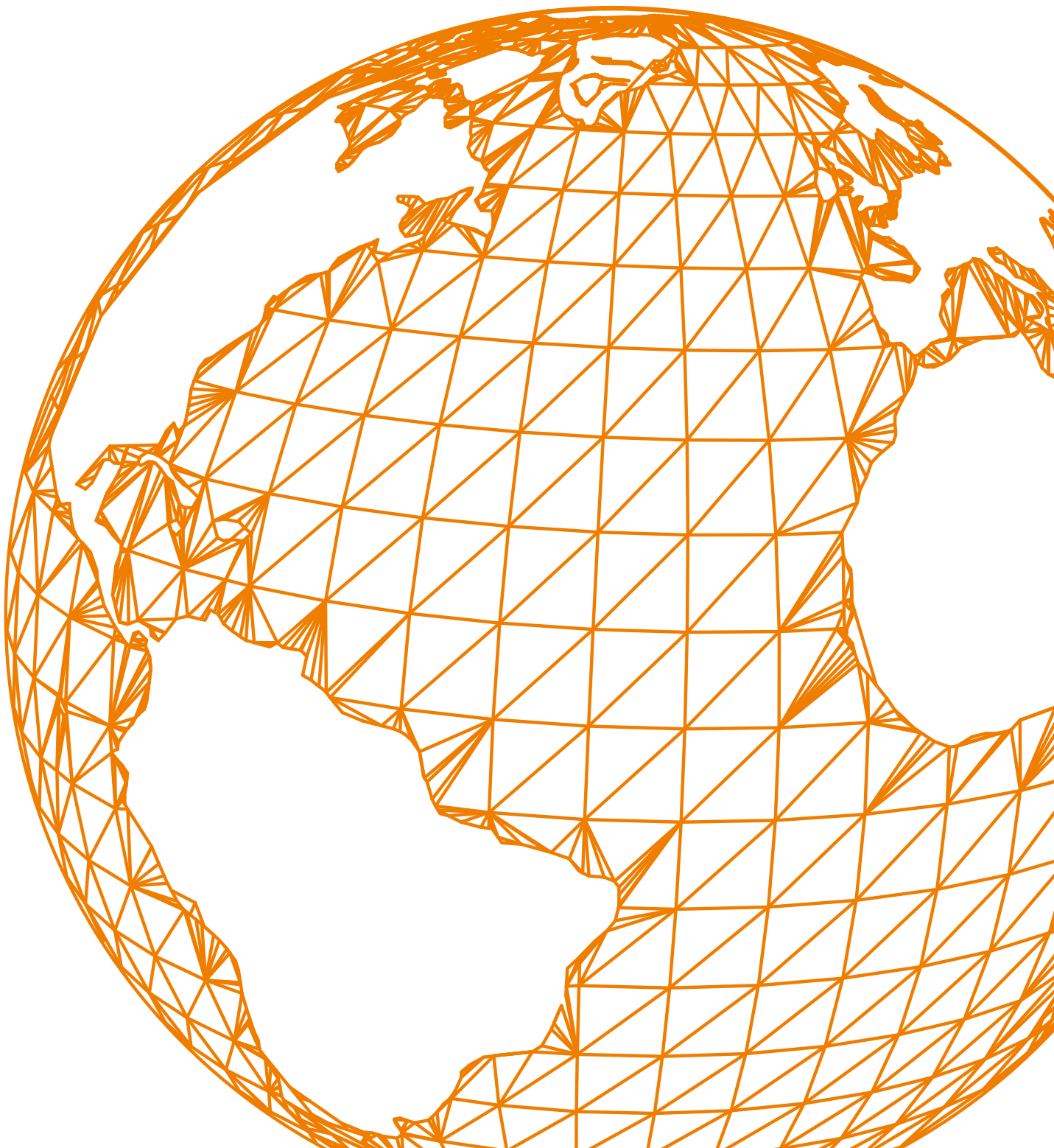




SUSTAINABLE BUSINESS REPORT

2015





Duratomic TP0501, TP1501 and TP2501 – The new steel-turning grades based on Duratomic technology dramatically improve customers' productivity, process reliability and cost efficiency. The superior wear resistance of the Duratomic coating provides effective use of each cutting edge, thereby achieving more components per machine as well as longer tool life. The cemented-carbide substrate is made from raw materials recycled using an energy-efficient process. Read more on page 12.

CONTENT

YEAR IN BRIEF	1
LETTER FROM THE PRESIDENT AND CEO	2
OUR WORLD	4
SUSTAINABILITY STRATEGY AND GOVERNANCE.....	6
OUR OFFERINGS	
Innovation and productivity	12
Health and safety	13
Environmental impact.....	13
Use, reuse and recycle	13
OUR OPERATIONS	
Governance.....	14
Partners	17
Environmental footprint.....	19
People	21
KEY FIGURES	24
GRI INDEX	28
GLOBAL COMPACT INDEX	30
REPORTING PRINCIPLES	31
AUDITOR'S REPORT	32

ABOUT THE SANDVIK SUSTAINABLE BUSINESS REPORT 2015

This is the tenth consecutive Sustainable Business Report for Sandvik and it covers the Group's sustainability activities during the 2015 fiscal year. We aim to continue reporting on an annual basis. Sandvik's most recent sustainability report was published in April 2015. The Sustainable Business Report supplements the financial information presented in the Group Annual Report by describing the Group's goals, strategy, governance, risk and opportunity assessment as well as the operational business of Sandvik from a sustainability perspective. The report is also complemented by the website www.sandvik.com. The report has been prepared in accordance with the Global Reporting Initiative Guidelines, GRI G4 Core.

Sandvik is a signatory to the UN Global Compact (UNGC) and we report in accordance with the UNGC Advanced level criteria. The report includes information regarding the Group's work on the UN Global Compact's ten principles in the areas of human rights, labor, environment and anti-corruption. The report has been reviewed by an external party.

Contact information

Christina Båge-Friborg
Head of Sustainable Business
christina.bage-friborg@sandvik.com

Emma Wahlborg
Business Ethics Process Specialist
emma.wahlborg@sandvik.com

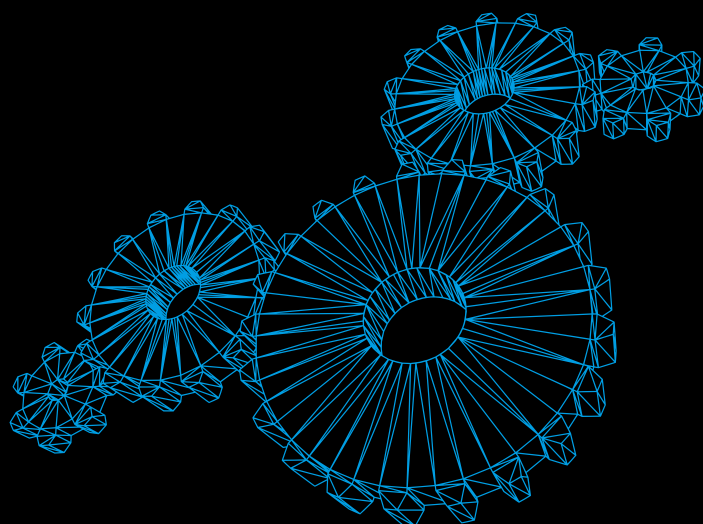
MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



2015

86,378MSEK
Order intake -8%***4,059**MSEK
Profit after financial items**8,000**active patents and other
intellectual property rights**19.5**Share of women,
total Group, %**2.1**Lost Time Injury
Frequency Rate
Improvement of 15%**96**Share of ISO 14001
certified units, %****93**Share of OHSAS 18001
certified units, %**

* At fixed exchange rates for comparable units and including discontinued operations.
 ** Major production-related units (more than 25 employees).



HIGHLIGHTS

- Björn Rosengren new CEO of the Sandvik Group as of 1 November 2015
- Revised Code of Conduct launched and corresponding training for all employees initiated
- Speak Up reporting tool introduced
- Sustainable Business strategy revised
- Declined lost time injury frequency rate (LTIFR) for the fifth consecutive year to 2.1 at year-end, the lowest in Sandvik's history
- Environmental and Climate Change strategy adopted
- Sandvik included in the Dow Jones Sustainability Index and reconfirmed as a member of the FTSE-4Good Index, the Ethibel Excellence Investment Register and RobecoSAM's Sustainability Yearbook

OUR SOLUTIONS ADVANCE OUR CUSTOMERS

We want to meet, and exceed, the expectations of our customers. Therefore, our ambition is to continue to focus on sustainability and remain at the forefront in this area. In the customer segments where we are active, demands on sustainability are rigorous. Solutions that improve energy efficiency, reduce environmental impact and create a safer work environment for us and our customers strengthen competitiveness of both parties while contributing to a sustainable society.

Sustainable solutions are necessary to achieve commercial success. To capture market shares and create profitable growth, Sandvik must be the leader in terms of offering products with a lower environmental footprint and continuously improve safety. Our programs for reuse and recycling, and the fact that approximately 80% of our metal raw material comes from recovered material, are concrete examples of how we have turned the circular economy concept into reality. We also need to make sure that we meet requirements in relation to compliance, diversity and responsible sourcing programs.

CHALLENGES AND OPPORTUNITIES

Responsible business practices have always been, and will remain, an integral part of our business model and strategy. We know that market conditions are rapidly changing, which represents a challenge and an opportunity. We actively consider challenges and trends in a number of sectors, such as the energy, aerospace and automotive industries. Our broad-based involvement in this field often allows us to provide better and more efficient solutions than our competitors. We also face the effects of climate change and we therefore see the establishment of our climate strategy as an important first step in addressing this. Increased digitalization is an excellent opportunity for us to reduce our environmental impact in production, in sales processes and through our offerings. The manufacturing industry will face fundamental change in the coming years through technologies such as Internet of Things (IoT) and additive manufacturing, both embraced under the concept of Industry 4.0.



Building on our history and experience, Sandvik takes an active part in this transformation throughout our business activities.

INTENSIFIED FOCUS ON SUSTAINABILITY

During 2015, we intensified our focus on sustainability. We launched and began the roll-out of our revised Code of Conduct and our new whistleblowing system Speak Up. The Code of Conduct is governed by the ten principles of the UN Global Compact, to which we became a signatory in 2013 and intend to remain a participant to, as well as the OECD guidelines for multilateral corporations and the UN Guiding Principles on Business and Human Rights. We take pride in having been included in major recognized sustainability indices such as the Dow Jones Sustainability Index World and FTSE4Good.

The total number of accidents across the Group continued to decline in 2015 and we reached the lowest figure ever with an LTIFR of 2.1 for the Group. Sadly, however, we regret that three colleagues lost their lives at work over the course of the year. In April, a contractor was fatally injured in an accident at our tube mill in China. In July, a fatal workplace accident occurred at a customer site in South Africa. We also lost a colleague in a car accident in Thailand at the end of December. This is a strong reminder to us that we constantly need to increase our efforts to reach our vision of Zero Harm.

A LEADING COMPANY

Providing a safe workplace, in addition to other sustainability aspects, is naturally of great importance to us and potential and future employees. Sandvik must be the leader in identified segments and niches, and an attractive company to work for and invest in. We are determined to create a winning team with the best engineers, scientists, product developers, sales teams and other skilled employees. There is a high level of competence in the Group, all across the globe, and maintaining this while continuing to recruit new top talent is essential. In close cooperation with our customers and with the right people in our workforce, we continue to drive sustainability as an integral part of our core business. Our top priority is to deliver sustainable results over time.

Stockholm, February 2016



Björn Rosengren
President and CEO

ABOUT SANDVIK

We are a high-tech and global engineering group offering advanced products and services that enhance our customers' productivity, profitability and safety. In 2015, we had approximately 46,000 employees and sales of 90,822 billion SEK in more than 150 countries.

Sandvik AB, domiciled in Stockholm, is the parent company of the Sandvik Group, with subsidiaries in more than 60 countries. Sandvik AB is listed on Nasdaq Stockholm. During 2015, the share price decreased by 3%, while the OMXS index on Nasdaq Stockholm decreased by 1.2%. At year-end 2015, the share was quoted at 74.1 SEK, corresponding to a market capitalization of 92.9 billion SEK, placing Sandvik as the 14th (17th) largest company on Nasdaq Stockholm. In 2015 the number of shareholders amounted to approximately 117,600 (115,000) in 91 countries.

Our operations are based on unique expertise in materials technology and applications, close collaboration with our customers and a unique ability to industrialize high-tech products, machinery and tools. Our products, services and solutions increase our customers' productivity by lowering their costs, and increasing the efficiency and reliability of their production operations. We invest substantially in research and development and maintain close cooperation with our customers and suppliers.

OUR BUSINESS IS ORGANIZED INTO FIVE BUSINESS AREAS

SANDVIK MACHINING SOLUTIONS



A market-leading manufacturer of tools and tooling systems for advanced industrial metal cutting. Products are manufactured in hard materials and are sold under brands such as Sandvik Coromant, Seco, Walter and Dormer Pramet.

SANDVIK MINING



A leading supplier of equipment and tools, service, support and technical solutions for the mining industry. The offering covers drilling and mechanical cutting, loading and hauling, crushing and screening.

SANDVIK MATERIALS TECHNOLOGY



A world-leading manufacturer of high value-added products made from advanced stainless steels and special alloys. Focus is on making customers' processes safer and more efficient while reducing the environmental impact.

SANDVIK CONSTRUCTION



Provides solutions for construction industries in niches such as quarrying, tunneling, demolition, dimensional stone, recycling and civil engineering.

SANDVIK VENTURE



Consists of four product areas:

- Hyperion: products in hard and super-hard materials
- Drilling and Completions (Varel): drill bits and drilling solutions for the oil & gas industry
- Process Systems: industrial processing equipment
- Wolfram: tungsten powders from recycled and virgin materials

SANDVIK IN FIGURES

INVOICED SALES BY MARKET AREA*

21%
NORTH AMERICA

7%
SOUTH AMERICA

10%
AFRICA/MIDDLE EAST



37%
EUROPE

20%
ASIA

5%
AUSTRALIA

* Share of the Group's total invoiced sales in 2015

SALES AND PROFIT PER BUSINESS AREA

SANDVIK MACHINING SOLUTIONS

36% **73%**

SANDVIK VENTURE

9% **7%**

SANDVIK CONSTRUCTION

10% **0%**



SANDVIK MINING

30% **19%**

SANDVIK MATERIALS TECHNOLOGY

15% **0%**

■ Share of Sandvik Group's total invoiced sales 2015

■ Share of Sandvik Group's total operating profit 2015, excluding Group activities

46,000
employees worldwide

91 BILLION SEK
invoiced sales

150 COUNTRIES
sales around the globe

SUSTAINABLE SOLUTIONS NOW AND IN THE FUTURE

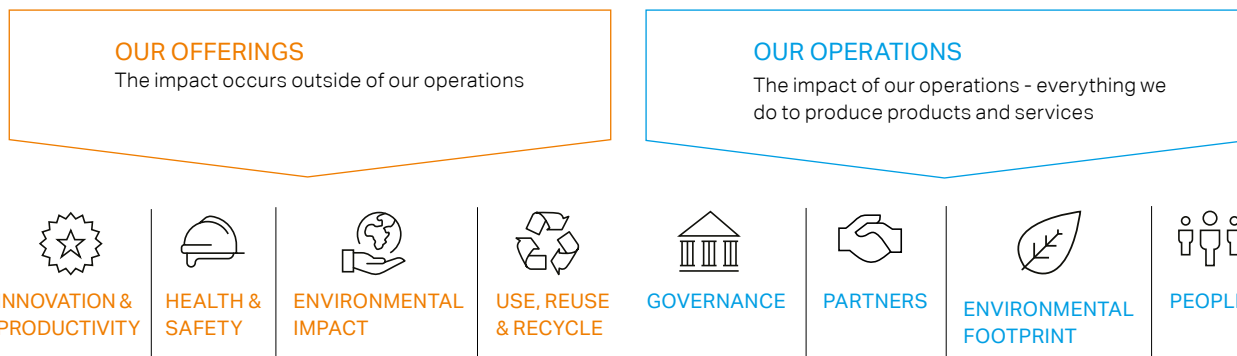
We are convinced that, together with our customers, employees, shareholders and other stakeholders, we can shape a truly sustainable future. We have a long history of ethical and responsible business conduct; an approach which has played a significant role in the global success of our company.

We are ready to take this role to the next level. By fully integrating sustainability into our core operations, we believe that we create a solid basis for conducting profitable and responsible business, now and in the future.

During 2015, we revised our sustainable business strategy, resulting in an increased clarity on our

sustainability impact through our offerings. We continue to ensure that our internal operations deliver results across the entire sustainability agenda, thereby consolidating Sandvik's position as a trusted partner to our customers and other stakeholders.

SANDVIK'S SUSTAINABLE BUSINESS STRATEGY



MAKING OUR CUSTOMERS MORE SUSTAINABLE

We have a long tradition of working closely with our customers, for example in terms of innovating efficient solutions to drive sustainability. Many of our customers operate in segments with rigorous sustainability requirements. Through a detailed understanding of their needs, we develop products, solutions and services that help them raise their

productivity and competitiveness, reduce environmental impact and improve health and safety for their employees. We strive to work even closer together with our customers, not only when it comes to the development of our products, but also over a product's entire life cycle, including service, support and aftermarket.

For example, we buy back used cemented-carbide tools and inserts from our customers. These are then

reginded or melted down. The powder resulting from this enables us to make new products using recycled materials, which significantly reduces emissions and the use of virgin raw materials. We aspire to manufacture products with a lower impact on the environment, or with a reduced risk to the health and safety of our customers' employees, while providing world-leading quality, productivity and functionality. This approach enables us to gain a strong position on the global market.

SUSTAINABILITY IN OUR OWN OPERATIONS ENSURES LONG-TERM PARTNERSHIPS

We have an extensive sustainability agenda for our internal operations. We are convinced that by being a sustainable and trusted partner to our stakeholders, we gain a competitive advantage. To consolidate this position, it is important to ensure that our own operations are sustainable, responsible and adapted to the future needs and requirements of all stakeholders. We work continuously to improve our internal processes and structures, addressing such aspects as our supplier management, reducing our energy use, emissions or water consumption, fighting corruption or ensuring fair working conditions and other human rights.

GLOBAL TRENDS AFFECTING OUR BUSINESS

Our business is affected by a number of global trends, which we need to manage to ensure continued growth.

Climate change: Sandvik works continuously to reduce emissions from our own operations. However, we believe the greatest impact comes through the use of our products and services. Accordingly, we focus intently on reducing the environmental impact our products and services may have. This involves

the development of products with higher productivity, thus implying the use of lower volumes of raw materials, as well as less energy and water use.

Urbanization: We see a continued trend toward migration to large cities. The more people who live in cities, the more important it is to provide smart and energy-efficient products to ease the strain on the cities' resources.

Globalization: We closely monitor technical developments, such as transportation and information technology which have led to a more rapid exchange of perspectives and have reduced barriers to flows of goods, services, capital and people.

Scarcity of natural resources and the circular economy: We use finite raw materials in our products, some of which are scarce. In order to ensure long-lasting operations, we continuously investigate how we can become less dependent on virgin raw materials and instead turn to recycled or reused materials. On average our stainless steel contains 80% of recycled metallic raw material and approximately 50% of our cemented carbide is recycled.

Digitalization: Digitalization provides for new and innovative ways of production. We are examining what benefits this can bring, for example, in relation to our inserts or tools when they become connected, not only to manufacturing facility, but also to each other and the customer's stock. We are also looking into additive printing, which has many sustainability benefits. Another digital solution that provides such benefits is AutoMine, operating mining equipment from the surface instead of underground, which leads to a higher degree of safety as well as a lower fuel consumption.

CORE VALUES

Our core values are built on our rich heritage and support our ambitions for the future.

CUSTOMER FOCUS

We constantly strive to exceed our customers' expectations and enable them to excel in their business.

FAIR PLAY

We conduct business in a sustainable and responsible manner.

INNOVATION

We shape the future by creating pioneering solutions throughout our operations.

PASSION TO WIN

We are passionate about making our company number one.

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

We are convinced that sustainability represents a key business opportunity that can contribute to profitable growth for us and our stakeholders.

We engage in an open dialog with our stakeholders on how sustainability activities are conducted, our priorities, decisions and the results that are achieved.

The dialogs with our stakeholders provide important input when determining the Group's key sustainability matters in the materiality analysis. Stakeholder dialogs are regularly conducted at Group level and, to a large degree, in the business areas and in the local companies throughout the world.

STAKEHOLDER DIALOGS

Sandvik's principal stakeholders identified on the basis of their interest in the Group, sustainability issues and their potential impact on the company.

STAKEHOLDER GROUP	TYPE OF DIALOG	TOPICS DISCUSSED
CAPITAL MARKETS Analysts Investors Shareholders	Regular individual meetings Annual General Meeting Written correspondence	General sustainability strategy Taxation Anticorruption Human rights in customer dialogs Health and safety in the value chain Environmental matters
BUSINESS PARTNERS Suppliers Customers Authorities Other business partners	Regular individual meetings Written correspondence Participation in working groups Supplier training and audits Sales meetings Customer requests and questionnaires	General sustainability strategy Code of Conduct Supplier Code of Conduct Anticorruption Human rights in the value chain Health and safety in the value chain Environmental matters Product safety Sustainable supplier management
EMPLOYEES Current and potential employees	Employee survey Performance management meetings Interviews Written correspondence	General sustainability strategy Code of Conduct Supplier Code of Conduct Employee safety

TAKING PART IN UN NEGOTIATIONS

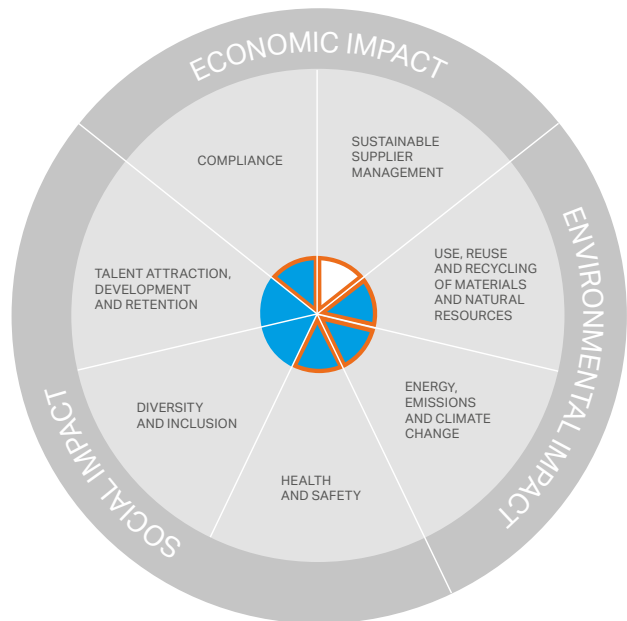
Sandvik is a member of the Swedish Leadership for Sustainable Development (SLSD), a network facilitated by the Swedish International Development Cooperation Agency (Sida). Some 20 member companies and three research institutions in the network have expressed a commitment showing leadership for global sustainable development. Our engagement resulted in Sandvik being invited as a formal member of the Swedish delegation to the June negotiation session for the Sustainable Development Goals. In this negotiation session's multi-stakeholder dialog, Sandvik was given the opportunity to present the SLSD position on the Sustainable Development Goals.

OUR PRIORITIES

The sustainability agenda is vast. Having sustainability integrated into our offerings is part of Sandvik's business model and DNA. Hence, the business areas will determine which sustainability aspect to focus on and be responsible for their implementation.

The Group Executive Management conducts a materiality analysis on a regular basis. The materiality analysis, performed in 2013 and reconfirmed for 2014 and 2015, gives us a strategic direction and focus for our sustainability work. The starting point comprises various sustainability topics considered relevant for the Group, deriving from international frameworks and institutions such as the Global Reporting Initiative (GRI), the UN Global Compact as well as from media, global trends and from dialogs with our stakeholders, in addition to our own assessment of relevant areas. This report focuses on "Our operations".

MATERIALITY ANALYSIS



- SANDVIK'S MATERIAL ASPECTS
- MATERIAL INSIDE SANDVIK
- MATERIAL MAINLY OUTSIDE SANDVIK (SUPPLIER AND/OR CUSTOMER)
- MATERIAL INSIDE AND OUTSIDE SANDVIK (SUPPLIER AND/OR CUSTOMER)

COMPLIANCE

Compliance incorporates four principal areas: Anticorruption Compliance, Competition Law, Trade Compliance and Data Protection. We aim to have a well-functioning structure to ensure control over our international business and to manage compliance risks.

SUSTAINABLE SUPPLIER MANAGEMENT

A sustainable supply chain and strong supplier relationships are central to Sandvik's commitment to provide customers with the best and most innovative products. Establishing sustainable supplier management processes is therefore a priority for Sandvik.

USE, REUSE AND RECYCLING OF MATERIALS AND NATURAL RESOURCES

Comprehensive recycling programs are operating in all parts of the Group. The global raw material shortage is a key factor underlying the initiative. Recycling results in lower energy consumption, reduced emissions, such as carbon dioxide, acidifying substances and wastewater discharge, and less waste. These are factors that are not only of major importance to Sandvik, but also to customers and society at large.

ENERGY, EMISSIONS AND CLIMATE CHANGE

A high degree of energy efficiency helps to boost the value of the energy source and can also result in lower costs. We conduct ongoing energy assessments of our production operations to identify additional opportunities to improve our energy efficiency and to reduce emissions.

HEALTH AND SAFETY

Given the challenges and risks facing the industries in which we operate, maintaining a safe and healthy work environment must always be a top priority. We believe that our performance will meet the growing expectations of our customers and other stakeholders. In addition to being a compliance issue, it can be a factor in a customer's decision to buy from Sandvik or serve as a means of attracting and retaining top talent.

DIVERSITY AND INCLUSION

From experience, we know that diverse teams are more effective. They are more likely to think and act outside the box and contribute to greater creativity and innovation. Having the right mix of people onboard, which reflects our markets, will support our continuous development. It also supports our desire to identify and fulfill the needs of our global and local customers.

TALENT ATTRACTION, DEVELOPMENT AND RETENTION

Sandvik's success relates directly to having the right people in the right positions. To retain our market-leading position in a challenging market, a high-performing culture is very important.

SUSTAINABILITY GOVERNANCE

REPORTING STRUCTURE

Sandvik's Head of Sustainable Business reports to the Executive Vice President and General Counsel who is the Group Executive Management's member responsible for sustainability. The Sustainable Business unit manages the company's overall sustainability strategy and provides expert sustainability support to the business areas and Group functions. The business areas and Group functions are responsible for implementing the sustainability strategy in their respective organizations, as well as the related policies and procedures, and for developing objectives and targets. Sandvik has a number of committees and other cooperative bodies in which sustainability issues are addressed and resolved. Targets and key figures are analyzed and reported to the Group Executive Management on a monthly, quarterly or yearly basis, and to the Audit Committee and the Board of Directors. We have established Sustainability coordination teams in India, China, Mexico, Brazil and in South Africa. These teams include representatives from business areas and local-level functions, with the task of coordinating sustainability matters locally and to be the Sustainable Business unit's extended arm into the organization.

OUR CODE OF CONDUCT

Our sustainability operations are closely linked to Sandvik's business strategy, with a foundation in our Code of Conduct, as well as the UN Global Compact, the UN's Guiding Principles on Business and Human Rights and the OECD's Guidelines for Multinational Enterprises. Sandvik's Board of Directors adopts the Code of Conduct and the Group Executive Management sets targets for Sandvik's sustainability work. Combined with the Group's Supplier Code of Conduct and underlying policies and procedures, our Code of Conduct forms the basis for sustainability efforts. Each business area and Group function is responsible for ensuring compliance with the Code of Conduct.

The Code of Conduct was substantially revised in 2014 and launched in March 2015. The launch activities included mandatory training in the understanding of the Code of Conduct for all 46,000 employees. As of December, 2015, approximately 15,000 employees had been trained through a combination of workshops and e-learning, with a further 31,000 employees programmed for completion by the end of April 2016. The Code of Conduct is available in 18 languages.

SPEAKING UP TO BUILD A BETTER SANDVIK

Together with the revised Code of Conduct, we introduced a new global system for whistleblowing, Speak Up, as a complement to Sandvik's grievance process. Speak Up enables employees and external stakeholders alike, to raise concerns related to business conduct. Reporters can be anonymous if they wish and they can report via the intranet, local phone numbers or the Sandvik website. Speak Up is available in nearly 100 countries in 18 different languages. Since its launch, 158 reports have been recorded.

Alleged breaches of the Code of Conduct are investigated by either a team of internal investigators or by specialist managers depending on the type of allegation. The appointed specialists are responsible for responding to the reporter within 48 hours and for ensuring an efficient and transparent follow-up and, if necessary, remediation.

BUSINESS INTEGRITY

The Business Integrity unit ensures that concerns or suspicions of non-compliance with the Code of Conduct or local laws in the relevant country are investigated and remediated appropriately.

During 2015, the team successfully finalized a number of matters resulting in remediation steps that have translated into value for the business. Although the outcome of investigation activities may result in action of a disciplinary nature, the real value to the business is management's ability to gain leverage from these incidents, implement preventive controls and thereby proactively prevent a reoccurrence.

INTEGRATED RISK MANAGEMENT

The Sandvik Group applies a comprehensive risk management program, Enterprise Risk Management (ERM). The program covers both business areas and Group functions. ERM is an integral part of Sandvik's operational and strategic management and assists the company in taking action when it encounters change, whether triggered by internal or external factors. The main components of risk management are identification, evaluation, treatment, monitoring and reporting. An action plan is established to accept, reduce, eliminate or transfer the risk or leverage the potential opportunities identified. Formal procedures and processes have been established for the reporting, monitoring and control of risks.

Business risks

Each manager with operational responsibilities is expected to ensure that risks associated with the operations are appropriately identified, evaluated and managed. Business risks include market and country risks, R&D risks, product risks, production risks, health and safety risks, environmental risks, corruption risks and human rights risks. Identified business risks are evaluated regularly and assigned action plans. The risks are then summarized in reports, which provide key input information for reporting at the business area and Group level.

The table below presents sustainability risk areas that have been identified.

GROUP INTERNAL AUDIT

Sandvik has an independent Internal Audit function with the objective of ensuring the Group's compliance with regulations and internal policies, including the Code of Conduct. The function is responsible for evaluating the Group's corporate governance, internal control and risk management process through the performance of internal audits. Auditing is based on a risk assessment that includes all types of risks in the organization.

SUSTAINABILITY RISKS

RISK AREA	RISK DESCRIPTION	POTENTIAL IMPACT	MITIGATION
COMPLIANCE (bribery and corruption, competition law, trade compliance and data privacy)	Giving bribes to receive an order. Accepting a bribe before placing an order. Internal or external fraud. Violation of international trade regulations.	Legal consequences. Tarnished reputation and weaker financial position.	Training, due diligence, updating and strengthening related policies and procedures. Increase awareness of trade issues and embargoed countries.
HEALTH AND SAFETY	Injuries and occupational illnesses affecting people working at Sandvik or on Sandvik's behalf on other locations.	Fatalities, injuries or illnesses at the workplace. Tarnished reputation affecting sales and the ability to attract and retain personnel.	EHS management systems that, as a minimum, are certified in accordance with OHSAS 18001. Programs to continuously improve our health and safety culture.
ENVIRONMENT	Inefficient use of energy, water and raw materials and/or environmental pollution. Higher focus on products' environmental footprint and possible future legislative requirements.	Increased costs, negative effects on the environment and tarnished reputation. Reduced access to raw materials for future needs. Reduced access to water for Sandvik's operations, people living close to Sandvik's plants and customers. Disruptions in the supply chain, including energy supply. Disruptions due to extreme weather conditions.	Environmental and climate change strategy development. Energy efficiency activities, internal and customer-focused. Sustainability focus on product development. ISO 14001 and 50001 certification, lifecycle analysis, environmental reporting, training and behavioral changes.
SUSTAINABLE SUPPLIER MANAGEMENT	Suppliers, including subcontractors, agents and distributors, that do not respect the Group's Supplier Code of Conduct and have poor sustainability performance. Unsustainable purchasing practices and supplier management.	Tarnished reputation and weaker financial position. Sudden disruptions in the value chain. Uncompetitive prices. Increased supplier turnover and low efficiency in the value chain, increased total cost of ownership for purchased goods and supplier management.	Strengthen implementation of the Sustainable Purchasing and Conflict Minerals Policies and related processes. Increase awareness – training focused on Supplier Code of Conduct, revised risk assessment and approval process and conflict minerals due diligence. Integrate supplier sustainability performance and product/service sustainability attributes in purchasing processes. Individual performance measurement supporting Sustainable Purchasing and Conflict Minerals Policies implementation.
CUSTOMER CONDUCT	Customers behaving unethically.	Tarnished reputation and weaker financial position.	Strengthen "know-your-customer" processes.

SUSTAINABLE OFFERINGS



Sustainable industrial innovation is a key driver of our profitability. Our research and development (R&D) is directed toward a number of priority areas where contributing to a more efficient, global energy supply is one crucial component.

INNOVATION AND PRODUCTIVITY

We focus on solutions that boost productivity, enable enhanced energy efficiency, improve the utilization of resources and increase health and safety. Maximizing the use of recycled material is also an important area.

Above all, we have a strong commitment to our customers, collaborating with them to define and develop solutions that correspond to their current and future needs. Ongoing partnerships with a number of universities and research institutes are vital to ensure efficient R&D operations. This enables flexible access to expert knowledge in selected technologies and fundamental research in such fields as material science and thermodynamic modeling, while also reducing our cost base.

Our business areas drive R&D efforts in line with their respective strategies and core operations. Our main focus is to develop core products, production methods, technology platforms and solutions adapted to meet their customers' needs.

To the greatest extent possible, our products and solutions should contribute to a reduction in the environmental impact of customer processes, and also be recyclable. Our products and technical solutions are therefore designed to provide a long service life and improved resource utilization, as well as actively contribute to enhanced health and safety for customers and end users around the world. The demand for these products is affected positively by increased requirements on energy savings and lower emissions.

DURATOMIC

Duratomic technology produces a durable coating by arranging the aluminum and oxygen atoms in a unique and ordered way to provide increased toughness, heat and wear resistance as well as the chemical inertness for longer tool life. Used Edge Detection makes it nearly impossible to miss unused edges and thereby helps customers utilize all edges on the insert, improve their internal efficiency with respect to consumable tools and, thereby, reduce waste. Due to the superior wear resistance of the Duratomic technology base coatings, long tool life is achieved. The cemented-carbide substrate contains raw materials reclaimed through an energy-efficient process.

SANDVIK HIFLEX™

Sandvik Hiflex™ is a martensitic chromium strip steel-grade with extremely high fatigue strength. It has been designed to meet the tough demands on compressor valves brought about by trends for smaller, highly energy-efficient compressors such as those found in refrigerators and cars. A compressor manufacturer faced a design challenge out of the ordinary when they were urged to meet new energy demands from a rapidly growing market for residential climate control. For valve material, the first choice fell on our material Sandvik Hiflex™. After gearing up in steel, the company then developed smaller, more efficient compressors for residential air-conditioning, significantly reducing the energy consumption.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



GC4315

The GC4315 is based on the Inveio™ technology, which is a breakthrough in material science. The GC4315 grades deliver real benefits for automotive and oil and gas customers through improved tool life and production reliability, as well as reduced cycle times for operations. The GC4315 excels in steel cutting applications that generate high temperatures. When other inserts reach a limit in metal removal rate due to high speed or long time in cut, the GC4315 gets the job done. Products produced by Sandvik, such as the GC4315, yield greater output while consuming fewer resources.

HEALTH AND SAFETY**AUTOMINE**

Safety is the key driver for mining automation. It is about removing people from hazardous areas to a safer environment. Fewer people in the production area mean less risk taken. Meanwhile, the ore bodies can be effectively utilized, thereby minimizing potential loss. With AutoMine, Sandvik's mine automation system, operators are able to work in the surface control room, which eliminates noise, vibrations and dust. In extreme conditions, the operator may be located far away from the mine site, thus eliminating fly-in-fly-out procedures.

ENVIRONMENTAL IMPACT**DD422i**

The Sandvik DD422i underground drill rig features a new drilling and boom control system and a wide range of automation levels. High-precision drilling combined with a wide range of automation options reduces unnecessary waste rock excavation, delivering increased productivity while reducing waste-handling costs.

The new Sandvik DD422i drill rig provides more environmentally responsible drilling solutions that help reduce energy losses and emissions caused by underground activity. The electrical current reducer unit is an option that Sandvik offers along with the new drill rig when gains in drilling results are required, despite limited sources of electrical supply. Rather than drawing reactive power from the mine network, the Sandvik Electrical Current Draw Reducer unit, which is fitted to a Sandvik DD422i face drill rig provides this power element for all onboard drilling components.

PRESSURFECT™

Pressurfect™ is a range of strong stainless seamless tubes that can master pressures for today's and tomorrow's engine designs. It has been developed

for both fuel rail and fuel line applications. The range includes Pressurfect™ XP. Being an advanced duplex stainless steel tube for even greater demands, its high mechanical strength allows for up to 40% weight reduction as well as offering superior corrosion resistance. The car industry's endeavors to lower fuel consumption leads to higher injection pressure and thus higher demands on mechanical strength and durability in our tubes.

MOBILE CRUSHERS AND SCREENS QE341

With an increasing focus on finding alternative energy resources, the use of biomass provides significant environmental benefits. It is an abundant and sustainable resource that reduces atmospheric emissions and eliminates the need to import fossil fuels. Sandvik Construction Mobile Crushers and Screens QE341 scalper has been put to work supporting production of electrical energy using biomass in Andalusia, Spain. In Andalusia, biomass is the renewable source that makes the greatest contribution to the energy infrastructure, with a large quantity of residual biomass being produced by the olive sector. The company Agroenergetica De Baena runs a biomass power plant based in Andalusia that generates, transmits and distributes electrical energy to private and commercial customers throughout south-central Spain. Sandvik Construction's QE341 mobile scalping screen, ideal for processing difficult in-feed material, is being used in the project. It can work alongside a primary crusher or as a standalone unit, offering ultimate flexibility. Tough materials can be handled effectively and the QE341 is able to deliver huge stockpiling capacity with uninhibited material flow, making this model one of the most advanced and complete mobile scalpers yet designed.

USE, REUSE AND RECYCLE**RECYCLING OF CEMENTED CARBIDES**

At Sandvik, we view our customers' waste problem as an opportunity. We have a recycling program for used cemented-carbide tools, converting them back into basic raw materials for re-use. Our recycling processes reduce energy consumption, lower carbon emissions and produce less waste. This program involves participation from both Sandvik and our customers. The customer is provided with recycling containers, which we collect when they are full. Making tools from recycled solid carbide requires, depending on type of recycling process, approximately 70% less energy and around 40% less CO₂ emitted, compared to using virgin raw materials.

Read more about our sustainable offerings on our website at sandvik.com.

SUSTAINABLE OPERATIONS



GOVERNANCE

Sandvik conducts its business within a framework of rules and regulations that apply in various countries, markets and industry sectors. Governance at Sandvik comprises our governance framework, performance management, compliance and taxation.

GOVERNANCE FRAMEWORK

The Group has an established governance framework including Group policies, Group procedures and other steering documentation to govern the way it conducts its business.

VALUE-CREATING GOVERNANCE

We aim to ensure efficient and value-creating decision-making by clearly defining the division of roles and responsibilities among shareholders, the Board of Directors and the Group Executive Management. All decision-making is supported by the Group's management systems. Corporate governance is based on applicable legislation, the rules and regulations of Nasdaq Stockholm, the Swedish Corporate Governance Code and internal policies and procedures. All shareholders are entitled to exercise their voting rights in the highest decision-making body, the Annual General Meeting of Shareholders. Sandvik's employees are given the opportunity to gain insight into and exert an influence over the company's operations through their union representatives, since they are entitled to union representation on the Board under Swedish legislation.

OUR GOVERNANCE FRAMEWORK

Sandvik's corporate governance is managed through the governance framework "Power of Sandvik", which is based on four layers:

1. OVERSIGHT AND DIRECTIONAL

Shareholders Meeting and Board of Directors, CEO and Group Executive Management, Business Areas and Group Functions, Functional Councils and Internal Boards, and Country Organization.

2. CULTURE AND ENABLING STRUCTURE

Sandvik's vision, core values, Code of Conduct and leadership model.

3. OPERATIONAL SYSTEM

Risk assessment, strategic planning, performance management, policies and procedures, compliance system and internal control, monitoring, Speak Up and investigations (whistleblowing system and process), internal and external auditing.

4. BUSINESS AREA GOVERNANCE

Complementary steering based on business activities.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



PERFORMANCE MANAGEMENT

To be able to leverage the full potential of our company, we need to foster a culture of high performance. A number of key initiatives have been undertaken to secure this, including improved performance management training in alignment with our target setting and a better focus on business advantages.

We develop objectives and targets, both financial and non-financial, which are regularly followed up and reported on. Some of these objectives and targets are disclosed in this report.

COMPLIANCE

The objective of the Sandvik compliance programs is to provide assurance that business is conducted in accordance with the governance framework, specifically the areas of anti-bribery and anti-corruption, competition law, trade (customs and export controls), and data privacy.

Each compliance program has six main elements:

- risk identification and assessment
- controls (including policies, procedures and record keeping)
- training
- enabling and enforcing (including communication and top-level commitment)
- follow-up, reporting and improvement
- organization

Oversight of the programs is exercised through a compliance functional council comprising the compliance officers of each business area and the specialist compliance counsel from the Group's legal function. The council sets performance requirements, reviews delivery and provides assurance of satisfaction.

A consolidated reporting initiative undertaken this year will underpin continuous improvement efforts in compliance going forward.

CONTINUED FOCUS ON ANTI-CORRUPTION

Sandvik has zero tolerance towards any form of bribery and corruption. The program is designed to ensure compliance with the relevant laws and regulations. As for all of the compliance programs, it has appropriate policies and procedures, including specific measures for conducting due diligence on third parties, statements of commitment from the Board of Directors and the CEO, and implementation objectives linked to the six element program outlined above. In addition, an updated anti-bribery and anti-corruption policy was adopted by the General Executive Management and implemented.

Thorough risk assessment

Due diligence of third parties follows a risk-based process. Risk factors include location, type of activity, industry sector, volume and involvement of government employees. Each business area conducts a risk assessment annually. Inherent risks are reviewed in reference to control measures for a net assessment. In 2015, we began to integrate all of the compliance programs into a single risk-assessment process, employing better data analytics and linkage to the Group's ERM cycle.

The annual assessment focuses business attention on managing key risks. Two of the risks identified in 2014 and 2015 were the management of third parties in countries with a high corruption risk score, and remote employees working with infrequent oversight.

TRAINING ON ALL LEVELS

Training is a core element of a compliance program. In 2015, we focused on training managers in third-party screening, competition law awareness, and most importantly, started training all employees in the new Code of Conduct.

The Code of Conduct training also includes refreshing in anti-bribery and anti-corruption along with all other aspects of the Code of Conduct.

TAX

Tax matters should be treated as an integral part of the business and the same principles as for other parts of the business should be applied. Accordingly, tax is included in Sandvik's Code of Conduct as of 2015.

In 2015, the Group tax policy was updated and adopted by the Board of Directors. The purpose of this policy is to ensure that Sandvik's organization has a clear governance framework around taxes. We always strive to act as a good corporate citizen and all tax activities must be carried out in compliance with applicable laws and regulations in order to protect shareholder value, including Sandvik's reputation and brand. The tax policy is mandatory for all Sandvik entities and employees and it defines principles for issues such as tax compliance and reporting, tax risk management and transfer pricing.

The OECD has issued guidelines for transfer pricing of cross-border transactions in multinational groups. Sandvik adheres to these guidelines but also to the local legislation of each country to ensure that a correct pricing model is deployed and that a correct amount of tax is paid in each country.

TRANSPARENCY AND COOPERATION

Sandvik strives to have transparent relations with our stakeholders, such as tax authorities, non-governmental organizations and investors. We have initiated cooperation with tax authorities in several countries through which we share and discuss the company's internal efforts to ensure that we have systems and procedures in place to reduce tax risks while complying with tax laws. This approach is voluntary and based on transparency and trust between the company and relevant tax authorities. We are convinced that an open discussion and cooperation with tax authorities around the globe will help us to reduce uncertainty about the taxes we are obliged to pay. Sandvik also endeavors to sign agreements with tax authorities, advanced pricing agreements or rulings, to obtain certainty regarding the pricing model for certain transactions.

Despite cooperation with tax authorities, Sandvik is not able to eliminate all tax disputes. Sandvik is a global company with operations in a large number of countries with many cross-border intra-Group transactions. Tax disputes often pertain to the transfer pricing used for these transactions.

We contribute to the local communities and countries in which we operate in the form of, for example, taxes and employment opportunities. In 2015, the Group paid 1,939 million SEK (1,899) in income taxes globally. Income tax comprises just a portion of all taxes paid by Sandvik worldwide. In addition, we pay environmental and energy taxes, property taxes, employer's contributions and custom duties. Furthermore, Sandvik collects taxes on behalf of governments and authorities, including indirect taxes and payroll taxes.

PARTNERS

Long-lasting relationships with our business partners are key to our company. We are keen to engage with our customers, suppliers and community partners to achieve sustainable results over time.

CUSTOMER RELATIONS

Our customers are our most important stakeholder group. We need to know their needs and understand how we can meet their expectations, including in the area of sustainability. We must ensure that we make our customers more sustainable, thus making us more sustainable in parallel. Nevertheless, there are times when our customers could potentially influence our ambitions and our company reputation. Accordingly, "know-your-customer" processes are important, which is why we have initiated a discussion on how to better understand our customers from a financial, social and environmental perspective.

Customer sustainability dialogs and customer satisfaction measurements are also important tools in understanding customer needs. During 2015, we brought these aspects in under the sustainability strategy umbrella.

SUSTAINABLE SUPPLIER MANAGEMENT

Sustainable supplier management is a prioritized area at Sandvik. With a supply base stretching out from small local manufacturing units to multinational raw material and components suppliers and from labor-intensive to high-tech operations, it is essential to partner with suppliers who embrace the same sustainability values that we uphold.

We have a global team of sustainability experts responsible for developing the Sandvik's sustainable supplier management concept and ensuring that it is integrated in the daily purchasing procedures and performance management across the organization. Being strategically located in high-risk areas in Asia, Latin America and EMEA, the team assists both the local purchasing organization and suppliers.

GLOBAL SUSTAINABLE PURCHASING POLICIES

During 2015, we adopted Group-wide Sustainable Purchasing and Conflict Minerals policies to further integrate sustainability in the purchasing 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.

ENHANCED PROCESSES

A number of processes were revised or developed in 2015 to support the implementation of the newly adopted policies, such as supplier sustainability risk assessment and approval process. This revised process is in a pilot phase with the intention to cover all new suppliers once fully implemented.

During 2015, we carried 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 smelters/refiners associated with our supply chain.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



OUR OPERATIONS

SUPPLIER SUSTAINABILITY PROGRAM

Sandvik's Supplier Sustainability Program focuses on three areas:

Creating supplier commitment

This is done by having suppliers endorse the Sandvik's Supplier Code of Conduct.

Building capacity

In 2015, capacity-building activities were prioritized to increase awareness, engagement and trust in our business partnerships and across our organization. We rolled out an internal training program built around the Sustainable Purchasing Policy, related processes and the revised Supplier Code of Conduct. Since then, 473 purchasers have participated. Additionally, comprehensive training on conflict minerals has been developed.

Monitoring of identified high-risk suppliers through audits

During the year, we conducted 180 on-site audits, (China 92, India 62, Brazil 14, Peru 6, Mexico 1, Europe 1, South Africa 4), out of which 133 were conducted against the revised Supplier Code of Conduct. Most deviations related to health and safety, wages and benefits and environment. During 2015, we did not identify any cases of child labor. Regarding young workers (15–18 years), we identified issues related to recruitment procedures and policies and incomplete employee files. The labor and human rights deviations refer to insufficient implementation of grievance systems and the lack of policies. The deviations concerning forced labor relate to financial penalties imposed on employees at our suppliers in China. Deviations reported in relation to business ethics/corruption refer to lack of relevant policies.

STRATEGIC PARTNERSHIPS

Sandvik is a member of the Conflict Free Sourcing Initiative (CFSI) and the Tungsten Industry – Conflict Minerals Council (TI-CMC), a step further in our commitment to support economic sustainability in the Democratic Republic of Congo (DRC) and neighboring countries. In 2015 Sandvik's smelter Wolfram Bergbau und Hütten was listed by the CFSI as compliant smelter.

COMMUNITY INVOLVEMENT

To us, community involvement implies a dual investment for both the company and the community and is a vital part of our business strategy. It enhances the reputation of the company and loyalty among employees and in the communities. For example, we can see a direct link between vocational training programs and potential future employees, particularly in countries where there is a lack of technical expertise. For the community, this increases the level of education and thus development opportunities, such as the means to combat poverty and raise education levels. By being directly involved in the community, we can also create close relationships with important local stakeholders.

MANAGEMENT AND EVALUATION

During 2015, we developed our sponsorship and community involvement strategy. It includes Sandvik's role, what it means to us, why it is important to our business, and how we choose partners. We are proactive in our community contacts, identifying the most suitable projects in which to become involved.

Community involvement projects should be viewed as investments, with contracts, clear target groups and objectives, and measurable results. Our focus areas are innovation, education and skills, health and safety and local enabler.

SELECTED PARTNERSHIPS

Our projects are conducted as partnerships between us and a local organization, created to deliver mutual effect for all parties. Projects are often carried out at local level as we believe it is important to have a solid local understanding of the needs in the different communities. All partners with whom we engage in community involvement should be perceived as suppliers to Sandvik. Our Supplier Code of Conduct, which includes anti-corruption principles, shall form part of all agreements.

We will not engage in activities that conflict in any way with our Code of Conduct, political or religious organizations, activities that do not make a clear contribution to our business goals, or projects that may be viewed as hazardous to health or the environment.

EXAMPLES OF COMMUNITY INVOLVEMENT PROJECTS

INNOVATION

Connecting to our daily work/products

Vasa Museum (SWE)

EDUCATION & SKILLS

Long-term employer branding

En Svensk Klassiker (SWE)
Tekniksprånget (SWE)
First Job Project (BRA)
Sandvik Fellow (IND)
Every child counts (IND)
Notebooks to orphanage (MEX)
6 vocational schools (CHI)
Various scholarships

HEALTH & SAFETY

Showing our global societal commitment

SWHAP - HIV/AIDS (ZIM)
Kids Oncology research (GER)
Health Festival (MEX)
OneDollarGlasses (Group)

LOCAL ENABLER

Creating value for our community/employees

Sandvikens AIK Bandy (SWE)
Gefle IF (SWE)
Walter Tigers (GER)
New Hope Foundation (CHI)
Ghumasan school (IND)
Adopt a mile (IND)
Arcos del Sitio (MEX)
Bikes to Boys & Girls Club (US)

ENVIRONMENTAL FOOTPRINT

Consideration for the environment is a key factor when developing new products, implementing changes in our operations or acquiring or divesting businesses.

All parts of Sandvik's operations have some form of environmental impact. Direct impact stems from our production and transportation. Indirect impact occurs in the supply chain, customer use and the phasing-out or recycling of our products. It is therefore important to take the entire value chain into account in efforts to implement real change in our environmental footprint. Precautionary measures are taken when there is reason to believe that an action could harm the environment or human health.

Sandvik has approximately 130 production, distribution or service sites worldwide that hold various types of environmental permits, depending on legislation. The largest environmental impact is caused by the raw-material and energy-intensive site in Sandviken, Sweden. No environmental penalties or fines were imposed in 2015. Sandvik is responsible for some ground pollution from older activities and appropriate actions have been taken in cooperation with authorities and in line with legislation in the relevant countries.

An Environmental and Climate Change strategy was adopted in 2015 to strengthen our focus on major environmental aspects and to support implementation of our strategic direction going forward.

CARBON DIOXIDE AND OTHER EMISSIONS

Climate change is high on the agenda for both Sandvik and our stakeholders. Global energy demands and environmental requirements drive development of new energy-efficient solutions with low environmental impact.

Energy consumption, climate change and emissions are therefore important aspects to consider in relation to our supply of raw materials, production and transportation. Since 2013 we purchase electricity in Europe in accordance with the European Guarantees of Origin scheme, with the aim of reducing the carbon dioxide emissions from our electricity consumption.

In Europe, we also follow requirements regarding energy reviews initiated by the EED (Energy Efficiency Directive) 2012/27/EU. Since our headquarters are located in Stockholm, all Swedish entities are reported under the Sandvik Group in Sweden. Between 2014 and November 2015, nine energy reviews were performed in Sweden.

In addition to CO₂ emissions, the Group's emissions to the atmosphere comprise acidifying substances, particulate matter and organic substances. These

EHS GOVERNANCE

Sandvik has an Environment, Health and Safety (EHS) policy valid for the entire Group. This policy is supported by a number of internal environmental standards for our operations. Environmental objectives and targets are set at Group level, and all business areas integrate these aspects and standards in their businesses. Environmental KPIs are reported and consolidated to follow up objectives and targets at Group and business area levels.

Major sites with production, services and warehouses also have certified management systems according to ISO 14001. 17 energy-intensive sites are also certified according to ISO 50001. Environmental issues are included in the process for sustainable supplier management and both environmental and safety issues form part of the process for developing new products. Life cycle assessments are carried out for selected products, mainly within Sandvik Materials Technology.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



OUR OPERATIONS

emissions mainly originate from our production processes, combustion of fossil fuel and purchase of heating, transportation and electricity. Direct emissions of acidifying substances include sulfur dioxide (SO₂) and nitrogen oxides (NO_x). The Group's emissions of SO₂ mainly originate from the combustion of oils and coal, and are estimated to have amounted to 33 tons (34) in 2015. Emissions of NO_x are mainly derived from the smelting processes in Sandviken, Hallstahammar and Svedala in Sweden, from combustion processes and, to a lesser degree, from plants for pickling and cleaning of metal surfaces. NO_x emissions decreased during the year and amounted to 330 tons (338). This was attributable to a reduction in the use of fossil fuels.

EMISSIONS TO WATER

Emissions to water mainly consist of phosphorous and nitrogen, oxygen-consuming substances and metals from pickling plants. All wastewater from processes is treated before it is released. During the year a production unit in the US experienced periodic exceeding of certain limits in its water discharge permit. The environmental authority has been informed and, together, we are working on an action plan to address the exceedances. A non-governmental organization has filed a lawsuit against Sandvik with respect to same discharges. Sandvik has denied any liability as it pertains to the lawsuit and intends to defend against the allegations.

USE, REUSE AND RECYCLING OF MATERIALS AND NATURAL RESOURCES

By using recycled material in our production processes, such as recovered metal resources and repurchased used tools, and by developing a valuable use for the by-products from our operations, we can increase our contribution to a more circular society.

RAW MATERIALS AND INPUT MATERIALS

To maximize the sustainable utilization of materials and reduce environmental impact, used cement-carbide products are reused and repurchased. The production of stainless steel and special alloys is mainly based on steel scrap. In total for the Group, approximately 80%

of the metallic raw material is derived from recovered material. Sandvik Materials Technology is the main consumer of raw materials in the Group. The most important raw materials to the business are iron, nickel, chromium, manganese and molybdenum, either in alloys or as part of scrap metal. Key metallic raw materials for Sandvik Machining Solutions and Sandvik Venture are tungsten, tungsten carbide and cobalt. Sandvik Mining and Sandvik Construction use iron and manganese raw material in the manufacturing of castings.

USE OF WATER

We continuously endeavor to reduce our consumption of freshwater and groundwater. Economizing freshwater is particularly important in water-stressed regions. According to a previous survey of Sandvik's sites, five sites in India and one site in China are located in areas defined by the UN as having access to less than 500 cubic meters (m³) of water per year and person.

An action plan was introduced at the production site in Sandviken, Sweden during 2013. Actions implemented during 2014 saved 180,000 m³ of purchased fresh water. An additional 320,000 m³ was saved in 2015. Across the entire company, we reduced water withdrawal with 157,000 m³.

WASTE MANAGEMENT

Sandvik's operations give rise to various types of waste. Nearly 80% of all waste is generated at Sandvik Material Technology's facilities in Sandviken and by Wolfram Bergbau und Hutten in Austria, which is part of Sandvik Venture. Metalliferous waste and other by-products are reused or recycled to the greatest extent possible. However, certain waste products, such as slag from stainless steel production as well as casting and tailings from tungsten enrichment, are still disposed of pending the further development of these types of waste into usable by-products. Sandvik Materials Technology is conducting a research project aimed at identifying and recording slag types that are suitable for different applications.

The total amount of waste declined by 1%. Of the total waste, 9% was classified as hazardous. This type of waste is subject to strict legislation and is treated and disposed of in a safe manner. Generation of hazardous waste increased by 1%.

PEOPLE

Sandvik's success relates directly to having the right people in the right positions. By respecting human rights and labor conditions and developing our existing workforce, we ensure that the organization is well prepared to meet the challenges of the future.

HEALTH AND SAFETY

Ensuring a safe and healthy workplace is always a first priority. We operate in heavy industry, where the work environment and the various types of manufacturing processes hold several potential risk elements. It is vital that everyone who works at the company is aware of hazards and potential risks and that there is sufficient knowledge and ambition to always do the job with safety in mind.

We aim to consistently improve our safety culture. Accordingly, we have introduced a structured approach through which we exercise effective control by means of our EHS management systems (Environment, Health and Safety), which set clear requirements for the Group. We believe that the best decisions on how to meet the requirements are made close to the business.

All occupational health and safety activities are based on Sandvik's overall EHS Policy. Our EHS management system includes our overall requirements and is specified in different standards, setting performance requirements within the EHS field. Business areas then establish how they will work to meet the requirements of these standards.

We have a number of overall objectives for the company that the business areas assume responsibility for applying and breaking down to specific targets and plans for their operations.

We have set targets in order to reduce the number of work-related injuries and illnesses. All our business

units work according to their own safety plans. These plans are more comprehensive and entail a stricter approval process for production-related units, but there should also be general safety plans in place for other business units.

To ensure the desired results, we have adopted numerical targets regarding accident frequency for the Group, business areas and individual business units.

We have worked toward achieving a continued improvement in injury frequency rates. The goal for this year was to achieve a Lost Time Injury Frequency Rate of 1.9 (work-related incidents that result in >1 day lost from work per million hours worked). At year-end we reported a LTIFR for the Group of 2.1, which shows that the injury rate continued to improve, even though the target was not fully reached. Nevertheless, the rate of 2.1 is the lowest in Sandvik's history.

ACCIDENTS LEADING TO FATALITIES

It is with great sadness that we acknowledge that three people lost their lives in, or in connection with, performing their duties in the past year. In April, a contractor was seriously injured in a fatal accident that took place during maintenance work at our tube mill in Zhenjiang, China. In July, a workplace accident occurred at a customer site in South Africa. During mining equipment service work, a Sandvik supervisor was caught between two parts of machinery, which caused fatal injury to our colleague. In late December, in Thailand, we tragically lost another colleague who was fatally injured in a car accident.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



DIVERSITY AND INCLUSION

Diversity and inclusion are vital parts of our people strategy. The recruitment of individuals with diverse backgrounds has a strong impact on Sandvik's creativity and capacity for innovation. Continued efforts related to diversity and inclusion are also a prerequisite for succeeding in the continued globalization of business. During the year, each business area conducted status analyses and identified improvement areas for driving and accelerating diversity and inclusion efforts. Actions for managing these improvement areas have been taken during 2015.

The Group Executive Management is a diverse group with different backgrounds and experiences. In terms of nationality, in addition to Swedes, the Group Executive Management has members from China and the UK.

Within the Group, the share of women in the management teams of the business areas continued to rise and is now 25% (23%). There was also an increase in the proportion of women in the pool of next-generation managers who are preparing for senior managerial positions in the future. The ambition is to continue increasing the share of women in both managerial positions and as a percentage of all employees across the entire Group.

TALENT ATTRACTION, DEVELOPMENT AND RETENTION

Being a high-performing organization is essential for Sandvik and our success relates directly to having the right people in the right positions. In 2015 we continued to focus on and secure performance management throughout the Group. All managers in the organization are offered performance management training in close alignment with our target-setting process. During the year 87% of our employees participated in a formal performance dialog with their manager.

Some of our other key focus areas include talent management, succession planning, competence management and identifying leadership gaps. We also continue our ongoing work in relation to compensation and benefits, employer branding, culture, diversity and inclusion, and securing internal opportunities. We have created a structure for working with employer branding globally and have launched a range of initiatives, one of which is the Global Trainee Program.

Currently, we have two parallel programs running, with participants from Sweden, the US, India, South Africa and China. Over an 18-month period, the trainees will undergo an extensive program, including three different on-the-job training periods.

At Sandvik, we offer many career and training opportunities to support personal growth and develop knowledge with the overall objective of becoming a number one company. The development of career opportunities has continued and we now have four established career paths; Sandvik Employee, Sandvik Leader, Sandvik Expert, and Sandvik Project Manager.

We have a tradition of measuring employee satisfaction and engagement via employee surveys. In 2014, an extensive survey was carried out, therefore focus during 2015 was on implementing defined improvement actions. The employee turnover rate was 11% (10) in 2015.

HUMAN RIGHTS AND FAIR LABOR CONDITIONS

Sandvik operates in countries where there is a risk of human rights violations. To mitigate these risks, we continuously work to ensure compliance with national legislation and internationally agreed human rights standards and regulations. We regularly evaluate our standards and procedures for identifying, preventing and mitigating adverse human rights impacts in the Group's operations and value chain, as well as to enhance positive impacts. Human rights are integrated into the sustainability program in different ways, for example, in our Sustainable Supplier Management.

Forced or slave labor and child labor are strictly forbidden. We also support children's rights and the right to education through our community involvement programs in for example India and China.

We believe in a diverse workforce without any form of discrimination based on gender identity, ethnicity, national origin, age, disability, marital status or any other characteristics protected by law, nor do we accept any form of harassment or bullying. All employees have the right, if they choose, to join a union and be covered by a collective agreement. Health and safety are key elements in our operations as we believe the right to a safe and healthy workplace is central.

In 2015, we established an internal unit for data privacy, tasked with protecting our employees' rights to privacy and personal information.

SETTING OBJECTIVES AND TARGETS THAT DRIVE BUSINESS ADVANTAGES

Together, the business areas and Group functions define objectives and targets which address the risks and leverage the opportunities identified. It is important that these objectives and targets drive business advantages and develop leadership in sustainability issues, and that they drive behavioral changes to achieve higher results in the long term.

Examples include Sandvik's efforts in relation to the environment, health and safety, complemented by key performance indicators that show the outcomes of them.

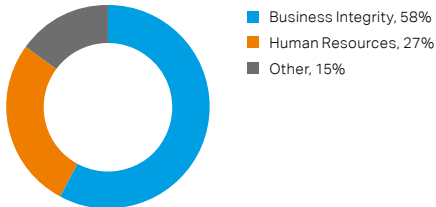
EXAMPLE: EHS OBJECTIVES AND TARGETS 2013–2015

OBJECTIVE	TARGET	DUE	STATUS
To significantly reduce the key environmental impacts resulting from Sandvik's activities by having environmental plans focused on the critical impacts at each location.	Activities in the approved key environmental management plans for specific areas (energy, water and CO ₂ emissions) will be implemented.	2015	Completed regarding energy and CO ₂ . Water plans were successful in Sandviken, Sweden and generated successful initiatives and good savings of purchased fresh water. In other areas we did not see the same extent of success for the water management plans.
	Formal general environmental plans to be implemented for other major production units.	2015	Plans implemented. Activities ongoing.
	For all other units, plans for increased environmental awareness and minimized environmental impact to be developed and implemented.	2015	Completed.
	Each business area is to develop a plan to reduce CO ₂ emissions arising from transportation of goods and people by the end of 2015.	2015	Four out of five business areas have reported monitoring activities and a varied degree of CO ₂ reduction plan. To monitor, the business areas applied solutions fitting their needs, based on the Group's common definitions.
All business areas are to develop and implement an approved plan for leveraging EHS as a business advantage.	Each business area is to have implemented its plan.	2015	Completed according to plan. Work ongoing.
Each manager is to agree, publically declare and implement three personal leadership behaviors related to the environment, health and safety by the end of 2015.	All managers are to achieve the target.	2015	Completed according to plan.
Eliminate all fatalities and permanently disabling injuries by identifying and controlling extreme potential risk situations.	Implement Major Hazard Standards to control Extreme Potential Hazards.	2015	Completed.
Ensure that systems and culture are in place to further reduce the number and severity of work-related injuries, illnesses and other incidents.	All major production-related units will implement the activities in their approved formal safety plan.	2015	Completed.
	All other units will implement their general safety plans to ensure a strong safety culture throughout the company.	2015	Completed.
	Achieve a Lost Time Injury Frequency Rate (LTIFR) of 1.9.	2015	The LTIFR at year-end was 2.1, which represented an improvement of 15% compared to 2014.
To have all employees working in a culture and environment that support their health and well-being.	All employees are to have continued access to a health and well-being program through their own Sandvik company.	2013–2015	When surveyed in 2014, 90% of the sites reported that they had access to a health and well-being program.
	Most employees should perceive the program on offer to be effective.	2013–2015	When surveyed in 2014, over 50% perceived their program as effective, with a slight deviation in one business area.

KEY FIGURES

SUSTAINABLE GOVERNANCE

TOTAL AMOUNT OF SPEAK UP REPORTS 2015: 158



RESEARCH AND DEVELOPMENT

NUMBER OF R&D EMPLOYEES:

2,700

PATENTS GRANTED IN 2015:

850

R&D EXPENDITURE:

3,532 MSEK

NUMBER OF R&D CENTERS AROUND THE WORLD:

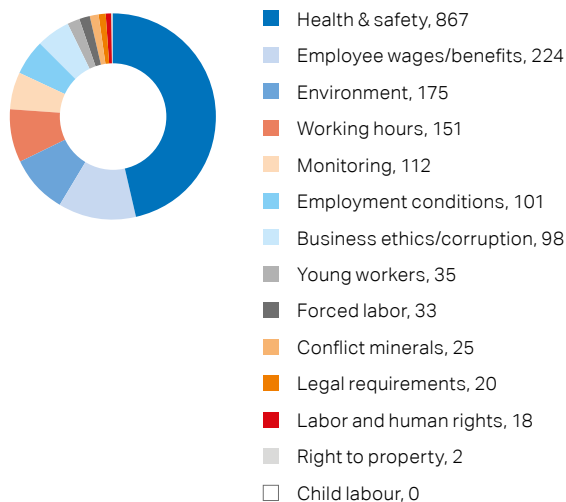
60

ACTIVE PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS:

8,000

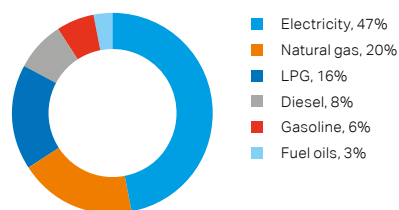
PARTNERS

DEVIATIONS IDENTIFIED AMONG SUPPLIERS, 2015

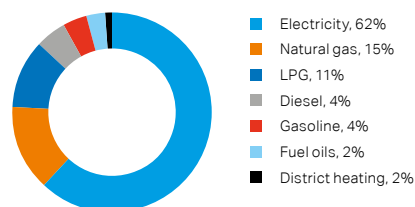


ENVIRONMENTAL FOOTPRINT

CO₂ EMISSIONS, 2015, %

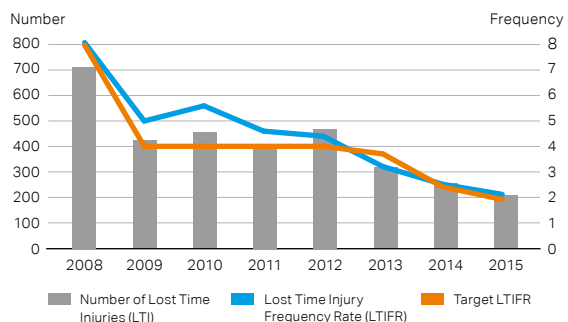


ENERGY CONSUMPTION, 2015, %

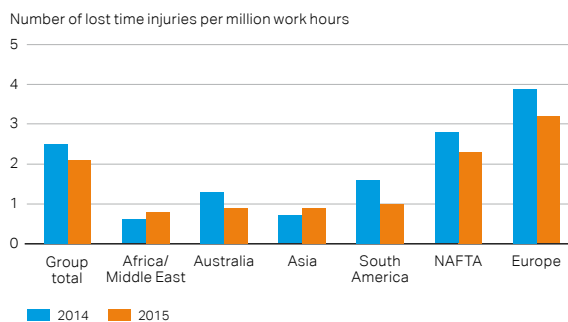


PEOPLE

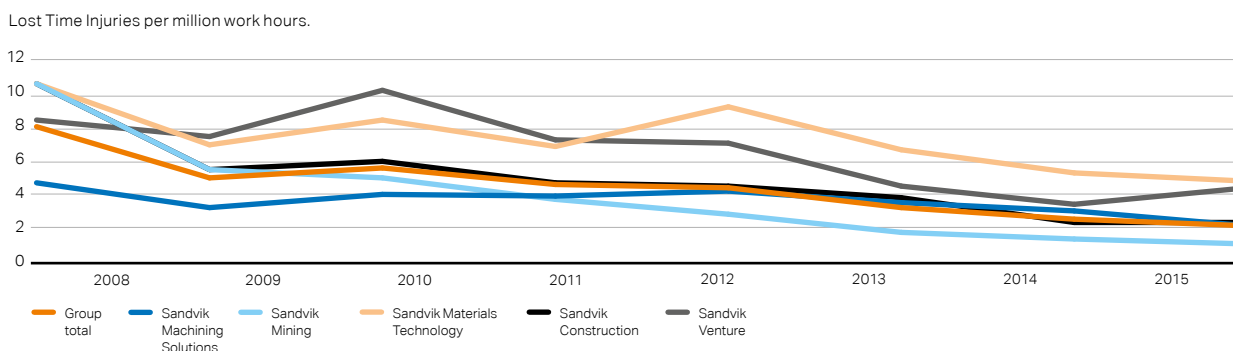
LTI AND LTIFR, 2008–2015



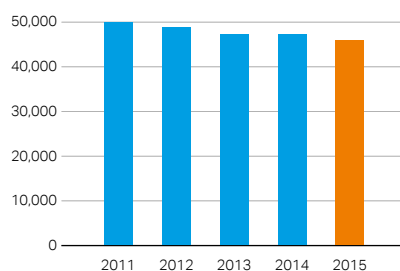
LTIFR BY MARKET AREA, 2014–2015



LTIFR BY BUSINESS AREA, 2008–2015

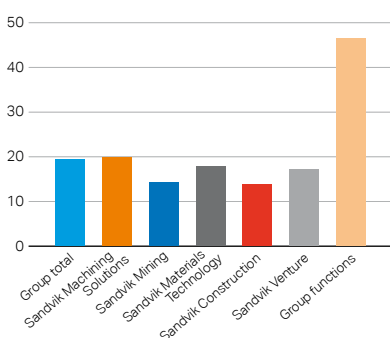


NUMBER OF EMPLOYEES, 2011–2015*

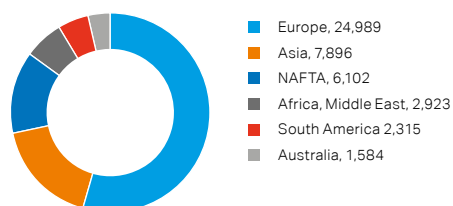


* Restated to Full Time Equivalents (FTEs) at 31 December 2015.

SHARE OF WOMEN, %

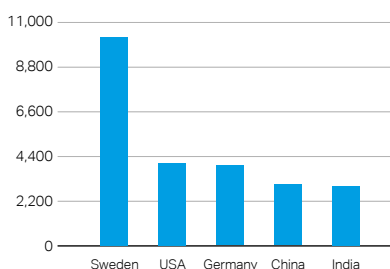


NUMBER OF EMPLOYEES BY MARKET AREA, 2015*



* Restated to Full Time Equivalents (FTEs) at 31 December 2015.

NUMBER OF EMPLOYEES, FIVE LARGEST COUNTRIES*



* Restated to Full Time Equivalents (FTEs) at 31 December 2015.

KEY FIGURES

FINANCIAL KEY FIGURES	UNIT	2008	2009	2010	2011	2012	2013	2014	2015
Economic value, generated and distributed									
Sales	MSEK	92,654	71,937	82,654	94,084	98,529	87,328	88,821	90,822
Manufacturing costs	MSEK	53,287	46,859	44,758	56,054	56,161	50,507	49,717	53,695
Employee wages and benefits	MSEK	23,129	22,441	22,885	24,014	24,907	23,599	24,964	25,880
Payments to providers of capital	MSEK	7,328	5,986	2,805	5,776	6,056	6,279	6,251	6,392
Payments to governments	MSEK	2,876	885	2,391	3,173	3,180	3,937	1,797	1,850
Retained in company	MSEK	6,034	-4,234	9,815	5,067	8,225	3,006	6,092	3,005
ENVIRONMENTAL KEY FIGURES	UNIT	2008	2009	2010	2011	2012	2013	2014	2015
Metallic raw materials	Thousand metric tons	350	252	359	352	318	341	328	295
Of which recovered	%	79	78	81	80	81	81	80	80
Energy consumption	TJ	8,885	7,520	9,112	9,131	8,907	9,092	8,900	8,527
Change	%	1	-15	21	0	-2	2	-2	-4
Non-renewable fuel	TJ	3,358	2,957	3,910.38	3,691	3,396	3,350	3,160	3,047
Electricity, heating and cooling purchased	TJ	5,527	4,563	5,201.34	5,440	5,512	5,779	5,779	5,522
Electricity, heating and cooling sold	TJ						-37	-39	-42
Energy intensity	MJ/hour					83	91	88	88
Change	%						10	-3	-1
Water consumption	Thousand m ³	6,626	7,077	8,998	8,414	8,440	8,177	7,853	7,696
Change	%	-3	7	27	-6	0	-3	-4	-2
Of which, purchased water	Thousand m ³	3,598	3,202	3,437	3,379	3,222	3,162	2,987	2,567
Of which, groundwater	Thousand m ³	528	547	601	617	715.567	667	681	917
Of which, collected surface water	Thousand m ³	2,497	3,327	4,913	4,377	4,496	4,342	4,181	4,210
Of which, rain	Thousand m ³	4	2	46	41	6	6	4	2
Water intensity	liter per worked hour					79	82	78	79
Change	%						4	-5	2
CO₂ emissions	Thousand tons	566	479	559	538	527	384	387	365
Change	%	3	-15	17	-4	-2	-27	1	-6
Direct emissions, from fossil fuels	Thousand tons	224	195	260	242	221	216.6	203	195
Indirect emissions, from electricity	Thousand tons	342	284	299	296	306	168	184	170
CO₂ emission intensity	g CO ₂ / hour					4,907	3,847	3,827	3,751
Change	%						-22	-1	-2
Waste	Thousand tons	166	280	417	433	352	379	367	363
Change	%	-3	69	49	4	-19	8	-3	-1
2007-2013 breakdown of waste									
Of which, hazardous	Thousand tons	32	27	34	36	35	38	n.a	n.a
Of which, to landfill	Thousand tons	109	231	358	366	292	307	n.a	n.a
2014 new breakdown of waste:									
Hazardous waste to recovery	Thousand tons	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13	12
Hazardous waste to other disposal	Thousand tons	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20	22
Non-hazardous waste to recovery	Thousand tons	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30	36
Non-Hazardous waste to other disposal	Thousand tons	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	304	293
Emissions of process water	Thousand m ³	—	1,427	2,166	2,265	1,942	2,099	2,086	2,292
Change	%	—	—	52	5	-14	8	-1	10
Emissions to air									
NM VOC	ton	—	65	62	61	66	64	61	61
SO ₂	ton	—	45	69	71	42	39	34	33
No _x	ton	—	379	441	380	354	351	338	330
Emissions to water									
Nitrogen	ton	—	201	379	329	285	269	261	230
Phosphorous	ton	—	1.4	1.3	12.4	20.7	32.8	37	34
COD	ton	—	172	201	170	259	208	195	151
Nickel	kg	—	680	180	210	280	200	282	180
Chromium	kg	—	70	60	80	140	100	137	102

PEOPLE KEY FIGURES	UNIT	2008	2009	2010	2011	2012	2013	2014	2015
People									
Total number of employees	FTE	50,028	44,355	47,064	50,030	48,742	47,338	47,318	45,808
Of whom, women	%	16.9	17.2	17.6	17.9	18.5	19.1	19.4	19.5
Full-time employees	%	—	—	—	—	—	97	98	98
Of whom, women	%	—	—	—	—	—	—	18	18
Part-time employees	%	—	—	—	—	—	3	2	2
Of whom, women	%	—	—	—	—	—	—	59	59
Contracted employees	FTE	—	—	—	—	—	3,524	1,776	2,376
LTIFR	Number of LTIs per million hours worked	8.1	5.0	5.6	4.6	4.4	3.2	2.5	2.1
TRIFR	Number of TRIs per million hours worked	—	—	—	—	—	8.7	6.4	6.0

UNIT	GROUP		PARENT COMPANY		
	2014	2015	2014	2015	
Wages, salaries, other remuneration and social costs					
Wages, salaries and other remuneration	MSEK	19,620	20,604	3,948	4,039
Social costs	MSEK	5,231	5,263	1,882	1,876
Employee profit sharing	MSEK	113	13	96	10
Total	MSEK	24,964	25,880	5,926	5,925
Of which, pension costs recognized in social costs	MSEK	1,703	1,426	661	476

Employees per market area	FTE	EUROPE	NAFTA	SOUTH AMERICA	AFRICA/ MIDDLE EAST	ASIA	AUSTRALIA	
		SANDVIK MINING	SANDVIK MACHINING SOLUTIONS	SANDVIK MATERIALS TECHNOLOGY	SANDVIK CONSTRUCTION	SANDVIK VENTURE	GROUP ACTIVITIES	TOTAL
Employees per market area	FTE	24,989	6,102	2,315	2,923	7,896	1,584	
Employees per business area	FTE	11,651	18,120	6,533	2,927	3,829	2,748	45,808
Total share of women	%	14.3	20.0	17.9	13.8	17.2	46.6	19.5
Women in management positions	%	13.0	13.9	19.8	11.8	13.3	36.8	16.5

Composition of Board and Group Executive Management and breakdown of other employees	%		GENDER		AGE STRUCTURE		
			SHARE OF WOMEN	UNDER 30	30-50	ABOVE 50	
	%	Board of Directors	18	0	18	82	
	%	Group Executive Management	33	0	50	50	
	%	Management	16.5	2	69	28	
	%	Other employees	20	15	60	26	

New employee hires and employee turnover		2009	2010	2011	2012	2013	2014	2015
		New employee hires per year	Total number	—	—	—	—	—
Of whom, women	%	—	—	—	—	—	22	19
Employee turnover per year	%	14	8	8	11	12	10	11

Employee turnover by gender	%	MEN		WOMEN	
		UNDER 30	30-50	ABOVE 50	
Employee turnover by gender	%	11	11		
New employee hires by age	Total number	1,026	1,564	209	
Employee turnover by age	%	11	10	14	

GRI INDEX

GENERAL STANDARD DISCLOSURES

		PAGE	COMMENTS AND OMISSIONS
Strategy and analysis			
G4-1	Statement from CEO.	2-3	
Organizational profile			
G4-3	Name of the organization.	4	
G4-4	Primary brands, products, and services.	4-5	
G4-5	Location of the organization's headquarters.	4	
G4-6	Number of countries where the organization operates.	4-5, AR: 44, 107-109	
G4-7	Nature of ownership and legal form.	4	
G4-8	Markets served.	4-5	
G4-9	Scale of the organization.	1, 4-5	
G4-10	Number of employees.	4-5, 25, 27	Data by gender not available for contracted employees.
G4-11	Employees covered by collective bargaining agreements.	22	
G4-12	Description of the organization's supply chain.	9, 17-18	Information on size of the supply chain not available.
G4-13	Significant changes during the reporting period.	31	
G4-14	Precautionary approach.	19-20	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Inside front cover, 2-3, 12, 14, 17, 19, 21	
G4-16	Memberships of associations.	8, 18	
Identified material aspects and boundaries			
G4-17	Entities included in the organization's consolidated financial statements.	31, AR: 107-109	
G4-18	Defining report content.	6-11, 31	
G4-19	Material aspects.	9	
G4-20	Aspect boundary within the organization.	9	
G4-21	Aspect boundary outside the organization.	9	
G4-22	Restatements of information.	31	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	31	
Stakeholder engagement			
G4-24	Stakeholder groups engaged by the organization.	8	
G4-25	Basis for identification of stakeholders.	8	
G4-26	The organization's approach to stakeholder engagement.	8	
G4-27	Topics and concerns raised through stakeholder engagement.	8	
Reporting profile			
G4-28	Reporting profile.	Inside front cover.	
G4-29	Date of most recent report.	Inside front cover.	
G4-30	Reporting cycle.	Inside front cover.	
G4-31	Contact point for questions regarding the report.	Inside front cover.	
G4-32	GRI content index.	28-29	
G4-33	External assurance.	Inside front cover, 31-32	
Governance			
G4-34	Governance structure of the organization.	6-11	
Ethics and integrity			
G4-56	Values, principles, standards and norms of behaviour.	6-11	

SPECIFIC STANDARD DISCLOSURES

		PAGE	COMMENTS AND OMISSIONS
Economic performance			
EC1	DMA Direct economic value generated and distributed.	AR 26	
COMPLIANCE (ANTIBRIBERY AND ANTICORRUPTION, TRADE, DATA PRIVACY)			
Anticorruption			
SO3	DMA Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	6-11, 15-16 15-16	
SO4	Communication and training on anti-corruption policies and procedures.	10, 15-16,	Figure consolidated for entire Group
Compliance (environment)			
EN29	DMA Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	6-11, 19-20 AR: 115	
Compliance (product)			
PR9	DMA Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	6-11 AR: 115	
Compliance (social)			
SO8	DMA Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	6-11 AR: 115	

			PAGE	COMMENTS AND OMISSIONS
ECONOMIC IMPACT (CONTINUED)	SUSTAINABLE SUPPLIER MANAGEMENT			
	Child labor	DMA	6–11, 17–18, 22	
	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures to contribute to the effective abolition of child labor.	17–18, 22, 24	
	Forced and compulsory labour	DMA	6–11, 17–18, 22, 24	
	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to elimination of all forms of forced or compulsory labor.	17–18, 22, 24	
	Supplier assessment for human rights	DMA	6–11, 17–18	
	HR10	Percentage of new suppliers that were screened using human rights criteria.	17–18, 24	Percentage not available.
ECONOMIC IMPACT (CONTINUED)	Supplier assessment for labour practices	DMA	6–11, 17–18	
	LA14	Percentage of new suppliers that were screened using labor practices criteria.	17–18, 24	Percentage not available.
	Supplier assessment for Impacts on Society	DMA	6–11, 17–18	
	SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	17–18, 24	Percentage not available.
ECONOMIC IMPACT (CONTINUED)	Supplier assessment for environment	DMA	6–11, 17–18	
	EN32	Percentage of new suppliers that were screened using environmental criteria.	17–18, 24	Percentage not available.
ENVIRONMENTAL IMPACT	ENERGY, EMISSIONS (CO₂) AND CLIMATE CHANGE			
	Energy	DMA	2–3, 6–11, 12–14, 19–20	
	EN3	Energy consumption within the organization.	24, 26, 31	Data not divided by type.
	EN5	Energy intensity.	26	
	Emissions	DMA	2–3, 6–11, 12–14, 19–20	
	EN15	Direct greenhouse gas emissions.	24, 26, 31	No data on biogenic CO ₂ emissions.
	EN16	Energy indirect greenhouse gas emissions.	24, 26, 31	
	EN18	Greenhouse gas emissions intensity.	26	
	EN21	NO _x , SO ₂ , and other significant air emissions.	20, 26, 31	No data on POP, HAP, or PM.
	USE, REUSE, AND RECYCLING OF MATERIALS AND NATURAL RESOURCES			
	Materials	DMA	2–3, 6–11, 12–14, 19–20	
	EN1	Materials used by weight or volume.	19–20, 26	No data available on packaging material.
	EN2	Percentage of materials used that are recycled input materials.	19–20, 26	
	Water	DMA	6–11, 19–20, 26	
	EN8	Total water withdrawal by source.	26	
Waste	DMA	6–11, 19–20		
EN23	Total weight of waste by type and disposal method.	26	No detailed information on disposal method.	
SOCIAL IMPACT	DIVERSITY AND INCLUSION			
	Diversity and equal opportunity	DMA	6–11, 22	
	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	25, 27	
	HEALTH AND SAFETY			
	Occupational health & safety	DMA	2–3, 6–11, 12–14, 21	
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	21, 25, 27, 31	Data by gender not available.
	TALENT ATTRACTION, DEVELOPMENT AND RETENTION			
	Employment	DMA	6–11, 22	
	LA1	Total number and rates of new employees hires and employee turnover by age group, gender, and region.	25, 27, 31	Data by region not available.
	Training and education	DMA	6–11, 22	
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	22	Data by gender and employee category not available.	

GLOBAL COMPACT INDEX

GLOBAL COMPACT SCOPE OR PRINCIPLE	CRITERIA FOR GLOBAL COMPACT ADVANCED LEVEL	REFERENCE TO SUSTAINABLE BUSINESS REPORT
Implementing the ten principles into strategies and operations.	<p>Criterion 1: The COP describes mainstreaming into corporate functions and business units.</p> <p>Criterion 2: The COP describes value chain implementation.</p>	<p>Letter from the President and CEO</p> <p>Sustainability strategy</p> <p>Sustainability governance</p> <p>Sustainability risks</p> <p>Sustainable offerings</p> <p>Partners</p> <p>Governance</p> <p>Environmental footprint</p> <p>People</p>
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights.</p> <p>Criterion 4: The COP describes effective management systems to integrate the human rights principles.</p> <p>Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration.</p>	<p>Sustainability strategy</p> <p>Sustainability governance</p> <p>Sustainability risks</p> <p>Sustainable supplier management</p> <p>Human rights and fair labor conditions</p>
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour.</p> <p>Principle 5: the effective abolition of child labour.</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>Criterion 6: The COP describes robust commitments, strategies or policies in the area of labor.</p> <p>Criterion 7: The COP describes effective management systems to integrate the labor principles.</p> <p>Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor principles integration.</p>	<p>Sustainability strategy</p> <p>Sustainability governance</p> <p>Sustainability risks</p> <p>Sustainable supplier management</p> <p>Human rights and fair labor conditions</p>
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship.</p> <p>Criterion 10: The COP describes effective management systems to integrate the environmental principles.</p> <p>Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship.</p>	<p>Sustainability strategy</p> <p>Sustainability governance</p> <p>Sustainability risks</p> <p>Sustainable offerings</p> <p>Sustainable supplier management</p> <p>Environmental footprint</p>
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Criterion 12: The COP describes robust commitments, strategies or policies in the area of anticorruption.</p> <p>Criterion 13: The COP describes effective management systems to integrate the anticorruption principle.</p> <p>Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anticorruption.</p>	<p>Sustainability strategy</p> <p>Sustainability governance</p> <p>Sustainability risks</p> <p>Compliance</p> <p>Sustainable supplier management</p>
<p>Scope: Taking action in support of broader UN Goals and Issues.</p>	<p>Criterion 15: The COP describes core business contributions to UN goals and issues.</p> <p>Criterion 16: The COP describes strategic social investments and philanthropy.</p> <p>Criterion 17: The COP describes advocacy and public policy engagement.</p> <p>Criterion 18: The COP describes partnerships and collective action.</p>	<p>Letter from the President and CEO</p> <p>Sustainability strategy</p> <p>Sustainability governance</p> <p>Sustainable offerings</p> <p>Compliance</p> <p>Sustainable supplier management</p> <p>Community involvement</p> <p>Environmental footprint</p> <p>People</p>
<p>Scope: Corporate Sustainability Governance and Leadership.</p>	<p>Criterion 19: The COP describes CEO commitment and leadership.</p> <p>Criterion 20: The COP describes Board adoption and oversight.</p> <p>Criterion 21: The COP describes stakeholder engagement.</p>	<p>Letter from the President and CEO</p> <p>Stakeholder dialogs</p>

REPORTING PRINCIPLES

The reporting of Sandvik's sustainability activities is based on the UN Global Compact's requirements on reporting on progress as well as the Global Reporting Initiative (GRI). The report is in accordance with GRI G4 Guidelines (Core level). Some information found in the reports of previous years was not considered material and is therefore not disclosed in this report. The Sustainable Business Report has been reviewed by external auditors in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR.

REPORT SCOPE, BOUNDARY AND CALCULATION METHODS

GRI's guidance on the Reporting Principles of Materiality, Stakeholder inclusiveness, Sustainability context, and Completeness was used to define the content of the report. This Sustainable Business Report refers to the 2015 fiscal year and covers all operations of the Group, including subsidiaries, but excludes associated companies and joint ventures. Sandvik acquired Varel in May 2014. Regarding the scope of this report, Varel is included in all EHS figures and financial figures as well as in employee statistics derived from the financial reporting system.

Employee statistics regarding age, turnover, new employees, part time/full time and gender are derived from the Group's common HR system, which covers 98% of Sandvik employees. These figures are compiled on a yearly basis. Financial figures and employee statistics not stated above are derived from our financial reporting system. EHS data is derived from our EHS reporting system in which reporting is conducted on a monthly basis for safety-related indicators and on a quarterly basis for the areas relating to environmental key figures. Supplementary data is collected and compiled manually once a year, and thus the quality of the data is subject to a higher level of uncertainty. These figures are rounded to a greater degree to manage this higher level of uncertainty. EHS data and statistics from our financial reporting system cover all operations. In the event of further limitations in the report, these are indicated in the text.

The calculations of CO₂ emissions do not include emissions from the transport of raw materials and finished products or travel. In most cases, when calculating CO₂ emissions related to the generation of electricity, factors were obtained from the suppliers of the plant electricity. In other cases, factors from the International Energy Agency Data Services were used. For the majority of the European sites, the emission factor is zero, with reference to the European Guarantees of Origin scheme. Waste data reporting was changed in 2014, and is now broken down by a) hazardous or non-hazardous and b) sent to recovery (recovery, reuse or recycling) or to other disposal. Previous waste data was reported as total waste plus a) of which hazardous and/or b) of which sent to landfill. As a consequence of the change, detailed data for 2014 and 2015 can only be used for indicative comparison with the old data. However, it is possible to compare total waste between the years.

Worked hours used in calculation of injury frequency rates were derived from an assumption of 2,000 worked hours per employee per year for the years 2008–2011 and from actual hours worked from 2012 and onwards.

Figures were rounded in certain cases, meaning that the tables and calculations do not always tally exactly. The percentage changes stated in the report are based on actual figures, meaning that they are not based on rounded figures. The key figures compiled are based on information available at the date of the most recent year-end accounts, which may entail that historical figures have been adjusted.

The Group's results in relation to its objectives are measured using relevant performance indicators and key figures. The figures presented are the accumulated figures for 2015 for all active reporting units, unless otherwise stated.

AUDITOR'S REPORT

AUDITOR'S LIMITED ASSURANCE REPORT ON SANDVIK SUSTAINABLE BUSINESS REPORT 2015

To Sandvik AB

Introduction

We have been engaged by the Group Executive Management of Sandvik to undertake a limited assurance engagement of Sandvik Sustainable Business Report 2015.

Responsibilities of the Group Executive Management for the Sustainable Business Report

The Group Executive Management are responsible for the preparation of the Sustainable Business Report in accordance with the applicable criteria, as explained on page 31 in the Sustainable Business Report, that are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) that are applicable to the Sustainable Business Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainable Business Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainable Business Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by

FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainable Business Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Consequently, the procedures performed in a limited assurance engagement do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Group Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainable Business Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainable Business Report, is not prepared, in all material respects, in accordance with the criteria defined by the Group Executive Management.

Stockholm, March 10, 2016

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Jenny Fransson
Expert Member of FAR

