

Economic

Boliden contributes to long-term economic growth by providing metals that are important for society's industrialization and development.

10%

At a minimum, the return on investment shall be 10% (NPV)

ECONOMIC PERFORMANCE 2020

The performance is presented in the Annual and Sustainability Report.

ECONOMIC TARGETS 2020 AND BEYOND

Return on investments	At a minimum, the return on investment shall be 10% (NPV)
Net debt/equity ratio	The net debt/equity ratio in an economic upturn shall not exceed 20%
Dividend	The dividend shall correspond to one third of the net profit



201–103 MANAGEMENT APPROACH – ECONOMIC

For more than 90 years, Boliden has been exploring, extracting and processing base metals and precious metals. Production is based on experience, innovation and modern technology, developed in collaboration with Nordic technology and engineering companies. Today, Boliden is an industry leader in terms of sustainable metal production, from deposits to the recycling of used metals. The locations of Boliden's operations are determined by the localization of mineral resources and the ability to explore and expand operations in connection therewith. Good community relations and mutual understanding are a prerequisite for Boliden's success and for enabling the business to grow.

The economic topics identified as important to Boliden are economic performance, market presence, indirect economic impact, anti-corruption, and anti-competitive behavior. All of these topics are closely linked to Boliden's overall performance. They are both the result, and a precondition, of trust from the local communities in which Boliden operates. By considering these topics and performing well in respect to them, Boliden maintains its license to operate and the ability to develop its business.

Economic performance

Economic performance is important, because Boliden contributes to welfare in society through the generation and distribution of economic value, e.g. by paying wages, taxes, interest, and dividends. These impacts occur throughout Boliden's value chain and affect several stakeholder groups and all Boliden sites.

Boliden's contribution to the community is multifaceted and includes investing in education and engaging with students, nurturing competence, and enabling conversion from one occupation to another to make people employable, sponsoring local organizations, making investments that benefit the company and the community, etc. These matters support job creation and strengthen rural communities' contribution to national economic stability. Several of Boliden's most important locations, and locations where major investments have been made, are in regions where economic stimulus is needed. Boliden is aware of its role and significance as it is often the biggest employer in the community and a generator of positive trickle-down effects, such as tax income to finance public services, and as a foundation for a private service sector. This status brings both privileges and responsibilities.

Salaries are an important part of the economic compensation to the community. In general, the entry-level wages for employees are set higher than the minimum wage, and average salaries and wages are often higher than the national industrial average. For blue-collar employees, there is an entry-level wage stated within the local salary agreements used for new employees. For white-collar employees hired directly out of university, Boliden applies entry-level wages, depending on the level of education needed for different jobs.

Social impact assessments are conducted in order to assess the consequences for the local community in connection with both expansions of and other significant changes to operations, and in conjunction with the closure of operations.

Due to the spread of Covid-19 and various national restrictions linked to it, Boliden experienced some logistics disruptions with effects on mining production and concentrate deliveries. Despite this, production was stable throughout the year, both in Mines and Smelters.

The Annual and Sustainability Report contains further details of the ways in which Boliden manages, follows up on, and monitors its performance in relation to these aspects.

Market presence

Protecting local communities' interests and maintaining good relationships with employees, neighbors, authorities and business partners is an important part of being a responsible company. It also strengthens the ability to attract skilled labor and contributes to the development of the business.

Boliden has a considerable impact on local employment levels, trade, and industry by generating purchasing power and providing a critical base for social services. At the year-end, Boliden had 6,071 (5,997) full-time employees, in eight countries. Although the industry is cyclically sensitive, Boliden has had stable employment over several business cycles, and the workforce has increased by about 1,500 (1,700) people in the past 10 years, mainly due to the acquisitions of the Kylylahti and Kevitsa mines.

Boliden currently operates in countries where the infrastructure is well developed and the need for Boliden to contribute to society by directly investing in and developing infrastructure and social services is limited.

Just as Boliden's companies are important to the development of society, society is important to Boliden. Maintaining an ongoing open dialogue with local inhabitants and other parties with interests in Boliden's operations is a given, as is collaborating with local operators and sponsoring various associations and events. Boliden encourages visits to its mines and smelting plants.

When expanding Boliden's operations or setting up in a new location, it is also important that it maintains a dialogue with all concerned stakeholders, in order to ensure that the company's negative social and environmental impacts are minimized.

Contribution to tax revenue

Boliden values the importance of a good tax reputation in each of the countries where it operates by reporting and paying taxes on time and in compliance with applicable tax legislation. The Group has a commercial, not a tax driven, approach to its business and this is also reflected in Boliden's Group Tax Policy

SEK m	Sweden	Finland	Norway	Ireland	Other	TOTAL
Corporate income tax	1,326	203	97	-18	1.1	1,608
Other taxes	1,037	307	35	63	0.0	1,442
Other payments to authorities ¹⁾	10	0.2	0.0	60	0.0	70
Total	2,373	510	131,862	104,741	1.1	3,121

1) Boliden's Payments to authorities report

and in the UK Tax Strategy that are published on its website. Boliden's contribution to tax revenues in the areas where the Group operates includes for example corporate income tax, social security contributions as well as energy and environmental taxes.

Indirect economic impact

A large proportion of Boliden's staff live close to their workplace, and the company has a major impact on local employment and local business through increased purchasing power and as the basis for important social services. Boliden's operations affect and touch the lives of many people – sometimes entire communities. Value creation depends on the ability to show consideration for people, society, and the environment throughout the value chain. Boliden aims to make a positive contribution to the development of communities, regions, and countries.

Bcause – Boliden's Charitable Foundation

Metals contribute to the development and modernization of societies around the world. Boliden and its business operations have been part of this process for over 90 years and have for many years had a local level commitment to associations and non-profit organizations. The Bcause charity fund has been running since 2014 as part of Boliden's global-level contribution. Bcause is based on voluntary monthly contributions from Boliden's employees whereby Boliden doubles the donated amount.

Anti-Money Laundering

Anti-Money Laundering was a prioritized area for Boliden during 2020. A new policy was published and a training program was developed. Online awareness training was given to the 170 employees, including senior management, persons within the purchasing, sales and economy functions and other key persons in the organization. An advanced training was developed during 2020, which will be held by both internal and external specialists and provided to senior management and risk groups during 2021.

Trade sanctions

Sanction controls are performed on a regular basis for potential and existing business partners. Boliden's sanctions compliance program was reviewed and improved in 2019. Policies, procedures and contract terms were updated and an extensive training program was carried out. During 2020, an assessment of the implementation of the sanctions compliance program was conducted, supported by an external legal advisor. The result of the

assessment will form the basis of Boliden's continuous improvements of the sanctions compliance program during 2021.

Anti-corruption

Compliance with anti-bribery and corruption is one of the focus areas within Boliden's newly established a function for ethics and compliance. Boliden's Code of Conduct and Business Partner Code of Conduct set out measures to prevent corrupt behavior and improper influence. Boliden applies zero-tolerance to bribery and corruption, and conflicts of interest shall be reported and addressed. Detailed guidance on prohibited behavior as well as gifts, hospitality, benefits and conflicts of interest are addressed in Boliden's anti-corruption policy and guidelines. Boliden's anti-corruption policy has been approved by the Board of Directors and applies to all individuals acting in Boliden's name or on Boliden's behalf including employees, management, Members of the Board, consultants and agents of the Boliden Group. The anti-corruption policy also applies to companies and joint ventures in which Boliden has an interest, and to third parties who act for or on behalf of Boliden.

The anti-corruption documents are based on Group-wide risk assessments in order to ensure their appropriateness for the business operations in question and to address and mitigate any risk factors. During 2020, Boliden updated this Group-wide risk assessment with support from an external law firm. More information about this can be found in 205-1.

Anti-corruption compliance requirements are also incorporated into contractual agreements with business partners.

Anti-competitive behavior

Boliden's employees and Members of the Board shall comply with applicable anti-trust and competition laws, Boliden's Code of Conduct, and Boliden's competition law policy. Sharing, discussing or disclosing information that may be sensitive from a competition viewpoint is prohibited.

Compliance with competition and anti-trust laws is one of the focus areas within Boliden's newly established ethics and compliance function. Compliance is vital for Boliden and therefore specific requirements are included in Boliden's Code of Conduct as well as its competition law policy. During 2020, Boliden engaged an external law firm to support with a group-wide risk assessment specifically targeting anti-trust risks. The work with completing the risk assessment will continue during 2021.

SUSTAINABILITY TOPIC: ECONOMIC PERFORMANCE

201-1 Direct economic value generated and distributed
Net sales in 2020 totaled SEK 56,321 (49,936) million. All of the indicators are reported with two comparative years. Boliden also reports revenues and operating profit per Business Unit, and tax payments per country in its Annual and Sustainability Report.

201-2 Financial implications and other risks and opportunities in the organization's activities due to climate change
Boliden's goal is to be a sustainable first link in the metal value chain – and to achieve this by investing in modern technology and developing safe and energy efficient low-carbon processes.

Climate change risks and opportunities are both physical and financial. Assessments performed 2020 on physical climate risks show that Boliden's sites do not face severe physical risks due to climate change. Metals production is a energy-intensive process

that generates both direct and indirect carbon dioxide emissions. Boliden's direct carbon dioxide emissions primarily arise from metallurgical processes, transportation, and heating requirements. Indirect carbon dioxide emissions derive from purchased electricity. To address the climate change issue, Boliden has several development projects ongoing. For more information see the Climate chapter in this Sustainability index.

All of Boliden's smelter operations (Odda, Bergsöe, Rönnskär, Kokkola and Harjavalta) have been fully exposed to the European Emission Trading Scheme (ETS) since 2013. The ETS is a strategic challenge for Boliden, not only in calculating the costs that

may be entailed in future purchases of emission allowances, but also working on opportunities to reduce emissions, given the production levels and available technology. The Boliden Group has a comprehensive governance structure to manage climate-related risks and opportunities, and in 2019, set the Group-wide target to reduce its CO₂ intensity by 40% by 2030. An opportunity going forward is Boliden's production of low-carbon copper, which provides the customer with a carbon footprint that includes GHG emissions from Scope 1, Scope 2 and Scope 3 from upstream activities – from cradle-to-Boliden gate. This is presented in case 1.

CASE STORY:

Low-carbon Copper

LOW-CARBON COPPER will play an important role in the sustainable transition to achieve the goal of the net zero CO₂ emissions by 2050 set by the EU. The greater use of renewable energy and the electrification of society needed to combat climate change both require more copper. Copper mining and smelting activities are known to generate significant amounts of greenhouse gas emissions. As a leading sustainability metals and mining company, Boliden is well positioned to supply a copper with a low-carbon footprint. Boliden's favorable integration of own mines and smelters, and being one of the world's largest recyclers of metal from electronic material, enables the company to produce a low-carbon copper cathode and a copper cathode originating from 100% recycled material.

Boliden's low-carbon Copper offering

Boliden's copper has less than half of the global average presented by the International Copper Association (ICA)¹⁾.

1) ICA Copper Environmental Profile, 2018



Boliden Low-carbon Copper <1.5 kg CO₂eq/kg Cu:
Boliden's low carbon copper is produced from copper mined in our own mines in the north of Sweden and Finland, with a low-carbon electricity grid mix.



Boliden Recycled Copper <1.5 kg CO₂eq/kg Cu:
The primary raw material for Boliden's recycled copper is used electronics. By efficiently recovering all the metals that have been circulating in society, the need for new mines can be minimized.

All materials and emissions included

Boliden's carbon footprint has been assured by Intertek, in accordance to the Greenhouse Gas Protocol – Product Life Cycle Accounting and Reporting Standard and reviewed in accordance with the principles in ISO 14064-3. Boliden's carbon footprint has a comprehensive scope and uses a conservative approach when calculating the footprint. This includes the full supply chain of raw materials, transportation and auxiliary bulk goods and chemicals, such as explosives, from cradle-to-Boliden gate, and excludes credits from energy and by-products.

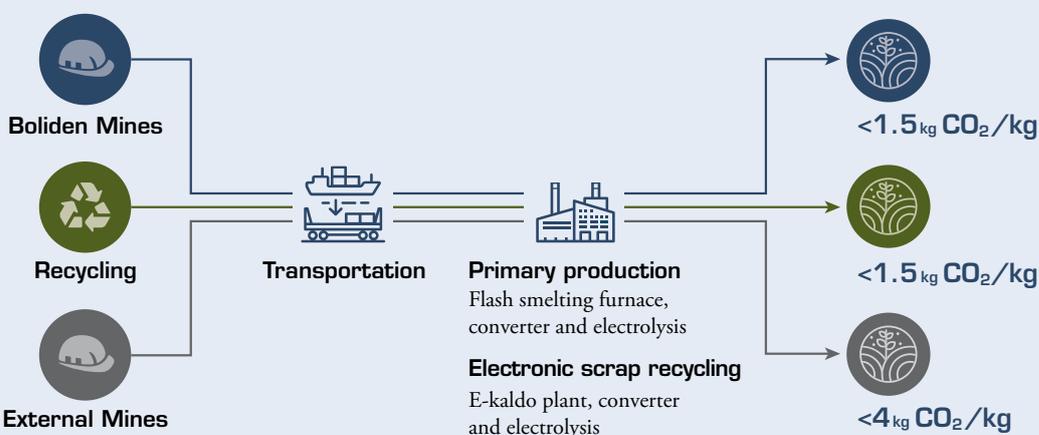


Figure 9. Example of Copper Carbon footprint from Mining to Refining

SUSTAINABILITY TOPIC: MARKET PRESENCE

202–2 Proportion of senior management hired from the local community

Boliden reports this indicator for each Business Unit, which corresponds to significant locations of operation. Senior managers are defined as managers that are members of the local manage-

ment teams at our Business Units. Managers are considered to be hired from the local community if they are permanently resident in the geographical vicinity of their place of work (i.e. not commuting from other regions).

Business Unit	2018		2019		2020	
	Number of Senior Managers on site	Senior Managers Hired from local community %	Number of Senior Managers on site	Senior Managers Hired from local community %	Number of Senior Managers on site	Senior Managers Hired from local community %
Aitik	9	100	9	100	9	89
Boliden Area	9	100	10	100	12	100
Garpenberg	6	83	6	100	6	100
Tara	7	100	6	100	6	100
Kylylahti	7	100	7	100	6	100
Kevitsa	7	86	9	78	8	88
Rönnskär	6	100	6	86	7	100
Bergsöe	6	100	8	100	7	86
Odda	5	100	5	100	5	100
Kokkola	7	100	7	100	7	100
Harjavalta	8	100	9	100	8	100
Total	77	97.4	83	96.4	81	96.3

Information from 2018 have been corrected.

SUSTAINABILITY TOPIC: INDIRECT ECONOMIC IMPACTS

203–2 Significant indirect economic impact, including the extent of impacts

Boliden's mining and smelting operations are often of considerable importance in terms of employment in the local community, making Boliden an important local stakeholder. Not only do the Group's operations have a substantial impact on job opportunities, they also affect suppliers' purchasing power elsewhere in the local business sector, which affects the development of the communities' service sectors in the long term.

Boliden contributes to public finances, both through direct taxes and through the taxes paid by suppliers and customers. Boliden's total contribution to public finances through taxes and other payment to authorities in Sweden, Finland, Norway, and Ireland was SEK 3,121 m in 2020. Please see page 13 for more detailed information. The Group's operations not only impact the local communities at large. Employees, shareholders, customers and suppliers all depend on Boliden's profitability, and by improving this aspect of its operations even further, Boliden will be able to continue to make a positive economic and social contribution to the development of these communities.

A typical identified indirect negative economic impact could be a mine closure. Social impact assessments are made in conjunction with the closure of an operation, in order to assess any consequences to the community and in an effort to mitigate, as far as possible, any negative effects.

The Kylylahti mine ran out of ore in November and was therefore closed, which was in line with the Life-of-mine-plan. Over the last couple years personnel, as well as municipality leaders and other authorities, have been informed about the mine's diminishing reserves.

Closing down a mine can lead to several negative economic impacts. The main negative impact of closing down the Kylylahti mine is the loss of about 100 Boliden's jobs and 100 contractor jobs. In order to improve this negative impact, training and similar support was provided to the employees for them to find new job opportunities. All of Boliden's employees received the offer to move to and work at another Boliden operation. Boliden also organized 'match-making fairs' together with other potential employers in the area. Moreover, an indirect negative economic impact is that the taxes from the Kylylahti mine will no longer be contributed to society.

Even if Boliden Kylylahti has played a very important role in Polvijärvi (location of the mine) and Kaavi (location of the mill), the closing mine is not fatal for neither of them as there are many other available employers in the area as well. Boliden's heritage is strong and the Social License to Operate will remain positive after the mine is closed.

Boliden's exploration teams will continue their work aiming to create more well-being to the area.

SUSTAINABILITY TOPIC: ANTI-CORRUPTION

205-1 Operations assessed for risks related to corruption

During 2020, Boliden conducted a group-wide risk assessment specifically targeting anti-bribery and corruption, supported by an external law firm. The assessment addressed Boliden's entire operations and followed a structured approach including employee interviews, a document review and a desktop review of static risks. The report will lay the foundation for Boliden's future work with anti-bribery and corruption throughout the whole company. Certain high risk areas such as agents, distributors and logistics providers will be addressed more carefully in the compliance work going forward.

205-2 Communication and training in anti-corruption policies and procedures

Boliden's line managers are responsible for making the Code of Conduct and the anti-corruption policy and guidelines known to all employees, and for promoting and monitoring compliance. All employees whose work involves more regular contact with external business partners, in particular with competitors, suppliers, customers, or agents, are subject to anti-bribery and anti-corruption training appropriate for their area of responsibility.

The anti-bribery and anti-corruption training program has been recurring every three years. The courses target a selected group of employees, normally those dealing with or having contact with potential competitors. The last e-learning was given to 2063 white collar workers. In 2020, Boliden engaged in a number of additional steps to communicate and train employees in its existing anti-bribery and corruption compliance program. For example, in-depth interviews with personnel throughout the risk assessment work, presentations of Boliden's ethics and compliance function for senior management, external legal advice on risks presented by specific raw material suppliers, and a roll-out of updated resources in relation to Boliden's due diligence process of business partners. Further, 159 persons initiated an anti-money laundering training which will be completed in early 2021.

205-3 Confirmed incidents of corruption and actions taken

Boliden is committed to the highest standards of ethical business conduct. Actual or suspected incidents of bribery or corruption can be reported anonymously or openly via Boliden's whistleblower reporting system. There were no confirmed cases of corruption during 2020.

ANTI-CORRUPTION – PART OF THE UN GLOBAL COMPACT

Principle 10: Boliden should work against corruption in all its forms, including extortion and bribery.

Efforts to combat bribery and corruption are an important part of Boliden's sustainability work and Boliden applies a

zero-tolerance policy in this respect. Boliden has zero tolerance for corruption and unfair competition, see 103-1, 201-103, 205-1, 205-2, 205-3 and 206-1.

SUSTAINABILITY TOPIC: ANTI-COMPETITIVE BEHAVIOR

206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.

There were no initiated or ongoing legal actions with respect to anti-competitive behavior or compliance during 2020. There were no fines or non-monetary actions related to anti-competitive behavior, initiated or pending against Boliden.