

# Harjavalta 2023 Compliance report



Compliance report regarding responsible sourcing of gold and silver in accordance with:

- LBMA Responsible Gold Guidance, Version 9
- LBMA Responsible Silver Guidance Version 1

With the objective of being compliant to Conflict Minerals Act (EU) 2017/821

## OVERVIEW BOLIDEN HARJAVALTA

|  |   |
|--|---|
| <b>Company name</b>  | Boliden Commercial AB,<br>Klarabergsviadukten 90A<br>SWE-101 35<br>Stockholm Sweden   |
| <b>Smelter</b>   | Boliden Harjavalta<br>Teollisuuskatu 1,<br>FIN-29200 Harjavalta   |
| <b>Materials in scope</b>  | Gold and silver production  |
| <b>Reporting period</b>  | 1 January - 31 December 2023  |
| <b>Date of report</b>  | v1.0 21 March 2024<br>v2.0 1 July 2024  |
| <b>Senior management responsible for this report</b>                     | Daniel Peltonen, President Boliden Smelters &<br>Boliden Commercial AB  |
| <b>Total gold and silver production in reporting period</b>              | Gold: 9,261 Metric Tonnes<br>Silver: 22,340 Metric Tonnes   |
| <b>Total number of suppliers for gold and silver in reporting period</b> | Gold: 38 suppliers<br>Silver: 41 suppliers  |
| <b>General introduction / Background</b>                                 | Boliden Harjavalta is the only nickel smelter in Europe. Harjavalta is located in southwest Finland, close to the port on the Baltic Sea. The smelter's main products are copper, nickel, gold and silver, as well as by-products such as sulphuric acid. |

## COMPANY MANAGEMENT SYSTEM

Boliden’s vision is to be the most climate-friendly and respected metal provider in the world. To achieve this, Boliden strives to ensure that the value chain of its products is responsible. Boliden expects everyone it conducts business with to comply with applicable laws, regulations, and internationally recognised principles and to act in accordance with high ethical standards and with integrity.

### Supply chain policy – Business Partner Code of Conduct

Boliden sets out the principles and expectations for its business partners in the Business Partner Code of Conduct. The Business Partner Code of Conduct is available online [Our policies and commitments - Boliden](#) and addresses issues including human rights, labour rights, health and safety, environment, responsible value chain and business ethics. It is based on the principles of the UN Global Compact, the ILO fundamental conventions, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and other international industry standards.

Boliden’s Business Partner Code of Conduct is applicable to all suppliers of minerals and metals and was last updated in 2023.

### Management structures

To implement the Business Partner Code of Conduct, Boliden has developed the Boliden Smelters ESG Evaluation of Business Partners Program, with clearly assigned roles and responsibilities, as illustrated in [Annex I](#). The Program is defined in Boliden’s Management System and has been approved by Smelters Responsible Value Chain Manager.

The responsibility to develop and implement the Program is assigned to Boliden Smelters Responsible Value Chain Manager, who reports to Smelter’s management team, and to Smelter’s board annually. The ultimate accountability for the mineral supply chain for production at Harjavalta lies with the smelter’s business board.

### Traceability system

Boliden has established a strong due diligence control system. Prior to signing a contract, each prospective business partner is subject to an ESG evaluation. The evaluation process includes compliance and sanctions screening, conducted using the Dow Jones Risk and Compliance system, and a detailed questionnaire (referred to as “self-assessment questionnaire” or “SAQ”). Boliden has updated the SAQ in December 2023, with the objective of greater alignment with international standards on responsible sourcing.

The ESG evaluation process is managed in an online tool, named Evaluate.

Boliden also has a robust ‘lot’ receipts process and supporting system, named EKA. Each delivery of material is recorded with information about country of origin and country of loading, raw material quality, weights, assay details and date of arrival. The system has been designed with an automatic red flag alert if the country of origin or loading is listed in Boliden Smelter’s list of country risks as a “Conflict Affected or High-Risk Country” (CAHRA).

*During the audit period the following transactions were recorded between Harjavalta and its business partners (Please note that some transactions contained multiple materials):*

- 900 transactions contained silver.
- 890 transactions contained gold.

### **Engagement with suppliers (business partners)**

The Business Partner Code of Conduct is communicated to, and accepted by, all suppliers of raw materials to the smelters.

For “High Risk” and “Critical Risk” business partners, Boliden conducts a formalized ESG dialogue to set out Boliden’s expectations and to understand the business partner’s ability to manage ESG risks. The ESG dialogue is an important platform to communicate good practice and to enshrine ESG aspects in the relationship with the business partner. Both commercial staff and independent subject matter experts participate in ESG dialogues.

Boliden further engages with its business partners during business partner evaluations (including on-site site assessments, see figure 1 below.), following which findings are analysed and reviewed by independent ESG experts.

### **Grievance mechanism**

Boliden is committed to the highest standards of ethical business conduct. Boliden’s whistleblower system is provided by an external partner to ensure anonymity and confidentiality. The whistleblower system is available for both internal and external stakeholders on Boliden’s webpage.<sup>1</sup>

Whistleblowing can be used to inform about a concern about serious wrongdoings within the Boliden group regarding accounting, internal accounting controls, auditing matters, bribery and corruption, other banking and financial crime, or other serious improprieties concerning the company’s or the group’s vital interests or the life or health of individual persons, such as for instance serious environmental crimes, major deficiencies as regards the safety at the place of work and very serious forms of discrimination or harassment.

*During the audit period no grievance related to the mineral supply chain has been received.*

**In conclusion**, Boliden complies with Step 1: to establish strong company management systems.

## **RISK IDENTIFICATION AND ASSESSMENT**

### **Conducting supply chain due diligence**

All prospective raw material suppliers who wish to enter any contractual arrangements undergo a risk assessment. All prospective suppliers undergo an initial risk analysis, compliance screening and fill out the SAQ following which further enhanced due diligence is determined by the risk level classification. The process consists of:

- 1) Initial Risk Analysis, including country risk classification
- 2) A compliance and sanctions screening
- 3) A KYC process with questionnaires sent out to business partners (SAQ)

Following the above steps to identify and assess risks, and where enhanced due diligence is required, based on high or critical risk classification, further steps to assess and prevent risks are carried out as shown in figure 1:

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<sup>1</sup> <https://report.whistleb.com/en/boliden>

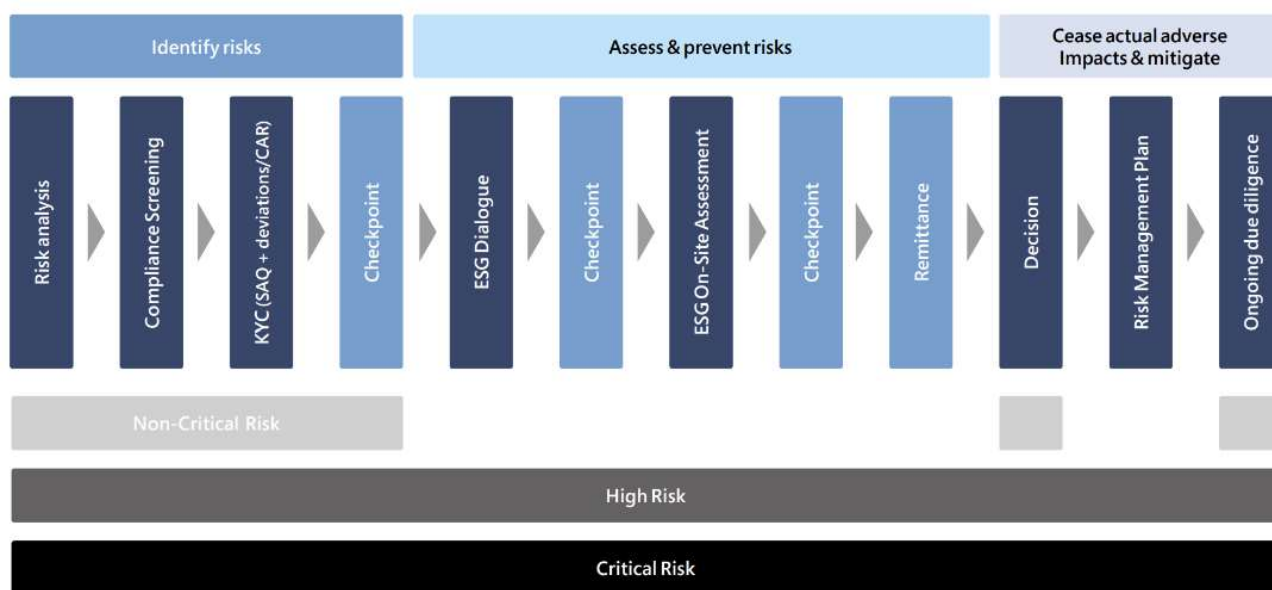


Figure 1 – Boliden’s business partner evaluation process

### Risk profiles in the supply chain

Boliden have a risk-based approach where existing red flags necessitate further evaluation steps which cumulatively lead to final risk determination which takes into account risks to people, communities and environment, and to what degree the BP is able to prevent mitigate or avoid said risks.

Boliden has also developed a BA Smelters list of country risks, including restricted and CAHRA countries, which serves as an input to the Program. Boliden has a defined methodology in place to determine which countries are included in the list. The methodology builds upon 4 pillars: conflict, corruption & governance, human rights and mineral flows, making use of a variety of data sources. BA Smelters’ list of country risks is updated annually, with the most recent update released in December 2023.

### Enhanced due diligence

Boliden has established an escalation process, known as enhanced due diligence process, for when (i) a red flag is identified as part of KYC process, or (ii) a sanction or adverse media event is identified during the compliance screening, or (iii) the risk level is deemed high or critical after the initial risk analysis. Evaluate automatically triggers a re-risk assessment if such red flags are identified.

These findings are collected in a re-risk assessment report and are followed by additional assessments, including as a first step ESG dialogues, followed by business partner on-site assessments where relevant. The purpose of escalation activities is to gather evidence of the business partner’s performance to the extent necessary.

Boliden has developed an ESG on-site assessment procedure to set out the minimum requirements for the business partner on-site visit. The ESG assessment team needs to be independent and free of any conflict of interest with the business partner. Results from the business partner audit are summarized in the ESG on-site assessment report template and integrated into the final ESG Risk Assessment and Risk Mitigation Report.

*During the audit period Boliden Harjavalta sourced silver or gold from twelve CAHRA countries (Ecuador, Mongolia, Morocco, Papua New Guinea, Peru, Serbia, Tanzania, Turkey, Zambia, Brazil, Argentina and Mozambique).*

| <b>Material</b> | <b>Quantity sourced (in kilograms)</b> | <b>Quantity sourced from CAHRA</b> |
|-----------------|--|------------------------------------|
| <i>Silver</i>   | <i>167,899 kg</i>                      | <i>62,437kg (37,2%)</i>            |
| <i>Gold</i>     | <i>11,895 kg</i>                       | <i>6,234 kg (52,4%)</i>            |

*In 2023 4 gold and/or silver suppliers have been subject to enhanced due diligence.*

**In conclusion,** Boliden complies with step 2: risk identification and assessment.

## **RISK MANAGEMENT**

### **Risk management strategies for identified risks**

For new high to critical risk business partners, Boliden establishes a risk management plan. As a minimum, the risk management plan includes (i) corrective actions to mitigate the most important risks, (ii) schedule for regular dialogues with the business partner to follow-up on implementation of corrective actions, and (iii) contract clauses with possibility to eliminate materials in a contract in case of a serious OECD Annex II breach.

### **Monitoring**

Boliden sets up regular ESG dialogues to ensure implementation of risk management plans. If necessary, Boliden undertakes business partner audits or other necessary assessments.

### **Reporting to Board**

The ESG team reports the findings of risks assessments as well as the risk management plans to the remittance committee. The composition of the remittance committee and the competent members differ depending on the level of risk. For critical risks, the remittance committee consists of Executive Vice President and CFO, Executive Vice President People and Sustainability, General Counsel Legal Affairs, Director Group Sustainability, Chief Ethics and Compliance Officer. The remittance committee makes a recommendation and may suggest additional mitigating activities. Ultimately, the case is presented to the Business area Smelters board, consisting of the CEO, Executive Vice President and CFO, Executive Vice President People and Sustainability and Business area Smelters President, which may approve or reject the counterpart as a business partner.

*During the audit period Boliden worked actively with 4 different suppliers on their risk management plans.*

**In conclusion,** Boliden complies with step 3: risk management.

## AUDIT

Arche Advisors has independently reviewed Boliden's responsible sourcing program and determined Boliden's conformance with the LBMA Responsible Gold Guidance v9 and the LBMA Responsible Silver Guidance v1.

All non-conformities from audit FY2022 were closed by Boliden during 2023.

The reasonable assurance report based on the ISAE 3000 standard is found attached to this Compliance Report.

The audit has taken place at Boliden Commercial office located in Stockholm, Sweden on the 5-6<sup>th</sup> of February 2024 and on-site at Boliden Harjavalta in Finland on 8<sup>th</sup> February 2024.

**In conclusion**, Boliden complies with step 4: independent third-party audit.

## REPORTING

Boliden reports annually on its due diligence activities. For 2023 Boliden's due diligence report is an integrated part of Boliden Sustainability Index report for the first time.

Boliden's due diligence report is available online:

[Annual reports - Boliden](#)

The compliance reports for Harjavalta are available online:

[Current certificates - Boliden](#)

### **Management conclusion statement on compliance with this guide:**

In conclusion, Boliden is fully compliant with Step 1-5. Boliden implemented effective management systems, procedures, processes, and practices to conform to the requirements of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, the LBMA Responsible Gold Guidance v9, the LBMA Responsible Silver Guidance v1 for the supply of gold and silver, for the audit period 1 January 2023-31 December 2023.

Boliden is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. The ESG Program and related policies and processes will be further developed together with internal and external expertise on the ESG issues.

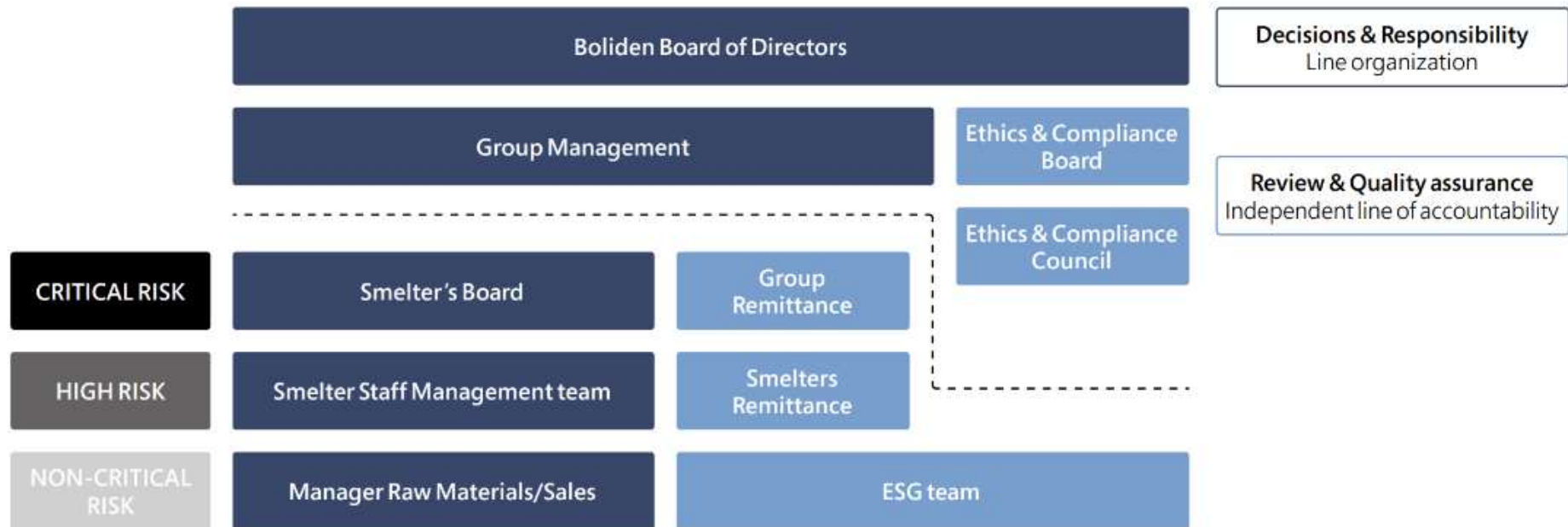


Signature: [Daniel Peltonen \(Jul 4, 2024 13:54 GMT+3\)](#)

Daniel Peltonen

*President BA Smelters*

**ANNEX I: BOLIDEN'S GOVERNANCE STRUCTURE FOR ESG EVALUATION OF BUSINESS PARTNERS**










# 2023 Compliance Report\_LBMA\_Boliden Harjavalta v2.0 2024-07-01

Final Audit Report

2024-07-04

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