



# LKAB Minerals OY Supply Chain Guideline

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## LKAB Minerals OY Supply Chain Guideline

Document information	
Type of governing document:	Guideline
Adopted by:	Operations & Supply Chain Manager, LKAB Minerals OY
Date of adoption:	29/04/2025
Valid as from:	Adoption date unless otherwise specified
Applies to:	LKAB Minerals OY

Revision log		
Date	Comment	Languages
29/04/2025	Version 2 – updated with CHARA procedure	English
2/11/2024	Version 1 – LKAB Minerals OY Supply Chain Guideline	English

## 1. Guideline statement

Recognising that risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk areas, and recognising that LKAB Minerals OY have the responsibility to respect human rights and not contribute to conflict, commits to adopt, widely disseminate and incorporate in contracts and/or agreements with suppliers the following guideline on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until end user. Following LKAB Group governing documents listed below LKAB Minerals OY commits to refraining from any action which contributes to the financing of conflict, and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.

LKAB Group governing documents related to human rights matters:

- Sustainability policy
- Risk management policy
- Finance policy
- Code of Conduct
- Supplier Code of Conduct
- Human rights guideline
- Anti-corruption guideline
- Purchasing guideline
- Modern Slavery Act Transparency Statement
- LKAB Minerals Statement on conflict minerals
- Statement regarding LKAB Minerals sustainable sourcing of Mica
- Documentation regarding whistleblowing functions at LKAB Group
- Responsible business conduct - risk assessment value chain
- Supplier qualification and audit framework
- LKAB Minerals OY CHARA Procedure

LKAB Minerals OY respects OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and conduct risk assessment based on the OECD concept of due diligence and responsible business conduct. The company has developed a CHARA procedure to be aware of the conflict-affected and high-risk areas and what action to take when LKAB Minerals OY are doing business in countries connected to CAHRA. Furthermore, the company has processes in place regarding initial supplier qualification and assessment.

## 2. Objectives

The objectives of this Guideline are to:

- Manage business and sustainability risks
- Work collaboratively with suppliers for sustainable development and deliver sustained value and drive continuous improvements
- Comply with laws and regulations and other requirements applicable to the locations in which we operate our business

- Comply with related LKAB Group governing documents related to value chain and human rights
- apply throughout our supply chain and ensure that sourcing initiatives are fair and ethical

According to LKAB Group routine, policies and guidelines will be reviewed annually to ensure they reflect business requirements and legal responsibilities.

### **3. Risk management**

Supply chain risks will be identified and assessed with appropriate controls implemented to manage the risk in accordance with:

- LKAB Group Risk Management Policy
- Responsible business conduct - risk assessment value chain
- Supplier qualification and audit framework
- LKAB Minerals OY CHARA Procedure

#### **Serious abuses associated with the extraction, transport or trade of minerals**

LKAB Minerals OY does not source from conflict-affected and high-risk areas and does not tolerate any forms of torture, cruel, inhuman and degrading treatment and any forms of forced or compulsory labour, the worst forms of child labour, other gross human rights violations and abuses such as widespread sexual violence, war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

#### **Risk management of serious abuses**

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses.

#### **Direct or indirect support to illegitimate non-state armed groups**

We will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. That means no illegally control mine sites or otherwise control transportation routes, illegally tax or extort money or illegally tax or extort intermediaries.

#### **Risk management of direct or indirect support to illegitimate non-state armed groups**

We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups.

#### **Public or private security forces**

We recognise that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and

protecting the mine site or transportation routes from interference with legitimate extraction and trade.

### **Risk management of public or private security forces**

In accordance with the specific position of the company in the supply chain, we will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, where we identify that such a reasonable risk exists. In such cases we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.

### **Bribery and fraudulent misrepresentation of the origin of minerals**

We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

### **Money laundering**

We will support efforts, to contribute to the effective elimination of money laundering, and/or terrorism financing and/or contribution to conflict where we identify a reasonable risk of money-laundering and/or terrorism financing and/or contribution to conflict resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

### **Risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments**

In accordance with the specific position of the company in the supply chain, we commit to engage with suppliers, central or local governmental authorities, international organisations, civil society and affected third parties, as appropriate, to improve and track performance with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation.

### **Risk management of Non-compliance with Environment and Sustainability legal requirements**

In accordance with the specific position of the company in the supply chain, we require from our suppliers to respect and observe national laws, international regulations and recommendations from non-governmental organisations in environmental protection and sustainable use of natural resources. We require our suppliers to adhere to environmental, health, safety and labour regulation in country of operation and to hold all necessary environmental permits and registrations, as a minimum standard. Furthermore, we expect our suppliers to deploy air, water and land pollution and incident management plans, to follow water stewardship and to respect World Heritage Sites and

Protected Areas. Finding any non-compliance in these items, we will suspend or discontinue engagement with those suppliers.

#### **4. Responsible procurement**

The purpose of LKAB Group Purchasing Guideline is to create the conditions for sustainable purchases in the value chain that comply with current legislation, maintain high business ethics and ensure competitive purchases that are conducted correctly, successfully and efficiently. The LKAB Group Purchasing Guideline applies to all purchases and covers all operations and employees in the LKAB Group.

The purchasing process includes the sourcing, contract management and ordering of products (goods and services) from suppliers and the processing and payment of supplier invoices. From a business perspective, it is essential that purchases are sustainable, have a low overall cost, high quality, low business risk and are conducted through healthy business relationships with zero tolerance of corruption and human rights violations.

According to LKAB Minerals OY CAHRA Procedure, LKAB Group Modern Slavery Act Transparency Statement and LKAB Minerals Statement on conflict minerals we do not consciously procure any materials that contribute to the violation of human rights, or that directly or indirectly favour the armed groups that contribute to significant human rights violations. For conflict-affected and high-risk areas LKAB Minerals OY refer to Section 1502 of the Dodd Frank Act (The Democratic Republic of Congo and adjoining countries) as well as the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821.

LKAB's requirements are set out in LKAB's Supplier Code of Conduct, which shall be applied by all contract suppliers.

#### **5. Expectations of LKAB Minerals OY suppliers**

LKAB Minerals OY expects its suppliers to follow this guideline and the LKAB Supplier Code of Conduct. Furthermore, we require our suppliers to adhere to environmental, health, safety and labour regulation in country of operation and to hold all necessary environmental permits and registrations, as a minimum standard.

#### **6. Communication**

LKAB Minerals OY Supply Chain Guideline shall be incorporated into all commercial contracts and/or written agreements with suppliers. LKAB Minerals OY offer trainings to employees and suppliers regarding awareness and understanding of this guideline. The guideline is available both on the intranet and the external website.

#### **7. Grievance mechanism**

Everyone is urged to notify suspected breaches to LKAB Minerals OY, so that LKAB Minerals OY finds out about them in time and can remedy situations, ways of working and incidents that contravene

our Code of Conduct, policies, laws, rules and guidelines and risk harming the company, our employees or any outside party.

Within the LKAB group, there is a group-wide whistleblowing channel, SpeakUp, as well as local whistleblowing channels. Information on how a submitted report is handled and how to make a report will be found on the intranet for employees, and on the company website and in our Supplier Code of Conduct for external parties.

Concerns and complaints or violation or potential violation regarding this Guideline can be communicated anonymously by phone, and for Finland the number is: 0800392912

[How to submit a whistleblower report - LKAB](#)