



Sustainability & Due Diligence Report 2023

LKAB Minerals OY, Finland

1. Company Information

The company is called LKAB Minerals Oy.

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 391 employees and has a turnover of around 700 M Euro. The group consists of 10 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 4.



2. RMAP Assessment Summary

LKAB Minerals Oy has undergone a RMAP assessment on 24-26^h 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.

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 high-risk and conflict-affected regions, LKAB Minerals OY has developed a supply chain guideline. 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 of 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/>

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

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 operation manager is responsible to oversee the due diligence program and risk management design and implementation.
- The company has assigned a due diligence program to operation manager 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 due diligence program. If there is an update of the program, the company conducts additional training as necessary.

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 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 main supplier and is in daily contact with main supplier. 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.

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.

Firstly, 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:

- [*CAHRAs*](#) *This list is regularly updated of conflict-affected and high-risk areas (CAHRAs) (as defined under Regulation 2017/821).*
- [*Annex 1 of Regulation \(EU\) 2017/821*](#)

Referring to our supply chain guideline and external resources, LKAB Minerals OY has defined criteria and benchmark indicators to determine CAHRAs.

Secondly, the company designed a Know Your Supplier (KYS) to include information concerning supplier legal status and identity, supplier mapping and potential risks. The majority of LKAB Minerals OY's suppliers have gone through the internal FMEA check. The company's due diligence program manager equal to operation manager reviewed the information provided and the UN Sanction List with the Purchasing Team. Whenever inconsistencies, errors or incomplete information were identified in the KYS form, the company communicated the improvement areas to suppliers and requested 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 KYS forms.

Thirdly, the company requested origin information for each material transaction and ensured that it was able to understand the transaction origin, transportation route, as well as direct suppliers' names and locations.

Fourthly, all information collected was reviewed by the company against CAHRAs, sanction lists, local laws and internal sourcing requirements

Risk Assessment (HIGH RISK SOURCING ONLY)

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; and,*
- *Conducting on-the-ground assessments.*

In order 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 governance, security 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 KYS 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 operation manager from LKAB Minerals OY review the conditions as operation is located next to the mine (source).

6. Risk Mitigation (HIGH RISK SOURCING ONLY)

The company's Supply Chain Guideline defines three possible risk mitigation strategies in accordance with the OECD Guidance Annex II Model Policy. Risks identified in high-risk supply chains are mitigated as follows:

Mitigating risks without an upstream program:

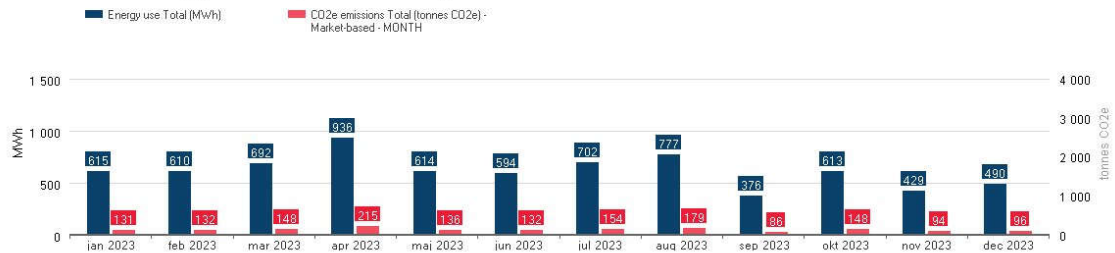
LKAB Minerals OY reports the one mine (source) as a high-risk sourcing supplier since this is the sole supplier, and no alternatives for the moment. The operation manager has decided to continue business with the supplier while implementing a risk mitigation plan.

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.

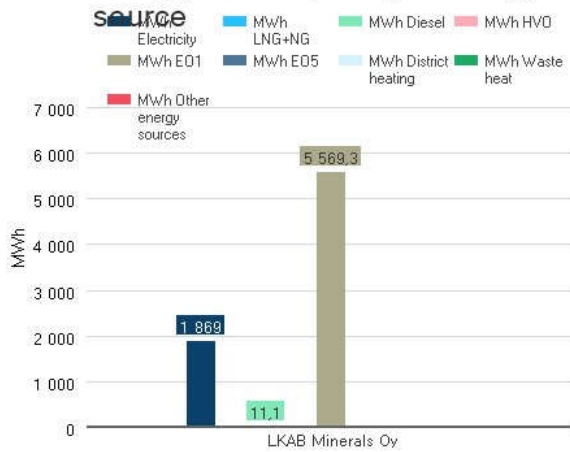
Outcome 2023

Climate and Environmental Sustainability

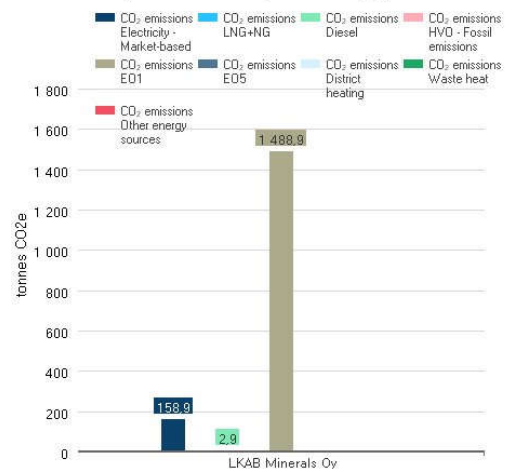
Total Energy consumption and CO₂ emissions - Per month



Energy consumption per energy source

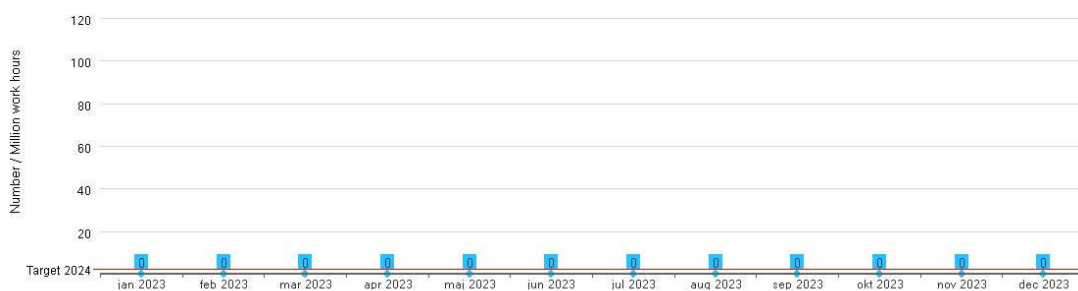


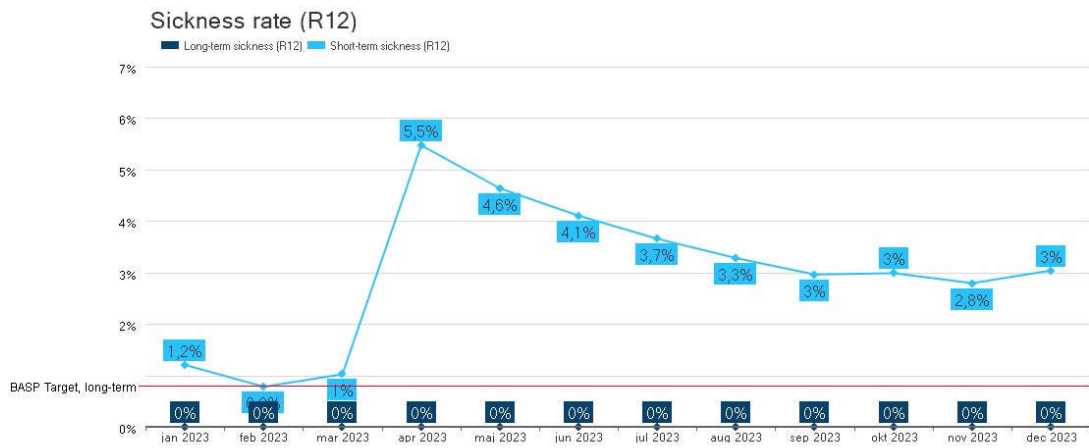
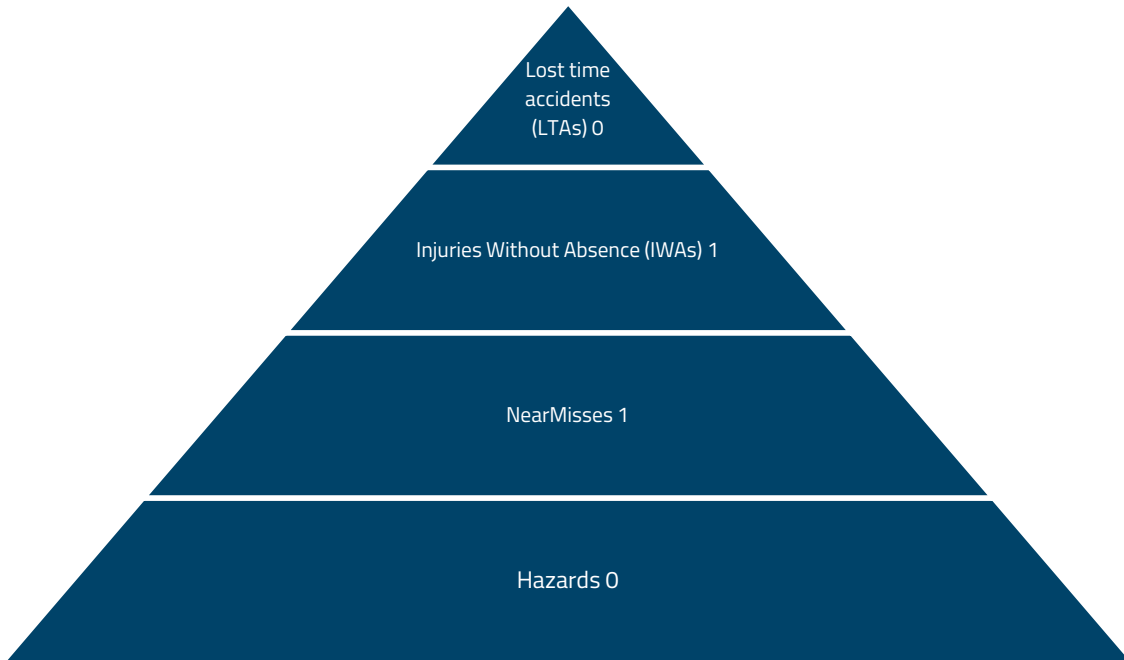
CO₂ emissions per energy source



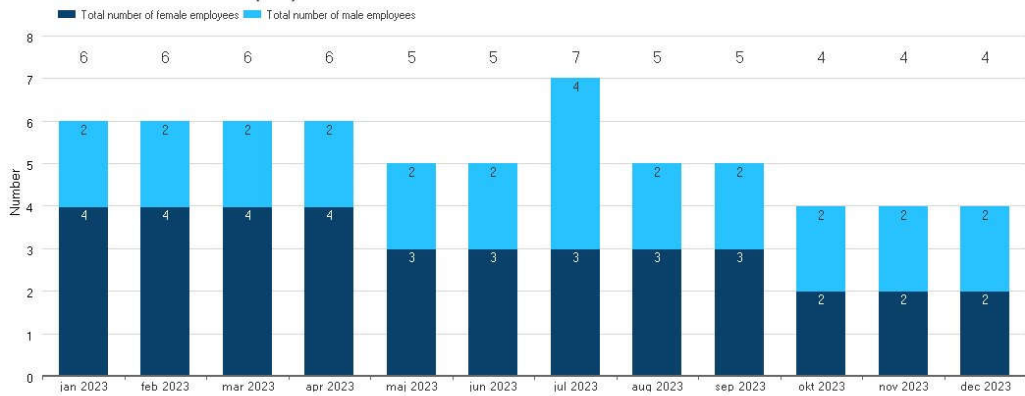
Social sustainability

LTA frequency (R12)

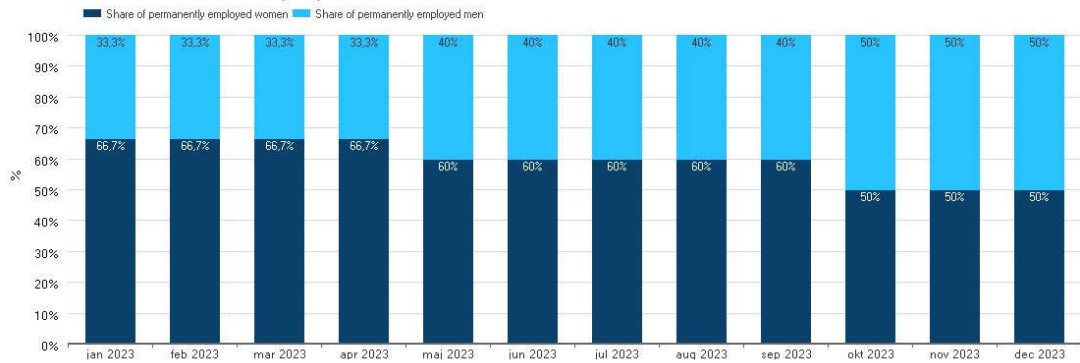




Total number of employees



Share of female employees



Share of female managers

