



**Sandvik**  
**Sustainability**  
**Report 2006**

# Sandvik and Sustainable Development

This is the first time that Sandvik has published a consolidated sustainability report. Although the reporting is new, Sandvik has worked successfully with sustainability matters for many years.

Sandvik's focus on sustainable development and social and environmental responsibility is an important factor in the company's development. Many of Sandvik's customers also focus on these matters and are placing demands on Sandvik as a supplier. Sandvik, as a customer, also places similar demands on its suppliers. Sandvik's employees and owners and society in general have increased their expectations that companies will assume responsibility for these issues and manage them in a transparent way.

A key element in Sandvik's approach to sustainability is the reduction of energy consumption

and, consequently, reduced carbon dioxide emissions. Sandvik also considers the health and safety of its employees as one of its core values. To this end, an Environment, Health and Safety management system will be introduced during 2007 with the primary aim of reducing the number of workplace incidents. Increased equality in the workplace is also of major importance for Sandvik. The goal for the future is to increase diversity to ensure that the right competence is available at the right time.

I hope that this report provides a good overview of Sandvik's work towards ensuring that sustainable development remains an important contribution to the success of the company.



Lars Pettersson  
President and CEO

# Sustainability report

## CONTENT AND BOUNDARY OF THE REPORT

This sustainability report refers to the financial year 2006. Unless otherwise stated, the same accounting principles are applied in the sustainability report as in the annual report, and the report covers the entire operations of the Group, but excludes associated companies and joint ventures. Specific methods of measurement and assumptions are presented in connection with the respective indicators in the report. Unless otherwise indicated, Seco Tools and companies acquired during 2006 are not included in the report.

The most significant sustainability issues, as seen from the viewpoint of the Group and key stakeholders, are dealt with in this report. The assessment of which issues are important is based partly on the Group's mission, values and objectives as described in the common platform The Power of Sandvik, and partly on discussions with some of the key stakeholders. This separate report is more comprehensive than the official sustainability report included in Sandvik's annual report.

Since this is the first sustainability report presented by Sandvik, a verification of its contents by a third party was not considered. However, such a verification is planned for the next year's sustainability report.

## APPLICATION OF GRI

This report is based on the third generation of guidelines (G3) issued by the internationally recognized organization Global Reporting Initiative (GRI). The table below shows where in this report those indicators stated by GRI, that Sandvik has chosen to account for, are presented. It is Sandvik's intention that the report shall be equivalent to the GRI level B, meaning that many but not all indicators are presented. A more complete GRI index and comments to some of the indicators are available on Sandvik's website. Additional information on GRI is available on the organization's website, [www.globalreporting.org](http://www.globalreporting.org).

## SANDVIK'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

### Values and rules

Sandvik is a company with longstanding traditions. Since the company was founded in 1862, operations have been conducted in close cooperation with the company's customers and with high ethical standards. Today, Sandvik is a multinational company active in more than 130 countries. In recent years, Sandvik has expanded rapidly through the acquisition of new companies with new cultures and strong new brands.

Sandvik's mission is to be the natural first choice for customers and to create the best possible value for the Group's various stakeholders – e.g. customers, shareholders and employees. At the same time, Sandvik aims to conduct itself as a good citizen that assumes long-term responsibility for its activities.

Sandvik's way of working and relating to the Group's stakeholders is distinguished by three core values: Open Mind, Team Spirit and Fair Play. These values form a central part of The Power of Sandvik, which also contains the Group's vision, strategy, mission, goals and guidelines.

Open Mind means constantly seeking new solutions and paths to improvements. Team Spirit means that all who work at Sandvik shall act as a team and cooperate with and respect each other.

Fair Play describes the manner in which Sandvik does business and how Sandvik contributes to sustainable development in society.

GRI area	GRI indicator	Page
Strategy and Analysis	1.1–1.2	cover inside, 2–3*
Organizational Profile	2.1–2.9	cover inside*
Report Parameters	3.1–3.13	38–50*
Governance, Commitments and Engagement	4.1–4.10	84–91*
Economic Performance	EC1	5
Environmental Performance	EN1–2	6
	EN3–4, 8, 16, 22	7
	EN26	8
Social Performance	LA1	53*
	LA2, 7	9
	LA8, 10, 12	10
	LA13	11
	HR3	11

\* Page number in the annual report.

Sandvik's overall goals comprise both financial objectives, which are described on page 6 of Sandvik's annual report, and environmental and social objectives, described on pages 6 and 8–9.

Sandvik's Fair Play value was the starting point for the development of the Group's Code of Conduct. The Code is based on the OECD's guidelines for multinational companies and thus also on the United Nations' Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the UN Convention against Corruption. The full text of the Code of Conduct is available within the organization in 15 different languages and can also be found on the Group's website, [www.sandvik.se](http://www.sandvik.se).

#### **Management system**

In 2002, Sandvik established the goal that all significant production, service and distribution units should be certified in accordance with the ISO 14001 international standard for environmental management systems before the end of 2004. Around 125 units are currently certified, which corresponds to approximately 95 percent of all units. Acquisitions made since 2004 have increased the number of units, and work is in progress to also certify newly acquired units. During 2006, Group management also decided that all significant production, service and distribution units should be certified in accordance with the international occupational health and safety specification OHSAS 18001, or an equivalent standard. More information about OHSAS 18001 can be found at [www.ohsas-18001-occupational-health-and-safety.com](http://www.ohsas-18001-occupational-health-and-safety.com). At the close of 2006, 18 units were certified.

#### **Training in environmental and social responsibility**

Group Management requires that all employees are educated in the company values and provides training for this on an on-going process. The company's senior managers participate in a mandatory two-day seminar, after which they are responsible for ensuring that training is implemented locally and that the Code of Conduct is followed. At the close of 2006 approximately 81

percent of Sandvik's employees had undergone this training.

Within the framework of the management systems described above, all employees also receive basic training in relevant environmental and safety issues.

#### **Risk management**

Sandvik has introduced a risk management process throughout the organization that also covers risks related to the environment, human rights, labor legislation, business ethics, international guidelines and Sandvik's own Code of Conduct. The risk management system covers not only the Group's own operations but also risks related to customers, partners and, in particular, suppliers. The risk management process is described on page 32 of Sandvik's annual report.

#### **Follow-up**

A key part of following up Sandvik's sustainability work is efficient collection and consolidation of non-financial indicators and key figures from the Group's approximately 320 reporting units. For the past two years, the collection process has been integrated with the financial reporting system. Indicators and key figures are constantly being developed, based on the Group's overall social and environmental goals and recommendations from Global Reporting Initiative.

Sandvik's organization includes some 270 companies with their own Boards of Directors. Follow-up of the Code of Conduct and environmental and work-environment issues is on the agenda at the Board meetings of these companies.

Within the Group is an independent internal audit body, Group Assurance, that, among other functions, monitors adherence to the Code of Conduct and identifies risks related to the Code. Group Assurance reports directly to the Board's Audit Committee once each quarter.

In addition to these measures, Sandvik encourages its employees to present their views on adherence to the Code of Conduct. All employees can present their views to their immediate superior, the HR function or directly to the Group's chief legal counsel.

## Stakeholders

Sandvik has a large number of stakeholders who influence and are influenced by the Group's operations. Sandvik has identified three key stakeholder groups – shareholders, customers and employees – who have vital significance for operations, and with whom regular contact occurs at different levels within the Group.

The dialog with shareholders takes place primarily via the Board of Directors and at the Annual General Meeting, as well as through a well developed Investor Relations function. During the year, meetings are held with different shareholder representatives in the form of asset managers and analysts. The employees are represented on the Board of Directors of the Parent Company. Information meetings and negotiations are held locally with employee representatives when they are needed e.g. in conjunction with organizational changes. Customer contacts are handled locally by Sandvik's world wide network of sales offices.

In addition to these contacts, communication take place as it is needed with regulatory authorities, and other groups including training units, interest organizations (NGOs), and individuals from the general public.

All stakeholders expect Sandvik to assume a large measure of responsibility for its operations, and that the company will disclose what is being done and achieved. This responsibility relates not only to the financial perspective but also to the environmental and social perspectives.

Prior to the publication of this sustainability report, discussions were held with selected rep-

resentatives of the employees, the largest shareholders and certain customers with the aim of learning their views on what the report should contain. These views have been taken into account as far as possible in the preparation of the sustainability report.

## ECONOMIC RESPONSIBILITY

### Policy, objectives and outcome

Sandvik has no specific policy concerning the Group's impacts on the economic conditions of its stakeholders in a wide sense. There is, however, a finance policy setting out the boundaries for the Group's financial risk-taking.

Sandvik's economic development is evident from the report of the directors and the financial reports included in the annual report, which also presents the Group's financial goals and how those goals have been fulfilled.

The table below shows how the value created by the Group's operations (including Seco Tools) has arisen and how it is distributed to different stakeholder groups.

In many cases, more detailed information on cash flows to various stakeholders is presented in the notes to the income statement and the balance sheet. For example, information on salaries, other benefits and pensions to executives as well as other personnel groups is presented in note 3.

### Risks and opportunities related to climate change

A key sustainability issue that has attracted considerable attention in public debate is the climate impact caused by human activity, also known as the greenhouse effect. Sandvik's operations affect the climate in different ways. Two of the Group's units are embraced by the system for trading with carbon dioxide emission allowances implemented by the EU. Sandvik was allocated some 181,000 emission allowances for years 2005 through 2007 well covering Sandvik's needs. Sandvik did not receive any other substantial government grants during the year (see also note 13). During the year, 7,000 allowances were sold to the value of SEK 1.6 M. The trading in emission allowances affects Sandvik indirectly through the substantially increased electricity price, also for electricity not affected by emission allowances.

## Financial value generated and distributed (GRI indicator EC1)

Amounts in SEK M	Stakeholder	2006	2005
Revenue	Customers	72 289	63 370
Financial value generated		72 289	63 370
Costs for production	Suppliers	38 773	33 895
Wages and remuneration	Personnel	18 672	17 281
Payments to suppliers of capital	Credit suppliers	955	713
Payments to suppliers of capital	Shareholders	3 533	6 976*
Payments to the state	Public sector	3 006	2 427
Social investments	Society	0	0
Financial value distributed		64 939	61 292
Retained in company		7 350	2 078

\* Repurchases of shares are included in an amount of 3,964.

One of Sandvik's environmental objectives is to reduce the emission of, among other items, carbon dioxide coming from Sandvik's manufacturing processes as well as from the use of the Group's products. Several of Sandvik's products contribute to reduce its customers' energy consumption, thereby also reducing the emission of carbon dioxide. Thus, Sandvik is well positioned to meet future risks and to make the most of opportunities presented by the climate change.

## ENVIRONMENTAL RESPONSIBILITY

### Policy and objectives

Environmental issues have for a long time been prioritized by Sandvik. Most environmental work takes place at the local plant level and in close cooperation with local authorities. The Group's Code of Conduct includes a policy for environmental matters attaching importance to management by objectives and to preventive measures in order to achieve continual improvements. The environmental policy is presented on Sandvik's website.

At Group level, a number of objectives and targets have been established based on the most important environmental aspects of operations, such as consumption of energy, raw materials, fresh water and hazardous chemicals as well as the manufacturing of products and the related generation of waste. These objectives and targets were established by Group Executive Management in May 2006 and are presented below.

The following section of the report presents outcome compared to the Group's objectives and targets as measured by relevant indicators and key figures. In many cases, more detailed objectives and targets have been defined for the respective business area.

#### *The Group's environmental objectives:*

- More efficient use of energy and raw materials.
- Reduced emissions to air and water.
- Increased materials recovery, both internally within Sandvik and externally by recovery of the Group's products.
- Reduced environmental impact from the use of hazardous chemicals.

#### *The Group's environmental targets:*

- Reduce electricity consumption in relation to sales volume by 10% before year-end 2010 (base year: 2004).
- Replace all chlorinated organic solvents with other solvents or techniques before year-end 2010. Complete the phasing out of trichloroethylene (TCE) items before year-end 2008.
- Reduce carbon-dioxide emissions from internal use of fossil fuels by 10% in relation to sales volume before year-end 2010 (base year: 2004).

## OUTCOME

### *Raw materials*

Raw material consumption varies between the business areas. At Sandvik Tooling as well as Sandvik Materials Technology, production is mainly based on metallic raw materials while at Sandvik Mining and Construction it is mainly based on purchased components. Consumption of metallic raw materials is presented in the table below.

Sandvik Materials Technology's plants in Sandviken and Hallstahammar, Sweden, are the major users of raw materials in the Group. The raw materials most important to Sandvik Materials Technology are iron, nickel, chromium, manganese and molybdenum, either in alloys or as part of scrap metal. Almost 80% of those materials come from recycled scrap. The raw materials most important to Sandvik Tooling are various tungsten compounds and cobalt but also more rare elements such as tantalum are used. Even though recovery is high today, Sandvik all the time endeavors to increase the share of recovered raw materials, partly to secure a sustainable utilization of raw materials, partly to reduce the environmental impacts. This is accomplished by repurchases of used products and the

### Raw materials consumption

Indicator	2006	2005	GRI indicator
Consumption of metallic raw materials (tons)	389 000	356 000	EN1
• of which recovered (%)	77	79	EN2

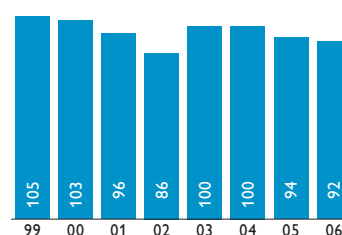
recycling of waste from the Group's own manufacturing plants. During the year, Sandvik Tooling opened a newly built recovery plant for cemented carbide in Chiplun, India. The factory will substantially contribute to Sandvik's future supply of tungsten and cobalt.

Hazardous chemicals are used only to a limited and well supervised extent and are afterwards taken care of in accordance with environmentally safe methods. Trichloroethylene is still being used as a degreasing agent by some manufacturing units. During 2006, the use of trichloroethylene ceased at Sandvik Materials Technology's tube manufacturing unit in France.

## Energy

The progress of Sandvik's energy consumption is presented in the table to the left and the following diagram:

### ELECTRICITY CONSUMPTION



Change in electricity consumption in relation to volume 1999–2006. The diagram shows index compared with 2004. Volume is defined as invoiced sales adjusted for currency and price effects.

As shown in the diagram, electricity consumption declines in relation to volume. Consumption during 2006 was 8% lower than during 2004.

Sandvik Materials Technology's plant in Sandviken accounts for about half of Sandvik's electricity consumption. In order to meet future requirements for more efficient energy utilization, for both environmental and cost reasons, an energy management system has been implemented at the plant. The management system was certified during 2006. This management system also ensures that the plant complies with the requirements of the Swedish program to improve energy efficiency.

As part of the system some 3,000 employees attended three hours' training in energy knowledge and energy efficiency.

Energy mapping has been carried out at Sandvik Materials Technology's plants in Hallstahammar in order to investigate and identify possible improvements in energy efficiency.

## Water

The progress of fresh water consumption at Sandvik is presented in the table to the left.

More than half of the consumption takes place in Sweden where water supply is good. In India, being one of the areas in the world where Sandvik

### The progress of energy consumption

Indicators	2006	2005	GRI indicator
Consumption of energy (TJ)	7 400	6 800	
• of which fossil fuels (TJ). Direct energy	2 300	2 100	EN3
• of which electricity (TJ). Indirect energy*	5 100	4 700	EN4

\* Energy consumption does not include the energy consumed by electricity producers to generate the electricity.

### The progress of fresh water consumption

Indicators	2006	2005	GRI indicator
Consumption of water (m <sup>3</sup> )	3 600 000	3 800 000	EN8
• of which purchased (m <sup>3</sup> )	3 200 000	3 300 000	EN8
• of which from own wells (m <sup>3</sup> )	300 000	400 000	EN8
• of which collected rain water (m <sup>3</sup> )	100 000	100 000	EN8

### The progress of carbon dioxide emission and waste generated

Indicators	2006	2005	GRI indicator
Emission of carbon dioxide (tons CO <sub>2</sub> )*	479 000	434 000	EN16
• of which from combustion of fossil fuels (tons CO <sub>2</sub> ). Direct	193 000	180 000	EN16
• of which from use of electricity (tons CO <sub>2</sub> ). Indirect**	286 000	254 000	EN16
Waste (tons)***	150 000	140 000	EN22
• of which hazardous waste (tons)	35 000	24 000	EN22
• of which waste to landfill (tons)	95 000	90 000	EN22

\* Excluding emissions from transportation.

\*\* The emission has been calculated by use of factors (International Energy Agency Dataservice) which take into account which type of primary energy that was used when producing the electricity. Emission from the generation of the electricity is thus included.

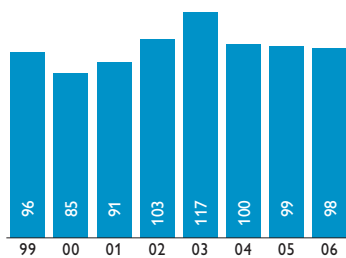
\*\*\* Excluding metal waste which has been internally or externally recycled.

operates where water is in shortest supply, about 12% of the water required comes from the collection of rain water. At many units, measures have been taken to re-circulate and re-use process water to the greatest possible extent.

*Emission, waste and land contamination*

The progress of carbon-dioxide emission and waste generated in manufacturing processes are presented in the table on the previous page and in the following diagram.

EMISSION OF CARBON DIOXIDE



Change in carbon dioxide generated from the combustion of fossil fuels in relation to volume 1999–2006. The diagram shows index compared with 2004. Volume is defined as invoiced sales adjusted for currency and price effects.

As shown in the diagram, Sandvik’s emission of carbon dioxide in relation to volume has increased slightly since 1999. As a result, Group Executive Management has established the target to reduce emission by 10% from 2004 till 2010.

At Sandvik Materials Technology’s plants in Sandviken, there are some old landfills containing hazardous waste. Closure activities work started during 2006. In order to restrict the use of natural soil (such as moraine), a residue (slag) from the manufacturing process is partly used in this work.

Investigation and remediation of contaminated land is going on at certain units where remains of trichloroethylene used for degreasing have been discovered. This is the case for example at Sandvik Materials Technology’s plants in Scranton and Bethel in the US, Arnprior in Canada, and Hallstahammar in Sweden as well as at Sandvik Tooling’s plants at Fair Lawn, Crystal Lake and Rhineland in the US.

*Products (EN26)*

Sandvik’s vision is that customers shall perceive Sandvik as their chosen productivity partner. Since higher productivity often means lower environmental impact per produced unit, Sandvik can also be viewed as a partner that helps customers to reduce their relative environmental impact.

Continuous product development work is conducted within Sandvik with the aim of developing products with lower environmental impact, and particularly products that can help customers to reduce their own environmental impact. Nearly all of Sandvik’s products are fully recyclable and have a long service life.

The following are some examples from the business areas of products that result in reduced environmental impact when used in customer applications:

- Sandvik Materials Technology has developed tubes with internal profiles for production of ethylene, a basic constituent in plastics production. The profiles result in lower energy consumption, better heat transfer and increased availability on the process.
- Sandvik Coromant, the largest of Sandvik Tooling’s product areas, has developed cemented-carbide tools for metal cutting without cutting fluid, which is an advantage from an environmental viewpoint.
- Sandvik Mining and Construction produces an efficient system for collecting dust in conjunction with the handling of various types of rock, slag, coke and other materials. Dust formation in conjunction with materials handling has a major environmental impact and is also a significant work-environment issue.

**SOCIAL RESPONSIBILITY**

**Policy and objectives**

Sandvik’s social responsibility comprises working conditions and terms of employment for the employees as well as fundamental respect for human rights and a constructive commitment to the community. The Group’s policy for social responsibility forms part of the Code of Conduct



which is presented on the Company's website, [www.sandvik.com](http://www.sandvik.com).

Based on the policy and identified risks, Sandvik has formulated a number of objectives and targets, in particular related to working and employment conditions at the Group's sites. Those objectives and targets are presented below. In the next section, outcome in relation to the Group's objectives and targets measured by relevant indicators and key figures is presented. The Group's global and local policies and processes as well as local legislation support the work to create opportunities for working and employment conditions that are compatible with Sandvik's Code of Conduct.

*The Group's social objectives:*

- Zero accidents.
- Reduced absence due to illness.
- Increased equality of opportunity at work.

*The Group's social targets:*

- Reduce the number of lost days injuries, lost days injury frequency rate and the number of lost working days due to lost days injuries by 50% before year-end 2008 (base year: 2005).
- Reduce the number of lost working days due to illness by 50% before year-end 2010 (base year: 2005).
- All major production, service and distribution units shall be certified in accordance with OHSAS 18001 (or an equivalent standard) before year-end 2007.
- Increase the number of female employees to 25% before year-end 2010.
- All employees shall have annual formal review discussions.

**Health and safety**

Indicators and key figures	2006	2005	GRI indicator
Number of lost days injuries*	980	1 030	LA7
Lost days injury frequency rate**	13.2	16.1	LA7
Lost days due to lost days injuries	14 897	12 715	LA7
Working days lost by employee due to lost days injuries	0.40	0.40	LA7
Total sick-leave (whether work related or not), %	2.5	4.0	LA7

\* Work-related injury (own employees) resulting in minimum one day's absence from work.

\*\* Lost days injury frequency rate is defined as the number of lost days injuries by million work hours. Assumption: Employees are assumed to work 2,000 hours a year.

**Outcome**

*Employment*

The number of employees in the Sandvik Group and their allocation by geographical areas is shown in note 3. During the year, 2,575 employees left the Group. The staff turnover rate was thus 7.0% (LA2). The proportion of internally filled appointments was 18.4%. The number of employees in the units covered by the sustainability report was 37,045 at 2006 year-end.

*Health and safety*

During 2006, two Sandvik employees met with fatal accidents at work. They were both killed in a car accident when travelling to meet a customer. There were no fatal accidents during 2005.

The number of lost days injuries, lost days injury frequency rate, lost days due to lost days injuries and working days lost due to both injuries and illness, whether caused by work or unrelated to work are presented in the table below.

The number of lost days injuries and the lost days injury frequency rate are both relatively high compared with other companies in the industry. The major challenge until year-end 2008 is to reduce both by 50%.

In certain countries, community and working life is marked by the incidence of serious contagious diseases. HIV/AIDS is, for example, a considerable problem in – above all – southern Africa. Sandvik has implemented programs educating and counselling employees and their families, in some cases also other inhabitants near to Sandvik works, about HIV/AIDS. Within the framework of the program, opportunity for testing is offered. Also offered are condoms and antiretroviral medicines. In southern Africa, Sandvik has comprehensive operations, in South

Africa, Zambia and Zimbabwe. A summary of the HIV/AIDS programs in these countries is presented in the table below.

The programs in place at Sandvik's operations in Tanzania and Ghana are less comprehensive but are being developed.

#### Training

Continuous competence development of employees is a prerequisite for the development of Sandvik's operations. The number of training hours is followed-up and common processes for competence development are in place. Both managers and other employees are responsible for the accomplishment of structured and regular competence development. Plans for competence development shall be prepared forming an important part of the formal review discussions that every employee shall have with his or her manager every year.

The number of training hours by employee and for different categories is shown in the table below.

#### Formal review discussions

During 2006, formal review discussions were held with 52% of Sandvik's employees compared with 56% during 2005 (LA12).

#### Diversity and equal opportunity

About 70% of Sandvik's employees around the world work at local units outside Sweden. The employees at subsidiaries in more than 60 countries have various nationalities and speak a number of languages. The diversity in the Group is great and this is also a prerequisite for Sandvik to be able to secure the availability of the right competence at the right time for the needs that exist within the Company. This diversity is secured by the offering of equal rights and equal opportunities to all and everyone irrespective of age, race, color, national origin, religion, sex or disability. Today, the proportion of female employees is merely 17% and even less in management positions as shown in the table below. Therefore, Group Executive Management has established the target to increase the proportion of female employees to 25% before year-end 2010.

In order to support these objectives, Sandvik has a personnel recruitment policy that stipulates that the Group shall have an open internal labor market. Vacant positions must be advertised, and recruitment shall be based on equal opportunities for all qualified job-seekers. Particular emphasis is placed on ensuring that there are qualified applicants of both sexes.

Sandvik has a transparent payroll policy that supports the Group's business objectives, helps to make Sandvik an attractive company in which to

#### HIV/AIDS Assistance program (GRI indicator LA8)

Recipients	Education		Counselling		Prevention/ Risk controls		Treatment	
	Yes	No	Yes	No	Yes	No	Yes	No
Employees	3	0	3	0	3	0	3	0
Families of employees	3	0	2	1	2	1	2	1
Other inhabitants	2	1	0	3	1	2	0	3

The number denotes the number of countries in which Sandvik offers programs for the respective categories.

#### Number of training hours by employee

Category	2006	2005	GRI indicator
Manager/supervisor positions	32.9	34.5	LA10
Staff positions (excl. managers/supervisors)	27.2	21.3	LA10
Worker positions	18.0	19.9	LA10

work and develop, stimulates internal mobility and increases efficiency. The pay structure is based on four cornerstones:

- The position's complexity and degree of difficulty.
- Individual performance.
- The market situation.
- Encouragement of personal development.

Rates of pay are set in a structured manner with a common approach applied throughout the company.

Average number of employees by geographical area by gender is presented in note 3 in the annual report. Other relevant key figures relating to the proportion of men and women are presented in the table below.

#### **RISKS RELATED TO HUMAN RIGHTS AND CORRUPTION**

Sandvik does not tolerate either the use of child labor or forced labor, nor the offering or accepting of bribes or any other form of corruption.

All Sandvik employees shall have the right to free association. Sandvik has a training program on the Group Core values that is described on page 4. This program includes training in the Group's human rights and corruption policies. At the end of 2006, more than 81% of the employees had participated in this training (HR3). No serious incidents relating to corruption or violation of human rights were reported during 2006.

Moreover, the Group regularly carries out risk assessment in all countries in which the Group operates and these assessments also cover risks relating to human rights and corruption. A survey is made every year to ascertain how this assessment was carried out. Through these assessments, Sandvik has gained good knowledge of where in the world the risks for corruption and violations of human rights are highest. Therefore, Sandvik is in a position to better consider these risks when investing in such countries.

#### **Women (%)**

Category	2006	2005	GRI indicator
All employees	17.0	17.0	LA 13
Board members	6.0	6.0	LA 13
Manager/supervisor positions	11.9	10.5	LA 13
Staff positions (excl. managers/supervisors)	28.7	30.4	LA 13
Worker positions	10.8	10.8	LA 13

