

Management Approach

Sustainability issues are an important part of Boliden's operations and work is conducted based on the most material topics for the business. Our Board of Directors is responsible for the stewardship of our company and ensures that an appropriate corporate governance structure and system are in place. Sustainability issues are taken up at each Board and Group Management meeting, as well as in local management meetings. One person in the Group Management is dedicated to Corporate Social Responsibility. The daily responsibility is, however, decentralised to each business unit.

103-1 Explanation of the material topic and its boundary

This analysis describes and discloses Boliden's materiality aspects and its performance in relation to these aspects, which are considered to be material with reference to Boliden's ability to maintain sustainable and stable processes, to achieve its vision of being 'a world-class metals company', and to fulfil the strategic direction and objectives. Boliden shall be among our industry's leading companies in terms of customer satisfaction, efficiency, and responsibility. This entails an understanding, readiness, and progressiveness with regard to aspects deemed to be material.

The net list of material aspects has been identified and prioritised in a process that involved external and internal stakeholders. The process is described below and is based on Boliden's past need to identify areas of sustainability priorities and goals to 2018, and on the Global Reporting Initiative's principles for determining the content of a sustainability report.

In 2013, an internal programme of work designed to renew Boliden's sustainability priorities and objectives for the period of 2014–2018 was carried out. That work included cross-disciplinary discussions, impact analysis, and importance in terms of Boliden's overall results. Multiple internal experts participated and the areas and objectives were anchored across the organisation and adopted by Group management and the Board of Directors.

Boliden regularly consults selected stakeholder groups on its sustainability performance from a broader perspective. These stakeholders were asked to comment on Boliden's strategic focus and to put forward potential additional key sustainability issues, opportunities for improvement, and the strengths and weaknesses of existing work. The consultation provided ideas on possible improvements to both the sustainability work and its reporting. Examples include: enhanced local stakeholder dialogue, clearly defined responsibility in the value chain, and better embracing of the customer perspective in Boliden's sustainability priorities. Follow-up interviews and questionnaires conducted in 2015 and 2016 confirmed that safety and the environment are common priorities among stakeholder groups.

As of 2017 Boliden has laid out the structure and content of its GRI Report on the basis of the new GRI Standard. A reconciliation of Boliden's material topics resulted in an updated list of 24 material topics that was verified by the Group management.

Boliden has, furthermore, determined boundaries for its materiality aspects. Boliden has a responsibility to promote and manage sustainability issues across the value chain. The self-acknowledged responsibility is reflected in the identification of the aspects that are material to Boliden. Part of fulfilling the GRI principle on Boundary entails determining the extent and boundaries of each aspect, based on its impact and priority. Boliden's considerations are disclosed by means of symbols shown in connection with each material aspect – see the list below for details.

Boliden's material aspects are presented below. Two major categories have been defined: aspects that are at the core of sustainable and stable processes, with a direct impact on Boliden's overall results, and aspects that relate to the impact on external stakeholders, their perception of Boliden and our ability to grow the business (licence to operate). All together, these aspects impact Boliden's ability to become a world-class metals company and the first sustainable link in the metal's value chain.

Boliden will update the materiality analysis on a regular basis in response to changing business requirements, changing stakeholder expectations, implementation of the global goals for sustainable development, and technological and scientific progress, etc.

Material topic	Where the impact occurs	Bolidens involvement
Economic		
Economic performance	Economic value generated and distributed from all Boliden sites.	Boliden contributes to the welfare in the society through generation and distribution of economic value e.g. by paying wages, taxes, interest rates, and dividends.
Market presence	In connection with Boliden's mines and smelters.	Most of Boliden's employees live in the vicinity of the workplace and the company has a considerable impact on local employment levels, trade and industry by generating purchasing power and providing a critical base for social services.
Indirect economic impact	Economic value generated and distributed from all Boliden sites, leading to effects in the society.	Boliden contributes to the creation of more than 30,000 jobs either directly, indirectly, or induced, through its subcontractors, suppliers, or the effect of its employees' expenditure.
Anti-corruption	All Boliden sites, in business relationships	Boliden's line managers are responsible for making the Code of Conduct and the Anti-Corruption policy known, promoting and monitoring compliance within their respective organisations.
Anti-competitive behaviour	All Boliden sites, in business relationships.	Employees shall refrain from sharing, discussing, or disclosing information which may be sensitive from a competition perspective.
Environment		
Materials	At Boliden's mines and smelters, and in the supply chain, both primary and secondary materials are handled.	Boliden's core business is mining and smelting. Recycling of e-scrap and automotive batteries, and the processing of intermediate and waste products are important elements of the circular economy, to maximise the metal recovery from the available raw materials.
Material Stewardship (Sector aspect)	In the value chain.	Boliden extracts minerals and produces high-quality metals, which are mainly sold to industrial customers in Europe. Care and consideration for people, society, and the environment is evident in all our activities – from exploration to customer deliveries.
Energy	At Boliden's mines and smelters, in business relationships, and in exchange of energy with adjacent industries and societies.	Metal production is energy intensive, both in the mining and refining processes. Boliden's energy use is a major cost item; therefore the energy policy states that all business units shall implement and maintain energy management systems. All Boliden smelters sell excess heat to other industries and local communities.
Water	At Boliden's mines and smelters, withdrawal of water might disturb the environment.	Boliden's operations are located in areas where there is no scarcity of water. Boliden aims, nonetheless, to reduce both its consumption of fresh water and the discharge of used water.
Biodiversity	At Boliden's mines and smelters, and in exploration, access to land is essential, and might affect restrained habitats.	When new mines are opened in previously undisturbed areas, the areas' natural and cultural values are inventoried. The Environmental Impact Assessment measures the effects on the flora and fauna before, during, and after any operation. This inventory, or baseline, can also be used as a reference when planning and utilising the remediation actions.
Emissions	At Boliden's mines and smelters, air emissions might disturb the environment as well as human wellbeing.	Boliden's most significant emissions to air are stack emissions of dust, CO ₂ and sulphur dioxide. Diffuse emissions arise from open materials handling. Boliden tracks emissions of metals to air particularly closely and aims to reduce them over time. Boliden's carbon dioxide intensity shall be reduced through improved process efficiency and increased electrification. Sulphur dioxide contributes to acidification and reducing these emissions is an important goal.
Effluents and waste	At Boliden's mines and smelters, effluents and waste might disturb the environment and the landscape.	Mines and smelters generate waste consisting of waste rock, tailings sand, slag, sludge, and dust. Mine waste is normally handled within the producing unit, while smelter waste is either sent to internal or external landfills or for recycling. Boliden's discharges to water include, among other things, metals and nitrogen.
Environmental Compliance	At Boliden's mines and smelters, subject to legal conditions.	Environmental sustainability is a precondition for successful mining and smelting operations. Legal requirements shall always be met.
Supplier Environmental Assessment	In the supply chain.	Environmental criteria are a vital part of Boliden's Business Partner Code of Conduct, and therefore a crucial part of the evaluation of business partners. Boliden requires business partners to identify and document their significant environmental aspects, and to be aware of and comply with environmental legislation and common practices.

Material topic	Where the impact occurs	Bolidens involvement
Social		
Employment	At Boliden's mines and smelters, head and sales offices.	Boliden considers the ability to recruit, develop and retain competent employees as a prerequisite for its success.
Occupational Health and Safety	At Boliden's mines and smelters, head and sales offices. Also business partners working at Boliden sites.	Occupational health & safety is Boliden's most important issue as it involves the safety and, ultimately, the life of Boliden's employees and contractors, and the materiality is obvious in a work environment with inherent risks.
Training and Education	At Boliden's mines and smelters, head office and sales offices.	Boliden has a number of internal programmes for career and skill development.
Diversity and Equal Opportunity	At Boliden's mines and smelters, head office and sales offices.	Diversity leads to dynamism, creativity and, ultimately, to greater profitability. Boliden take action to ensure its workforce is made up of people with different backgrounds, ages, and experiences.
Non-discrimination	At Boliden's mines and smelters, head office and sales offices.	Boliden and its employees shall refrain from all forms of discrimination and harassment on the basis of gender, ethnicity, age, disability, religion, sexual orientation, or any other factor.
Local Communities	At Boliden's mines and smelters, and the surrounding community.	Good community relations are as important for our business as the effective management of our operations.
Supplier Social Assessment	In the supply chain.	Labour standards and human rights are a vital part of Boliden's Business Partner Code of Conduct, and therefore a crucial part of the evaluation of business partners and supplier assessment.
Socio-economic Compliance	At Boliden's mines and smelters, head office and sales offices, and in business relations.	Socio-economic compliance is a precondition for successful mining and smelting operations. Legal requirements shall always be met.
Resettlement and Closure planning (Sector aspect)	At Boliden's mining operations, and its surroundings.	Boliden's operations involve land use for mining, industrial areas, and ponds for use as sand and clarification ponds. Conservation and reclamation of mining areas which reach the end of their production lifespan are, therefore, part of Boliden's operations and responsibilities.
Rights of Indigenous Peoples (Sector aspect)	Operations in northern Sweden and northern Finland are in the reindeer-herding areas.	Boliden promotes open dialogue and long-term cooperation with Sami communities in order to mitigate the negative impacts of its mining activities on local people and the environment.

103-2&3 Evaluation of the management approach and the management approach and its components

The general aspects of 103-2 and 103-3 are covered in this part of the report, whereas the more topic-specific management aspects are covered in association to the disclosure of 200/300/400 topics.

Management Approach

Sustainability is an integral part of Boliden's strategy and operations. The basis for the sustainability work is that all operations are conducted in accordance with legislative provisions and permits in the countries in which the Group operates. Boliden's ambitions are, however, significantly higher than this and the Group works pro-actively by formulating goals and guidelines that are fundamental to its operations from a sustainability point of view. In order to systematically control and develop Boliden's operations, management systems have been implemented to ensure that significant sustainability aspects of the operations are covered, making it possible to minimise the risks associated with mining and metal production. Boliden's way of working also facilitates adaptation to market conditions and preferences, and ensures compliance with future legislation. Boliden became a signatory to the UN Global Compact in 2012, and we continually enhance our efforts to protect and respect its principles and promote its spirit. The identification and prioritising of the Group's sustainability efforts are based on the overall strategy and vision, the impact of the operations and the company's goal of being the first sustainable link in the metals' value chain and achieving operational efficiency. Boliden prioritises sustainability issues that:

- Directly impact Boliden's success
- Directly impact Boliden's stakeholders
- Are fundamental to Boliden's ability to operate
- Boliden is able to control

This approach enables Boliden to set relevant goals, and to track and improve performance. Boliden has recently modified the list of material topics and is in the process of reviewing performance indicators and targets for each topic.

Sustainability Targets 2014 – 2018

Identifying and prioritising the most important and relevant issues within the context of Boliden's sustainability work is an ongoing process. Sustainability comes with a long-term perspective and is a long-term commitment. Boliden's approach has been to define five-year target periods that provide a direction over a period of time. Performance disclosure information and comments are presented in the Economic, Environmental and Social chapters of the GRI report, as well as in the Annual Report. New targets beyond 2018 have been developed and are expressed as targets for 2018, 2020, and 2027.

As a complement to these numerical targets communicated publicly, Boliden also works with several internal activities related to the identified material topics.

Policies and Management Systems

Boliden has a governance model comprising Group-wide and local policies, instructions and guidelines, tools, and local management systems that correspond to the challenges the

company faces. The overall steering documents are collected in the Management Manual, which is available to every employee via Boliden's intranet.

Boliden's operations have adopted environment and occupational health and safety management systems certified (not yet at Kevitsa and Kylylahti) in accordance with ISO 14001 and OHSAS 18001 respectively. The Group's smelters are also certified in accordance with the ISO 9001 quality management system. An updated energy management system, in accordance with ISO 50001, is being implemented and has replaced the former systems based on EN 16001. By working with certified management systems, Boliden ensures that its operations review significant issues, set targets, measure performance, follow up on progress and continuously work to improve their performance. The certification schemes also demand documented delegation of responsibilities on each site and that relevant competences are upheld.

Boliden's Business Partner Code of Conduct

During 2017 Boliden updated the Business Partner Code of Conduct. These are guidelines for business partners with whom Boliden enters into an agreement. They are publicly available on Boliden's corporate website.

The Code has been developed from the principles laid down in the UN Global Compact, and issued by the ILO (labour standards), as well as from those contained in applicable ISO standards and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The Code addresses;

Human Rights and Labour Rights:

- Fundamental human rights
- The effective abolition of child labour
- Upholding the elimination of all forms of forced or compulsory labour
- Non-discriminatory practices
- Protecting and respecting freedom of association and collective bargaining
- Working hours
- Living wages
- Health and safety

The Environment:

- A precautionary approach to environmental challenges
- Implementation of environmental management systems
- Minimised operations impact related to energy, greenhouse gas emission, waste, and water consumption

Anti-Corruption:

- Zero tolerance of bribery or any form of corruption
- Zero acceptance of direct or indirect involvement in prohibited benefits
- Compliance with trade sanctions and prevention of fraud, extortion, money laundering
- Legal compliance on taxation, fees and royalties, and transparency in disclosure of the same

Boliden's Corporate Responsibility work towards suppliers is developed and improved continuously from new knowledge and new conditions, such as amended legislation and principles set forth under the Extractive Industry Transparency Initiative (EITI). The CR evaluation of business partners' process for existing suppliers and customers is repeated at minimum with three- to five-year intervals. The extent of the process depends on assessed sustainability risk and strategic importance of the business partner. All of Boliden's business partners have been checked through sanction controls during the reporting year.

Responsibility and Monitoring of Progress

Boliden's Group management has the ultimate responsibility for the Group's sustainability work. Prioritising sustainability issues, and identifying and selecting the most relevant sustainability issues is an ongoing process involving all units within the Boliden Group. The Group management includes the Senior Vice President – Corporate Responsibility, who ensures that sustainability issues are addressed continuously.

The work is largely carried out through Group-wide networks in order to facilitate the dissemination of Boliden's goals and strategies as well as the exchange of expertise and experience between the Business Areas and between production units. There are networks for health and safety, the environment, human resources, and communications. The managers of these networks report to the Group management. Boliden's Board of Directors reviews the Group's sustainability performance data annually.

Environmental performance, sick leave, and accident rates are reported on a monthly basis. They are also presented at every Group management meeting and at every Board meeting. Supplier assessments of environmental and labour practices are reported on a quarterly basis. Boliden also presents sustainability performance in its quarterly interim reports.