

General Disclosures and Management Approach

Boliden Group's sustainability reporting is prepared in accordance with the G4 Sustainability Reporting Guidelines, including the Mining & Metals Sector Supplement. We currently report in accordance with 'Core' application level, which represents a balanced and reasonable presentation of our organisation's economic, environmental, and social performance. The 2016 reporting is composed of two units: one that is integrated into the 2016 Annual Report and which discloses how Boliden works and performs in relation to a set of prioritised sustainability issues, and one that reports our impact and results in accordance with the GRI reporting framework. The sustainability information for 2016 has been subjected to a limited review by Deloitte AB; see the limited assurance statement on page 104 of the Annual Report.

G4-13/18/23 Boundaries and Limitations of the Report

The information contained in this report, with the exception of environmental performance data, covers facts and figures from Boliden's eleven business units, from the Group's head office and various staff functions, and from its sales offices. Environmental performance data are limited to Boliden's eleven operational business units (as they represent Boliden's significant environmental impact). The Kevitsa mine, located in Finland, which Boliden acquired in June 2016, is with minor exceptions, integrated in the GRI reporting. The Noralf aluminium fluoride operation at Odda was divested during the fourth quarter of 2016 and has been excluded from GRI reporting from that time. With the exception of what is described above, there have been no significant changes in the mining and smelting operations, in the supply chain, or in the capital structure and capital formation.

Accounting Principles

The financial data is drawn from Boliden's audited annual accounts. The Boliden Group reports in Swedish kronor (SEK). Each operation has an environmental reporting manual that defines and describes measurement and calculation methods in line with Group directives. Environmental data, including energy-related data, is collected on a monthly, quarterly or annual basis and consolidated at Group level. Calculation methods for direct CO₂ emissions are stipulated by national legislation, and in connection with the EU emissions trading scheme. All other emissions have been measured, and/or calculated on the basis of periodic measurements. More detailed measurement techniques, calculation methods and assumptions are reported in connection with relevant indicators.

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 greater than this and the

Group works proactively 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, to track and improve performance. Boliden has identified the following sustainability priorities:

- Creating a safe workplace
- Achieving diversity and a more even gender distribution
- Securing tomorrow's skill pool
- Minimising the negative impact on soil, air and water
- Using resources efficiently
- Responsible reclamation and nature protection

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.

As a complement to these numerical targets, Boliden also works with several internal goals related to the development of new or improved routines for a safer work environment, and with methods of prioritising environmental initiatives and securing a competent workforce for the future.

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) 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 be upheld.

Boliden's Corporate Responsibility Business Guidelines

The Corporate Responsibility Business Guidelines are Boliden's overarching guidelines regarding responsible business. They cover not only the entire Group's in-house operations but those of business partners with whom Boliden enters into an agreement. They are publicly available on Boliden's corporate website.

The Guidelines have been developed from the principles laid down in the UN Global Compact, and issued by the ILO, 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 Guidelines address;

Human Rights and Labour Standards:

- The effective abolition of child labour, harmful child labour, the right of children to not have their physical or mental health and development endangered (within or outside a working area) and the transition of any child found to be performing harmful child labour to enable her or him to attend and remain in quality education until no longer a child
- Upholding the elimination of all forms of forced or compulsory labour
- Non-discriminatory practices
- Protecting and respecting freedom of association and collective bargaining
- Living wages
- Working hours
- Safe work environment
- Compliance with national legislation and Respect for international conventions and guidelines

The Environment:

- A precautionary approach to environmental challenges
- Environmental risk assessments and systematic management
- Promotion of environmental responsibility
- Best available technology and knowledge sharing
- Compliance with national legislation and respect for international conventions and guidelines

Anti-Corruption:

- Zero tolerance of bribery or any form of corruption
- Zero acceptance of direct or indirect involvement in prohibited benefits
- Legal compliance on taxation, fees and royalties and transparency in disclosure of the same
- Reference to Boliden's Anti-corruption policy and the Extractive Industry Transparency Initiative (EITI)

Society and Human Rights:

- Acting responsibly in relation to neighbouring societies
- Safeguarding the rights of the indigenous peoples
- Treating members of society with dignity and respect
- Preventing the forcible displacement of individuals, groups or communities
- Respect for international guidelines and standards if security services are used to protect operations

Boliden's capability to handle sanction control and to evaluate its business partners was enhanced during 2016 by clarifying internal routines and by improved system support, combined with the training of key personnel. All of Boliden's business partners have been checked through sanction control 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.

G4-56 Code of Conduct

We expect our employees to promote our core values by acting responsibly towards colleagues, business associates and society at large, and to keep in mind that they may be regarded as Boliden employees even during their leisure time. The Code of Conduct provides a framework for what Boliden considers to be responsible

conduct – it is not exhaustive. Our employees should always strive to exercise good judgement, care and consideration in their work for Boliden.

Boliden, and its employees, shall have a behaviour based on mutual respect. Boliden does not accept any form of harassment, discrimination or other behaviour that colleagues or business associates may regard as threatening or humanly degrading. We shall also ensure that none of the operations controlled by the company lead to the exploitation of children. We never, either directly or indirectly, collaborate with suppliers or customers where we have reason to believe that child labour is used. Employees and Board Members shall not seek to obtain advantages for themselves (or any related persons) that are improper or may harm Boliden's interests in any other way. Information beyond general business knowledge acquired in their work for Boliden should be regarded confidential and treated as such.

The company shall communicate its financial results and other information affecting the share price in an appropriate and timely manner and shall, in so doing, comply with relevant legislation, stock market contracts and other regulations.

Gifts or other favours to business associates shall comply with locally accepted good business practice. Gifts and other favours may only be given or granted provided that they are modest, both with respect to value and frequency, and provided the time and place are appropriate.

Employees and Board Members shall comply with all applicable laws and regulations, including the antitrust and competition laws, when conducting business on behalf of Boliden.

The Code of Conduct applies to all Boliden employees, including temporary personnel, worldwide, as well as to members of the Board of Directors of Boliden AB and its subsidiaries. Line managers are responsible for making the guidelines known and for promoting and monitoring compliance. Violation of the Code of Conduct will not be tolerated and may lead to internal disciplinary action, dismissal or even criminal prosecution. Should an improper practice or incident occur within Boliden, the company is committed to making the necessary corrections and will take remedial action to prevent recurrence.

G4-24/25/26/27 Dialogue for Greater Understanding and Performance

Boliden's operations affect many people in a variety of ways, and similarly, these stakeholders have different views and expectations of Boliden. If it is to carry out relevant sustainability work, Boliden must identify and address prioritised issues. By conducting stakeholder dialogues, Boliden meets demands for increased transparency and learns about stakeholders' demands and expectations in greater detail. In 2013-2014, Boliden mapped and prioritised stakeholders and advanced the level of systematics in the dialogue on material sustainability issues. The Boliden approach to stakeholders is based on a combination of theoretical models and evaluation of the mutual levels of cause, legitimacy and power between Boliden and the stakeholder group.

The stakeholder groups identified as priority groups for engagement on sustainability issues are:

- Employees and future employees
- Neighbours
- Investors
- Business partners
- Authorities

Boliden's framework of stakeholders that raise expectations, influence the perception of our company and are relevant with regard to sustainability performance is, however, wider than that defined by the above stakeholder groups. Dialogue is conducted in different ways with different groups, i.e. bi-annual employee surveys, open house meetings with employees and the neighbouring community, formal and informal meetings with authorities, and capital market days and AGMs.

In 2016, Boliden conducted stakeholder dialogues based on the new sustainability development goals formulated by the United Nations, which came into force at the beginning of the year. The responses from internal stakeholders (employees) confirms that health and safety is the most important issue, followed by the ability to create value by maximizing the metal yield and driving technological developments. External stakeholders (business partners, authorities, future employees) expect to a high degree that Boliden focuses on increased energy efficiency and reduced environmental impact. The stakeholder engagement during 2016 has been part of the Corporate Responsibility strategic process, and has not been undertaken specifically as part of the reporting preparation process.

G4-16 Membership of Organisations

Boliden participates in industry organisations that can play an important role in the sustainability dialogue on specific issues. These organisations include; the Association of Finnish Steel and Metal, the International Zinc Association (IZA), the International Copper Association (ICA), the European Copper Institute (ECI), the Scandinavian Copper Development Association, SveMin and Euromines.

G4-19/20/21 Materiality Analysis

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.

In order to comply more closely with the demands put forth in the G4 Guidelines, Boliden regularly consult 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 sustain-

ability 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 2015 Boliden has laid out the structure and content of its GRI Report on the basis of these findings and of the GRI's principles concerning materiality and completeness. The report discloses:

- Subjects identified by stakeholders as priorities
- Subjects that are crucial in terms of Boliden's ability to achieve its vision, and fulfil its goals, and which are relevant to the prioritised areas and strategies
- Major events for Boliden's operations and value chain
- Performance

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 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 Aspects

Economic

- ● Economic performance
- ● Market presence
- ● Indirect economic impact

Environment

- ● Materials
- ● Energy
 - Water
 - Biodiversity
- ● Closure Planning (MM)
- ● Emissions
- ● Effluents & Waste
- ● Compliance
- ● Transport
- ● Environmental Grievance Mechanisms
 - Supplier Environmental Assessment

Social – Labour Practise and Decent Work

- ● Employment
- ● Labour/Management Relations
 - ● Occupational Health & Safety
 - Training & Education
 - Diversity & Equal opportunity
 - Equal Remuneration for Women & Men
 - Supplier Assessment for Labour Practices
 - ● Labour Practices Grievance Mechanisms

Social – Human Rights

- ● Non-discrimination
- ● Indigenous Rights
 - ● Assessment
 - Supplier Human Rights Assessment
- ● Human Rights Grievance Mechanisms

Social – Society

- ● Local Communities
- ● Anti-Corruption
- ● Anti-Competitive Behaviour
- ● Compliance
- ● Resettlement (MM)

Social – Product Responsibility

- ● Product & Service Labelling
- ● Materials Stewardship (MM)

● Impact within Boliden ● Impact outside Boliden

G4-10 Boliden's Employees

Unless stated otherwise, all information in this GRI report concerning the number of employees refers to data from an actual number of employees on 31 December for each year

(2014–2016), while in the Annual Report the corresponding figures are calculated and reported as Full Time Employees (FTE).

Total number of employees by employment contract, gender and workforce type

	2014			2015			2016		
	Number	% Female, %		Number	% Female, %		Number	% Female, %	
Permanent	4,780	94.6	17.1	4,916	95.6	17.4	5,458	95.4	17.0
Temporary	272	5.4	34.9	226	4.4	38.9	261	4.6	35.6
Total in Group	5,052	100.0	18.1	5,142	100.0	18.4	5,719	100.0	17.8
Supervised Workforce	281	5.6	14.9	232	4.5	11.6	155	2.7	11.6

Total number of permanent employees by employment type and gender

Employment type	2014			2015			2016		
	Number	% Female, %		Number	% Female, %		Number	% Female, %	
Full time	4,672	97.7	16.7	4,814	97.9	17.0	5,360	98.2	16.6
Part time	108	2.3	35.2	102	2.1	37.3	98	1.8	36.7
Total in Group	4,780	100.0	17.1	4,916	100.0	17.4	5,458	100.0	17.0

Total number of employees by country and gender

Region	2014			2015			2016		
	Number	% Female, %		Number	% Female, %		Number	% Female, %	
Sweden	3,045	60.3	21.6	3,145	61.2	21.7	3,218	56.3	21.8
Norway	314	6.2	15.0	321	6.2	14.6	308	5.4	15.6
Finland	1,069	21.2	16.0	1,070	20.8	16.6	1,588	27.8	14.5
Ireland	611	12.1	4.7	593	11.5	5.1	592	10.4	5.6
Other	13	0.3	46.2	13	0.3	46.2	13	0.2	46.2
Total in Group	5,052	100.0	18.1	5,142	100.0	18.4	5,719	100.0	17.8

G4-11 Percentage of total employees covered by collective bargaining agreements

The total number of employees at Boliden covered by collective bargaining agreements on 31 December, 2016 was 5,554 (4,998), representing 97.1 % (97.2%) of the total workforce.