SANDVIK



Our way report 2024

Rock Tools



Meeting the needs of the future

Sustainability means making responsible choices today to preserve the possibilities of tomorrow.

As defined by the UN Brundtland Commission, it is “meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainability – a necessary change and a strategic opportunity

In today's business landscape, sustainability is no longer a choice - it is a strategic necessity. It shapes how we operate, how we innovate, and how we create long-term value for our customers, our company, and the planet.

At Rock Tools, sustainability is embedded in everything we do. We work actively to reduce our own emissions while developing solutions that help customers boost productivity and lower their environmental footprint. By extending tool life, promoting circularity, and enabling recycling, we make sustainable choices both possible and profitable.

Being sustainable also means being a responsible partner. In many mining communities, we collaborate closely with local people - for example, through local extraction units that recover valuable materials from used tools, helping to close the recycling loop and create local jobs.

We recognize that every customer faces different challenges on their sustainability journey. That is why we offer honest guidance and practical support - including digital tools like the Centrevo® digital suite. Our recycling certificates also enable customers to track and verify the results of their actions.

Transparency in action - Our way report
At Rock Tools, we believe that accountability begins with transparency. That is why we publish the Our way report, a clear account of our progress toward a more sustainable business.

It not only outlines the actual results we have achieved - such as reduced emissions, increased recycling rates, and product innovations, but also highlights key initiatives we are driving across the organization to take further steps toward net zero.

The report is both a reflection of where we stand today and a roadmap for what lies ahead. It is our way of turning ambition into measurable action.



”Together with our customers, partners, and employees, we are committed to driving real change, step by step, toward a more sustainable mining industry. ”

Maria Hugosson
President Rock Tools Division

OWR introduction

Our way report – sharing our sustainability journey

The Our Way report provides customers, employees, and stakeholders in Rock Tools with an annual update on our progress towards Sandvik's sustainability targets in Net Zero, Circularity, and Sustainable Solutions.

In addition to these focus areas, the report highlights our commitment to community investment, reflecting our belief that long-term sustainability also means contributing positively to the communities where we operate.
While this report outlines our efforts, achievements, and challenges, it is not a formal sustainability report. It does not cover all three pillars of sustainability: Environment, Social, and Governance/ Economic (ESG) – nor does it follow a specific reporting standard.

For official sustainability reporting, please refer to the Sandvik Annual Report.
www.annualreport.sandvik/en/2024





Photo: UN Climate Change

Agenda 2030, Paris Agreement and science based targets

Climate change is a central challenge in the United Nations Agenda 2030, which integrates environmental considerations across its 17 Sustainable Development Goals (SDGs). Achieving sustainability requires finding a balance between people, planet, and profit, ensuring that progress in one area does not come at the expense of another. To succeed, we must advance all SDGs in tandem.

The Paris Agreement, adopted by 194 countries, serves as a foundation of global climate efforts. It sets out a framework to limit temperature increases and the impacts of climate change, driving collective action towards a sustainable future.The Paris Agreement aims to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.
The Science Based Target initiative (SBTi) drives ambitious climate action in the private sector by validating companies' greenhouse gas emission reduction targets consistent with climate science and the Paris Agreement. SBTi is a partnership between CDP (Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). In May 2025 over 7800 companies around the world had their targets validated by the SBTi organization. This number have continually been growing which show that commitment to decarbonization of the global supply chains is growing.

Sandvik's greenhouse gas emissions reduction targets have received validation from the Science Based Targets initiative (SBTi) in September 2023. The Sandvik targets include:

- Achieving net-zero greenhouse gas emissions by 2050 at the latest.
- Reduce absolute scope 1 and 2 greenhouse gas emissions by 50% by 2030 (using 2019 as the base year) and decrease absolute scope 3 emissions by 30%.
- 90% reduction in absolute scope 1 and 2 greenhouse gas emissions by 2040.



Scope 1:

Direct emissions from owned resources. For example, the emission from our own vehicles and manufacturing processes.

Scope 2:

Emissions related to our energy consumed in our operations, supplied by external suppliers. For example, electric power and district heating.

Scope 3:

Indirect emissions caused by suppliers of goods and services, transportation, travel and other. For example, supplies of raw materials and airfreight.*

Learn more about Agenda 2030 at www.un.org/sustainabledevelopment.

*Emissions from use phase of products is included in scope 3 as per the Green house gas protocol. However, rock tools do not cause emissions in the use phase. It is the machines using the tooling that cause emissions through fuel and energy consumption.

World's hottest year: 2024 first to pass 1.5°C warming limit

The impacts of climate change are undeniable, and the need for decisive action has never been clearer. Each 0.1°C increase in temperature heightens risks like prolonged heatwaves, intense storms, rising sea levels, and ecosystem collapse.

The 1.5°C target is crucial because the impacts worsen significantly near 2°C. Exceeding this limit may cause catastrophic effects, such as:

- Mid-latitude heatwaves becoming 4°C warmer at 2°C, compared to 3°C at 1.5°C (Source: IPCC Special Report on Global Warming of 1.5°C, 2018)
- An additional 0.1-meter rise in sea levels, putting 10 million more people at risk of flooding (Source: IPCC SR1.5, 2018)
- The loss of over 99% of coral reefs, compared to 70–90% at 1.5°C (Source: IPCC SR1.5, 2018)
- Antarctic sea ice extent hit its second-lowest winter maximum on record in 2024, further raising concerns over polar instability (Source: U.S. National Snow and Ice Data Center, 2024)

In 2024, the world also recorded its hottest year on record, with global temperatures exceeding 1.5°C above pre-industrial levels over a 12-month period for the first time (Source: EU Copernicus Climate Change Service, 2024).

Beyond these environmental changes, the true impact is on people's lives. Floods and wildfires destroy homes, and access to clean water and essential resources becomes scarcer. Many communities face more frequent heat stress and flooding, affecting health, safety, and livelihoods. These challenges can lead to displacement, increased migration, and political instability – consequences that will impact us all, not the least future generations.

The latest IPCC (Intergovernmental Panel on Climate Change)report warns that to avoid irreversible damage, global emissions must be halved by 2030 and reach net zero by 2050. The window for effective action is closing, and the choices we make today will shape the world our children inherit.

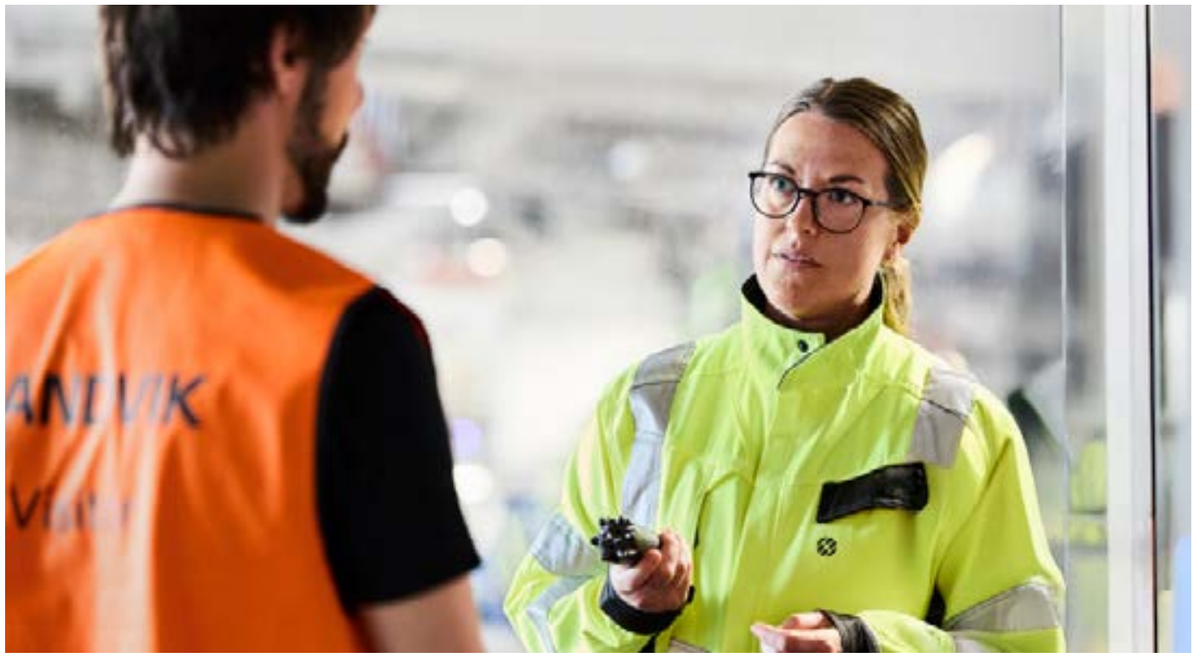
Long term commitments and strategy

Long term commitments and strategy

The purpose of the Sandvik Group is to advance the world through engineering. We are at the forefront of automation, digitalization and electrification, and sustainability is an integral part of how we do business. We have six focus areas for our sustainability efforts within Sandvik.

Sandvik sustainable focus areas

Sustainable solutions We will lead on innovationg sustainable solutions, for our customers and society.	**Net Zero** We will be net zero in our value chain.	**Circularity** We will drive circularity and resource efficiency supporting our customers in doing better with less and working towards circular value chains.
Responsible business We will ensure high standards of business ethics and responsibility built-in through our value chain enabled by transperency and due diligence.	**People and communities** We will work to protect and advance people, enabling diversity, equity and inclusion in our business, human rights in our value chain and Resilient communities where we work.	**Ecosystems** We will support our customers with water efficient solutions and reduce emissions to air, land and water.



Rock Tools sustainability mission statement

In 2024 the new Rock Tools strategy was finalized and presented. One of the five strategic areas is “Pioneering the sustainable mines of the future” and this is what it means:

Forerunner with the most sustainable solutions per drilled meter
- Integrated in product offering and challenger sales approach demonstrating how sustainability and productivity goes hand in hand.
- Showcase emission reduction and circular solutions with resource optimization.
- Integrate sustainability-focused training programs to drive impact within our business.

Responsible business partner with customers and local communities
- Serve as a role model for our customers having solutions that supports the sustainability shift.
- Invest in initiatives that benefit local communities.

Halve our CO_2 impact by 2030
- Define initiatives to address remaining scope 1 and 2 emissions. Strong attention on suppliers to reduce emissions in line with our ambition level.

Managing our sustainability mission
Each department actively contributes to our goals of achieving net zero emissions and advancing circularity.
- Product development focuses on designing solutions and selecting materials that minimize environmental impact right from the start.
- Sourcing is guided by clear objectives to maximize the use of recycled materials and reduce the carbon footprint of procured goods.
- Production units closely track progress against targets to reduce waste, enhance circularity, and lower emissions from operations and energy use.
- Transport and logistics teams work to minimize airfreight and identify low-emission alternatives, aiming to reduce greenhouse gas emissions per kilogram and distance transported.
- Product management and sales serve as vital links to our customers and local communities. They integrate sustainability into the value proposition of our products and services and engage in close dialogue with customers to promote and support shared sustainability goals. For example, they actively highlight the environmental benefits of our most tools and collaborate with customers to implement recycling programs for used drill bits.

Every function operates with defined sustainability targets and action plans that align with our overarching objectives. This integrated approach ensures that we drive meaningful sustainability improvements - both large and small - across the entire organization.



Sustainable solutions

Sustainable solutions

Products and services that deliver on sustainability values

As part of our mission to advance the world through engineering, we are committed to continuously improving the sustainability of our products and services.

Our sustainable solutions include products that stand out from standard market offerings by delivering both higher performance and environmental benefits. These solutions help our customers reduce energy, fuel, and water use - proving that sustainability and productivity can go hand in hand.

We focus on three key areas where we can support our customers to reduce their environmental impact:

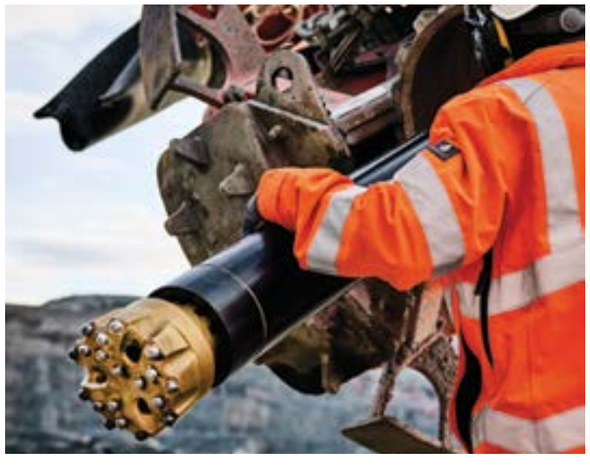
- Faster: Drill bits that enable faster drilling reduce energy (electric or fuel, our customers scope 1 or 2) and water consumption per meter drilled.
- Straighter: Drill strings that produce straighter holes lead to more efficient blasting, which lowers energy use in the ore crushing process (our customers scope 1 or 2).
- Longer: Tools with a longer service life reduce the number of tools needed and the frequency of tool changes, resulting in a lower carbon footprint from purchased tools (our customers scope 3).

Our service offering supports our customers in improving both productivity and sustainability. This includes optimizing tool selection and drilling parameters, regrinding bits, and rebuilding hammers. These efforts ensure efficient use of both tools, and the energy or media used in drilling operations.

That is why we consider our service offerings - including spare parts, digital tools, and bit resharpening machines - as part of our Sustainable Solutions portfolio.



Malleo™ RH570 DTH hammer: engineered for performance and sustainability



In 2024, Sandvik introduced the Malleo™ RH570 down-the-hole (DTH) hammer, developed to improve drilling performance and reduce environmental impact. Field tests have shown up to 21% higher penetration rates and up to 21% fuel savings per drilled meter, compared to previous-generation Rock Tools DTH-hammers and competitor products in the same segment.

Field results from both soft and hard rock conditions show that a single rig can reduce CO_2 emissions by up to 107 tons annually (this represents the absorption of about 500 trees growing for 10 years). These results are enabled by more efficient air usage, increased impact power, and an optimized drill bit design.

This advancement supports reduced energy consumption and operating costs, contributing to more sustainable mining operations.

Golden Shank – Technical innovation driving both productivity and sustainability

In underground drilling, corrosion remains a constant challenge - especially for parts exposed to flushing water. In response, Sandvik has developed the Golden Shank, a surface treatment for shank adapters that significantly enhances both component longevity and environmental performance.

The new coating, which replaces the previous standard solution, consists of a corrosion-resistant nickel plating combined with a fluoropolymer-free, low-friction, polymer-based top layer. This dual-layer system is applied to the entire adapter surface - excluding the striking end but including the flushing grooves, providing robust corrosion protection while also reducing surface friction.

Comparison with previous coating
The previous standard coating was primarily a single-layer chrome plating, which provided basic corrosion resistance but lacked the durability and low-friction properties of the new Golden Shank coating. This older solution often led to quicker wear and tear, necessitating more frequent replacements and maintenance.

Field trials have demonstrated that the Golden Shank can extend parts life by 30 to 100 % compared to previous solutions. Some customers report using the adapter for up to twice as long. This leads to fewer replacements, improved uptime, and increased productivity in customer operations.

From a sustainability standpoint, the longer lifespan means fewer adapters need to be manufactured and transported - resulting in reduced material usage, lower energy consumption during production, and a smaller carbon footprint across the product's life cycle.

Additional sustainability benefits include reduced wear on surrounding drilling consumables, such as flushing seals and rig parts, thanks to enhanced surface characteristics. This translates into less maintenance and extended system life overall.

Golden Shank exemplifies how technical innovation can create synergy between enhanced performance and reduced environmental impact - fully aligned with Sandvik's commitment to advancing sustainable industrial development.

Fewer shank adapter replacements lead to reduced maintenance needs
In addition to its environmental benefits, the Golden Shank also brings operational and safety advantages. One significant benefit is the reduced need for shank adapter replacements - a procedure that in many mining operations can take several hours and often requires a certified service technician. In some cases, the replacement process involves safety risks for maintenance personnel.

By extending the lifespan of the shank adapter, the Golden Shank not only minimizes unplanned downtime but also contributes to a safer working environment, supporting both operational continuity and the well-being of those working in demanding underground conditions.





”By mitigating corrosion, we substantially increase the lifespan of both the shank adapter and the other components in its connection, which in turn reduces the frequency of replacements and unplanned downtime.”

Marcus Anerud, Principal R&D Professional at Rock Tools

Centrevo® digital suite - supporting more sustainable drilling through digitalization

In 2024, Sandvik introduced Centrevo®, a collective name for our suite of digital solutions such as Track, Drill, Analyze, and Report, to support data-driven drilling operations.

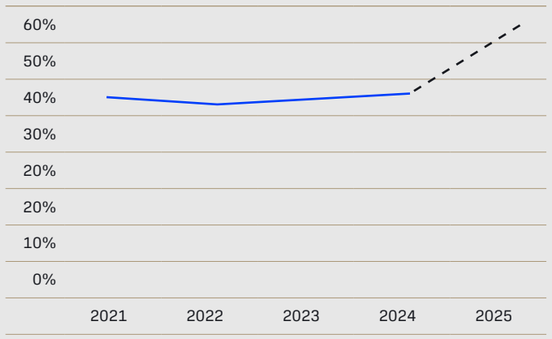
These tools enable drilling tools representatives and customers to monitor rock tool performance, identify optimization opportunities, and make informed decisions based on near real-time insights.

By replacing manual data collection with digital workflows, Centrevo® digital suite helps reduce operational inefficiencies, optimize tool use, and extend service life. This contributes to decreased material waste, improved energy efficiency, and fewer site visits - resulting in a lower environmental footprint and enhanced safety.

Centrevo® digital suite is a key part of Rock Tools' commitment to sustainable mining and infrastructure development, showing how digitalization can play a central role in reducing environmental impact while supporting productivity and long-term resilience.

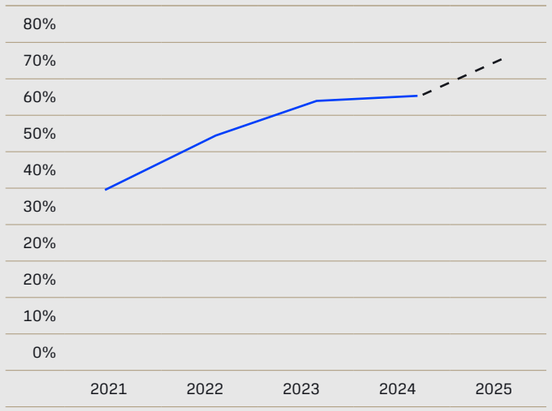


KPI development sustainable sales



KPI development for sustainable sales
We monitor the share of our sales that meet our criteria for sustainable sales. In 2024, we achieved 42%, just shy of our target of 45%. During the year, we revisited our metric definition, and a new, stricter definition will be in use from 2025.

KPI development digital shift



KPI development for digital shift
The KPI "digital shift" is defined as the number of customers that implement our digital tracking and performance system "Track". In 2024 we reached our target of 60%.

Net zero

Decarbonizing our supply chain

For many years, we have monitored our direct emissions (Scope 1) as well as emissions from our energy suppliers (Scope 2). With our commitment to the Science Based Targets initiative, we also developed a methodology to calculate our indirect emissions (Scope 3).

Over the past few years, we have learned that the achievements, opportunities, and challenges vary significantly across the different scopes:

Scope 1: Several initiatives, such as electrification and the transition to biofuels, have led to measurable improvements. However, certain challenges remain, particularly the limited availability of biofuels in regions like India and the lack of infrastructure for electric vehicles.

Scope 2: The shift to fossil-free energy has been the most significant contributor to our progress, enabling us to already meet our 2030 target of a 50% reduction in Scope 1 and 2 emissions.

Scope 3: The main contributors are steel supply and transportation. In absolute terms, emissions have increased. For steel, this is due to a substantial increase in production volumes and a shift in product mix. Transportation-related emissions rose in 2024, primarily due to increased airfreight, linked to the global transition to a new ERP system. Looking ahead, ongoing projects in steel sourcing and airfreight reduction are expected to yield positive results. However, compared to 2019 levels, and in absolute terms Scope 3 remains a significant challenge, especially considering our business growth.

Our own direct emissions (Scope 1)

Since our 2019 base year, Scope 1 emissions at our production units have been reduced by approximately 40%. This reduction has been driven by several key initiatives, including the removal of Liquefied Petroleum Gas-based heating systems, the electrification of vehicles, and a decrease in diesel use for backup generators in India - used during grid power interruptions.
At Rock Tools, Scope 1 emissions account for just 0.4% of our total greenhouse gas emissions across all scopes.

Looking ahead on our path toward net zero, we face two main challenges:

- Securing fossil-free alternatives for backup power generation in India, where diesel generators are required due to frequent grid outages.
- Replacing gas used in heat treatment processes, specifically for creating furnace atmospheres, with fossil-free solutions. Currently, the availability of such alternatives in India is limited.

Bio-Propane replacing fossil fuels at Production Unit Sandviken
At our production facility in Sandviken, Sweden, we minimize greenhouse gas emissions from our heat treatment process by purchasing bio-propane as a substitute for gas derived from fossil sources*. Bio-propane is produced from renewable resources such as vegetable oils, animal fats, and by-products of biodiesel production. Although we have not yet fully decarbonized all media used in heat treatment, this example demonstrates the progress in technology and the increasing availability of fossil-free solutions.

*Certificates from the gas supplier assure that our consumption in the gas mix is represented by biogas.

GreenCo Gold Certification achieved by Production Unit Patancheru
Sandvik's production site in Patancheru, India has been awarded the GreenCo Gold Certification by the Confederation of Indian Industry (CII). This recognition highlights the facility's structured and results-oriented approach to environmental sustainability.

The GreenCo Rating System is a comprehensive framework developed to assess a company's environmental performance across a wide range of parameters. To achieve Gold certification, PU Patancheru demonstrated notable progress in areas such as energy and water efficiency, renewable energy use, waste management, and sustainable supply chain practices. The site also integrated aspects of Life Cycle Assessment (LCA), product stewardship, and green infrastructure - reflecting a broad, systematic commitment to continuous improvement.

This achievement represents a concrete step forward in Sandvik's global sustainability work and is one example of how environmental considerations are being embedded into core operations.

About GreenCo Certification
The GreenCo Certification is awarded by the Confederation of Indian Industry (CII) and serves as a framework to evaluate and recognize companies for their environmental performance.

It assesses multiple sustainability areas such as energy and water efficiency, renewable energy use, waste management, and green supply chain practices. Certification levels range from Bronze to Platinum.

Net zero

Emissions from our energy suppliers (Scope 2)

Since our baseline year of 2019, the scope 2 emissions have been reduced with 94%.

2024 was the first year we became fully fossil free considering electric energy supply to our production units.
Our four factories outside of Sweden are now on contracts for renewable energy and for our Swedish operations we purchase guarantees of origin to assure our consumption is supplied from fossil free sources.

Emissions from district heating in Stockholm and steam supplies to our site in Sandviken are yet not fossil free, however these represent less than 3% of our scope 2 baseline. The main supplier of this energy category target to be fossil free by 2027.

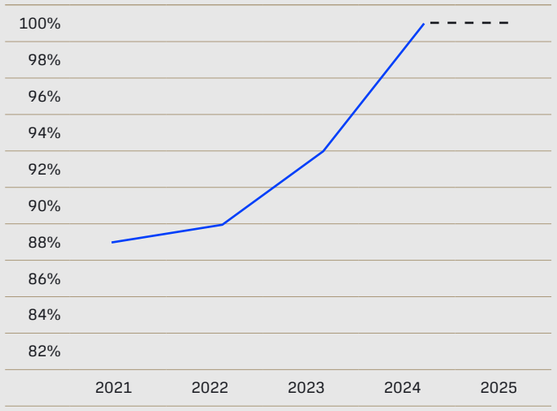
Direct renewable energy supply at Production Unit Patancheru
The production unit in Patancheru, India, is our second-largest facility, manufacturing Rock Tools products for global markets. The unit's electricity is supplied by the local energy distribution company in Hyderabad and is certified as fossil-free through a national certification system. This system is regulated by the Telangana State Electricity Regulatory Commission, which ensures that certified energy consumption is matched by an equivalent supply of fossil-free energy.

In addition to grid power, our production units in India have long utilized rooftop solar panel installations. Currently, approximately 8% of the energy consumed at these sites comes directly from these fossil-free sources.

This share is expected to increase in 2025 with the planned installation of additional solar panels.

One of the key challenges in India is the unreliability of grid power. Frequent outages necessitate the use of backup diesel generators. At present, these generators run on conventional fossil diesel. The challenge is twofold: biodiesel (such as HVO) is not yet available in the Indian market, and existing generator systems are not compatible with biofuels. However, we continue to explore alternative solutions and closely monitor technological developments to identify viable, fossil-free backup power options.

Fossil free electric energy supply



KPI development for fossil free energy
In 2024, we reached a significant milestone by utilizing 100% fossil-free electricity across all production units for the entire year. Our production facility in Wuxi, China, was the last location to achieve this target.

Their agreement with the local energy provider follows a similar model to the one described earlier for our facility in India, ensuring certified fossil-free electricity supply through a regulated system. Our production units represent 98.3% of the total electrical grid energy demand within Rock Tools.



Steel supply
Production of iron and steel making globally represent 7% of the greenhouse gas emissions and for Rock Tools the steel we purchase represent more than 50% of our total emissions. So, to reach the Sandvik target of -30% until 2030 and net zero for all scopes in 2045 it is very important to work with suppliers that have solid plans to decarbonize their supply chains.

In general, the greenhouse gas emissions from the steel making process come from two different main sources:

— The first is from the energy that is needed throughout the manufacturing chain; all the way from the mine, via the processing of iron into steel and finally the last steps of forming and heat treating the steel. The energy is mainly used for ventilation, crushing, transport, heating throughout the supply chain. The efforts to reduce the greenhouse gas emissions include electrification (to electric energy produced from fossil free sources) and/or transition to biofuels (fossil free).
— The second major source of greenhouse gas emissions in the steel industry comes from direct emissions generated during the production of iron and steel. These emissions primarily arise from the steelmaking process itself - most notably, the carbon dioxide (CO_2) released when iron ore pellets are reduced (i.e., oxygen is removed) using coke (a carbon-rich material) in a blast furnace. One way to reduce these emissions is by using an Electric Arc Furnace (EAF), which can be charged with either scrap steel or Direct Reduced Iron (DRI). While the current supply of DRI is limited, several companies in the steel industry are actively expanding their capacity to produce fossil-free DRI, such as sponge iron, using hydrogen instead of carbon as the reducing agent.

Already back in 2020 we set out the target to have 100% supply of scrap-based steel in 2025. Scrap based steel means that we use suppliers that use Electric Arc furnaces in their steel making process. Using EAF means that the infeed material is steel scrap to 70-97%.

It also means that these suppliers will in the future be able to use fossil free iron raw materials (Direct Reduced Iron, for example sponge iron) when such is available.



Indirect emissions, suppliers (Scope 3)

For Scope 3, our Sandvik goal is to achieve a 30% reduction by 2030 and reach net zero by 2050. Back in 2021, we set out the following division-specific goals for 2025 within the Net Zero focus area:

— 100% scrap-based steel supply (Rock Tools products)
— -25% climate impact from steel suppliers
— <3% airfreight

We acknowledge that reaching these initial targets is a significant challenge, and we have realized that some of these targets are not achievable with the following main reasons:

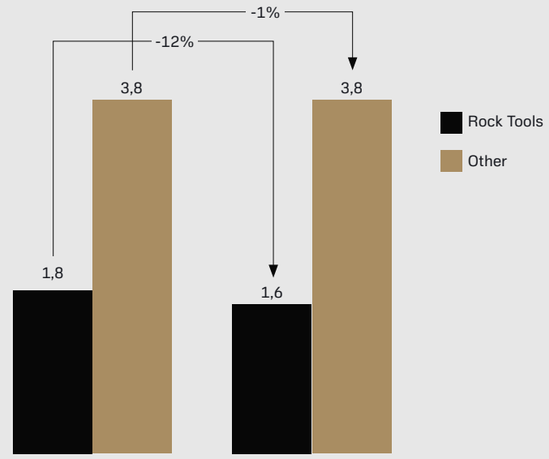
— Slower pace of decarbonization at our suppliers of raw materials, components, services, and transportation.
— Growing volumes of procured raw materials
— Increase in airfreight due to challenges in own production and disturbances in the global logistics situation.
— A high percentage of scrap-based steel supply already in place in 2019 when our baseline was set.

KPI development for climate impact from steel suppliers
In absolute terms, the greenhouse gas emissions from our steel suppliers for Rock Tools products was reduced with 6,1% (from base year 2019). This reduction took place at the same time as the volume grew with 6,4%. This demonstrate that we can de-couple the greenhouse gas emission from the volume by shift to scrap-based steel supply. The carbon intensity, CO_2e per kg of steel, for our products has improved by 12% compared to the base year 2019.

The absolute emission coming from steel suppliers for non-Rock Tools products at our Production Unit in Wuxi, China is our main challenge when it comes to reduction of scope 3 upstream. The volume in tons of steel has since 2019 more than doubled and the same is unfortunately valid for the greenhouse gas emissions.

Overall, the climate impact from our steel suppliers have increased with 25% concurrently with a volume increase tonnage of steel of 22%.

Read more about our use of scrap-based steel in the following Circularity section.



The carbon intensity, CO_2e per kg of steel, for our products has improved by 12% compared to the base year 2019.

Net zero

Ovako Group and Rock Tools - collaborating for a sustainable future

Ovako is one of our key steel suppliers, with sustainability firmly integrated into its strategic direction and operational practices. As part of its long-term climate ambition, Ovako is actively working to decarbonize its steel production processes. According to Nicklas Magnusson, Decarbonization Manager at Ovako Group, there are three primary drivers behind this commitment:

“Firstly, it is simply the right thing to do - for the planet and for future generations.

Secondly, it strengthens our long-term competitiveness. The cost of emitting CO_2 is increasing, and we prefer to invest in technologies that reduce emissions rather than spend on emission allowances.

Lastly, we expect that demand for low-emission steel will continue to rise. A growing number of companies are committing to net-zero targets across their entire supply chains. For those who use steel, it will need to come from suppliers with low-emission solutions.”

Transitioning to fossil-free energy
A critical step in decarbonizing steel production is transitioning the energy used in heating processes to fossil-free sources. Ovako’s approach focuses on two main technologies: electrification and the use of fossil-free hydrogen.

“The first method is electrification. For example, our heat treatment furnaces, previously powered by fossil fuels, have been converted to run on fossil-free electricity,” explains Nicklas.

The second method involves hydrogen - representing a major technological advancement at Ovako’s production site in Hofors.

“In September 2023, we inaugurated a new facility for producing fossil-free hydrogen. This hydrogen, generated from water using fossil-free electricity, is now used to heat the steel before rolling. This enables zero greenhouse gas emissions from this part of the process.

Already in the 1990s, Ovako started its transition to oxyfuel combustion (using oxygen instead of air), which improved combustion efficiency and reduced both fuel consumption and CO_2 emissions. The shift to hydrogen instead of fossil fuels marks the next major step in our decarbonization journey.”

Collaboration across the value chain
Ovako emphasizes that reducing emissions is not a challenge that can be solved by a single company. Collaboration across the value chain - from raw material suppliers to end customers — is critical for achieving meaningful results.

“Decarbonization is a collective effort that requires collaboration across disciplines and organizational boundaries. While each company must take responsibility for its direct emissions, there is also significant potential in working together to identify shared solutions.

For example, Ovako is working closely with Sandvik Rock Tools to explore ways to optimize alloy selection and improve resource efficiency,” says Nicklas.

Reducing process-related emissions
Beyond heating, Ovako is also targeting emissions that stem directly from the steelmaking process itself. One initiative involves replacing fossil-based coke, used in slag formation, with biochar - a renewable carbon source.

The company is also working to reduce upstream emissions by collaborating with suppliers to recirculate materials more effectively and increase the use of high-quality recycled scrap. As the industry moves toward circularity, the availability and demand for such materials are expected to grow significantly.

Driving future competitiveness through sustainability
Across the supply chain, more stakeholders are recognizing the link between a low carbon footprint and long-term business resilience. Ovako believes that the demand for green, low-emission steel solutions will continue to increase — and that cross-sector collaboration will be essential for accelerating progress.



Hydrogen electrolyzer



”By working together, we can not only reduce environmental impact, but also strengthen the competitiveness of our businesses.”

Nicklas Magnusson, Decarbonization Manager at Ovako Group

Net zero

Transport and travel

When it comes to reducing greenhouse gas emissions from transportation our focus is on reduction of airfreight that emit up to 100 times more per kg/km than sea freight. 2024 was a challenging year when it came to greenhouse gas emissions from transports with the amount of airfreight ending up far from target. Reasons for this were several with contribution from production delays caused by unforeseen demand increases and implementation of new ERP system. Our supply chain organization also needed to deal with disturbances caused by the situation in the red sea.

Considering road transport, the great work at the global logistics department continued. Making CO_2 emissions part of contract negotiations with the transport providers, they managed well in optimizing both cost and emissions. The use of biofuels in our Nordic countries increased significantly and became the standard fuel for road transport.

Sustainable logistics - measurable results

At Rock Tools, optimizing logistics is a key component of our sustainability strategy. By improving route planning, increasing load efficiency, and transitioning to fossil-free fuels, we have successfully reduced carbon emissions by 754 tons per year - achieved without compromising service levels or increasing costs.

One of the most significant improvements has been the transformation of our global stockroom transport solutions in Sandviken, Sweden. For deliveries outside Europe, we have implemented multimodal transport, combining rail and road instead of relying solely on trucks. Additionally, we have transitioned to HVO (Hydrotreated Vegetable Oil) fuel and increased load capacity per transport from 25 to 36 tons. These measures have resulted in a 96% reduction in CO_2 emissions, equivalent to 711 tons per year.

Transport solutions within Scandinavia and the rest of Europe have also been optimized. By replacing fossil fuels with HVO across our truck fleet, emissions have been reduced by 90%, cutting 43 tons of CO_2 annually.

Strategic partnerships for sustainable logistics

Since 2019, sustainability has been a key criterion in our transport sourcing. All suppliers must meet standards not only in cost and service but also in climate impact. Through long-term partnerships, we actively drive industry improvements.

A standout example is Expresservice, a logistics partner that now operates 100% of its fleet on HVO following Sandvik's climate criteria. In June 2025, our collaboration advanced even further with the launch of the first biogas-fuelled truck, delivering an estimated 65-ton annual CO_2 reduction – equivalent to the yearly carbon capture of 2,800 trees.

Logistics at Rock Tools – key facts

The global stockroom in Sandviken, Sweden supplies other global stockrooms with products from the co-located production unit.

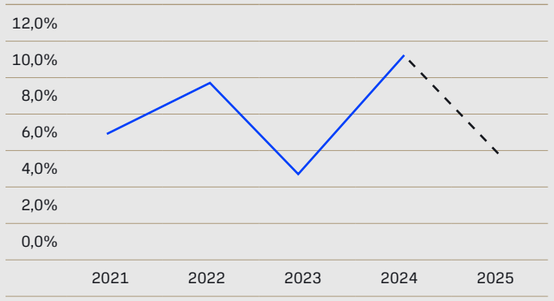
In 2024, approximately 20,000 tons of goods were shipped from the stockroom via road, rail, sea, and air freight.

Business travel

Business travel continued at a low level in comparison to our base year 2019 and ended up at -77%.



Air freight finished goods



KPI development for air freight

The airfreight KPI ended up at 10,1% airfreight for 2024, significantly off from our target level of 3,5% (and 2023 level of 3,7%).

Supporting global climate action through Gold Standard projects

At Rock Tools, we enhance our emissions reduction initiatives by contributing to certified climate projects through Gold Standard, an organization founded by WWF to guarantee tangible benefits for both the climate and local communities.

Since 2021, we have supported Gold Standard projects matching our air travel emissions. In 2024, our air travel emitted 685 tonnes of CO2e (2023, 472 tonnes CO2e), for which we will purchase Gold Standard credits to support certified projects. While offsetting cannot replace direct reductions, it aids global climate action and public health in vulnerable communities.

Our priority remains to reduce emissions at the source and to reach our climate targets through true removal of fossil greenhouse gas emissions.
www.goldstandard.org



Circularity

Circularity

Reduce, reuse, recycle

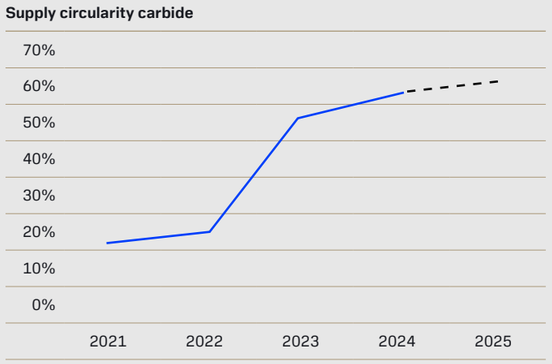
Circularity is a broad concept with its main purpose in minimizing the use of materials in the first place, secondly optimizing the service life of the products and then lastly assuring that products are reused or recycled in most effective ways.

We have decided to focus and monitor the following aspects for which we can make difference when it comes to circularity:

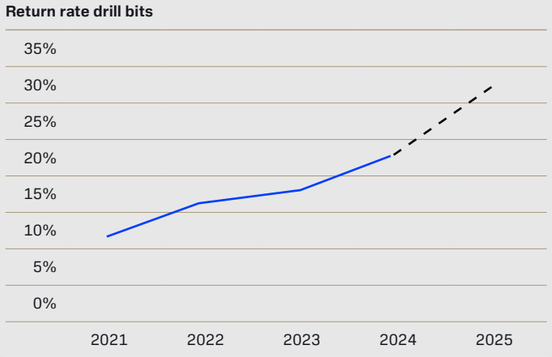
Raw materials:
— Minimize the amount of raw material used to produce our products.
— Maximize the recycled content in the raw materials we use.

Waste:
— Minimize waste from our operations (and especially hazardous waste) and we monitor this on-site level.
— High share of recycling of the waste that we produce at our facilities.

Finished products:
— Design products to make them easy to recycle.
— Maximize the collection of used tools and assure these are recycled in best possible way.



KPI development for circularity carbide
Supply circularity (% of recycled raw materials) for carbide increased from 53% in 2023 to 57% in 2024 and with the latest development of our grades this number is foreseen to safely reach the target of 60% in 2025.



KPI development for return rate drill bits
We have from 2024 introduced new and more accurate way of monitoring the amount of drill bits that are returned to us (return rate drill bits). Our current level of drill bit return rate is 20% to be compared with our estimated 2019 level of 10%. New target level for 2025 is 29%.



Cemented carbide

Cemented carbide is the raw material we use with the highest carbon footprint per kg, making its impact on the total carbon footprint of a drill bit quite significant. Recycling can significantly improve the emissions created in the supply chain for carbide.

A strong benefit we have at Rock Tools is that we together with our Sandvik internal partners (within business area Machining) manage the whole tungsten supply chain from mine to finished carbide. This provides us with excellent possibilities to maximize the benefits from recycling.

To measure our performance on circularity for carbide, we follow two metrics:

— the amount of recycled raw materials in our carbide (“supply circularity carbide”) and
— the amount of drill bits that is returned from our customers (“return rate drill bits”).


SANDVIK

Certificate

17 900 kg

7.52 ton CO_2e

Drill bit recycling program

Our drill bit recycling program ensures effective recycling. Here is how it works:

— We collects used drill bits from customer sites.
— We transport the bits to regional consolidation points, where we separate steel from carbide using our purpose-built extraction machines
— The extracted carbide is sent to our production units for recycling, while the steel goes to local recyclers.

This process ensures drill bits are recycled efficiently and with minimal environmental impact.

The environmental benefits of our program include the following:

— Transportation is minimized since steel and carbide are separated near the mine sites. Consequently, both materials can be shipped directly to their respective recycling facilities.
— Utilizing recycled raw materials in the production of new cemented carbide reduces greenhouse gas emissions by 40-60% compared to using virgin raw materials.

In 2024, customers worldwide participated in our drill bit recycling program. As a token of appreciation, they received a framed certificate, signed by Maria Hugosson, President of Rock Tools, recognizing their contribution to reducing greenhouse gas emissions based on the collected volume.



Rofhiwa Ratshitanga, MC Rock Tools (Pty) Ltd in South Africa.

Supporting circularity and local opportunity

At Rock Tools, sustainability and community engagement go hand in hand. Through our carbide recycling program, we contribute to a more circular economy by reducing waste and CO_2 emissions, while also supporting local employment in the regions where we operate.

One of the people working with this initiative is Rofhiwa Ratshitanga, an employee at our carbide recycling facility MC Rock Tools (Pty) Ltd in South Africa.

Rofhiwa has a broad range of experience, having previously worked in IT, as an electrician, and in thermal protection for products. She saw the opportunity to work in recycling as a meaningful next step in her career. Today, she and a colleague manage the day-to-day operations at the facility as part of Sandvik's local recycling efforts.

The recycling process is based on a performance contract model, where customers commit to returning scrapped drill bits for proper recycling.

Rofhiwa and her colleague ensure these materials are handled correctly, with continuous follow-up to make sure nothing goes to waste.

"I enjoy working with the recycling of Sandvik products and feel that my employer gives me the opportunity to develop," she adds.

The facility also supports local employment, with many colleagues coming from nearby communities - helping to strengthen regional ties and create long-term value.

By staying close to our communities and enabling local job opportunities, we are not only closing the loop - but we are also helping shape a more sustainable and inclusive future for the mining industry.

"It's important to recycle both the carbide and the bits for sustainability reasons."

Rofhiwa Ratshitanga, recycling facility MC Rock Tools (Pty) Ltd in South Africa.

Milestone in sustainable carbide production

During 2023, we made important progress in increasing the share of recycled carbide in our premium PowerCarbide® grades. We have long been recognized for having the highest-performing carbide grades.

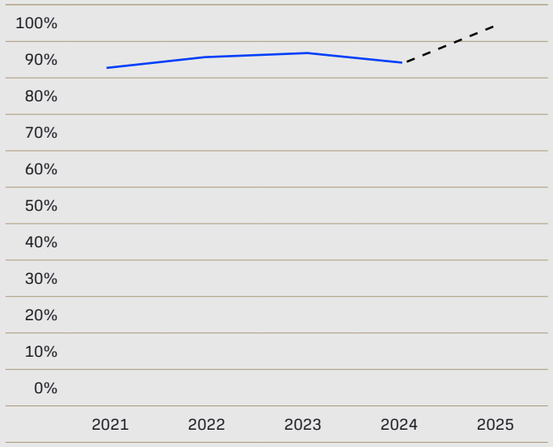
In 2024, our developers reached a major milestone by producing PowerCarbide® grades through an energy-efficient recycling process, significantly reducing environmental impact.



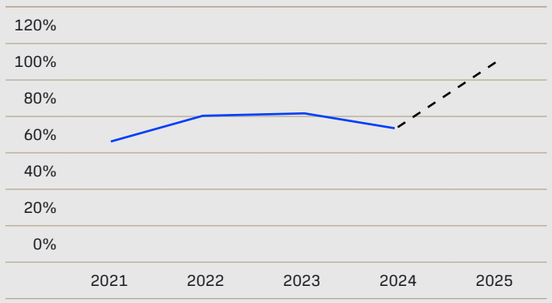
Steel - scrap based

We are committed to increasing the use of circular materials, with a strong focus on transitioning to scrap-based steel across our product portfolio. While progress varies between product areas and regions, the overall direction is clear and efforts are well underway.

Supply circularity steel, Rock Tools



Supply circularity steel



KPI development for supply circularity steel
For Rock Tools products, 87% of our manufactured products used scrap-based steel. However, this is a decrease from last year due to an increase in drill string products from suppliers who have not yet transitioned to scrap-based steel supply.

Our products have two areas that need to transition to scrap-based steel supply. One area, involving a supplier in South Africa, will shift in 2025. The other involves multiple small suppliers worldwide, and consolidation to fewer scrap-based suppliers is in progress.

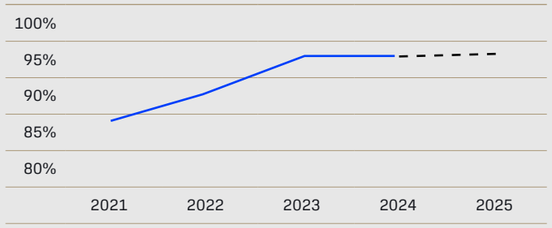
For non-Rock Tools products, the situation is more challenging. These products are made in China for a sister division. We are working on sourcing scrap-based steel and have conducted several tests. Finding new suppliers that meet quality, emissions, and cost requirements is taking longer than expected. However, progress is being made, and we aim to achieve 100% scrap-based steel usage by the end of 2025.

Waste reduction and recycling

Most of our waste comes from steel cuttings in tool manufacturing, all of which are recycled. This makes up 68% of our total waste. In 2024, 96% of our waste was reused or recycled.

Grit blasting process improvements in Patancheru
A great example of a successful project improving circularity come from our Production unit in Patancheru, India. The project optimized grit blasting for Down-The-Hole (DTH) drill bits, saving materials, spend, and reducing environmental impact. By changing the steel shot production technology, the annual consumption of peening media dropped from 60 tons to 12 tons, cutting costs by 45%. Machine breakdowns also decreased, boosting operational efficiency. This initiative achieved both significant cost savings and a more sustainable process by minimizing waste and resource use.

Waste circularity



KPI development for waste circularity
Several projects began this year to reduce the material waste from machining steel. Since raw material significantly impacts the environment, improving yield (final product weight/raw material weight) can greatly lower greenhouse gas emissions.

Replacing traditional blue plastic end caps with100% recycled plastic
Rock Tools is replacing the traditional blue plastic end caps on our top hammer rods and tubes with a natural-coloured alternative made entirely from 100% post-consumer recycled (PCR) plastic.

This decision reflects our commitment to sustainability by avoiding the use of colorants and unnecessary additives in the caps. The change reduces CO_2 emissions by 54%* compared to fossil-based caps. The recycled end caps maintain the same high level of protection and functionality, preserving the quality and performance Sandvik products are known for.

*Based on life cycle assessment from our supplier comparing fossil-based with PCR plastic caps.



Extending drill bit service life through resharpening
Resharpening (also known as regrinding) is a widely adopted method for significantly extending the service life of Top Hammer and Down-The-Hole (DTH) drill bits. This process not only reduces the overall consumption of drilling tools but also contributes to improved resource efficiency - delivering clear benefits in terms of both cost savings and environmental impact.

Our comprehensive resharpening service is a key component of our sustainable solutions portfolio. By resharpening drill bits, their service life can be extended by a factor of 5 to 10, resulting in substantial reductions in both operational costs and carbon footprint.

In 2024, we advanced our grinding technology offering in preparation for the 2025 launch of a consolidated range of grinding machines. This new lineup includes innovative solutions such as rig-mounted and battery-electric grinding units, designed to meet the evolving needs of our customers and support more sustainable operations in the field.

A notable customer case in 2024 demonstrated the tangible impact of implementing a regrinding program. With our support, the customer was able to reduce their annual drill bit consumption from 14,000 pcs to just 8,500 pcs. This change translated into an annual reduction of approximately 100 tonnes of CO_2e emissions - highlighting the significant environmental and economic benefits of resharpening.

Supporting local communities – long-term cooperation with Kitwe Teaching Hospital

As part of Sandvik Rock Tools' broader sustainability efforts, community investment plays a key role. This commitment takes different forms - from creating employment opportunities in connection to our customers' operations around the world, to supporting vital services in the communities where we operate. One long-standing example of the latter is our support to Kitwe Teaching Hospital in Zambia.

Kitwe Teaching Hospital, located in Zambia's second-largest city, is one of the country's largest public health institutions. Established in 1958, the hospital serves as a third-level referral and teaching hospital, with a capacity of over 600 beds and up to 1,300 patients per day. It plays a critical role in healthcare delivery and medical education in the Copperbelt Province.

Sandvik Rock Tools has supported the hospital for over ten years, including monthly donations of medical supplies and ongoing resources for cleaning and maintenance of the facilities. The latest support, based on the hospital's own list of needs, included two high-tech neonatal incubators, LED lights for newborn care, and blankets for infants born to vulnerable mothers.

"We see it as just as important for us as a company, as it is for our mining customers, to show that we truly care about our local communities. We often collaborate on initiatives and maintain a good and open dialogue about this work."

Chanda Kapemba, Human Resource Business Partner - Sales Area Central Africa



B1-1502ENG © Sandvik 2025. Legal notice: All trademarks and logos appearing in this material are owned by the Sandvik Group of companies, unless otherwise specifically indicated.