

Sandvik AS - Code of Conduct

I – INTRODUCTION

Within all business carried out by the SANDVIK AS we are committed to continue the responsibilities in the field of social and environmental compliance for all our actions worldwide. We have a responsibility towards all of those either buying of products or taking part in their production or distribution.

These SANDVIK AS Codes of Conduct are set up to make this position clear for our suppliers, our own staff as well as any other partner. These Codes of Conduct are a non-negotiable requirement to all our suppliers and their subcontractors. Most of requirements follow international conventions and recommendations, or established international instruments.

Our intention with the SANDVIK AS Code of Conduct is to establish and develop social and environmental standards with our suppliers rather than termination of business due to non-compliance.

All suppliers of SANDVIK AS must follow the SANDVIK AS Code of Conduct throughout all their activities. Should any of our requirements be less demanding than the National Law of any country or territory, the highest standard should be followed.

“Supplier” is the contractual partner responsible for the product, process or service supplied to SANDVIK AS.

“Subcontractor” is a business entity in the supply chain directly or indirectly providing the supplier with goods and/or services integral to, and utilized in/for the production of the supplier’s goods and/or services.

II - SANDVIK AS AND SUPPLIER REQUIREMENTS

The business relationship between SANDVIK AS and its suppliers is based on mutual respect, and all parties shall communicate in a good and constructive manner throughout the process.

SANDVIK AS requirements

Our goal is to influence the work for respect for Human & Labour Rights and environmental protection both within the company and towards our business partners.

Favouring of producers and producing countries

SANDVIK AS will, when choosing suppliers, in addition to other competition aspects, consider social criteria. Fulfilment of social criteria's is considered as a competitive advantage, and will be taken into consideration when choosing suppliers and vendors

Boycott of individual countries

SANDVIK AS will avoid buying from countries where there is broad international consensus about boycott because of the country's human rights situation

Corruption and bribery

SANDVIK AS, including all employees, do not accept the offer, gift or acceptance of a bribe in any form, including kickbacks, on any portion of a contract payment, or the use of other routes or channels to provide improper benefits to customers, agents, contractors, suppliers, or employees of any such party or governmental officials

Continuous evaluation and improvement of SANDVIK AS internal policies and practices

SANDVIK AS will continuously evaluate and, if applicable, improve our own policy and practices in order to facilitate suppliers and subcontractors compliance with this Code of Conduct.

III – Code of Conduct

1. Child Labour

Defined as any work carried out by a person less than 15 years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. A young worker is any worker over the age of a child as defined and under the age of 18.

Following the UN Convention of the Rights of the child and ILO Core Conventions no. 138 and no. 182, SANDVIK AS will not tolerate employment of children under the age of 15 (or applicable minimum age law – whichever higher). Young workers (15-18 years of age) shall not be employed in work that put their health or safety in danger.

New recruitment of child labour that does not conform to the above-mentioned conventions will not be accepted. If such child labour is already taking place, work for immediate actions of phasing-out shall be initiated.

2. Forced Labour

Following the ILO Core Conventions no. 29 and 105, SANDVIK AS do not tolerate that slave, bonded or illegal workers or prisoners, are used in the production of goods for SANDVIK AS

Terms of Contract shall be fully communicated to and understood by workers. Workers are free to leave the employer after reasonable notice.

Workers shall not be required to lodge deposits, original identity papers or work permit with the employer or any other body on behalf of the employer.

By use of recruitment agency, all commissions and other fees in connection with the employment should be covered by the employer.

3. Disciplinary Practises

The supplier shall not engage in or support the use of physical, sexual, psychological, or verbal harassment or abuse. Every employee shall be treated with respect and dignity.

4. Discrimination

4.1

The supplier shall not engage in or support discrimination, especially not in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, membership of association, or political affiliation.

4.2

The supplier shall not interfere with the exercise of the rights of personnel to observe tenets or practices, or to meet needs relating to race, caste, national origin, religion, disability, health or material status, gender, sexual orientation, membership of associations, or political affiliation.

4.3

The supplier shall not allow behaviour, including gestures, language or physical contact that is sexually coercive, threatening, abusive, or exploitative.

4.4

Female employees must be accorded the agreed maternity leave before and after the birth. Employees may not be dismissed on account of pregnancy. Pregnant employees may not be employed in workplaces which could have a negative effect on their health.

5. Compensation

5.1

Employees are entitled to a written contract of employment, with at least the following points governed: time that work starts, working hours, remuneration, vacation entitlement, security against dismissal, maternity protection.

5.2

The supplier shall ensure that wages paid for a standard working week shall at least be in conformity with National Law or the prevailing industry standard – whichever is higher.

5.3

The supplier shall ensure that deductions from wages are not made for disciplinary purposes, and shall ensure that wage and benefits composition are detailed clearly and regularly for workers. The supplier shall also ensure that wages and benefits are rendered in full compliance with all applicable laws and that compensation is rendered either in cash or cheque form, in a manner convenient to workers.

5.4

The supplier shall ensure that labour-only contracting arrangements and false apprenticeship schemes are not undertaken in an effort to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social legislation and regulations. Apprenticeship schemes shall be in writing and clearly defined regarding duration and content of training.

6. Hours of Work

The supplier shall comply with applicable laws and industry standards on working hours according to SA8000, and workers shall be provided with at least one day off for every seven day period.

7. Freedom of Association & Right to Collective Bargaining

7.1

Following the ILO Core Conventions no. 87 and no. 98, the supplier shall respect the right of all personnel to form and join employee associations of their choice, and to bargain collectively.

7.2

The supplier shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all such personnel.

7.3

The supplier shall ensure that representatives of such personnel are not the subject of discrimination and that such representatives have access to their members in the workplace.

8. Health and Safety

8.1

The supplier, bearing in mind the prevailing knowledge of the industry and of any specific hazards, shall provide a safe, clean, and healthy working environment and shall take adequate steps to prevent accidents and injury to health, arising out of or associated with the course of work, by minimizing the causes of hazards inherent in the working environment.

8.2

The supplier shall appoint a senior management representative responsible for the health and safety of all personnel, and accountable for the implementation of the health and safety elements of this standard.

8.3

The supplier shall ensure that all personnel receive regular and recorded health and safety training, and that such training is repeated for new and reassigned personnel.

8.4

The supplier shall provide, for use by all personnel, clean bathrooms, access to drinkable clean water, and, if appropriate, sanitary facilities for food storage.

8.5

The supplier shall ensure that dormitory facilities, if provided for personnel, are clean, safe, and meet the basic needs of the personnel.

9. Environmental Protection

9.1

The supplier must comply with all applicable national and international laws and regulations.

9.2

The supplier shall conduct its business in a manner that utilises natural resources as efficiently as possible.

9.3

Hazardous substances should be limited wherever possible. They may only be used if handled correctly and if the environment does not suffer through their use.

9.4

The environmentally compatible disposal of waste and containers must be guaranteed and proven upon request. All the waste that occurs during production must be disposed of in the correct manner.

10. Management System

10.1

The supplier shall take positive actions to implement the requirements of this standard, to incorporate the standard into all of its operations, and to make the standard an integral part of its overall philosophy.

10.2

The supplier shall assign responsibility for all matters pertaining to this Code of Conduct to a manager within its organisation.

10.3

Top Management of the supplier shall periodically review the operation of the requirements of this standard.

10.4

The supplier accepts responsibility for observing the requirements of this standard with respect to all employees and workers that it supervises and agrees to:

a – assign responsibility for implementing this standard at each place that it owns or controls to an employee.

b – ensure that employees and workers are aware of the standard by communicating its contents in a language understood by them.

c – refrain from disciplining, dismissing or otherwise discriminating against any employee for providing information concerning observance of this standard.

10.5

The supplier shall maintain appropriate records to demonstrate conformance to the requirements of this standard, and shall be able to provide reasonable information and access to parties approved by SANDVIK AS seeking to verify conformance.

10.6

The supplier will make observance of this Code of Conduct a condition of all agreements that it enters into with subcontractors. These agreements shall oblige these subcontractors to conform to all requirements of this standard and participate in the supplier's monitoring activities as requested.

10.7

Regarding the use of agents, or several factories or suppliers that have sub-contractors, all links shall be traceable concerning manufacturing location with respect to the manufactured goods delivered to SANDVIK AS. Any sub-contracting shall be agreed upon by SANDVIK AS prior to any production.

IV – Auditing and Monitoring

To evaluate the compliance of this Code of Conduct SANDVIK AS will make use of audits either by own personnel or by approved third parties. We reserve the right to monitor the compliance of this Code of Conduct by systematic, unannounced or announced inspections, conducted by SANDVIK AS personnel or independent auditors.

V – Corrective Action and Non-Compliance

SANDVIK AS Code of Conduct sets the standard expected to be met by all our suppliers and partners during operation and manufacturing. We are fully aware that all expectations can't be met immediately, but these as well as non-compliances are to be settled by corrective actions by the supplier. If repeated violations are established without any effort by the supplier to take appropriate actions, it s our duty from SANDVIK AS Management to terminate the cooperation with such suppliers.