



Sustainability & Due Diligence Report 2024

LKAB Minerals OY, Finland

1. Company Information

The company LKAB Minerals Oy was established in 2004. The company's CID number is CID004623. The company has one processing plant, located at Kaivoksentie 700, 71800 Siilinjärvi, Finland. The facility is processing phlogopite mica in various grades.

LKAB Minerals Group is part of LKAB Group and is organized within the LKAB Special Products business area. LKAB Minerals Group operates within the industrial minerals market by offering solutions that are used in the production of everything from paints, cosmetics and water treatments to sound-insulating foams and polymers, high density concrete and products in the areas of green technology. The industrial minerals business is aimed primarily at the following market segments:

- Agriculture: mineral fertilizers, soil improvers and feedstuffs
- Cleantech: batteries, generators and renewable energy production
- Construction and engineering: cement, concrete, floor screed and roads
- Manufacturing industry: water treatment, sponge iron, plastics and coatings.

The LKAB Minerals Group employs 400 employees and has a turnover of around 283 M Euro. The group consists of 12 companies situated in from US in west to China in East.

LKAB Minerals OY, Finland business, includes sales, logistics and Mica Production. The number of employees is 6.

2. RMAP Assessment Summary

LKAB Minerals Oy has undergone a RMAP assessment on 24-26th October 2023. The assessment is valid for one year. The assessment period was from 1st September 2022 to 30th September 2023. The assessment was conducted by a Responsible Sourcing Audit Firm, TDI.

At this time we are currently resolving the final non-conformities in the CAP3 stage of the RMI process.

3. Company Supply Chain Guideline

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 conflict-affected and high-risk areas/regions, LKAB Minerals OY has developed a Supply Chain Guideline and a CAHRA procedure. The Supply Chain Guideline is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). It covers all the risks identified in Annex II of the OECD Guidance and its geographic scope is global. LKAB Minerals OY is committed to addressing any Annex II risks if identified. The guideline was reviewed and approved by senior management, which committed to support its implementation. 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/>.

The CAHRA procedure (which can be found on the link above) was developed for the company to be more aware of the conflict-affected and high-risk areas and what action to take when and if LKAB Minerals OY are doing business in countries connected to CAHRA.

Supporting documentation are the LKAB Minerals OY Supply Chain Guideline, Statement regarding LKAB Minerals sustainable sourcing of Mica, LKAB Minerals Statement on conflict minerals and LKAB Minerals OY CAHRA procedure.

4. Company Management Systems

Management structure

The company follows through on its commitments in the supply chain guideline and has developed an internal procedure for due diligence with the following aspects:

- The company's Operations & Supply Chain Manager is responsible to oversee the due diligence program and risk management design and implementation.
- The company has assigned a due diligence program where the Operations & Supply Chain Manager are responsible to coordinate the work of the relevant departments (including the Purchasing Department, Quality Department, Production Department and Warehouse Management Department) to ensure each department follows up on their roles and responsibilities to implement the due diligence program and report any red flags and potential risks identified.
- The company conducts due diligence management system training once a year for key staff from all relevant departments required in the due diligence program. If there is an update of the program, the company conducts additional training as necessary.

- Information regarding due diligence is communicated to the company's suppliers.

Internal Systems of Control

LKAB Minerals OY has established/updated its due diligence management system to be aligned with the OECD Guidance and RMAP in December 2024. The company has communicated the updated Supply Chain Guideline and sourcing requirements to all identified upstream suppliers. The company has incorporated due diligence requirements into legally binding agreements with direct suppliers. The company is situated at the site of the raw material supplier and has daily contact with them. The company meets 80% percent of its direct suppliers twice every year and includes due diligence requirements as part of the conversation.

The company refers to [RMI's grievance mechanism](#) to collect information on grievances from interested parties. In the Supply Chain Guideline this is clearly outlined. Concerns and complaints or violation or potential violation can be communicated anonymously by phone, and for Finland the number is: 0800392912

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

Record Keeping System

The company requires that all records relating to the due diligence program are maintained at least for five years and that they be properly used and safely stored in our online company database.

5. Risk Identification

The company has a robust process to identify risks in the supply chain.

1. The majority of LKAB Minerals OY's suppliers have gone through the internal FMEA check.
2. Referring to the risks in the company's Supply Chain Guideline, the company established a procedure to identify CAHRAs. The procedure includes the resources used, the criteria to define a "conflict-affected and high-risk" area as well as the frequency with which our determination is reviewed. The company uses the following resources to determine CAHRAs:
 - Section 1502 of the Dodd Frank Act (DFA 1502); The Democratic Republic of Congo (DRC) and its nine adjoining countries, namely Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia.

- The European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821, [CAHRAs](#) This list is regularly updated of conflict-affected and high-risk areas and [Annex 1 of Regulation \(EU\) 2017/821](#)
- 3. The company designed a Know Your Counterparty (KYC) to include information concerning supplier legal status and identity, supplier mapping, potential risks, origin information for each material transaction, transportation route, as well as direct suppliers' names and locations. Whenever inconsistencies, errors or incomplete information is identified in the KYC form, the company would further engage with its suppliers to clarify and communicate the improvement areas to suppliers and request an updated form. The company's due diligence program manager equal to Operations & Supply Chain Manager will review the information provided as well as sanction lists together with the Purchasing Team.
- 4. If the assessment shows that any question indicates red flag, 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 self-assessment, desktop audit or physical audit of the supplier and if it shall be carried out with internal or external resources.
- 5. Where necessary, LKAB Minerals OY will take steps to build leverage, over suppliers who can most effectively prevent or mitigate the identified risk, for example through communication and training.
- 6. If the supplier cannot comply to LKAB's requirements after failed attempts at risk mitigation or where risk mitigation deems unfeasible or unacceptable the business should not proceed, and the cooperation will be terminated.

During this reporting period, no red flags or high risks were identified. All information collected was reviewed by the company against CAHRAs, sanction lists, local laws and internal sourcing requirements.

Risk Assessment

For material and supply chains determined to be "high-risk", the company conducted enhanced due diligence. This included:

- Assessing the context of CAHRAs
- 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
- Conducting on-the-ground assessments on a regular basis

To map the factual circumstances, conduct on-the ground assessments and assess risks in the high-risk supply chains, we relied on the following:

Assessing risks without an upstream program:

LKAB Minerals OY has conducted basic research on the CAHRAs identified in our supply chain. This included publicly available reports regarding the conflict, governance and human rights context of the countries as well as reports specifically mentioning human rights abuses related to tantalum mining practices.

Secondly, LKAB Minerals OY completed a stakeholder mapping to inform our stakeholder engagement strategy. To complement the mapping, the company required our 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 company conducted an enhanced KYC process for all upstream actors from the trader to the mine. Working with our supply chain partners, we collected chain of custody documentation for each material transaction and ensured that it was able to understand the transaction origin and transportation route. The company sources from one mine, situated in Finland. The company reviewed the information collected through desktop research and stakeholder interviews and identified that a concentrator was the key influence actor. With the assistance of union members, the Operations & Supply Chain Manager from LKAB Minerals OY review the conditions as operation is located next to the mine (source).

6. Risk Mitigation

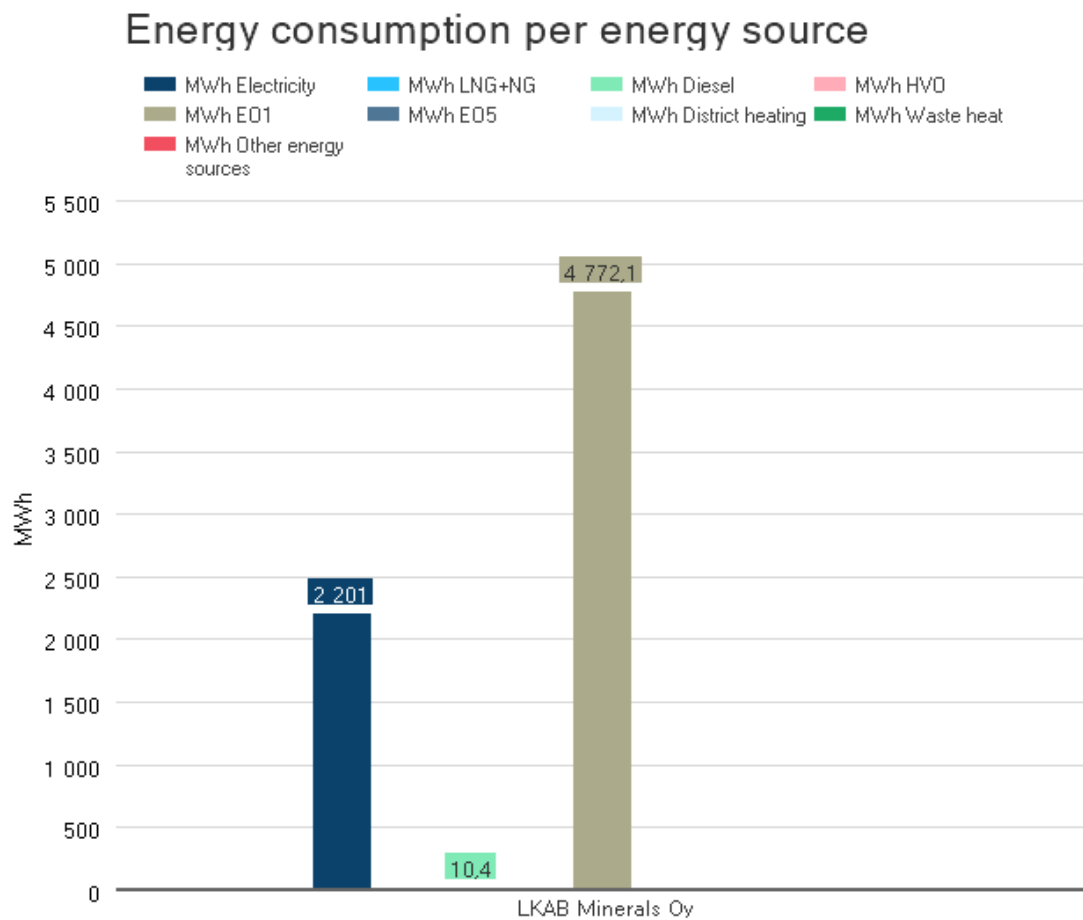
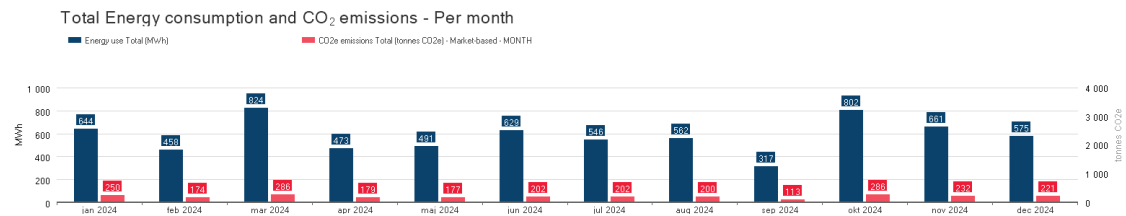
Risks identified in high-risk supply chains are mitigated as follows:

Mitigating risks without an upstream program:

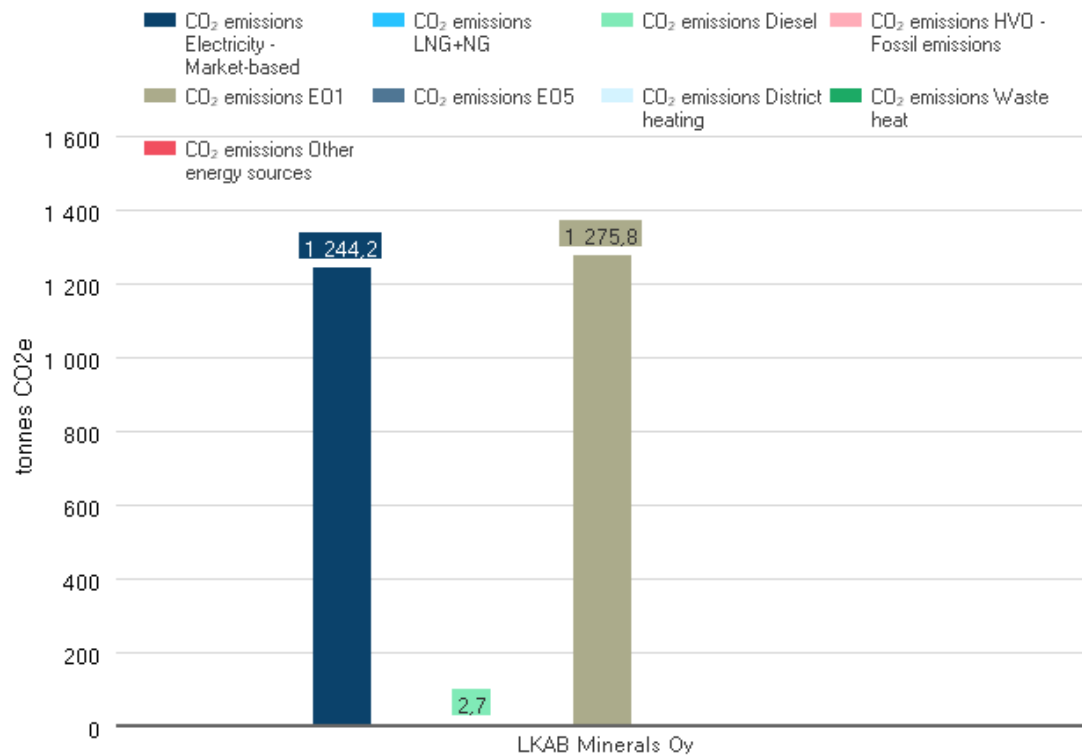
LKAB Minerals OY ensures that it assesses risks on an ongoing basis by working in partnership with suppliers and other stakeholders (e.g. local community, NGO, customers, industry organization, consulting company) engaged in continuous risk monitoring at the mine site, and that assessment shows no high-risk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

Outcome financial year 2024

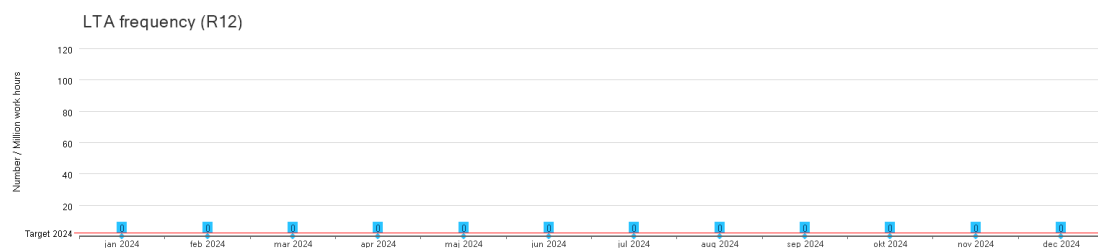
Climate and Environmental Sustainability

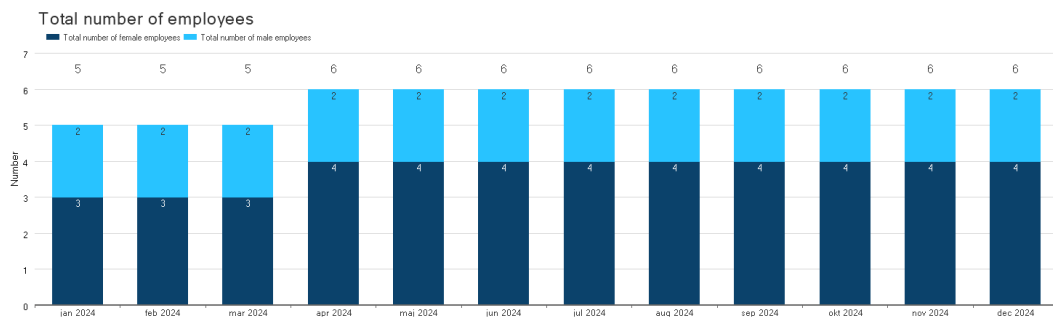
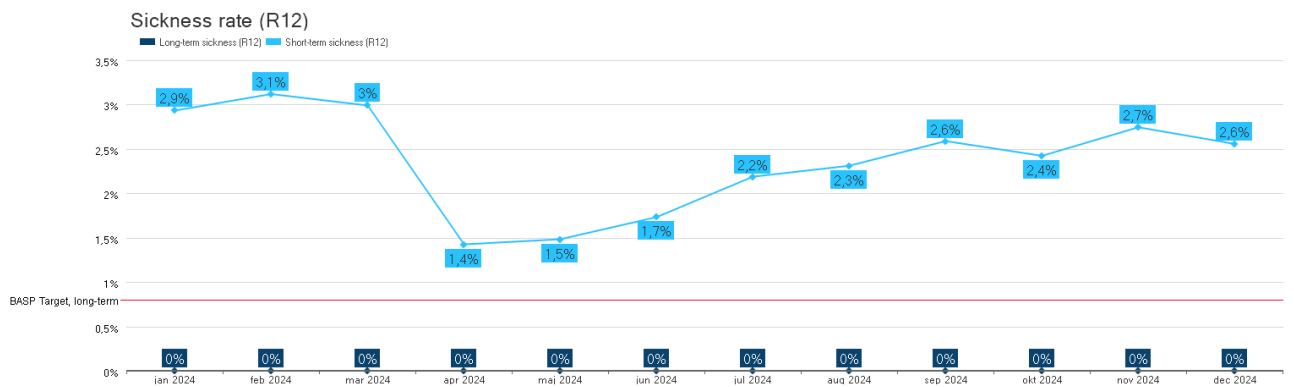
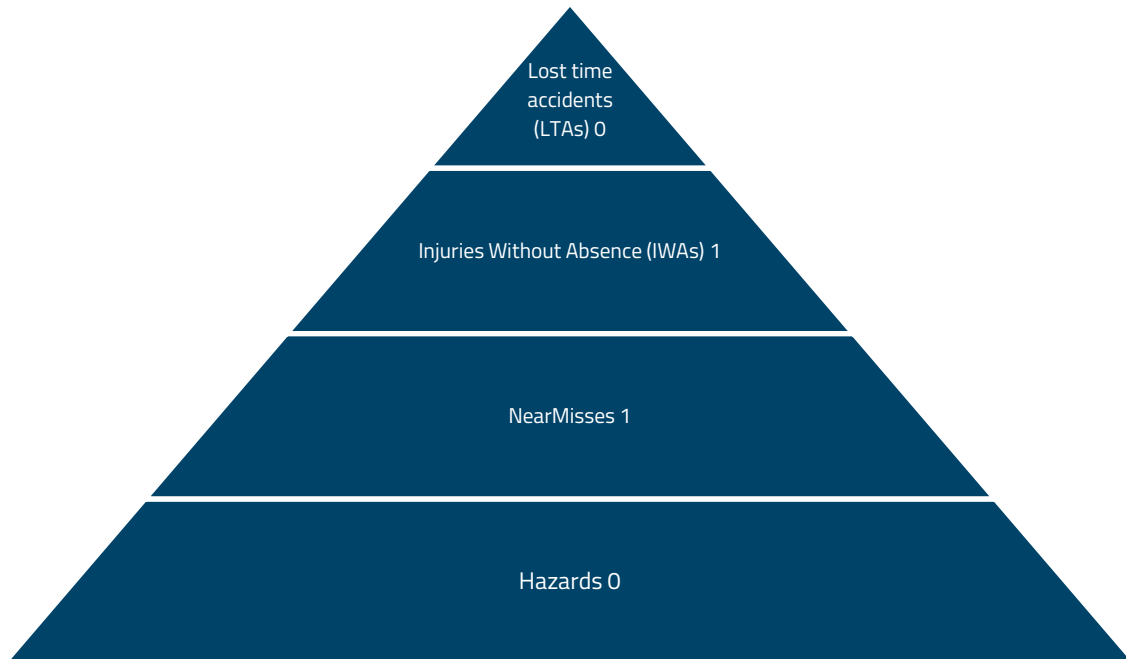


CO₂ emissions per energy source

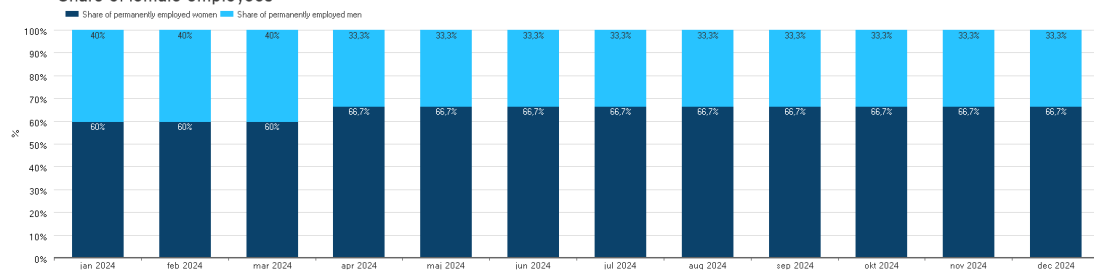


Social sustainability





Share of female employees



Share of female managers

