



Sandvik Rock Tools

Our way report 2022



What is sustainability?

United Nations Brundtland Commission defined sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” Sustainable practices support ecological, human, and economic health and vitality.

Sustainability presumes that resources are finite and should be used conservatively and wisely with a view to long-term priorities and consequences of the ways in which resources are used. The increasing threat of climate change pushes us to make concrete efforts to ensure development without negative effects on future generations.

Our commitment to sustainable business

Sandvik Rock Tools is determined to bring about positive change in the business we operate in, from all aspects. And when it comes to sustainability, we are no different. Sustainability is a key driver for the future of our planet; if the global community fail to act – humanity will face unprecedented challenges in the short-, mid-, and long-term. Sandvik as a whole, and Sandvik Rock Tools specifically, has set out on a journey to make our part of the mining industry as sustainable as possible, in order to secure necessary minerals to make the needed sustainability shift. Here, we also need to be humble: we do not have all the answers, and we are constantly learning and developing

our approach and methods. Why? For the good of our planet, as well as our business.

We are working hard to increase awareness and to ensure that sustainability is engrained in everything we do. This shows in our division strategy for the coming years, which we call our “Playbook”. Here, sustainability is a key part of most of our initiatives, and it ensures that we remain accountable to secure progress in our sustainability efforts. We are also actively working on what we call our “culture-shaping expectations”, where we have defined a number of areas where we, as a company and as individuals, can make

a positive impact in our everyday lives and become more sustainable people. A few examples include the ways in which we travel – including purchasing carbon offsets in renewable energy projects, certified by Gold Standard – sorting and recycling of waste and representation.

As you can read more about in the “Our Way Report” for 2022, we have made great progress in some areas over the past year, and still have work to do in others. What remains unchanged is our commitment to becoming a more sustainable business.

“Sustainability is a key driver for the future of our planet; if the global community fail to act – humanity will face unprecedented challenges in the short-, mid-, and long-term.”

Maria Hugosson, President Rock Tools division,
Sandvik Mining and Rock Solutions



United Nations agenda 2030

To emphasize the importance of climate change, it is well integrated in the United Nations Agenda 2030. Agenda 2030 consists of 17 Sustainable Development Goals (SDGs) for a better world and is an action plan for a sustainable future. It is stated that to reach lasting sustainability all three parts of sustainability: people, planet, and profit, must be considered. No goal can be achieved at the expense of another goal and progress for all SDGs is required to reach success.

Sandvik Rock Tools business affects many of the sustainable development goals, and this report highlights our work regarding climate change, climate action and resource efficiency. Visit the United Nations Agenda 2030 site to learn more: www.un.org/sustainabledevelopment

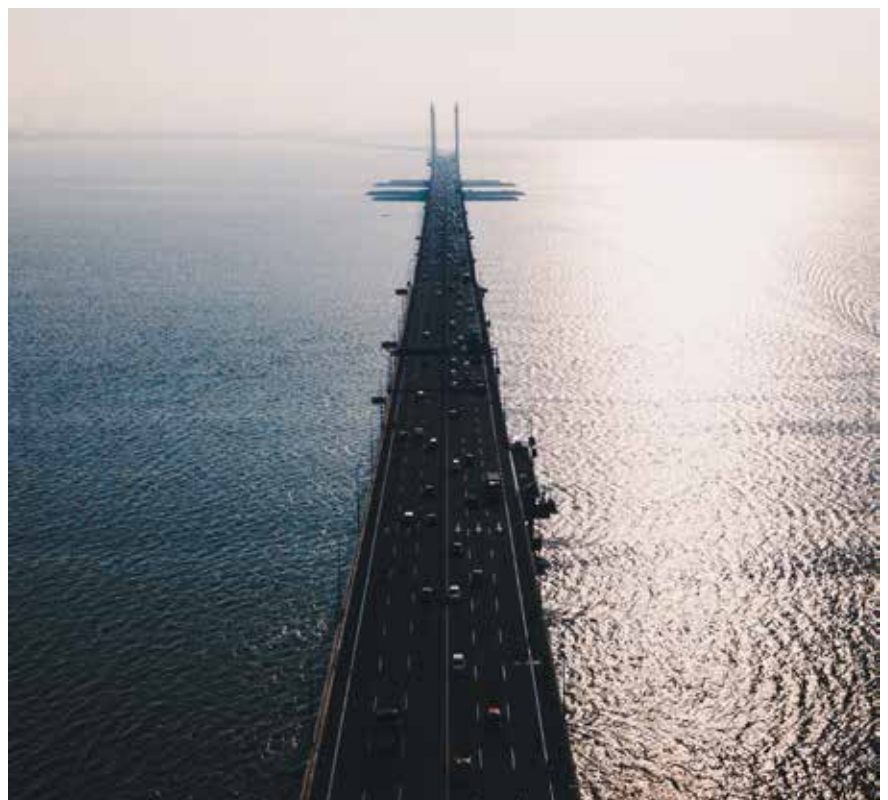


Paris agreement

The Paris agreement is a legally binding, international treaty on climate change. The core of the agreement is to reduce global warming, limit global temperature rise to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

The importance of not exceeding 1,5°C was highlighted by the Intergovernmental Panel on Climate Change (IPCC) who warned about the catastrophic impacts climate change could generate.

To achieve this, greenhouse gas (GHG) emissions must halve by 2030 – and drop to net zero by 2050.





Our way of working for a sustainable shift

Sustainability shift

Sandvik as a company has set clear sustainability goals for 2030 in the areas of Climate, Circularity, People and Fair Play. These are in place to help us make the shift to a more sustainable business. The sustainability goals take a holistic approach that includes customers, suppliers, and our own operations.

This report is about the environmental aspects of sustainability and describes Sandvik Rock Tools way of working with the goals “We Shift Climate” and “We Build Circularity.”

Commitment to Science Based Target Initiative

The Science Based Target initiative (SBTi) drives ambitious climate action in the private sector by validating companies' GHG emission reduction targets consistent with climate science and the Paris Agreement. SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). More than 5,700 businesses and financial institutions are working with the SBTi to reduce their emissions in line with this initiative.

In December 2021, Sandvik committed to set targets in line with the Science Based Targets initiative (SBTi). During 2022 a company Green House Gas (GHG) inventory according to the GHG Protocol was conducted and in November, target proposals were sent into SBTi for approval. The targets include net-zero emissions for our own operations, heating and power (Scope 1 and 2) by 2040 and for customers, suppliers and transports (Scope 3) by 2050. Setting targets in line with climate science and the Paris agreement is a natural step in Sandvik's sustainable business strategy, where we can make a big difference through our customer offerings.



Sustainability mission statement

Sandvik Rock Tools has developed a sustainability mission statement. This states that “Sandvik Rock Tools should be a forerunner in making the shift to sustainable business in our industry by being an innovative business partner who delivers sustainable values (People, Planet, Profit) for all stakeholders in our industry”. The sustainability mission Statement also clarifies how we drive the sustainability progress within our division through four areas stated below.

- **We are a part of the solution:** We commit to climate action to reach or exceed targets agreed in the Paris Agreement. We will reach carbon neutrality in our entire value chain by 2045.
- **We take responsibility for our business impacts:** We drive continuous improvement of sustainable mining and construction practices. Our offerings will not only be of the highest quality and effectiveness but also the most resource-efficient and circular.
- **We optimize our operations:** Our operations, logistics and supplier base will be climate neutral, resource-lean and, as a result, nearly zero waste. We aim for zero harm to people.
- **We are sustainable people:** We shall be a true learning organization with the highest level of knowledge and awareness within sustainability. Sustainability is always part of what we do.

Sustainability governance

To achieve Sandvik Rock Tools sustainability mission statement, we have implemented a governance process guided by three focus areas:

- We lead the way
- We build circularity
- We shift climate

Each statement contains measurable goals that are followed and revised regularly to ensure that plans, investments and activities deliver sustainable results in wanted direction.

All Sandvik Rock Tools functions have their own unique scorecard with relevant Key Performance Indicators (KPIs) for their operations. The scorecard set the foundation for the function's long- and short-term sustainability projects and activities. This is a key factor to involve all functions and employees and for our sustainability work to be successful.

“Our approach to sustainability is that it is a continuous journey, where we all learn and adopt to the latest science and ways of working. This report aims to bring transparency and clarity into how Sandvik Rock Tools works on a yearly basis.”

Boel Schylander, Vice President Sustainability
Sandvik Mining and Rock Solutions





What do we mean by lead the way?

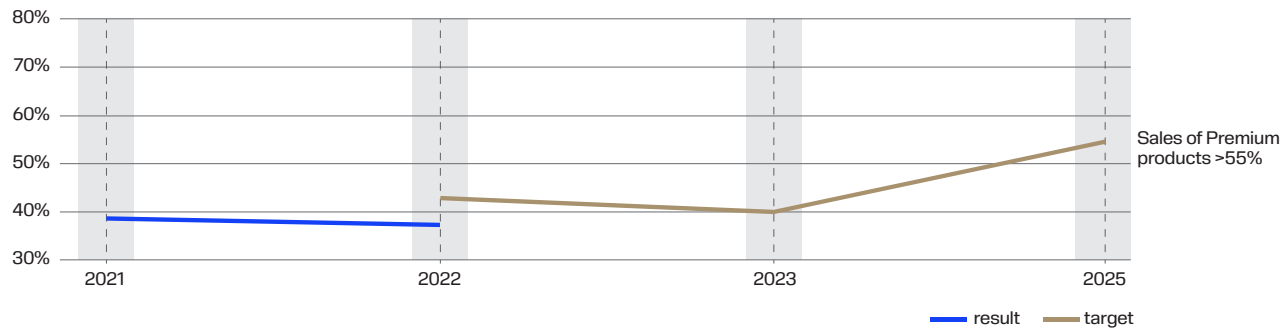
Lead the way means that Sandvik Rock Tools is striving to be the leading, most innovative and sustainable supplier of rock tools in the world. We want our products to have longer service life, higher productivity, be more energy efficient and consume less fuel than our competitors'. By providing this, Sandvik Rock Tools builds circularity and reduce our products climate impact in the whole life cycle. This is our way to lead sustainability in our business.

In new product development projects, our R&D organization aims to develop new products that are significantly better than standard products and provide either longer service life, higher productivity or are more energy efficient.

Rock Tools has decided to follow two targets in the focus area "We lead the way":

- Sustainable sales
- Digital shift

Sustainable sales



Key Performance Indicator (KPI) definition

“Sustainable sales” is a KPI defined as sales of premium products compared to industry standard. Rock Tools leads the way to reduce climate impact in the product life cycle, by increasing Sustainable sales.

How do we achieve this?

We will actively work to increase sales of premium products that can help our customers achieve better performance within sustainability. Below are some of the products that Sandvik Rock Tools define as being included in the term “Sustainable sales”.

Result in 2022

In 2022, 37% of Sandvik Rock Tools sales were categorized as “Sustainable sales”. This did not meet the target of 43%.

Focus in 2023

During 2023, we will continue to work actively to focus on the value of our premium products, showcasing to an even larger share of our customers how they can contribute to more sustainable and efficient operations. The target for “Sustainable sales” in 2023 is 40%.

RH560 Down-The-Hole hammer

The RH560 DTH hammer is developed to be a robust and reliable addition to your drilling operation, and on top of that it's exceptionally air efficient. That air efficiency comes from a modern air cycle design that does not utilize any foot valve. Additionally, the hammer is built with high tolerances that further contributes to efficient air usage. Fuel consumption is directly linked to hammer air consumption, and therefore 10-20% less air used by RH560 can be translated into a fuel saving of 8-12%.

RH560 provides exceptional rate of penetration and by boosting productivity with up to 15% will enable further positive impact on sustainability. Drilling more in a shorter period of time will also allow your operation to reduce greenhouse gas emissions.





Sandvik Alpha™ 340 Top hammer drilling tools

The new Sandvik Alpha™ 340 thread is designed for use in face drilling and bolting in mine development and tunneling. It features an entirely new asymmetric thread profile and has a larger diameter on the bit end thread of the drifter rod, leading to lower stress levels in critical areas.

Uncoupling is also easier than in previous designs, saving both time and effort at the drill rig. However, perhaps the biggest potential lies in the increased service life of the drill rod: with Sandvik Alpha™ 340, our customers can achieve up to 30% longer service life – significantly increasing productivity and reducing cost per meter advanced, while at the same time delivering sustainability benefits. The new thread concept also comes with improved drill bits.

Sandvik's successful PowerCarbide® grades will be more widely available in the standard assortment, and many bits get design upgrades with more gauge angles or larger buttons for increased robustness.

RP550 rotary shock absorber

A shock absorber is an important tool in any drilling operation: by greatly reducing shock and vibration, it saves the drill rig's rotary head, enhances performance, and provides a much smoother drilling operation.

The revolutionary design of the Sandvik RP550 shock absorber makes it maintenance-free and the entirely new safety coupling locks the thread connection, making handling much safer than with other shock absorbers. Testing shows that by using the RP550, customers can achieve significantly longer service life – up to 115% – of their shock absorber compared to older and competitor products.





RG600 grinding machine

Regrinding drill bits regularly increase bit service life, while at the same time reducing waste and lowering the emissions of manufacturing and transporting new drill bits.

The RG600 Pro grinding machine was presented last year, and comes with advanced and integrated operator safety features, such as reduced vibration, two-hand safety operations, and automatic stops – all aiming to eliminate the risk of hand injuries.

A power ventilation system also ensures a safer work environment and minimizes operator inhalation exposure.

It is a sustainable precision grinder with an efficient water recycling system and solid production capacity. It reduces water consumption with up to 97% and can increase the time efficiency by 37% for each grinding session.

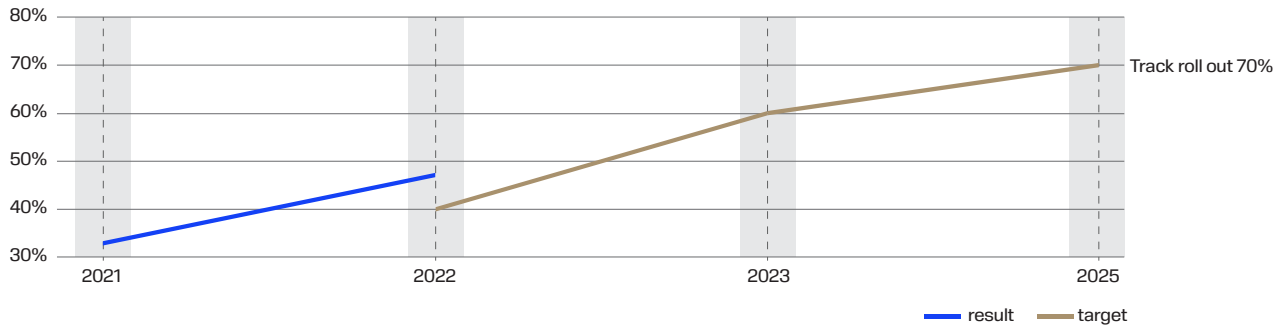
RS410 raise boring cutter

The new RS410 raise boring cutter features an updated roller bearing design, improved carbide inserts for reduced breakages and an upgraded lubricant with higher heat tolerance than previous cutters. Within raise boring, changing cutters means significant downtime, as the process can take up to a week to complete.

It also means a substantial safety risk for the operators as they work within the raise boring area. Longer service life is therefore key within all raise boring operations, and with the new RS410, up to 20% improved service life can be achieved, which has the potential to unlock great productivity, sustainability and safety improvements.



Digital shift



Key Performance Indicator (KPI) definition

“Digital shift” is a KPI defined as the amount of customers that implement our digital tracking and performance system “Track”. Sandvik Rock Tools leads the way by improving our customers productivity, increase the service life of our products and make sure no tools are lost at the customer sites. By doing this, and making the digital shift, the lifetime of our products increases and the total environmental impact decreases.

How do we achieve this?

We will work actively to introduce Track in more customer operations in order to improve productivity and increase the service life of our products. Track is described more in detail below, as are some other products that form Sandvik Rock Tools digital shift in the mining industry.

Result in 2022

At the end of 2022, we had exceeded our target and implemented Track in 48% of our service contracts. This was made possible thanks to great collaboration between our customers, Sandvik on-site service personnel, digitalization specialists, and app development team.

Focus in 2023

In 2023 our digitalization journey continues, and the ambition is to reach 60% coverage utilizing the same successful approach.

Track (Services)

Track is an application to capture data, and measure and optimize customer contracts. For many years, the track and review process of customer contracts was done using pen and paper and spreadsheets.

Today, Sandvik Rock Tools offers a concept that digitalizes our customer contracts and help our customers’ businesses excel. Track capture rock tools data and track inventory, rig, operator, and tool performance, while also presenting a real-time analysis for optimal tool selection and operational excellence securing safety, productivity, and efficiency.

By performing and understanding failure analysis and waste management our tools’ service life will improve which is beneficial from both a sustainable and circular standpoint.

The power of using a solution such as Track – both regarding sustainability and productivity – was recently showcased at a customer site in Australia.

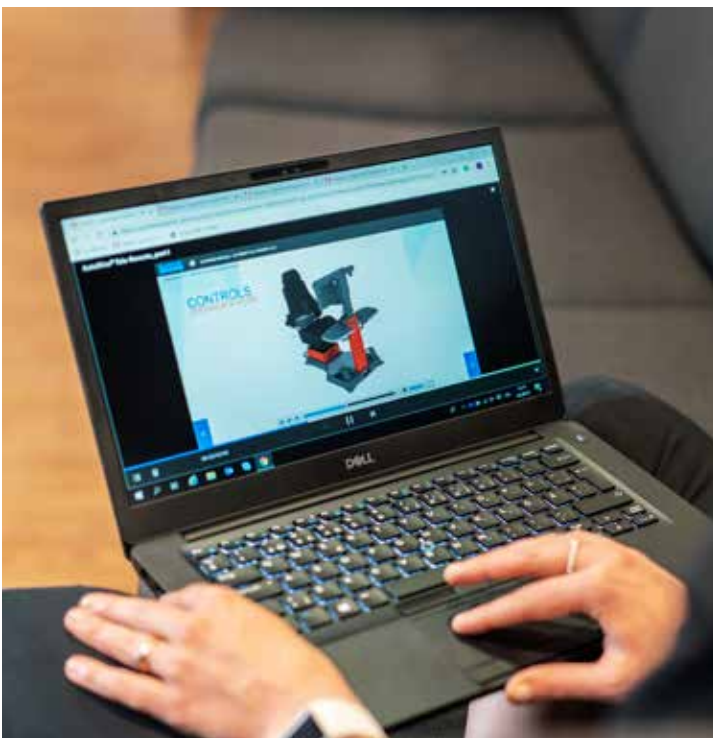
There, through the implementation of Track, it was possible to achieve a 30% lowered cost-per-meter, while at the same time significantly increasing the service life of the products.



Analyze (Services)

My Rock Tools Analyze is a mobile application designed to do failure and discard analysis of our customers' rock tools and provide guidance on improvements - all remotely. The aim is to determine the root cause of the failure or discard reason of the rock tool, prevent it from happening again, and to help improve future performance. It is very easy to use: our customers download the app from either App Store or Google Play, provide some key product information, take a few photos of their worn-out tool and then send it to us for analysis and feedback.

They can then use this analysis to improve their operations with the aim of increasing productivity and in turn, profitability.

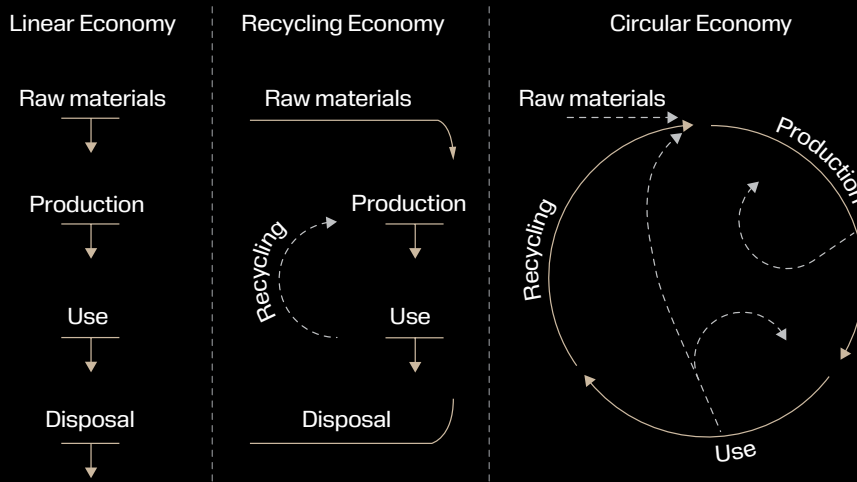


Sandvik Rock Tools offers interactive customer trainings based on drill hole simulation, called My Rock Tools Drill. There are two different versions: classroom training, through the use of an iPad app, and remote training, using a phone, tablet or computer, a web application and a video conferencing system (Teams).

These digital offerings are available for top hammer, down-the-hole (DTH), and rotary drilling. It is a practical customer training that demonstrates the operational impact on rock tools' service life and performance when using the correct settings. This has the possibility to achieve longer service life of our products, and in turn, sustainability benefits.

Sandvik Rock Tools way to build circularity

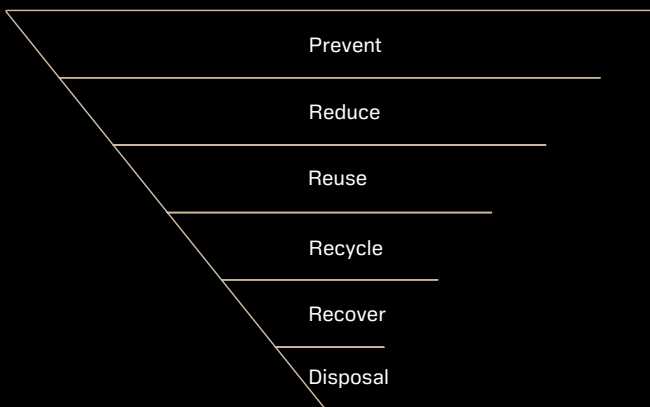
The European Parliament defines circular economy, also referred to as circularity, as a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. Circular economy is the opposite to linear economy. In linear economy, natural resources are turned into products which are ultimately destined to become waste because of the way they have been designed and manufactured.



What do we mean by circularity?

Building circularity is our way to make sure that raw material and other resources are used in an efficient and sustainable way and that our products are recycled when they reach end-of-life.

Building circularity also means that we work to prolong the service life, use recycled material, design products and develop processes that make recycling easier.



Waste circularity

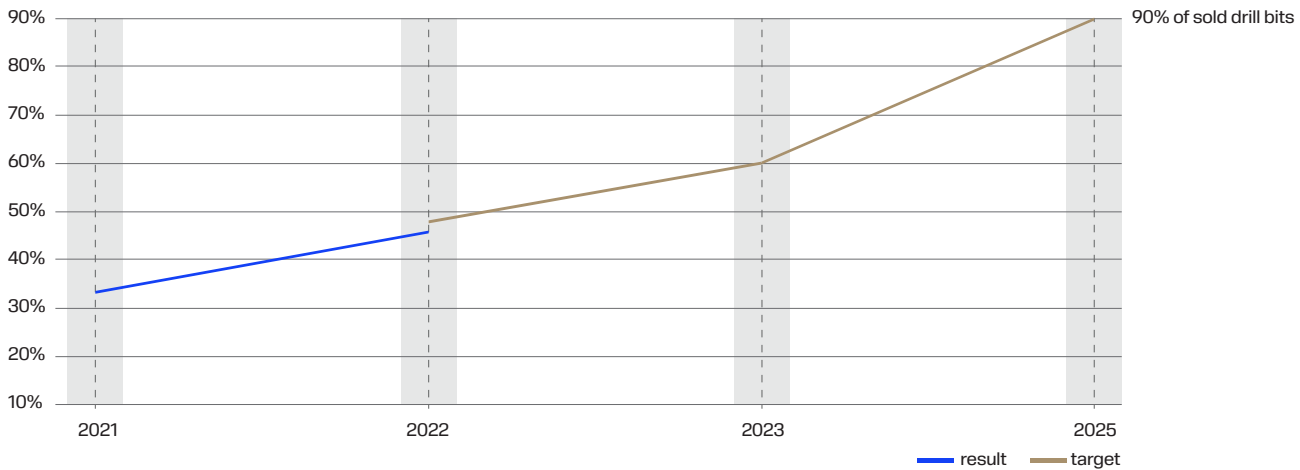
The waste hierarchy guides us when improving Rock Tools waste circularity. Preventing and reducing waste is our first priority and therefore we focus on increasing raw material yield and preventing the emergence of all types of waste.

Our key performance areas

Four Key Performance Areas have been developed to measure our progress, and targets have been set:

1. Return rate drill bits
2. Supply circularity carbides
3. Supply circularity steel
4. Waste circularity

Return rate drill bits



Buy-back program

For the recycling process to be possible, our tools must be returned to us. The Buy-back program is a return system where Sandvik Rock Tools buys back used drills from customers. From 2023 customers actively have to choose not to be part of the program. The tool's steel and carbides are then separated and recycled using different methods.

Key Performance Indicator (KPI) definition

The KPI "Return rate drill bits" is the number of drill bits sold by Sandvik Rock Tools that are returned via the Buy-back program for recycling.

Result in 2022

In 2022, 46% of drill bits sold by Rock Tools were returned to us via the Buy-back program and that was very close to the target of 48%. The reason that we did not fully reach the target was a combination of the difficult global freight situation at the beginning of the year and a delay in distribution of our extraction units to the local markets.

Focus in 2023

More extraction units will be distributed to the local markets and we expect a significant increase in collection of used bits during the year. The target for 2023 is that 60% of sold drill bits should be returned via the Buy-back program.

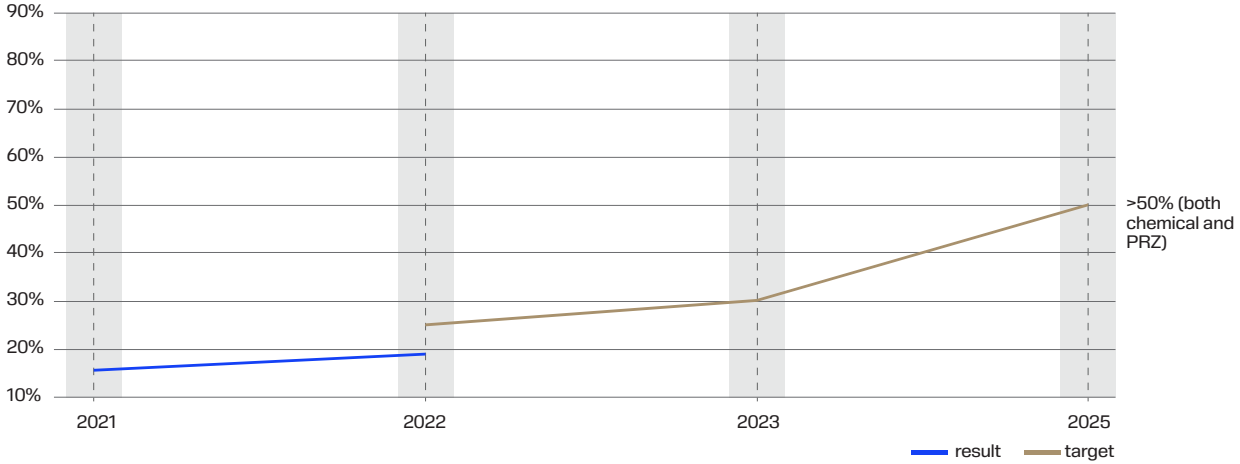


Carbide recycling

Have you heard about the Rock Tools Carbide recycling program? It helps create a secure source of scarce minerals, lowers environmental impact, and reduces waste. It is completely free – you even get paid for the collected minerals.

Our recycling program supports Rock Tools goal of building circularity. This is one crucial action that ensures that raw materials are used efficiently and sustainably and that our products are recycled when they reach end-of-life.

Supply circularity carbides



Key Performance Indicator (KPI) definition

“Supply circularity carbides” is a KPI which describes the weight percent of recycled hard material in the carbides used in Sandvik Rock Tools drill bits.

How do we achieve this?

Cemented carbide is a key component for Sandvik Rock Tools products and a well-integrated component in our circular sustainability work. Our focus has so far been on carbide recycling. Currently, Sandvik Rock Tools can recycle carbides through two processes – Zinc Recycling Process (PRZ) or chemical cleaning. With the recently developed chemical cleaning process, we can now recycle carbides back to basic raw materials with the same quality and properties as virgin raw materials. This generates a >64% CO₂ reduction and >70% energy consumption reduction compared to mining minerals needed to produce cemented carbide. This goes hand-in-hand with how Sandvik Rock Tools wants to run a sustainable business.

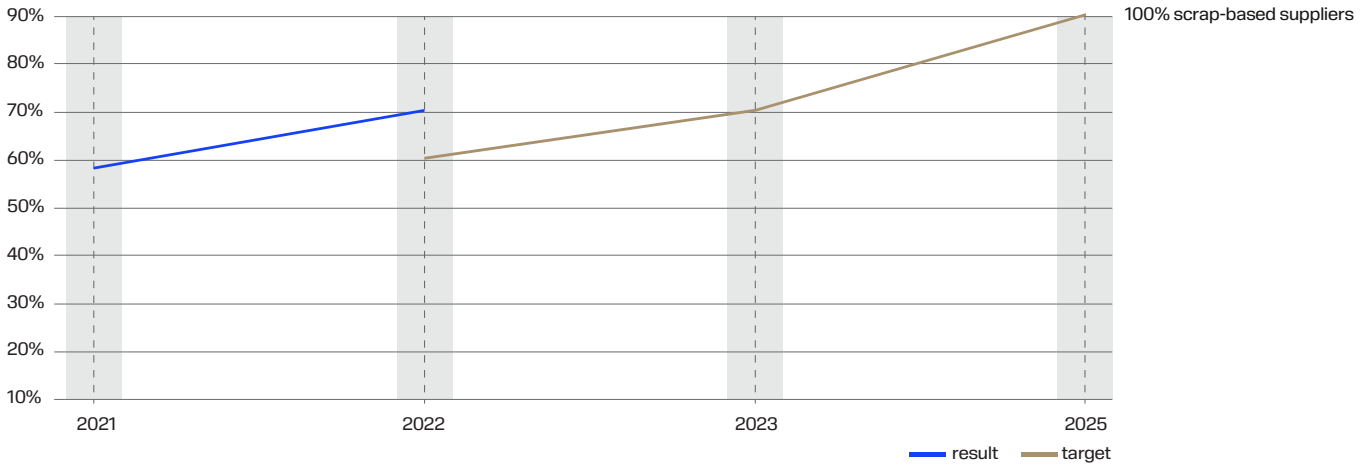
Result in 2022

During 2022, 19% of recycled hard material was used in the production of cemented carbides for Rock Tools drill bits. This means that the target of 25 % was not reached, as not enough material was returned to our facility in Austria.

Focus in 2023

More extraction units will be distributed to the local markets and we expect a significant increase in extraction of cemented carbide during the year. Furthermore, extraction units for larger top hammer bits and DTH will be launched during the year and extraction units for rotary bits and raise boring cutters are under development. The target for 2023 is that 30% of the cemented carbides used in Sandvik Rock Tools production should be recycled material.

Supply circularity steel



Key Performance Indicator (KPI) definition

The KPI “Supply circularity steel” describes the weight percent of steel Sandvik Rock Tools source from scrap-based steel suppliers

How do we achieve this?

Production of steel stands for approximately 7% of the total greenhouse gas emissions in the world. Today there are two different ways to produce crude steel: reduction of iron ore in

a blast furnace or smelting steel scrap in an electric arc furnace. Recycling steel scrap is important when building circularity and the steel recycling process has a lower climate impact than today’s process for reduction of iron ore.

Sandvik Rock Tools sourcing organization has mapped all steel suppliers to find out what type of production route they have. The suppliers were also asked to share their scope 1, 2 and upstream scope 3 emissions with the purpose to create

a baseline for the total GHG emissions from the steel used in Sandvik Rock Tools drill bits. We work closely with our steel suppliers to make sure that they have ambitious targets and plans to reduce their climate impact. To increase steel circularity, we strive to procure steel from scrap-based suppliers (EAF route).

Result in 2022

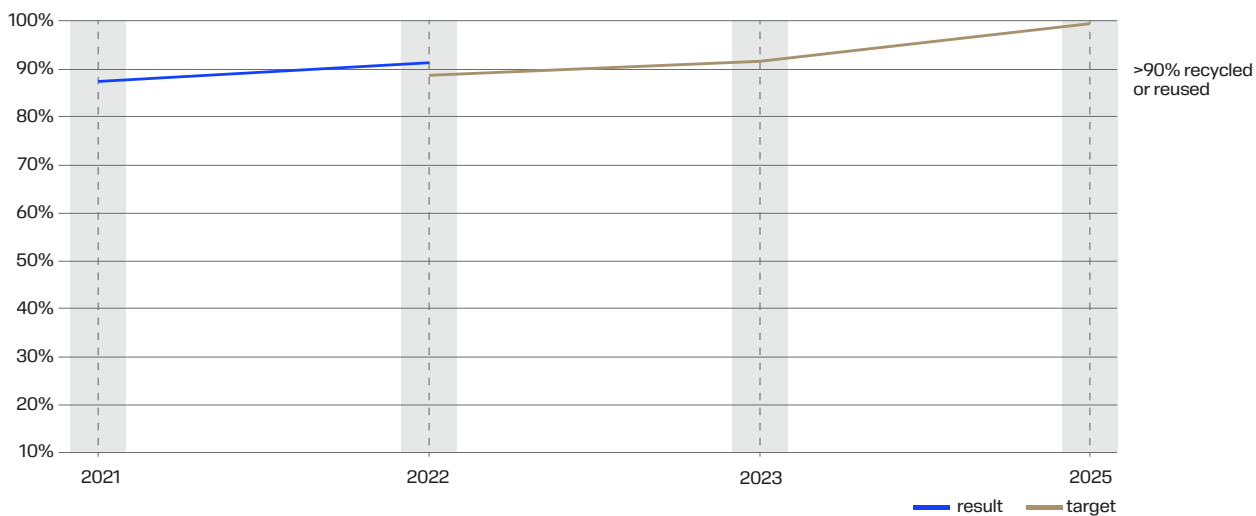
In 2022, 70% of the steel used in Sandvik Rock Tools drill bits was sourced from scrap-based (EAF route) steel producers, so the target of 60% was achieved.

Focus in 2023

During 2023, we will start to evaluate alternative scrap-based (EAF route) steel suppliers in the countries where our suppliers have an ore-based production process.

The evaluation and approval process will take some time, so we do not expect that changes in suppliers will take place during 2023. The target for 2023 will therefore be 70% sourced steel from scrap-based (EAF route) suppliers.

Waste circularity



Key Performance Indicator (KPI) definition

“Waste circularity” is a KPI that describes how much of Sandvik Rock Tools generated waste that is reused or recycled.

How do we achieve this?

The main part of Sandvik Rock Tools waste is production-generated steel scrap. To reduce steel scrap, the most prioritized approach is to prevent it from occurring in the first place. If steel scrap is avoided, the production steel yield is increased. However, Sandvik Rock Tools is also actively preventing the generation of other waste materials, such as waste cutting fluids in CNC machines.

Result in 2022

In 2022, 91% of the waste generated by Sandvik Rock Tools was reused or recycled which means that the target of 88% was achieved.

Focus in 2023

The focus for 2023 is to prevent waste generation by for example increasing yield and improving the sorting of the generated waste. In one of Sandvik Rock Tools production units, a new system for sorting steel scrap based on the alloy content in the steel will be implemented. The target for 2023 will be the same as the result for 2022: 91%.

Grinding

One way to enhance productivity and service life for Rock Tools products is by re-sharpening our drill bits through grinding. It is an upgrade of the bit, which is visualized in the figure below. By regrinding the drill bits regularly, the length of their service life can increase by up to 10 times. Careful maintenance of the cemented carbide inserts in drilling tools improves almost all rock drilling parameters and ensure a more efficient and resourceful drilling experience with reduced operating cost.





Sandvik Rock Tools way to climate action

As previously mentioned, climate action is one of the Sustainable Development Goals established by the United Nations in 2015. The official mission statement of the goal is “Take urgent action to combat climate change and its impact”. Let us now explore what that means.

Climate change

According to the United Nations climate change refers to “long-term shifts in temperature and weather patterns”. Since the 1800s human activities have been a large climate change driver by emitting greenhouse gases (GHG) like water vapor (H₂O), carbon dioxide (CO₂), methane (CH₄) and laughing gas (N₂O). The source has primarily been from burning fossil fuels.

This results in an enhanced greenhouse effect where the average temperature on earth increases.

How to measure climate change

There is no specific defined system to measure climate change, since the climate system is very complex and consists of several components. Therefore, the choice of measurement method depends on the climate change effect of interest.

One common way for companies to describe climate change is to measure GHG emissions following the international standard Greenhouse Gas Protocol where all GHG emissions are translated into one common unit – carbon dioxide equivalents CO₂e.

Greenhouse gas protocol divides the emission into three main areas

Scope 1

The first one is scope 1 and includes the direct emissions from owned or controlled sources. This could be heat-treating equipment in production or company vehicles.

Scope 2

The second area is scope 2 and it represents the indirect GHG emissions consumed by the company from electricity, heat, cooling and steam.

Scope 3

The last area is scope 3 and it includes all other indirect emissions that are present in the company’s value chain. Scope 3 is divided into upstream and downstream emissions.

The upstream emissions are generated indirectly before they reach the company “walls” and could include production of materials, while downstream emissions represent the indirect emissions from example fuel consumption when the product is produced. Scope 1 and 2 emissions is under the organizations own control.

What do we mean by climate action?

Sandvik as a whole, and Sandvik Rock Tools, have reported scope 1 and 2 GHG emissions for many years and since Sandvik Group's Sustainability Climate goal was introduced in 2019, plans to halve the climate impact by the latest 2030 have been set and activities successfully executed.

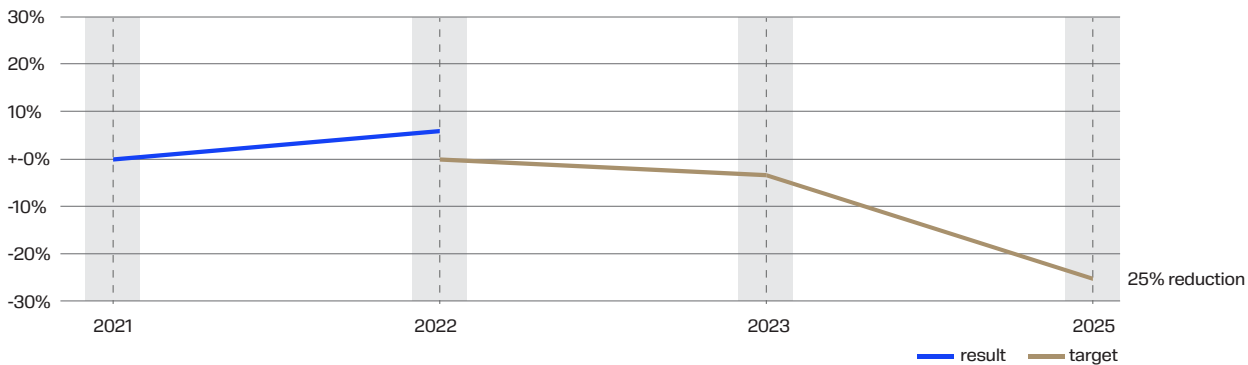
Sandvik Rock Tools also needs to understand the total climate impact of the business and in 2021, a mapping of upstream and downstream scope 3 emissions was introduced. The mapping shows that the largest group of scope 3 emissions comes from upstream steel production.

In 2022, a total scope 3 inventory - aligned with the greenhouse gas protocol and the rules of the Science Based Targets initiative - will be carried out and this will increase our knowledge about our business climate impact and where we should focus to reduce our GHG emissions in the coming years.

Based on today's knowledge, Sandvik Rock Tools has set the following targets for climate action:

1. Climate impact from steel suppliers
2. Fossil free electricity supply
3. Air freight finished goods
4. Business air travel

Climate impact from steel suppliers



Key Performance Indicator (KPI) definition

“Climate impact from steel suppliers” is a KPI that refers to the total upstream scope 3 emissions from the steel used to produce Sandvik Rock Tools products. Emissions from the transportation of the steel to the production are also included. The target is to decrease GHG emissions from the steel used in Sandvik Rock Tools products by 25% until 2025.

How do we achieve this?

The target for GHG emissions from our steel suppliers is absolute and it is important for Sandvik Rock Tools to have a transparent dialogue with suppliers to make sure that they take action to reduce their GHG emissions. By increasing the proportion of steel from scrap-based suppliers, the GHG emissions will de-

crease both per tonnes purchased steel and in total.

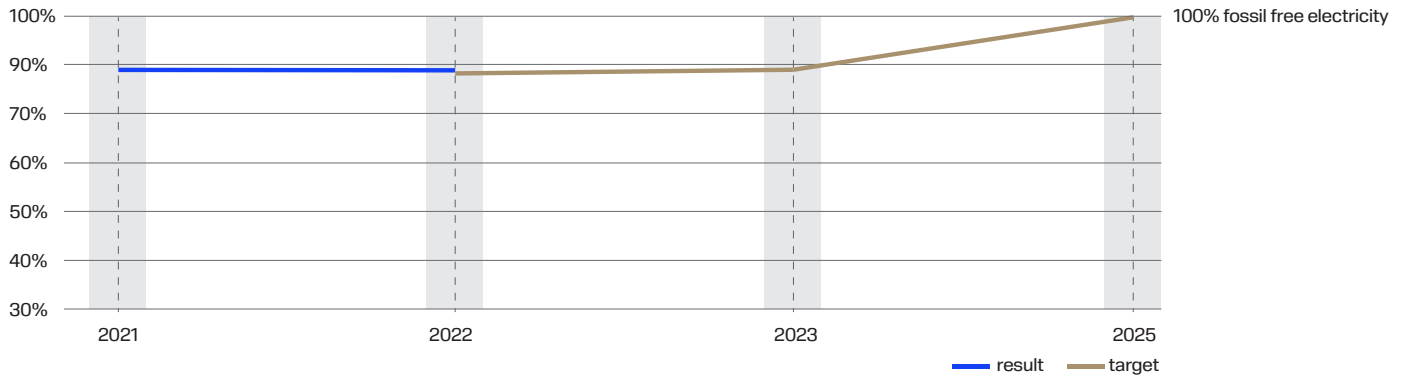
Result in 2022

The upstream GHG emissions from the steel used in Sandvik Rock Tools production increased by 6% compared to 2019 and the reason is that the sourced steel volume increased.

Focus in 2023

Sandvik Rock Tools sourcing team continues to have a transparent dialogue with steel suppliers to make sure that they continue to execute their GHG reduction plans. Sourcing steel from scrap-based suppliers remains important to reach our 2025 GHG reduction targets. The target for 2023 is 3% reduction compared to 2019.

Fossil free electricity supply



Key Performance Indicator (KPI) definition

The KPI “Fossil free electricity supply” is defined as the percentage of electricity that is provided from fossil free electricity production.

How do we achieve this?

Our production units use electricity as their main energy source. By using fossil free electricity, Sandvik Rock Tools can decrease scope 2 GHG emissions. Sandvik has purchased fossil free electricity in Europe for many years and 2021 was the first year when Sandvik Rock Tools purchased renewable electricity in India. There is not enough renewable electricity in the world, and therefore Sandvik Rock Tools has installed solar panels on roofs to the production buildings in Patancheru and Pune in India. The

solar panels provided 1000 MWh renewable electricity in 2022.

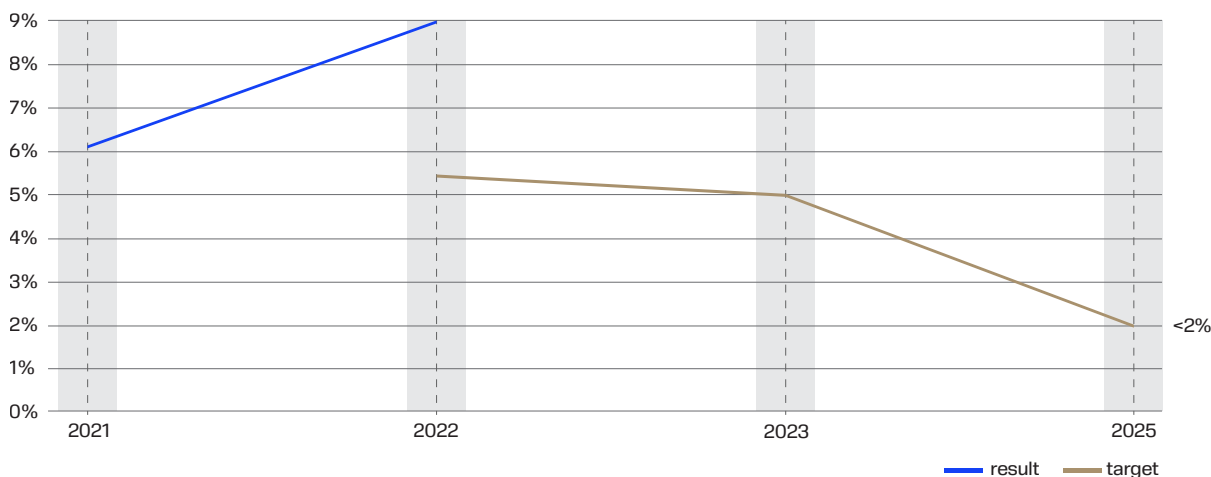
Result in 2022

In 2022, 89% of the electricity used at the production sites was provided by fossil-free electricity production, which exceeded the target of 88%.

Focus in 2023

Installation of solar panels in our production unit in Wuxi, China, was planned for 2022, but the project was delayed because of structural issues. Other solar panel installation alternatives will be evaluated during 2023. The target for 2023 will be 89%.

Air freight finished goods



Key Performance Indicator (KPI) definition

“Air freight finished goods” is a KPI that describes how many weight percent of finished goods that is transported from our production units to our warehouses by airplane.

How do we achieve this?

Distribution of finished products to warehouses and costumers leads to GHG emissions. However, different shipping methods – train, boat, lorry or airplane - have different climate impacts. Air freight has the highest climate impact and therefore, Sandvik Rock Tools aims to reduce this shipping alternative to less than 2% by 2025.

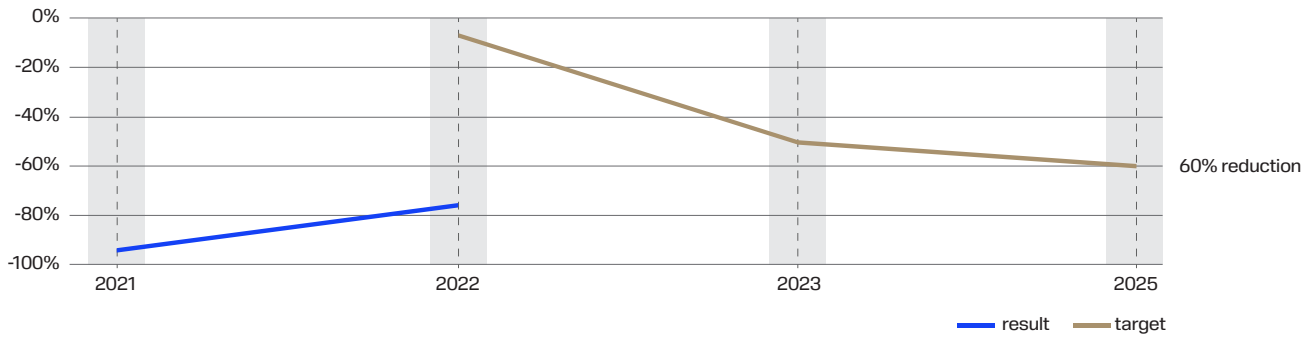
Result in 2022

In 2022, air freight increased to 9% due to the challenging post-covid distribution situation in the world and higher demands on some products.

Focus in 2023

The global freight situation is stabilizing, and transportation lead times are decreasing. Improving forecasts to make sure the right products are in stock in our global warehouses is also very important to reduce the need for air freight. The target for 2023 is 5%.

Business air travel



Key Performance Indicator (KPI) definition

Annual GHG emissions caused by business air travel is accounted for in the KPI "Business air travel".

How do we achieve this?

Business air travel does not have the most significant climate impact but reducing business air travel also effects our sustainability culture. Employees should travel when it is needed, but unnecessary air travel shall be avoided, and the digital way of working should continue and be developed. During 2021 CO₂ emissions from air travel was very low due to the pandemic.

Result in 2022

In 2022, GHG emissions from business air travel were reduced by 78% compared to the base year of 2019. Traveling in the beginning of the year was impacted by the Covid pandemic. The target of 12.5% for 2022 was significantly outperformed.

Focus in 2023

We will continue to track business air travel on a quarterly basis and efforts to achieve cultural changes to reduce the organization's travel habits continue. However, meeting our customers and other key stakeholders remains important and therefore, the target for 2023 is to reduce business air travel by 50% compared to 2019. We have also changed the target for 2025 to a 60% reduction, compared to 50% in previous targets.

Climate-neutral production units

Sandvik Rock Tools aims to have fully climate-neutral production units by 2025, in regard to Scope 1 and 2 emissions. This means that all electricity supply should be fossil-free and that all fossil fuel usage should be phased out.

During 2022, we have made further steps in achieving this. In for example Sandviken, Sweden, we have phased out all fossil fuels and replaced them with local district heating and bio-fuels.

More sustainable packaging solutions

In 2022, Sandvik Rock Tools entered into a publicly funded research project together with a number of other large Swedish companies to explore new packaging solutions.

The project is run over a two and a half-year period, and aims to explore primarily how industry can make packaging in general more circular and biobased. More specifically for Sandvik Rock Tools, the purpose is to find ways of making our end caps (the plastic cap protecting the threads of our rods) more sustainable. The project is funded by the Swedish Agency for Innovation Systems (Vinnova) and was awarded 6.7 million SEK in grants.

In addition, there is a lot of ongoing work of finding more sustainable solutions for our packaging. A recent example can be found within our shank adapter function, where we are looking to introduce entirely new boxes for our shank adapters and switching from plastic material to paper for the handles.





