



## APPROACH AND PERFORMANCE

The Group is committed to operating in a manner that contributes to the sustainable development of mineral resources through efficient, balanced, long-term management, while showing due consideration for the wellbeing of people; protection of the environment; and development of the local and national economies; in the countries in which it operates.

The Group recognises its responsibility for minimising the impact of its activities on, and protecting, the environment. The Group is committed to developing and implementing sound practices in environmental design and management and actively operates to:

- work within the legal permitting framework;
- minimise impacts on the surrounding environment;
- give environmental aspects due consideration in all phases of its mining projects, from exploration through to development, operation, production and final closure; and
- act systematically to improve the planning, execution, and monitoring, of its environmental performance.

## ENVIRONMENTAL SUSTAINABILITY

Environmental monitoring and reporting forms part of the Group's proactive approach towards achieving environmental sustainability. Monitoring activities include:

- biodiversity studies;
- dust emission levels;
- noise levels;
- ground, surface and discharge water quality; and
- sediment analysis.

Process water at Vammala is recirculated to reduce water emissions. Sampling from the discharge waterways clearly shows a reduction in discharged levels of nickel and sulphate. Surface water run-off is collected and re-used in the process circuit. Dust controlling measures include the use of dust suppressants, liming, and use of water cannons and sprinklers. The crushing unit is also equipped with a dust controlling device.

## ENVIRONMENTAL COMPLIANCE

Ensuring environmental compliance is integral to the Group's operations. The Group implements robust environmental management systems and practices, from which we assess and identify potential environmental risks; conduct routine monitoring; and report the performance results to mitigate the impact of our operations on the environment. At every stage of our operations we strive to promote the efficient use of resources and the reduction and prevention of pollution. As a responsible miner we seek to meet, and where possible exceed, the regulatory requirements governing our environmental performance.

The Group complies with all applicable environmental laws, regulations and standards. The main laws are set out in the Swedish Environmental Code and the Finnish Environmental Protection Act.

## ENVIRONMENTAL COMPLIANCE (CONT'D)

A number of management plans are in place to provide a framework for the Group to effectively manage its environmental footprint. Site specific management plans include the following (all of which are reviewed regularly):

- Waste Management Plan;
- Tailings Storage Facility (“TSF”) Management Plan;
- Safety Seveso Management Plans;
- Mine Closure Plan; and
- Environmental Monitoring Plans.

The principal environmental incidents that could potentially occur at the Groups operations include water substance levels exceeding permit limits; noise and dust levels exceeding permit limits; hydrocarbon spills; improper use and storage of chemical substances and hazardous materials; wildlife deaths; improper disposal of waste; maintaining structural integrity of storage facilities; recharacterisation of waste rock; and other incidents that negatively impact the environment. All environmental incidents are investigated, remedied, monitored and reported by our environment team both internally and, where relevant, to the authorities. In 2019, all permit levels complied with the applicable Environmental Permit.

## ENERGY CONSUMPTION

The Group recognises that reducing energy consumption will have a significant beneficial environmental impact and aid cost reduction. The following table presents the Group’s energy consumption and intensity at its mine and process sites. Intensity is calculated as KWh per production tonne. The intensities cannot be compared because the products from different sites are not similar. It should also be noted that much of the power sourced by the Group is provided by renewable generators (hydro-electric schemes). The Group does not have any indirect energy use.

TABLE 1: ENERGY CONSUMPTION

Resource 2019		Unit	Orivesi	Jokisivu	Kaapelin- kulma	Vammala	Svartliden
Energy usage	Electricity	GWh	2.97	5.28	0.05	10.28	10.07
	LPG heating	GWh	1.50	1.22	–	–	–
Energy intensity per tonne	Electricity	KWh/t	100.00	20.60	1.64	33.83	143.11
	LPG heating	KWh/t	50.77	4.76	–	–	–

  

Resource 2018		Unit	Orivesi	Jokisivu	Vammala	Svartliden
Energy usage	Electricity	GWh	7.30	5.12	10.18	7.00
	LPG heating	GWh	2.80	1.84	–	–
Energy intensity	Electricity	KWh/t	197.00	19.00	33.00	<sup>1</sup> 1,560.00
	LPG heating	KWh/t	75.00	7.00	–	–

<sup>1</sup> Electricity intensity is a factor of energy usage/tonnes. 2019 includes additional tonnes from Fäboliden test-mining activities resulting in a lower KWh per tonne.

## ENERGY CONSUMPTION (CONT'D)

At the Group's underground mines, fresh air is heated in heating plants using LPG, which produces less CO<sub>2</sub> emissions compared to traditional heating plants using petroleum. The heating plants in Jokisivu and Orivesi have been constructed within the last ten years and incorporate the latest in heating technology.

At Vammala, regional heating provides heating in the plant, administration, maintenance, and laboratory buildings where energy consumed was approximately 10.28 GWh (2018: 10.18 GWh). The grinding process in the Vammala Plant consumes approximately 50% of total energy. As an example of investment to improve energy efficiency, the old compressors at the Vammala Plant were replaced by newer units in 2016, which continue to save over 470 MWh per year.

Svartliden electrical consumption increased to 10.07 GWh in 2019 (2018: 7.0 GWh) due to processing of ore from the Fäboliden test mine.

## WATER CONSUMPTION

The Group seeks to minimise the water usage at its operations through the implementation of water efficient technologies and adoption of water recycling methodologies. The Group uses groundwater, surface water and recycled water in its operations. Continuous flow meters are used at each operation to control and monitor water discharge. Sanitary sewage is treated in a wastewater treatment plant.

The Vammala Plant recycles a large percentage of its water usage. In 2019, the Plant used approximately 1.1Mm<sup>3</sup> of process water (2018: 1.2Mm<sup>3</sup>) with only 0.3Mm<sup>3</sup> (2018: 0.4Mm<sup>3</sup>) discharged. The process water intensity was 4.4 m<sup>3</sup> per processed ore tonne (2018: 4.4 m<sup>3</sup> per processed ore tonne).

At the mine sites, Jokisivu discharged 166,739 m<sup>3</sup> of water because underground mines have a positive seepage of water (2018: 133,774 m<sup>3</sup>). Like Jokisivu, Orivesi water originates from multiple natural sources. The operation utilises groundwater that seeps into the underground mine and water pumped from the nearby lake Ala-Jalkajärvi. No recycled water was used at Orivesi during 2019. The total volume of water pumped to the Orivesi underground mine was 11,960 m<sup>3</sup> (2018: 28,548 m<sup>3</sup>) from which zero m<sup>3</sup> (2018: 13,428 m<sup>3</sup>) was taken from the recycling water line. Orivesi discharged 45,028 m<sup>3</sup> of water, again because underground mines have a positive seepage of water into the mine. Consumption of water in the Jokisivu and Orivesi mines cannot be calculated due to positive seepage of water into the mines. The Kaapelinkulma open pit mine discharged 12,093 m<sup>3</sup> of water in 2019. Kaapelinkulma did not use any water.

At Svartliden, the discharge of clean water in 2019 from the clear water pond was 1,27Mm<sup>3</sup> (2018: 1.35Mm<sup>3</sup>). Water consumption for the Svartliden Plant was estimated to be 600,000-700,000 m<sup>3</sup> in 2019 (2018: 500,000 m<sup>3</sup>). All water used in processing is recycled and sourced from the TSF and to a lesser extent from the clear water pond. Water consumption for personal use is sourced from a water bore and in 2019 was estimated to amount to 1,600 m<sup>3</sup> (2018: 1,600 m<sup>3</sup>).

## WATER CONSUMPTION (CONT'D)

There is also a small amount of household water that is used at all sites. Jokisivu and Vammala are connected to the municipality's water network. At Orivesi and Svartliden drinking water is brought to the site and other household water is taken from the site's own wells. At Kaapelinkulma drinking and household water comes from its own well. Svartliden has a septic tank installed at site. There are no issues with sourcing water fit for purpose as in Nordic countries, precipitation exceeds evaporation on a yearly level, so the Group uses groundwater, surface water and recycled water in its operations.

There were no challenges in obtaining enough process water at Vammala. Water levels at the tailings ponds are kept high to prevent the pond from freezing, whilst process water was pumped from the closed Stormi mine that is located in close proximity to the Vammala Plant.

TABLE 2: RESOURCE CONSUMPTION

Resources 2019		Unit	Orivesi	Jokisivu	Kaapelinkulma	Vammala	Svartliden
Production	Ore extracted	tonnes	29,547.00	256,199.00	28,499.00	–	66,965
	Waste rock extracted	tonnes	–	186,876.00	371,312.00	–	178,466
	Ore and gold concentrate	tonnes	–	–	–	303,744.00	70,398
Energy	Electricity	GWh	2.97	5.28	0.05	10.28	10.07
	LPG heating	GWh	1.50	1.22	–	–	–
Fuels	Diesel	tonnes	39.97	250.77	21.25	13.60	78.37
	Fuel oil	tonnes	18.65	358.21	111.55	127.22	–
	Lubricant oils	litres	10	16,106.00	750	6,561.00	–
Water	Fresh water intake	m <sup>3</sup>	11,960.00	–	–	705,600.00	–
Chemicals	Natrium hydroxide	litres	83,000	–	–	–	–
	Flocculant	tonnes	–	–	–	0.50	–
	Collector	tonnes	–	–	–	17.80	–
	NalBx xanthate	tonnes	–	–	–	19.60	–
	Frother	tonnes	–	–	–	5.30	–
	Cyanide	tonnes	–	–	–	–	207
	Sodium hydroxide	tonnes	–	–	–	–	36.9
	Hydrochloric acid	tonnes	–	–	–	–	34.3
	Iron sulphate	tonnes	–	–	–	–	203
	Hydrogen peroxide	tonnes	–	–	–	–	1,233
	Lime	tonnes	–	–	–	–	552
	Activated carbon	tonnes	–	–	–	–	16.2
Oxygen	tonnes	–	–	–	–	541	
Other	Rods used in grinding	tonnes	–	–	–	202.00	–
	Balls used in grinding	tonnes	–	–	–	251.00	112.5

## WATER CONSUMPTION (CONT'D)

Resources 2018		Unit	Orivesi	Jokisivu	Vammala	Svartliden
Production	Ore extracted	tonnes	37,140.00	264,679.00	–	–
	Waste rock extracted	tonnes	75,619.00	136,923.00	–	–
	Ore processed	tonnes	–	–	308,070.00	–
Energy	Electricity	GWh	7.30	5.12	10.18	7.00
	LPG heating	GWh	2.80	1.84	–	–
Fuels	Diesel	tonnes	111.80	217.00	1.20	–
	Fuel oil	tonnes	138.50	354.10	71.20	–
	Lubricant oils	litres	10,545.00	14,590.00	4,600.00	–
Water	Fresh water intake	m <sup>3</sup>	28,548.00	–	707,243.00	–
Chemicals	Natrium hydroxide	litres	214,000.00	–	–	–
	Flocculant	tonnes	–	–	0.62	–
	Collector	tonnes	–	–	15.37	–
	NalBx xanthate	tonnes	–	–	18.83	–
	Frother	tonnes	–	–	4.86	–
	Cyanide	tonnes	–	–	–	123.00
	Sodium hydroxide	tonnes	–	–	–	29.00
	Hydrochloric acid	tonnes	–	–	–	20.40
	Iron sulphate	tonnes	–	–	–	174.00
	Hydrogen peroxide	tonnes	–	–	–	841.00
	Lime	tonnes	–	–	–	296.00
	Activated carbon	tonnes	–	–	–	5.50
Oxygen	tonnes	–	–	–	369.00	
Other	Rods used in grinding	tonnes	–	–	206.20	–
	Balls used in grinding	tonnes	–	–	286.00	–

## ENVIRONMENTAL EMISSIONS

The Group operates according to specific Environmental Management Plans (the “Plans”) approved by the respective environmental authorities. The Plans determine the frequency of monitoring and measuring of our various activities. Sampling measurements are performed in compliance with industry standards, using the latest equipment and measurement devices. Samples are tested at accredited national and international laboratories. All emission mitigation measures are site specific.

The foundation for the Group’s emission policies, controls, procedures and reporting are derived from the respective Environmental Permit (the “Permit”) for each of its operations. The Permits are site specific and prescribe the relevant operating parameters as defined by the regulators. Permit regulations and the required emissions data reporting are set by the respective authorities. Where required, independent third parties are also involved in analysing samples for reporting to the relevant authorities.

## VAMMALA PLANT

Water flows are measured and sampled regularly with concentrations of nickel and sulphate monitored. The concentration of dust particles is not regulated in the Permit, however the Group maintains both passive and active processes to minimise and manage dust particles. Present readings show that any dust generated is below government guidelines and is not considered harmful to either human health or the environment.

## JOKISIVU

The Permit for Jokisivu includes a condition that sets pH limits and solid particle density in discharged water. One permit breach occurred in 2019. The December 2019 pH value was below the Permit limit. The concentration of dust particles is not regulated within the Permit. However, the Group maintains both passive and active processes to minimise and manage dust particles.

## ORIVESI

The Permit for Orivesi includes a condition that sets pH limits, aluminium and zinc limits, and solid particle density in discharged water. No Permit breaches occurred in 2019. The concentration of dust particles is not regulated in the Permit; however, the Group maintains both passive and active processes to minimise and manage dust particles. Second stage liming of the nearby lake (Ala-Jalkajärvi) was conducted in 2019 to stabilise the bottom sediment in the lake, reduce the metal load in the water, and increase the lakes alkalinity. The effects of lime treatment are continuously monitored by water and sediment sampling and additional vegetation and benthos studies. During 2019, two sets of automatised pH controlling units, purchased in 2018, were used to adjust pH and reduce metals in the discharge water. Mining operations ended in June 2019 and from late June onwards no water was discharged from the mine site.

The Permits for Jokisivu, Orivesi, and Kaapelinkulma, state that nitrogen, found in explosives, must be in a barely soluble form, and in this respect, the Group uses emulsion-based explosives. Nitrogen in emulsion-based explosives dissolves slowly so the risk of excessive nitrogen emissions from explosives are mitigated through choosing emulsion-based explosives, training in use, and charging of these explosives to avoid spillage and excessive use.

In June 2019, the Supreme Administrative Court upheld the decision of the Regional State Administrative Agency ("AVI") to reject the Environmental Permit. The Group had exhausted the known Ore Reserves as planned and has started the preparatory works towards the mine closure. The closure plan was submitted to the authorities in December 2019.

## KAAPELINKULMA

The Permit for Kaapelinkulma includes a condition that sets pH and solid particle density in discharged water. No Permit breaches occurred in 2019. The concentration of dust particles is not regulated within the Permit; however, the Group maintains both passive and active processes to minimise and manage dust particles.

## SWEDEN

Emissions in Sweden are minimal due to the present minimal mining activity, apart from the test mining activities carried out in Fäboliden during 2019. The operating and environmental permits for the Group's full mining operations at Fäboliden, presently under consideration by the Swedish Land and Environmental Court, will define the approved discharge parameters.

The process water at Svartliden is recirculated to reduce water emissions. Process water is treated in both the Svartliden Plant and separate lime sedimentation ponds, both of which decrease water emissions. A water treatment plant is also available at Svartliden and can be used to treat water from the tailings pond if required. Emissions are monitored at several key locations on the Svartliden site, with permit levels set at the outgoing clarification pond spillway. During 2019, all emissions were below Permit levels.



**2019 ENVIRONMENTAL EMISSIONS DATA**

Consistent with the Groups internal reporting, environmental data is listed in kilograms and tonnes.

**TABLE 3: TYPES OF EMISSIONS**

<b>Vammala Production Centre</b>	<b>Unit</b>	<b>2019</b>
– Arsenic	kg	2.34
– Nickel	kg	124.00
– <sup>1</sup> Zinc	kg	9.80
– <sup>1</sup> Cadmium	kg	0.05
– Sulphate	kg	260,491.00
– <sup>1</sup> Nitrogen	kg	1,071.00
– Solid material	kg	2,407.00

<sup>1</sup> Calculated by the Water Protection Association from 2019.

<b>Svartliden Production Centre</b>	<b>Unit</b>	<b>2019</b>
– Nickel	kg	9.40
– Zinc	kg	4.00
– Cadmium	kg	0.02
– Sulphate	kg	487,513.00
– Arsenic	kg	6.20
– Nitrogen	kg	8,379.00

<b>Vammala Production Centre</b>	<b>Unit</b>	<b>2018</b>
– Arsenic	kg	2.00
– Nickel	kg	101.00
– Sulphate	kg	206,791.00
– Solid material	kg	1,972.00

<b>Svartliden Production Centre</b>	<b>Unit</b>	<b>2018</b>
– Nickel	kg	15.00
– Zinc	kg	6.90
– Cadmium	kg	0.03
– Sulphate	kg	606,686.00
– Arsenic	kg	8.00
– Nitrogen	kg	9,842.00



## 2019 ENVIRONMENTAL EMISSIONS DATA (CONT'D)

TABLE 4: GREENHOUSE GAS EMISSIONS

<b>Vammala Production Centre</b>	<b>Unit</b>	<b>2019</b>
Diesel (and light fuel oil) – CO <sub>2</sub>	tonne	13,518.30
<b>Svartliden Production Centre</b>		
Propane – CO <sub>2</sub>	tonne	71.00
– NO <sub>x</sub>	kg	76.00
Diesel – CO <sub>2</sub>	tonne	242.94
– NO <sub>x</sub>	tonne	3.68
<b>Vammala Production Centre</b>		
Diesel (and light fuel oil) – CO <sub>2</sub>	tonne	13,806.60
<b>Svartliden Production Centre</b>		
Propane – CO <sub>2</sub>	tonne	25.00
– NO <sub>x</sub>	kg	27.00
Diesel – CO <sub>2</sub>	tonne	161.70
– NO <sub>x</sub>	tonne	2.45

<sup>1</sup> Includes emissions from all Finnish operating sites and transportation of ore to the Vammala Plant.

TABLE 5: HAZARDOUS WASTE PRODUCED BY OPERATION

<b>Hazardous waste</b>	<b>Unit</b>	<b>2019</b>
Vammala	tonne	4.72
Jokisivu	tonne	16.39
Orivesi	tonne	6.24
Kaapelinkulma	tonne	2.22
Svartliden	tonne	4.49
<b>Hazardous waste</b>		
Vammala	tonne	11.80
Jokisivu	tonne	4.90
Orivesi	tonne	6.90
Svartliden	tonne	4.60

**2019 ENVIRONMENTAL EMISSIONS DATA (CONT'D)**

Hazardous waste produced during 2019 consisted of the following waste particles:

- solid waste;
- solid aerosol waste;
- solid painting waste;
- fluorescent tubes;
- solvent waste; and
- used lubricants.

All hazardous waste mentioned above is disposed of in appropriate facilities licensed for the receipt and treatment of such waste.

**TABLE 6: NON-HAZARDOUS WASTE PRODUCED BY OPERATION**

<b>Non-hazardous waste</b>	<b>Unit</b>	<b>2019</b>
Vammala	tonne	77.47
Jokisivu	tonne	177.28
Orivesi	tonne	<sup>1</sup> 246.36
Kaapelinkulma	tonne	1.38
Svartliden	tonne	28.60

<sup>1</sup> Increase attributable to underground mine demolition material.

<b>Non-hazardous waste</b>	<b>Unit</b>	<b>2018</b>
Vammala	tonne	45.10
Jokisivu	tonne	136.90
Orivesi	tonne	107.80
Svartliden	tonne	19.36

Non-hazardous waste is stored in appropriate containers at each operation and includes:

- biowaste;
- waste rock;
- energy waste (paper and cardboard);
- metal waste (iron, plate);
- packaging wood;
- sanitary waste;
- community waste; and
- mixed waste.

**2019 ENVIRONMENTAL EMISSIONS DATA (CONT'D)**

At Jokisivu, waste rock is the main waste component and is classified as potentially acid forming. In 2019, 177,280 tonnes of waste rock was produced (2018: 136,900 tonnes) of which 164,307 tonnes was used as backfill (2018: 80,300 tonnes) and 12,973 tonnes was transported to the waste rock stockpile (2018: 56,700 tonnes). Jokisivu produced 0.73 tonnes of waste rock per ore tonne produced (2018: 0.52 tonnes of waste rock per ore tonne produced).

At Orivesi, waste rock is separated into two waste rock areas according to its environmental impact qualities. Inert waste rock has been used as a construction material onsite. The Group endeavors to store potentially acid-forming rock types underground as backfill. In 2019, zero tonnes of waste rock were produced (2018: 75,600 tonnes) and 23,079 tonnes of waste rock was used as backfill from the surface waste stockpile or from underground storage (2018: 17,900 tonnes). Mining activities at Orivesi included mining of ore from stopes and drives, which produced zero tonnes of waste rock per ore tonne produced (2018: 2.04 tonnes of waste rock per ore tonne produced).

The Company's 2019 Annual Report provided an update on the presence of historical waste material stored in the upper levels of Orivesi. During the year, the Company took samples and conducted core drilling for the purposes of a risk assessment. The risk assessment did not identify any hazardous material that would cause any environmental or health hazard. The Company successfully removed 28,000 kg of mixed waste and rock from the 66m level during 2019.

At Kaapelinkulma, waste rock is the main waste component and is classified as inert (non-hazardous). In 2019, 371,312 tonnes of waste rock was produced of which 7,500 tonnes was used as mine site infra construction works. Kaapelinkulma produced 13.03 tonnes of waste rock per ore tonne produced.

The Group's priority is to reduce the volume of hazardous waste produced by its activities. Across all sites, waste is sorted according to waste quality. Where possible, operations shall recycle waste or convert waste to energy. Metals are recycled at all sites and glass waste generated in Vammala, excluding laboratory glass waste, is also recycled. All chemicals are stored in appropriate containers equipped with a safety basin. The handling of non-recyclable hazardous waste is contracted to an external recycling company that specialises in the types of hazardous waste material produced by the operations. Non-hazardous waste is sorted into biowaste, wood, glass, metal, energy, household and mixed waste. The sorted waste is collected by a local waste company and transported to landfill or incinerated as appropriate.

## EMPLOYMENT, SUPPORT AND THE PROTECTION OF EMPLOYEE RIGHTS

The Group's employment policies are documented in its Code of Conduct (Code), which provides clear guidance on the conduct and behaviour of all employees, including the Board and senior management. The Code is designed to encourage and foster a culture of integrity and responsibility with the focus on augmenting the Group's reputation as a valued employer, business partner, and good corporate citizen. Specifically, the Code provides guidance on the following aspects:

- compliance to laws, rules and regulations;
- conflicts;
- fair dealing;
- knowledge and information security (including handling of confidential information and disclose and securities trading);
- health, safety and environment;
- employment practices; and
- whistleblowing and misconduct reporting.

The Group recognises, and endeavours to protect, the rights of its employees and is committed to providing equal opportunities. The Group engages in transparent and fair recruitment practices, and fair remuneration and disciplinary decisions without regard to gender, age, family position, or ethnic background. The remuneration packages for our employees include a basic salary component and (where appropriate) a productive incentive payment. The Group determines employee remuneration based on qualifications and experience, whilst the amount of annual incentive payment and achievement of set key performance indicators will be determined and assessed by the Remuneration Committee and the Board. The Group provides employees with welfare, pension and healthcare benefits, in accordance with statutory requirements, plus some other miscellaneous items.

The Group invests significant time and resources to fulfil its obligations under the respective laws of the countries in which it operates. The Group has a Whistleblowing Policy that enables an employee raising concerns about practices and procedures in their workplace. It enables employees to report concerns of fraud, illegal, immoral, illegitimate practices, misconduct or malpractice in a way that will not be seen as being disloyal to colleagues. During the reporting period, the Group has not received any substantiated complaint from any individual or authority, nor has it paid or was liable to pay any penalty because of any employment law breach.

## EMPLOYMENT, SUPPORT AND THE PROTECTION OF EMPLOYEE RIGHTS (CONT'D)

The Group is committed to responsible corporate governance, including the implementation of measures to encourage employees and representatives of the Company to identify and report in good faith any concerns relating to serious misconduct which is, or potentially could be:

- a criminal offence (including theft, drug use/sale, violence or threatened violence and criminal damage to property);
- a breach of a legal obligation;
- dishonest, fraudulent or corrupt;
- a serious risk to the health of an individual, the general public, the environment or the financial system;
- in breach of any of the Company's other codes of conduct or policies; or
- designed to conceal business records or other evidence related to any of the factors above.

Preventing and addressing the Group's own involvement in the use of child or forced labour in any of its operations is central to our sustainability approach including our commitment to running a safe, responsible and profitable business. In line with both the laws of the countries we operate in and our recruitment policy, the Group does not employ persons under the legal age of employment. In the year under review, the Group has not employed any person under the age of 18 and owing to the location of our operations the incurrence of child labour is not a significant risk factor. Supply chain management is detailed below.

TABLE 7: TOTAL WORKFORCE INCLUDING CONTRACTORS

Geographical region	2019		2018	
– Finland	48	56%	57	66%
– Sweden	32	38%	25	29%
– Australia	5	6%	4	5%
<b>Total</b>	<b>85</b>	<b>100%</b>	<b>86</b>	<b>100%</b>

  

Gender	2019		2018	
– Male	65	76%	65	76%
– Female	20	24%	21	24%
<b>Total</b>	<b>85</b>	<b>100%</b>	<b>86</b>	<b>100%</b>

  

Employment type	2019		2018	
– Full-time	73	62%	84	98%
– Part-time	45	38%	2	2%
<b>Total</b>	<b>118</b>	<b>100%</b>	<b>86</b>	<b>100%</b>

### EMPLOYMENT, SUPPORT AND THE PROTECTION OF EMPLOYEE RIGHTS (CONT'D)

Employee turnover during 2019 in Finland was less than 12.5% (2018: 5.0%). Sweden employee turnover is not tracked but it will be once planned full-scale mining activities start at the Group's Fäboliden Gold Mine.

The Group has a security dealing policy that sets out the policy for dealings in the Company's shares. The dealing in shares is also set out in accordance with the respective Corporations Act 2001 in Australia and the requirements of the Companies Ordinance in Hong Kong.

The Group manages data protection and privacy as part of its IT processes and has several policies to manage IT related risks including off-site backup. The Group is required to carry out statutory commissioning and periodic inspections of the site areas.

### COMMITMENT TO CONTINUOUS LEARNING

The Group is committed to fostering a culture of continuous learning in our organisation. Management is involved, together with external trainers, in designing training programmes that meet the needs of employees. Training content and topics are set to cover the key aspects of our operations to ensure all employees have the necessary skills to conduct their roles safely.

Types of training may include:

- compliance and regulatory;
- management skills and personal development – leadership skills, supervisory skills, KPI setting, communication and interpersonal skills, coaching skills, self-development skills;
- job specific training;
- comprehensive safety induction for all newly hired employees on their first day;
- mandatory job and activity specific health and safety training is provided to employees and contractors; and
- all completed training is recorded in the training register.

Due to the nature of the industry in which the Group operates, some training is mandatory and includes first aid, work safety, and inductions. Employees also have Union representation and the Union provides ongoing training to nominated employee safety representatives. In 2019, approximately 75% (2018: 35%) and 18% (2018: 17%) of blue collar and white collar employees received training respectively.

## HEALTH AND SAFETY

Safety is the Group's number one priority and we make every effort to safeguard the health and wellbeing of our employees, contractors and communities. The Group goes above and beyond what is expected to comply with local health and safety legislation. This is not just because we care for the people we work with, but also because a safe business is operationally sound. The Group's Code clearly communicates its attitude and commitment towards protecting employee health and safety including conflict resolution and fair dealings.

The Group strives to maintain its safety culture through its leadership team, which delivers a clear safety message to all employees. The Group has well documented safety procedures and visible safety boards located at its operations. Safety inductions to new employees and service agreements for suppliers of goods and services promote the Group's safety culture.

The Group maintains a significant number of health and safety measures, which are implemented upon commissioning of new equipment and monitored by way of periodic inspections. Prior to commissioning, each piece of equipment and machinery is subjected to a start-up check to ensure it meets the safety requirements.

The Group reports the Lost Time Injury Frequency Rate ("LTIFR") to measure workplace safety and track the efficiency of newly implemented safety scheme. Lost Time Injuries ("LTI") are injuries that have occurred in the workplace and where an employee requires time off to recover. Calculating the frequency provides a key metric to track over time and compare against peers within the mining industry. The LTIFR calculation is based on the number of injuries resulting in one lot shift sustained over a specific period per 1,000,000 work hours worked by all employees including sub-contractors over that period.

During the year ended 31 December 2019, one LTI occurred at the Group's Finnish operations. Prior to the cessation of mining, Orivesi achieved over 1,855 days LTI free, Vammala, Jokisivu and Kaapelinkulma each recorded 309, 1,472 and 1,096 days, respectively. In Sweden, Svartliden and Fäboliden recorded over 1,370 and 508 days LTI free respectively.

	<b>2019</b>	<b>2018</b>
Lost Time Injury Frequency Rate	4.02	4.32

The Group has not sustained any work related fatalities at any of its operations since its incorporation.



## SUPPLY CHAIN MANAGEMENT

The Group strives to implement environmentally and socially responsible supply chain practices by working closely with all stakeholders including, suppliers, local community and the respective authorities. A system is in place to ensure procurement and operational practices are free from unfair business practices, terrorism and money laundering. Every supplier of goods and services must sign the Group's service agreement, which outlines the requirements and expectations of the Group on the following:

- work management and supervision;
- employee rights and responsibilities;
- permitting;
- general safety;
- employment practices;
- handling and storage of hazardous chemicals; and
- fuel transportation.

**TABLE 8: SUPPLIERS BY GEOGRAPHICAL REGION**

Geographical region	2019	%	2018	%
– Finland	450	71%	484	64%
– Sweden	146	23%	223	30%
– Australia	40	6%	44	6%
<b>Total</b>	<b>636</b>	<b>100%</b>	<b>751</b>	<b>100%</b>

The Group engages numerous external parties in its day-to-day operations including construction services, concentrate and ore transportation services, labour providers and personnel hire services, environment and process consultants, chemical, water analysis and laboratories services, drilling services, tailings dam construction, as well as suppliers of raw materials, auxiliary materials, and machines and equipment. To assist in maintaining a transparent supply chain, the Group only procures goods and services from suppliers and contractors whose trade, employment practices and company values are aligned to ours. The Group's service agreement communicates our expectations related to human and labour rights, safety and the environment. Compliance is actively monitored by onsite managers who identify and report any issues to the wider management team via daily, weekly and monthly management meetings. Any necessary action will be actioned in a timely manner.

### PRODUCT STEWARDSHIP AND RESPONSIBILITY

The Group has several internal checks to ensure purchases are co-authorised in accordance with an approval hierarchy. Gold is sold through an independent third party on-market and the end quantity sold is reconciled back to the original shipped ounces. The gold room is fitted with security such as cameras; a password protected entrance; and dual sign off at each stage of handling.

The Group has two production plants, the Vammala Plant in Finland and the Svartliden Plant in Sweden. The Vammala Plant is a conventional flotation facility that produces gold concentrate that is transported to the Svartliden Plant to produce a gold doré bar and (a lesser amount of) gravity gold. Both are transported directly to the Refiner. The Group has a contract with the Refiner that specifies issues relating to health and safety, labelling, services quality and methods of redress.

For example, the labelling of each shipment includes information on the following:

- number of boxes;
- gross and net weight;
- detailed packing list;
- estimate of fineness of gold and silver;
- information relevant its transportation;
- estimated value of the shipment; and
- a list of any deleterious elements.

The usage of packaging material for gold bar shipments is minimal and therefore not a material Group KPI.

The Group produces gold concentrate from its flotation plant at Vammala, which is transported for further processing at its carbon-in-leach (“CIL”) plant at Svartliden. Both treatment methods are common in mining operations. The service agreement sets out the Group’s position on data security and privacy, including:

- work related documents are the property of the Group unless otherwise specifically agreed. Suppliers and others on site shall not pass on information related to the production process, financial or any other confidential matter to third parties;
- destruction of documents containing confidential information must be carried out reliably; and
- any photography or video recording on site requires permission.

The Group produces gold concentrate, gravity gold and gold doré bars, which are transported to a nearby Smelter and/or Refiner in accordance with the terms of the respective contracts. The respective contracts provide for quality and quantity of each shipment including penalties for impurities, which is not uncommon in the mining industry, and shipment rejection. The Group has had no shipments rejected during the year ended 31 December 2019.

## COMMUNITY

The Group is very clear on the need to earn the respect and support of the communities in which it is located by operating within its permit levels, and by demonstrating a tangible commitment to environmental sustainability.

The Group operates in four national regulatory environments (including Australia and Hong Kong) and the supra-national regime of the European Union. While compliance with these regulatory environments and specific operational license conditions are the basis of the Group's environmental management procedures, the Group is committed to the principle of developing and implementing appropriate practices in environmental design and management and will actively work to:

- protect the environment surrounding its operations;
- give environmental aspects due consideration in all phases of mining projects, from exploration and evaluation through to development, production and final closure; and
- act systematically to improve the planning, execution, and monitoring of its environmental performance.

The Group's Sustainability Policy seeks to ensure it is a constructive partner to advance the social, economic and institutional development of the communities in which it operates. Permitting in the Group's operating regions require an extensive phase of community consultation. The Group carries out its activities with regard to the interests of any affected landowners and other stakeholders. The Group fully acknowledges the rights, cultures, customs and values of people affected by the development and exploitation of mineral resources. During 2019, the Group undertook the following activities in the local communities:

- formal engagement with an indigenous Sami village in Sweden;
- opportunity for informal communication through site-open days and community visits to the operations;
- providing safety vests to a local kindergarten located next to the ore transport route at Kaapelinkulma; and
- discussions with local gun clubs to determine ways the Group can support their activities.



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