. Suppliers are required to not cause, contribute to or be linked to other parties' involvement in abuse of or adverse impact on labour and universally recognized human rights. The Code stipulates that suppliers must not engage in or support the use of any form of forced, compulsory or illegal labour, including trafficking, prison labour or bonded labour.

The Sandvik Code of Conduct requires that the Sandvik Supplier Code of Conduct should always form part of the contractual agreement with suppliers. When Sandvik Australia places an order with a supplier, staff must ensure that the supplier has been approved according to the Supplier Code of Conduct.

WE BUILD CIRCULARITY


More than  90% circular

MAKE THE SH/FT

WE SHIFT CLIMATE

Halve the  CO₂ impact


WE CHAMPION PEOPLE

 Zero harm to people

ENABLERS

How we'll drive the change

WE PLAY FAIR

 Always do the right thing

A commitment to rejecting slavery is also part of Sandvik's long-term sustainability plan and its belief that sustainability should be central to everything the company does. Sandvik's 2030 Sustainability Goals are based around four concepts: we build circularity; we shift climate; we champion people; and we play fair.

The 'we champion people' goal centres on the idea that the company should cause zero harm to human beings, with Sandvik expressing zero tolerance for forced or slave labour and child labour. Meanwhile, the 'we play fair' goal asserts that Sandvik shall 'always do the right thing' by constantly aiming higher in ethics and transparency, by being a leader in playing fair, and by being open. One of Sandvik's specific goals is for all suppliers to comply with the Sandvik Supplier Code of Conduct.

Finally, Sandvik is finalising a new global anti-slavery policy. This will include a prohibition on the use of human trafficking and forced labour consistent with the existing Supplier Code of Conduct and will set the baseline for anti-human slavery compliance. It will require that suppliers adhere to more rigorous legal requirements than those imposed within their jurisdictions, and will allow Sandvik Australia businesses to implement additional policies and procedures to address their specific compliance risks or needs.

OUR PRIMARY RISKS OF EXPOSURE TO MODERN SLAVERY

The main modern slavery risks that Sandvik Australia faces are thought to come indirectly through our supply chain, particularly through indirect procurement where there is less visibility over our suppliers' supply chains.

Through independent research, we have identified the following goods and services within our supply chain as being at higher risk of being subject to modern slavery activity:

- Raw materials procured from higher-risk countries;
- Electronics;
- Cleaning services;
- Logistics and transportation;
- Labour hire and contract workers;
- Security and maintenance services;
- Clothing, particularly Sandvik Group branded clothing.

OUR APPROACH TO DUE DILIGENCE AND RISK MANAGEMENT

Sandvik Australia undertakes a range of actions to identify and avoid exposure to suppliers using slavery and goods and services produced through modern slavery.

One key measure is our adherence to the 'Sustainable Supplier Management' approach developed by Sandvik globally. This approach is aimed at minimising negative societal and environmental impacts, improving the sustainability performance of our suppliers, and creating value for business, our customers and society at large. Initiatives under the approach include a clear, group-wide procurement policy, the creation of enhanced risk assessment processes, and a supplier-sustainability program aimed at promoting best practice.

Sandvik Australia's standard terms and conditions with suppliers and subcontractors include requirements that no human trafficking or slavery is used anywhere in the supplier's business or by any of the suppliers in its own supply chain. Our suppliers also agree to comply with all applicable local and national laws and regulations. We reserve the right to terminate a contract with a supplier for breach of our terms and conditions.

Our procurement process includes vetting new suppliers and carrying out a risk analysis based upon the nature and value of the product or service being offered. The vetting process includes: collecting information from the supplier via a self-assessment questionnaire; reviewing the supplier's information and background (including, if available, its modern slavery statement); and performing a risk-based analysis considering the supplier's location, scope of work and spend.

Before we engage certain subcontractors, we also conduct due diligence that includes screening the business for any ethics and compliance red flags, including modern slavery and human trafficking.

In 2019, Sandvik Australia completed an assessment of active or recently active suppliers that were considered high-risks for modern slavery or human trafficking. Based on this assessment we were able to perform enhanced reviews of specific higher-risk suppliers to mitigate any concerns about forced labour.

In 2019, Sandvik Australia also obtained a third-party audit report of workplace conditions covering key suppliers. The workplace conditions assessment was implemented at select sites which were deemed highest risk across our supply chain and the results did not uncover any indications of modern slavery.

Further to this work, questionnaires will be distributed to suppliers during 2020 to assist in developing an understanding of Sandvik Australia's exposure to modern slavery risk. Meanwhile, staff who have concerns about the potential use of slavery by a supplier can report their suspicions to the Speak Up whistle-blower hotline.

Globally, Sandvik is developing a new anti-slavery policy. In line with this, Sandvik Australia will develop and implement key performance indicators (KPIs) for its own compliance and that of its suppliers. This will include processes for: reviewing actions and risk assessments; using communication channels within the organisation; and working with suppliers. Several of these processes will help track our performance.

Sandvik is not aware of any modern slavery complaints during 2019 through either its site level complaints processes or Group-wide Speak Up process.



OUR APPROACH TO TRAINING AND CAPACITY BUILDING

Ongoing awareness of the problems presented by modern slavery – and understanding how to identify it and address it – are crucial to ultimately eliminating the problem.

With this in mind, Sandvik Australia requires that all of its 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.

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 June 2021. These include but are not limited to:

- Establishing an anti-slavery work group;
- Mapping suppliers;
- Completing the digitalisation of supplier self-assessment questionnaires;
- Extending auditing of identified at-risk suppliers against the Code of Conduct;
- Conducting Sandvik Supplier Code of Conduct audits of identified high risk suppliers;
- Developing KPIs for compliance by suppliers;
- Implementing a new Modern Slavery policy;
- Delivering training programs and procedures for employees and suppliers of Sandvik Australia.

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 6 October 2020.

Christopher Parham

Chris Parham
Director

Sandvik Mining and Construction Australia Pty Ltd



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Our statement on modern slavery
October 2020

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