

- Governance
- Financial responsibility
- Sustainable financing
- Responsible Business Conduct
- Business partner environmental, social and governance (ESG) assessment
- OECD – Boliden Due Diligence Report 2023**
- Strategic partnerships

OECD – Boliden Due Diligence Report 2023

Scope: Mineral Supply Chain of Boliden Smelters: Rönnskär, Kokkola, Harjavalta and Odda in accordance with the Joint Due Diligence Standards for Copper, Lead, Nickel and Zinc.

Company management systems

Our vision is to be the most climate friendly and respected metal provider in the world. To achieve this, we must ensure that our value chain is responsible. Boliden expects its business partners to comply with all applicable laws, regulations and internationally recognized principles and to act in accordance with high ethical standards and integrity.

To ensure responsible sourcing to our smelters, potential risks are identified under Boliden’s Business Partner Code of Conduct. The Business Partner Code of Conduct addresses issues such as human rights, labor rights, environment and anti-corruption. It is based on the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact, the International Labor Organization (ILO) fundamental conventions, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, among other international industry standards.



Boliden business partner governance and escalation model.

Governance	To ensure our Business Partner Code of Conduct is translated into action in our organization, we use a process for ESG due diligence and the evaluation of business partners. We have clear roles and responsibilities and a governance structure for escalation, as visualized in the illustration on the previous page. Decisions are taken in the line organization while review and quality assurance are delivered through the support functions.
Financial responsibility	
Sustainable financing	
Responsible Business Conduct	All Boliden employees that are involved in the risk screening phase undergo training in the process. During 2023, the following trainings were performed: <ul style="list-style-type: none"> – ESG Responsible business workshop – half-day training. – Training on the ESG evaluation process and workflow for purchasing managers – 1-hour training. – Capacity building for local Business Unit ESG Coordinators on the due diligence process – 2-hour training.
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Strategic partnerships	All prospective business partners that Boliden wishes to commence or renew/re-negotiate contractual arrangements for undergoes a risk assessment to determine the appropriate level of due diligence and risk mitigation activities. To verify its supply chain, Boliden has control systems in place in the form of: <ol style="list-style-type: none"> 1) Compliance screening. 2) A KYC-process with questionnaires sent out to business partners. 3) A check for red flags related to anti-bribery and corruption, anti-money laundering, business ethics, environment, serious human rights abuses, and red flags related to the payment of funds. <p>The follow-up work of the ESG due diligence process is determined based on risks found in a three step process. This can involve a re-risk assessment that may be followed by ESG dialogue and/or ESG on-site assessments, and an ESG risk management plan when necessary. All information documented throughout the process is used to decide on how to proceed with the particular business partner. The illustration on the next page clarifies the steps a case goes through based on the risk level. The risk level is determined by parameters such as the size of the business partner and what countries the business is connected to. Furthermore, a lack of policies to manage key ESG areas, such as stakeholder engagement and/or supply chain responsibility</p>

can influence the outcome of the risk analysis for a specific business partner.

All steering documents connected to the ESG due diligence process at Boliden Smelters are documented in the Boliden Management System, which is available to all employees. The process is managed in the online Evaluate tool, which documents the compliance screenings and self-assessment questionnaires sent out to suppliers and customers and includes a checklist for the identification of red flags. Checklists for site visits are available in the system as well as a deviation handling step, where requests for corrective actions can be sent out and the supplier or customer can reply directly in the tool. There is also a module for the documentation of risk management plans to support with planning and documentation.

The Business Partner Code of Conduct is communicated to the counterpart either through the main Boliden contact or through the self-assessment questionnaire. It is also available on Boliden’s external website together with the company’s Joint Due Diligence compliance reports as well as LBMA Gold and Silver Compliance reports. Additional information on due diligence in the downstream supply chain is gathered through due diligence questionnaires sent by customers.

Boliden publishes its payments to authorities per project in countries where the company has operations in the country-by-country section of the Annual and Sustainability Report. Tax payments are published in the Sustainability Index on page 85.

Performance activity – annual update of Business Partner Code of Conduct:

The Business Partner Code of Conduct is aligned with the requirements of the UN Guiding Principles on Business & Human Rights and ensures that OECD Due Diligence Guidance (DDG) requirements cover all minerals sourced to Boliden’s operations. Performance improvements in 2023:

- Performance indicator progress – 21 employees received training in the process and understanding of risks related to the sourcing of minerals.
- Performance activity – improvement activities during the year.



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- An ESG specialist joined the Smelters Sustainability team in August.
- Cross references in the material control system were strengthened in 2023.

Risk identification and assessment

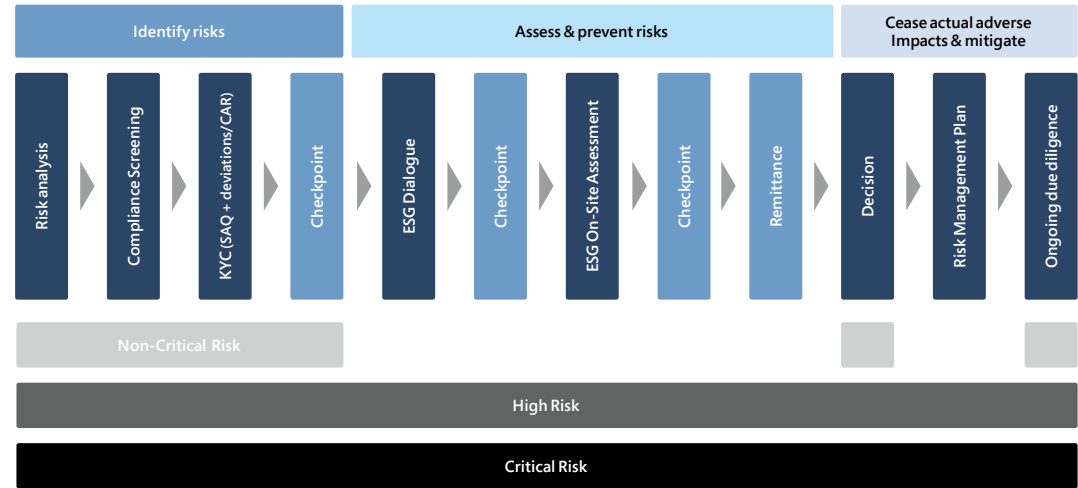
To identify risks, we first look at indicators related to country, compliance, sanctions ownership, previous wrongdoings, business partner awareness of relevant standards and their own management systems. The risks in our supply chain are mainly related to deliveries from high-risk countries.

The identified risks are then assessed. Internal Boliden experts that have worked within the area of mining and metals for several years assess the risks related to environmental issues in mining. We also regularly appoint external expertise for human rights, governance and compliance issues. We have a risk-based approach where existing red flags necessitate further evaluation steps, which cumulatively lead to the final risk determination of severity and likelihood of risks. This assessment takes into account risks to people, communities and environment, and to what degree the Business Partner is able to prevent, mitigate or avoid such risks.

During the risk assessment process, we identify business partners that are subject to an escalation. An escalation may include additional assessments, dialogue with the business partner and ESG on-site assessments. Performance improvements during the year:

- ESG evaluation process updated.
- Conflict Affected and High-Risk Area (CAHRA) list updated and Self-Assessment Questionnaire (SAQ) updated to ensure full alignment with international standards.

The procedure for the on-the-ground risk assessment includes the specification of triggers for an assessment to be made. For example, Boliden shall conduct ESG on-site assessments where data gaps result in a lack of sufficient and credible information to determine the presence of Business Partner Code of Conduct risks and adherence to national laws and other relevant legal instruments. It also states that the on-site assessment must be performed before any transactions occur or a maximum of six months



Boliden business partner evaluation process.

after the business relationship commencing. The instruction addresses the need for the collected data to be verified and up to date. The instruction also demands competence for the assessment team, such as that the team collectively needs to have knowledge of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas as well as audit/assessment principles, procedures and techniques. Performance activity in 2023:

- Eight ESG dialogues and engagement with suppliers.
- Performance indicator – Corrective Actions Requests: Out of 59 sent out, 42% responded and were closed and another 58% responded and are still under review and were not closed at year end.

ESG dialogue is considered an important tool both for the identification and mitigation of risk. During 2023, dialogue meetings were held with

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both new and active suppliers and customers – including both primary and secondary raw materials. We also saw positive developments from our engagement with business partners during the year. As an example of an ESG dialogue in 2023, a prospective business partner implemented an internal grievance mechanisms and Boliden continues to work collaboratively with the business partner to strengthen their due diligence efforts within their supply chain.

Risk management

For new high to critical risk business partners, a risk management plan must be established. This includes corrective actions for the most important risks, regular dialogue with the business partner to follow-up on important topics, as well as contract clauses requiring action in the event of a serious breach of the Business Partner Code of Conduct. In 2023, nine suppliers were subject to enhanced due diligence.

Site visits are conducted with new suppliers deemed as high or critical risk and during 2023 several visits were completed. This included an on-site visit to a mine that Boliden has entered into a business relationship with for deliveries of concentrates. Risks that had previously been identified were to a large degree managed and several good examples were found, especially within social topics, such as health and safety and community engagement.

To continue to learn from each other and monitor any changes in the risks related to supplier operations, ongoing due diligence will be carried out and an ESG on-site visit will be conducted every three to five years. Another case concerned a supplier’s mine where a follow up visit was conducted in 2023 to compliment the ongoing risk management plan that was established, including quarterly meetings.



Independent third-party audit

An independent third-party audit in 2023 found that Boliden had implemented an effective management system. The latest assessment reports for Boliden’s assurance against the Joint Due Diligence Standard for Copper, Lead, Nickel and Zinc can be found on the Copper Mark website. The Harjavalta smelter was awarded the Copper Mark and the Nickel Mark, the Kokkola smelter the Zinc Mark and the Copper Mark, and the Rönnskär smelter the Copper Mark and the Zinc Mark.

In 2023, nine Boliden suppliers were subject to enhanced due diligence.