



# LKAB Minerals OY CAHRA Procedure

---

## LKAB Minerals OY CAHRA Procedure

Document information	
Type of governing document:	Procedure
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 1 – LKAB Minerals OY CAHRA Procedure	English

## **Introduction of the company**

LKAB Minerals Oy was established in 2004. The company has one processing plant, located at Kaivoksentie 700, 71800 Siilinjärvi, Finland. The facility is processing phlogopite mica in various grades. LKAB Minerals OY is organized within the LKAB Special Products business area, which is part of the LKAB Group.

## **Purpose with the CAHRA procedure**

The purpose of this procedure is 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.

## **Definition of conflict-affected and high-risk areas**

### **OECD definition**

Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterized by widespread human rights abuse and violations of national or international law.

### **EU definition**

Areas in a state of armed conflict, fragile post-conflict areas, as well as areas witnessing weak or non-existing governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.

## **List of CAHRAs**

### **Dodd Frank**

The Democratic Republic of Congo (DRC) and its nine adjoining countries as outlined in Section 1502 of the Dodd Frank Act (DFA 1502), namely Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia.

### **European Union Regulation**

The indicative and non-exhaustive list of CAHRAs provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821, [CAHRAs](#) and [Annex 1 of Regulation \(EU\) 2017/821](#)

## Resources to identify CAHRAs

When identifying CAHRAs, LKAB Minerals OY uses Dodd Frank and the EU's list of CAHRAs.

1. Section 1502 of the Dodd Frank Act
2. The European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821, [CAHRAs](#) and [Annex 1 of Regulation \(EU\) 2017/821](#)

## Open-source information to identify CAHRAs

To obtain more essential information about the conditions in the country regarding, among other things, conflict, governance and human rights, the company has a license and are using the system Kodiak Hub [Kodiak Hub | End-to-End Supplier Relationship Management](#).

From Kodiak Hub a SafeSource document displaying country risk can be found. This module captures and identifies systematic risk in 8 different rating areas: Human Rights, Labor Rights, Environmental Performance, Political Stability and Rule of Law, Tradeability, Economic Stability, Business Ethics and Anti-corruption and Country Economic Rating with a total of 39 indicators. See page 8-9 for a list of links to the different sources.

Based on information from the 8 different rating areas the SafeSource gives a country rating criteria which is as follows:

- Excellent: > 95% (green).
- Good: > 75% (blue)
- Early Warning: > 40% (orange)
- High Risk: ≤ 40% (red)

If a new supplier are located in a country with a score below 75%, *early warning and/or high risk*, the internal procedure shall be followed, [Supplier risk and sustainability assessment](#). The assessment contains questions regarding risks connected to human rights, the environment, corruption, ethics both for the country and for the region where the supplier and its sub-supplier connected to the business are located. Other questions are whether the supplier provides products on the market connected to conflict minerals (3T+G), cobalt or mica and if there are any sanctions or embargos for the country.

If the assessment shows that any question indicates high or extreme risk the Corporate Responsibility team shall be contacted to start the Due Diligence process. Firstly, together with the legal department investigate if the supplier/sub supplier are affected by country or person related sanctions or embargos. Secondly, if there are conflict minerals-related risks, request information regarding a CMRT (3T+G) or EMRT (cobalt, mica) declaration according to the RMI process. Finally, together with LKAB legal department and the Corporate Responsibility team decide on the need for a Kodiak self-assessment, desktop audit or physical audit of the supplier and if it shall be carried out with internal or external resources. If the supplier cannot comply to LKAB's requirements business should not proceed.

## Frequency of determination

Annually, LKAB Minerals OY conducts basic research on the CAHRAs identified in our supply chain. This includes Dodd Frank and the EU's list of CAHRAs as well as open sources/publicly available reports regarding the governance, conflict/security and human rights context of the countries as well as reports specifically mentioning human rights abuse related to mica mining practices.

## Countries identified as CAHRA within the OY's supply chain

LKAB Minerals OY has completed stakeholder mapping and requires direct suppliers to provide the names, locations and types of business operations for each supply chain actor between the mine sites and the in-country exporter. The chain of custody documentation for each material transaction has been collected to understand the transaction origin and transportation route.

Based on our research we have not identified any CAHRAs in our supply chain.

## Assessments

LKAB Minerals OY has an internal procedure to be followed when a potential new supplier has been identified. A [Supplier risk and sustainability assessment](#) is conducted which includes to identify CAHRAs, any red flags, sanctions, high risk country or area, sub-supplier country, country of origin and transit of the materials. The procedure will indicate if supplier due diligence is necessary, which includes assessing the context of CAHRA's, clarifying the chain of custody, assessing the activities and relationships of upstream suppliers, identifying locations and qualitative conditions of the extraction, trade, handling, and export of minerals and conducting on-the-ground assessments.

LKAB Minerals OY has designed a Know Your Counterparty (KYC) to include information concerning supplier legal status and identity, supplier mapping including original information for each material transaction, transaction origin, transportation route, as well as direct suppliers' names and locations and potential risks. If inconsistencies, errors or incomplete information in the KYC form, the company will communicate the improvement areas to the suppliers and request an updated form. If red flags were identified, the company would further engage with its suppliers to clarify and improve the documents as needed. During this reporting period, no red flags were identified related to submitted KYC forms.

To avoid the use of conflict minerals, which directly or indirectly finance, or benefit armed groups and/or involve other serious human right abuses in high-risk and conflict-affected regions, LKAB Minerals OY has developed a supply chain guideline. The guideline has been widely disseminated to relevant stakeholders (suppliers, customers, employees etc.) and is available on the company website at: <https://www.lkabminerals.com/contact/finland>

LKAB Minerals OY ensures that it assesses risks on an ongoing basis by working in partnership with suppliers and other stakeholders (e.g. local community, NGO, customers, industry organization, consulting company) engaged in continuous risk monitoring at the mine site, and that assessment shows no high-risk suppliers.

## Sanctions

LKAB Minerals OY checks sanctions for every new supplier in accordance with the internal supplier risk and sustainability assessment procedure. Following sources are used:

1. Ministry of Foreign Affairs of Finland as well as notifications from Chamber of Commerce Finland. [International sanctions - Ministry for Foreign Affairs](#)
2. EU sanction list: <http://www.government.se/government-policy/foreign-and-security-policy/international-sanctions/>
3. US sanction list: [Sanctions List Search](#)
4. United Nations sanction list: [Sanctions List Materials | Security Council](#)
5. On the website of [Responsible Business Alliance](#) all above sanction lists are gathered.

## LKAB Minerals OY – due diligence

LKAB Minerals OY work connected to OECD Due Diligence 5-step framework		
<b>Management system</b>	<ul style="list-style-type: none"> <li>• State ownership policy</li> <li>• Sustainability policy</li> <li>• Code of Conduct</li> <li>• Human rights guideline</li> <li>• Statement on Modern Slavery</li> <li>• Statement sustainable mica sourcing</li> <li>• Statement conflict minerals</li> <li>• Purchasing guideline</li> <li>• Anti-corruption guideline</li> <li>• Supplier Code of Conduct</li> <li>• Supply chain guideline</li> </ul>	Reviewed annually
<b>Identify &amp; assess risks in the supply chain</b>	<ul style="list-style-type: none"> <li>• Supply chain risk assessment including CAHRAs, sanction control</li> </ul>	Ongoing basis
<b>Manage risks</b>	<ul style="list-style-type: none"> <li>• Supplier onboarding</li> <li>• Know your supplier form</li> <li>• Open sources/publicly available reports</li> </ul>	Ongoing basis
<b>Audit / due diligence</b>	<ul style="list-style-type: none"> <li>• Supplier audits</li> <li>• Supplier engagement and capacity building</li> </ul>	When needed
<b>Publicly report</b>	<ul style="list-style-type: none"> <li>• Sustainability due diligence report</li> </ul>	Annually

## Sources from Kodiak Hub SafeSource

### Human rights index

[Human Development Index | Human Development Reports](#)

[Gender Development Index | Human Development Reports](#)

[Life expectancy at birth, total \(years\) | Data Catalog](#)

[Expected Years of School | Data Catalog](#)

[Freedom in the World | Freedom House](#)

[Theme | Prosperity | World Bank Data360](#)

[Freedom of association index, 2024](#)

### Labor rights

[Global Rights Index - International Trade Union Confederation](#)

[Gender Inequality Index | Human Development Reports](#)

[Statistics on working poverty - ILOSTAT](#)

[Working Hours - Our World in Data](#)

[Children's rights and business | unicef.ch](#)

[Methodology | Walk Free](#)

### Political Stability and Rule of Law

[Global Peace Index Map » The Most & Least Peaceful Countries](#)

[Democracy index, 2024](#)

[Rule of law index, 2024](#)

[Home | Worldwide Governance Indicators](#)

[Financial Secrecy Index – Tax Justice Network](#)

### Business ethics and Anti-corruption

[Corruption Perceptions Index 2024 - Transparency.org](#)

[TRACE Matrix Data Browser](#)

[Sustainable Development Report 2024](#)