

Sandvik and the environment

Sandvik AB has adopted a common environmental, safety and work-environment policy for all business areas.

ENVIRONMENTAL POLICY

- Issues concerning the environment, health and safety are included as integral parts of Sandvik's overall operations. Continuous improvements are achieved in these areas through management by objectives. Sandvik considers that the greatest effects are reached through preventive action.
- Sandvik pursues an approach that leads to long-term, sustainable development. This means that Sandvik strives to achieve high efficiency in the utilization of energy and natural resources, to support systems for materials recovery and recycling and to prevent or limit pollution.



One of the major units that was environmentally certified during the year was Sandvik Coromant's plant in Gimo, Sweden.

- Sandvik strives to offer work conditions that stimulate its employees to work effectively, assume responsibility and continue to develop their total competence.
- Sandvik shall fulfill or exceed environmental demands mandated by law, regulations and international agreements. Sandvik believes that uniform and environmentally effective requirements and standards should be established at the international level.

OVERALL ENVIRONMENTAL GOALS

One of Sandvik's goals is that all production units shall be certified in accordance with the environmental management system ISO 14001

before the end of 2004. At year-end 2003, about one-fifth of the Group's total number of production units was certified. In terms of value, the certified plants produce approximately 60% of all Group products. One of the most recently certified production units was Sandvik Hard Materials Taiwan Pty. Ltd. Other units certified during the year included Sandvik Mining and Construction's production company in Johannesburg, South Africa, and Sandvik Coromant's plants in Sandviken and Gimo, Sweden.

In 2000, Sandvik Asia Ltd. in Pune, India was one of the first units in the Group to be certified in accordance with ISO 14001. The facility in Pune is one of Sandvik's largest production plants in Asia, with approximately 900 employees.

The certification process provides all employees with basic environmental training and education, and the Group's environmental work also creates a better work environment and yields cost savings.

Based on evaluations of the areas in which Sandvik's operations have the greatest environmental impact, three overall Group environmental improvement goals have been established:

- Reduced energy and raw material consumption
- Reduced emissions to air and water
- Increased materials recovery, both internally within Sandvik and recovery of our products

CARBON DIOXIDE AND ENERGY CONSUMPTION

Carbon dioxide emissions and energy consumption are reported regularly. As shown in the diagram, carbon dioxide emissions remained on the same level as in 2002, while electricity consumption increased only marginally.

Sandvik works actively with a number of measures to reduce carbon dioxide emissions. The Group conducts projects designed to improve the production processes and, in turn, reduce process steam requirements, for example, which reduces both carbon dioxide emissions and energy consumption.

MATERIALS RECOVERY

The internal recovery of materials is managed in accordance with the goals that apply within the framework of the environmental management systems that have been introduced at all produc-

tion units. Most steel production is based on recovered materials consisting of scrap and recycled materials from the Group's own processing and purification plants. Examples include grindings and gas purification residual materials, large amounts of which are recovered in the steel process. Sandvik Tooling has highly developed systems to recover and recycle spent cemented-carbide inserts and powder residue.

CHEMICALS HANDLING

Several units within the Group reduced the number of chemical products used in their production processes during the year. A number of production units are also working actively to replace chemicals that could be harmful.

ENVIRONMENTAL CONSIDERATION IN PRODUCT AND PROCESS DEVELOPMENT

Environmental consideration is also a key element when new products are developed, when changes in production processes are introduced and when companies are acquired. Many of Sandvik's products and technical solutions provide a lower environmental impact when used in customer applications.

The Sandvik Coromant product area, for example, offers cemented-carbide inserts that permit metalworking without the use of organic lubricants and can replace grinding in the finishing of hardened steel. This reduces environmental impact, improves work environment conditions and reduces production costs for the customer.

The Sandvik Tube product area has developed tubing with internal fins for the production of ethene, a basic material used to produce plastics, which provides lower energy consumption,

better heat transfer properties and increased accessibility in the process.

Roxon, a brand in the Sandvik Materials Handling product area, manufactures an effective system for the collection of dust during handling processes that involve various types of rock, slags, coke and other materials. Dust formation during materials handling processes has a substantial environmental impact and is also an important work environment issue.

ENVIRONMENTAL REGULATIONS

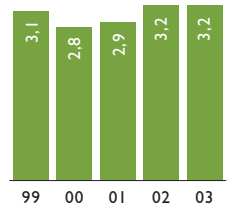
Sandvik conducts licensed operations in accordance with the Swedish Environmental Protection Act at its plants in Sandviken, Gimo, Svedala, Stockholm and Hallstahammar, in addition to several other locations in Sweden. Most of the Group's large subsidiaries outside Sweden also conduct operations that are covered by specific environmental regulations.

Annually, comprehensive environmental reports on the main Swedish operations are submitted to the supervisory authorities in which the license standards and compliance with all the various requirements are presented. Similar reports are submitted in other countries.

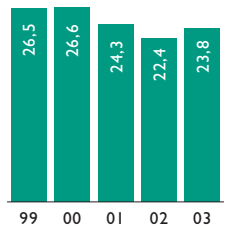
The main environmental impact is linked to the energy-demanding transformation of raw materials into semi-finished goods in the form of billets of steel and special metals in Sandviken and Hallstahammar. The main portion of the raw material is recovered steel scrap. Most of the other operations in the Group are characteristic of the engineering industry, with limited emissions to air and water.

Sandvik's global environmental work is intended to reduce harmful effects on the exterior environment, improve the work environment and minimize the utilization of energy and resources.

CARBON DIOXIDE EMISSIONS
Sandvik Group, total
tons/SEK M in invoicing



ELECTRICITY CONSUMPTION
Sandvik Group, total
MWh/SEK M in invoicing



Wastewater at the Sandvik plant in Pune, India is now cleaned for watering a park area that is situated on what was formerly the plant landfill.