



# LKAB Modern Slavery Act Transparency Statement 2018

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This statement is made pursuant to section 54 (1) of the Modern Slavery Act 2015 and constitutes the LKAB Group's slavery and human trafficking statement for the financial year ending 31 December, 2018.

Approved by the Board of Directors of  
Luossavaara-Kiirunavaara AB (publ)  
on 14 February 2019

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## **Introduction**

LKAB's commitment to human rights includes those principles recognised in international human rights standards such as the Universal Declaration of Human Rights (UDHR) and the ILO core conventions of labour standards.

LKAB is committed to operating responsibly and establishing high ethical standards across our company. We will not tolerate modern forms of slavery or human trafficking in our business.

The UK Modern Slavery Act of 2015 requires certain companies carrying on a business in the U.K. to publish a statement each year describing the steps taken to ensure that modern forms of slavery and human trafficking are not taking place in the company's business operations and supply chains.

In this Modern Slavery Act Transparency Statement, we describe our business and our policies and practices on human rights including human trafficking, in relation to our operations and supply chains.

## **Our business and structure**

Luossavaara-Kiirunavaara AB (publ), which is abbreviated LKAB, is an international high-tech mining and minerals group that mines and upgrades the unique iron ore of northern Sweden for the global steel making industry and a growing supplier of industrial minerals for other industrial sectors. Other group business includes drilling systems, rail transport, rockwork services and property management. We are one of Sweden's oldest industrial companies and are wholly owned by the Swedish state. Sustainability is core to our business and our ambition is to be one of the industry's most innovative, resource-efficient and responsible companies.

The majority of our iron ore products are sold to European steelworks. Other important markets are the Middle East, North Africa, Asia and the USA. The Group employs about 4,100 people in 12 countries.

LKAB's operation is decentralised into three divisions. Important development areas are run by the Group's staff units. Northern Division - mines and processes iron ore products in Kiruna, Sweden, Southern Division - mines and processes iron ore products in Malmberget and Svappavaara, Sweden and the Special Products Division - develops and supplies products and services, including industrial minerals, drilling technology and full-service solutions for the mining, construction and civil engineering industries.

LKAB Minerals Ltd in the UK is part of the Special Products Division and has business across four sites and employs around 160 persons. The main operations are processing and marketing of minerals, primarily for the



building, construction, polymer, coating, refractory and foundry industries.  
[www.lkabminerals.com](http://www.lkabminerals.com).

During 2018 LKAB Minerals acquired Francis Flower, an English industrial minerals company. Francis Flower employs 130 people across four sites in England. The company has a niche in recycled and by-stream product upgrades as well as high quality fillers for several end-user applications.

The work during 2019 will focus on integrating Francis Flower into the LKAB Group and to include supply chain risk mapping.

### **Our policies**

LKAB maintains a Code of Conduct. Our Code reflects our commitment to the highest ethical standards. The Code of Conduct applies to all employees and describes how we at LKAB are to conduct ourselves – towards each other, towards our business partners and towards the community around us, but also what those around us can expect of us as a company. It is based on international guidelines and is reinforced by our values - Committed, Innovative and Responsible and on our wish to set an example both in business and in the community. We strive for long-term business relationships founded on trust and the mutual creation of value. Acting ethically creates trust, which in turn paves the way for successful business operations.

The Code covers a wide range of topics relevant to the protection of human rights, including harassment and discrimination, workplace violence, protecting employee privacy and anti-bribery and anti-corruption.

LKAB offers an interactive training on the Code of Conduct. The training is available in Swedish, Norwegian and English and as instructor-led training in other languages. In addition, supervisors and managers are encouraged each year to raise issues concerning sustainability, ethics, follow-up on the Code of Conduct, policies and other steering documents at meetings with their co-workers.

Besides the Code of Conduct, LKAB has other formal policies and governing documents intended to promote ethical and legally compliant business conduct. Policies and governing documents contributing to our commitment to prevent violations of human rights in our business include:

- Human Rights Policy
- Routine regarding handling victimisation, harassment and bullying
- Personnel Policy
- Work Environment Policy
- Policy for Health, Safety, Quality and Environment
- Statement on conflict minerals



- Purchasing code
- Whistleblower system, SpeakUp
- Supplier Code of Conduct

In accordance to our Human Rights Policy, LKAB shall take responsibility for preventing and minimising any negative impact on human rights. To ensure awareness and progress in this work, LKAB decided to develop a training for the top management in LKAB. Each management team received an introduction of human rights and participated in a workshop mapping the risks within their organisation. The preliminary results of all workshops and risk analysis indicate that LKAB is already working on the areas where the greatest identified risks are found. In 2019 the final report will be launched, and the entities will be able to make action plans to handle their risks. Furthermore, the training and the risk analysis tool will be available throughout the company.

LKAB continues to monitor relevant legal developments throughout the world relating to human rights and will also focus on modern slavery to maintain LKAB's commitment to operating responsibly and maintaining our high ethical standards across the company.

### **Our supply chains**

LKAB is committed to ensuring modern forms of slavery and human trafficking are not present in our supply chains and in our business. We expect businesses, companies, and other entities that provide, or seek to provide, any kind of product or service to LKAB, including our suppliers and contractors to respect human rights and promote similar principles in their own supply chains. In November 2016 LKAB published a Supplier Code of Conduct that outlines that we condemn all forms of corruption and fraud, and demand openness, integrity and honesty in all parts of our business operation in every country. In the same way, we clearly repudiate child labour, forced labour and working conditions that can be viewed as harmful, abusive or directly hazardous.

LKAB audit and conduct due diligence on selected suppliers that are considered to have a higher risk based on, among others, geography, industry, sanctions and business-critical risk. Suppliers with a higher risk level also complete a self-assessment based on our Supplier Code of Conduct, before an audit and due diligence is carried out.

Our review is tailored to the type of supplier and the activities the supplier will be performing for LKAB, and may include background screening, sanctions screening, or review of anti-bribery controls, for example.



In some cases, our supply chains are global, with suppliers selected to service the entire LKAB group. In other cases, our suppliers are local or regional, fulfilling the specific needs of our offices around the world.

### **Our sourcing team**

Purchasing activities are coordinated across entities and follow a common process where cost-efficiency and sustainability are the guiding principles. The process contains of different steps: source, procure, evaluate and develop suppliers. In the sourcing phase we identify, qualify and approve new suppliers based on the LKAB Supplier Code of Conduct and risk analysis. If we decide to move on with the supplier, we ask them to take part of the LKAB Supplier Code of Conduct and complete a self-assessment before we conduct an audit and due diligence. Our process includes continuous follow-up to evaluate and monitor supplier performance. It also includes to develop suppliers who does not comply fully with LKAB's requirements but still is considered to add value and show ambitions to improve.

Through cooperation we develop a sustainable supply chain. The way we work with our suppliers to uphold human rights is set in our Supplier Code of Conduct. We expect our suppliers to adhere to our Supplier Code of Conduct and to conduct their business in accordance with the law and ethical manner, which includes adopting business practices that prevent modern slavery and human trafficking from taking place within their supply chain.

In cases where the audit results are not according to our standards, we have formed joint development programs together with our suppliers, such as trainings within health and safety and working conditions. If objectives have not been met and no good reason is given, the relationship has been canceled, or the supplier has been suspended until improvements are shown.

The status today is that all suppliers of LKAB have to approve our basic requirements in order to be able to supply products and services to us. The basic requirements is part of the Supplier Code of Conduct and consists of the requirements where we have zero tolerance. Furthermore, our mineral suppliers in high-risk areas have signed LKAB's Supplier Code of Conduct, as well as most of our mineral suppliers in mid or low-risk areas. All high-risk mineral suppliers and key logistic suppliers have also been audited and trained.

Respect for human rights is non-negotiable, and there we have also issued a specific Statement on Conflict Minerals.



### Planned action for 2019 in line with the UK Modern Slavery Act

- Training of all relevant decision-makers within the company (top and middle management) on risks, policies and standards of modern slavery, human trafficking and forced labour. Including awareness-raising of the signs of modern slavery and information on how to raise complaints within the company.
- From our risk mapping identify which suppliers that will take part of our further information and training regarding modern slavery and human trafficking.
- Update relevant governing documents and processes.

### Reporting

LKAB is committed to transparency in our approach to respecting human rights. We report publicly on our progress, including through this annual Modern Slavery Act Transparency Statement.

This statement was approved on 14 February 2019, by the Board of Directors.

Date 2019-02-28

A handwritten signature in blue ink, appearing to read 'Jan Moström', written over a faint horizontal line.

Jan Moström  
President and CEO