LKAB Minerals OY CAHRA Procedure

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Document information	
Type of governing document:	Procedure
Adopted by:	Operations & Supply Chain Manager, LKAB Minerals OY
Date of adoption:	17/08/2026
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
17/08/2026	Version 2 - Changing from Kodiak to Coupa as the Supplier Risk & Performance Management platform.	

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 essential information about country and supplier conditions relating to conflict, governance, human rights, ethics, sanctions and other sustainability risks, LKAB Minerals OY uses the **Coupa Supplier Risk & Performance Management platform**.

Coupa supports supplier risk assessment and ongoing monitoring through data-driven workflows and risk intelligence sourced from external risk providers. The platform enables LKAB Minerals OY to assess supplier and country-related risks, identify potential red flags, and support due diligence activities throughout the supplier lifecycle. [coupa.com].

The SRPM platform's knowledge base is effectively built from four major categories:

- Internal procurement and supplier transaction data
- Supplier-provided information and assessments
- Coupa community and user feedback intelligence
- External risk intelligence feeds and partner integrations

Together these sources enable Coupa to provide continuous supplier monitoring, risk scoring, alerts, and performance management recommendations.

The risk information available through Coupa is used as part of the supplier onboarding and ongoing monitoring process to evaluate, among other factors:

- Human rights risks
- Labour rights risks
- Environmental and sustainability performance
- Political stability and rule of law
- Business ethics and anti-corruption risks
- Trade and economic risks
- Sanctions and regulatory compliance risks

If a supplier, sub-supplier, country of operation, country of origin, or transit country is identified as presenting heightened risk, the internal Supplier Risk and Sustainability Assessment procedure shall be followed. This assessment evaluates risks related to human rights, environmental impacts, corruption, ethics, conflict minerals (3TG), cobalt, mica, sanctions, and embargoes.

If the assessment identifies any high or extreme risks, the Corporate Responsibility Team and Legal Department shall be engaged to initiate the appropriate due diligence process. This may include sanctions screening, requests for conflict minerals declarations (CMRT or EMRT), supplier self-assessments, desktop reviews, or onsite audits as deemed necessary. Suppliers that cannot comply with LKAB Minerals OY's requirements will not be approved for business.

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 the annual CAHRA assessment, supply chain mapping activities, supplier due diligence and available risk information, LKAB Minerals OY has not identified any CAHRAs within its supply chain during the reporting period.

Assessments

LKAB Minerals OY has an internal procedure to be followed when a potential new supplier has been identified, namely the Supplier Onboarding Process. A Supplier risk and sustainability assessment is conducted via Coupa which includes identifying 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) for high-risk suppliers 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		
Management system	• State ownership policy • Sustainability policy • Code of Conduct • Human rights guideline • Statement on Modern Slavery • Statement sustainable mica sourcing • Statement conflict minerals • Purchasing guideline • Anti-corruption guideline • Supplier Code of Conduct • Supply chain guideline	Reviewed annually
Identify & assess risks in the supply chain	• Supply chain risk assessment including CAHRAs, sanction control	Ongoing basis
Manage risks	• Supplier onboarding • Know your supplier form • Open sources/publicly available reports	Ongoing basis
Audit / due diligence	• Supplier audits • Supplier engagement and capacity building	When needed
Publicly report	• Sustainability due diligence report	Annually