

Terrafame

Sustainability Report **2025**

26 March 2026





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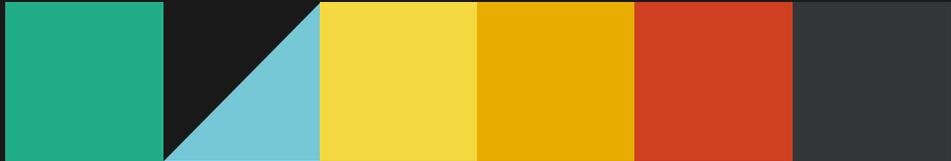
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● ESR2

General information

● BP-1

General basis for preparation of sustainability statements

The Terrafame Group is part of the Finnish Minerals Group (FMG), the parent company of which is Finnish Minerals Group Oy (domiciled in Helsinki). The parent company of the Terrafame Group is Terrafame Ltd (domiciled in Sotkamo), which has one wholly owned subsidiary established in 2023, Terrafame Alueverkko Oy. Terrafame operates on a single site where the company's entire integrated production process from its open-pit mine to the battery chemicals production plant is located in a single industrial area.

Terrafame's business consists of the sales of battery chemicals, intermediate metal products and fertilisers produced on its own site. Battery chemicals include nickel sulphate and cobalt sulphate, and intermediate metal products consist of nickel-cobalt sulphide, zinc sulphide and copper sulphide. Liquid and crystalline ammonium sulphate are sold as a fertiliser, which are generated as a by-product of battery chemical production. The uranium recovery plant, which was launched in summer 2024, produces uranium oxide as its end product to be used as fuel in nuclear energy production.

Terrafame has prepared this sustainability report at the company level (Terrafame Group) and separately from the FMG Group's sustainability report. The reporting period for the sustainability report is consistent with the reporting period for Terrafame's consolidated financial statements, and the information and assumptions used in the preparation of the report are consistent with the corresponding financial information and assumptions used in the financial statements. The parent company Finnish Minerals Group Oy has taken the information provided in the report into account when preparing the FMG Group sustainability report.

Terrafame is not currently covered by the EU sustainability reporting regulations. This sustainability report for 2025 has been prepared on a voluntary basis and separate from the annual report which is approved by the Board of Directors.

Terrafame's Board of Directors has not reviewed this report, and no external assurance has been carried out. The company's executive management, i.e. the CEO and the Leadership Team, have approved the report for publication.

On 16 April 2025, the European Commission published Directive (EU) 2025/794 amending Directives (EU) 2022/2464 and (EU) 2024/1760 regarding the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements. As a result of the amendment directive, Terrafame's sustainability report for 2025 does not fall within the regulation scope. The reporting requirements set out in the EU Corporate Sustainability Reporting Directive (CSRD) and the transposed national reporting requirements, as well as the European Sustainability Reporting Standards (ESRS) published by the European Financial Reporting Advisory Group (EFRAG), have been utilised in the preparation of this report where applicable and have guided its content and structure. The transitional provisions of the "quick fix regulation" related to the EU Omnibus Package have been utilised where applicable. Terrafame has decided that, for the time being, it will not report the information required under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council and the Commission Delegated Regulations because Terrafame's main business activity does not fall within the scope of the Taxonomy.

The disclosure requirements and datapoints presented in this report are based on Terrafame's double materiality assessment updated in 2025. The materiality assessment process is described in section ESR2.IRO-1, and the material impacts, risks and opportunities defined as a result of the process are presented in section ESR2.SBM-3. A list of the ESRS disclosure requirements and datapoints based on other EU legislation applied in the preparation of the report is presented as a content index in section ESR2.IRO-2.

Information about the upstream and downstream value chain

Terrafame has defined the company's value chain as part of the double materiality assessment. The value chain is described in section ESR2.SBM-1. In the double materiality assessment, sustainability matters have been assessed throughout the value chain based on the sustainability matters (topics, subtopics and sub-subtopics) presented in ESR 1/AR 16, and as a result of the assessment process, impacts, risks and opportunities were identified in all areas of the value chain (upstream, own operations, downstream). The sustainability report covers all identified impacts, risks and opportunities throughout the company's value chain.

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✓ The opportunity to exclude classified or other sensitive information has not been used.

✓ The exception to report incomplete information has not been used.

Reporting period of the sustainability report

1 January to 31 December 2025

● BP-2

Disclosures in relation to specific circumstances

On 11 July 2025, the European Commission adopted a new delegated act amending ESRS Set 1 (Delegated Regulation (EU) 2023/2772). The regulation extends the transitional provisions (known as “quick fixes”) defined in the ESRSs. The changes are related to the Omnibus I package, which aims to ease the reporting burden on companies.

Terrafame makes use of the quick-fix regulation and does not report the following information identified as material in the materiality assessment:

- Information according to ESRS 2 SBM-3, paragraph 48(e) (anticipated financial effects)
- Information according to ESRS E1-9, Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- Information according to ESRS E5-6, Anticipated financial effects from material resource use and circular-economy-related risks and opportunities
- All datapoints in ESRS S1-7, Characteristics of non-employee workers in the undertaking’s own workforce
- Information about non-employee workers in ESRS S1-14.

Basis for preparation for the metrics based on indirect sources

Terrafame calculates Scope 3 GHG emissions from the value chain and procurement using a hybrid calculation, i.e. partly using realised volumes, partly using emission data obtained directly from suppliers, and partly calculating the emissions based on purchase invoices (spend-based methodology). Generally accepted emission factors are used to convert realised volumes into GHG emissions. In the calculation based on purchase invoices, emissions are estimated using the monetary value presented in the purchase invoice related to the activity and multiplying it by a generally accepted emission factor.

Terrafame recognises that the accuracy level of the spend-based results is subject to uncertainty, as the purchase invoices used in the calculation do not specify all the items required for the GHG emission calculation. As a result, the Scope 3 emission volumes presented based on purchase invoices may be inaccurate in some respects.

In 2025, the majority of Terrafame’s greenhouse gas emissions—59 percent—consisted of Scope 3 emissions. Of these, 72 percent fell under Category 1 (purchased goods and services). Sixty-four percent of Category 1 emissions are calculated based on the actual quantities of chemicals used in production and, in part, emission factors obtained directly from suppliers. The remaining 36 percent of Category 1 emissions are calculated using a spend-based method. In total, 22 percent of all Scope 3 greenhouse gas emissions are calculated using the spend-based method.

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Changes in the preparation and presentation of sustainability information and the reasons for them

The following changes were made when examining the material sustainability matters:

- 1) In resource use and the circular economy, one new material sustainability matter in relation to the internal recycling of process side streams was identified.
- 2) The sustainability matter related to water pollution did not become material in the new review. As no material sustainability matters related to air or soil pollution were identified either, E2 Pollution was completely excluded from reporting. However, Terrafame recognises that a key factor affecting the acceptability of its operations is the company's water management performance, which is why the company reports on the ratio of sulphate and metal quantities and concentrations in discharges to the permit limits, as well as on the proportion of process-derived sulphate ending up in water treatment in accordance with S3 Affected communities in the summary on [page 11](#).
- 3) In the 2025 materiality review, a previous material, entity-specific sustainability matter related to Terrafame's employment impacts was expanded to cover the company's material impacts on the regional economy, and the reporting of the sustainability matter was integrated in the summary for S3.
- 4) Corruption and bribery did not become material sustainability matters. Terrafame is a signatory to the UN Global Compact initiative and is committed to adopting, supporting and implementing within its sphere of influence the initiative's anti-corruption and anti-bribery principle, and has decided to report on its measures to prevent and detect corruption and bribery, as well as on the metrics related to corruption and bribery cases that have come to the company's attention.

Terrafame makes use of the quick-fix regulation in terms of the topical standards S2, S3 and E4, and reports on them as a summary in accordance with the amended ESRS 2.17.

The calculation of certain key figures has been refined. Comparative figures have been updated accordingly.

External certificates

In 2025, Terrafame had certified management systems in place for quality, environment, occupational safety and health, information security, and energy management (ISO 9001, ISO 14001, ISO 45001, ISO 27001, ISO 50001). A third-party assurance service provider has not verified the information and processes used in sustainability reporting nor verified that they comply with the above standards.

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Information about topical standards E4, S2, S3 and S4

According to ESRS 1 Appendix C/Omnibus quick-fix

● E4

Biodiversity and ecosystems

Material negative impacts

- 1 Changes in land use and the use of freshwater and seawater
 - Extensive use of land, impacts on the natural environment and ecosystem services
- 2 Land degradation
 - Earthworks and construction activities lead to the degradation of soil environments.
- 3 Soil sealing by construction
 - Industrial use of production areas represents a permanent transformation of the land.
 - Soil is sealed.

The scope of the assessment covers the company's own production.

The double materiality assessment identified negative biodiversity-related sustainability impacts arising from the production method in use. Terrafame's business model is based on an integrated production chain located in a single production area, consisting of the extraction of ore from the company's own open-pit mine, ore crushing, bio-heap leaching, metal recovery and the production of battery chemicals. The integrated production process supports the controlled use of resources and contributes to a reduction of the wider land use associated with the different production stages by concentrating production activities in one place. As a result of the production method, however, Terrafame's operations are highly land-use intensive, which is reflected especially in the company's biodiversity impacts. The selected production method is justified because it allows the utilisation of metals found in low concentrations in the ore and, thanks to its energy efficiency, the small carbon footprint of the nickel sulphate used as a battery chemical.

Terrafame has not yet set any time-bound and outcome-oriented targets related to biodiversity. However, the company monitors certain land-use indicators, which describe the material impact of the activities, and there is historical data on them from previous years. The metrics are partly based on voluntary commitments and partly on requirements posed by the supervisory authority. Biodiversity targets will be set in 2027.

Biodiversity policies

Sustainability policy is Terrafame's key biodiversity-related policy that includes the company's key principles regarding biodiversity: the company is committed to taking into account the impacts of its operations on the area's special nature values and biodiversity from the planning stage onwards, as well as investigating suitable sites in land-use areas where the habitats of affected species can be improved.

During the year, the company's Code of Conduct and human rights policy were revised to include more specific information about environmental matters such as biodiversity. The revised policies entered into force in December 2025. Terrafame also has separate guidelines for biodiversity conservation, used to implement the principles related to biodiversity.

Terrafame has been committed to the TSM Finland sustainable mining system since 2017, and conducts an annual self-assessment of the application of the system's biodiversity assessment tool. The most recent external verification was performed in December 2024, and the results are available on the TSM Finland [website](#).

Terrafame signed the UN Global Compact initiative in 2020 and is committed to adopting, supporting and implementing within its sphere of influence the biodiversity principles included in the initiative's Ten Principles. The company has also surveyed the UN Sustainable Development Goals (SDGs) material to its business impacts, of which SDG 15, Life on Land, is material for the company due to the negative impacts of its land use on biodiversity. Where possible, the company's policies guide efforts to mitigate these impacts where possible.

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Actions related to biodiversity

The protection of biodiversity is a continuous activity that is carried out as part of land-use projects within the mining concession. Compensation actions are taken on a case-by-case basis. Closure is already carried out during operations and continues until the end of the lifecycle. Closure measures were initiated in 2024, and their goal is a biologically diverse and stable habitat.

Metrics related to biodiversity

Terrafame monitors, on an annual basis, the area to be brought into use (soil extraction), the size of the area being used, and the surface area of closed production and waste areas. These key figures describe the key impact of the operations, and there is historical data on them from previous years. The metrics are in accordance with the new Nature Conservation Act and have been discussed with the supervisory authority. In addition, the company monitors and reports on biodiversity indicators as part of the chemical industry's Responsible Care programme, to which Terrafame committed in 2023.

Impact metrics related to biodiversity and ecosystems change

	2024	2025	Change (%)
Total land use area, km ²	29.7	30.3	+1.9
Total nature conservation oriented area on site, ha	4.3	4.3	0.0
Land brought into use during the year, ha	104	54	-48.2
Total sealed area, km ²	11	12	+8.0
Total nature conservation oriented area off site, ha	349	349	0.0
Total mining concession area, km ²	60	60	0.0
Total production and waste areas closed, ha	9.3	31	+233.3
Forest area owned by Terrafame, km ²	30	28	-6.7
Growing stock volume of the forest area, m ³	330,000	330,000	0.0

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● S2

Workers in the value chain

Material negative impact

Health and safety

- Non-compliance with guidelines may lead to the realisation of occupational safety and/or health risks.

The scope of the assessment covers contractors operating in the industrial area.

In the double materiality assessment, a sustainability matter related to workers in the value chain linked to the operating model that utilises outsourcing of production activities emerged as material. Terrafame operates in the mining and chemicals industries, and its operations rely on heavy machinery and various process chemicals. The company's industrial area houses dozens of different production areas and plants, each of which features specific safety matters and risks that must be taken into account during working. Purchased services and subcontracting play a significant role in Terrafame's business model. They are especially used in infrastructure construction, maintenance and other production support activities. In 2025, a total of 956 employees of cooperation partners worked in the industrial area. Taking care of the occupational safety and health of workers working in an industrial area is a key part of Terrafame's operating model.

Terrafame's goal is that operations in the company's industrial area are safe for both the company's own personnel and those of its cooperation partners in all circumstances and in all situations. The permanent goal is zero accidents. Occupational safety and health performance is monitored with a commonly used LTIFR indicator, where accidents leading to more than one day's absence per million working hours are calculated. The LTIFR target for 2025 was <5.

In 2025, the accident frequency of contractors operating in the industrial area decreased significantly compared to the end of the previous year, reaching the best result in Terrafame's history. This strong positive development was driven by the long-term joint efforts of Terrafame and its partner companies to improve occupational safety.

Terrafame has set a target of the LTIFR of cooperation partners operating in the industrial area being zero by 2035. The short-term target set for 2026 is <1.

Policies related to the occupational safety and health of value chain workers

In 2025, the key policies related to the personnel of contractors and subcontractors in the industrial area were the Terrafame Code of Conduct and the human rights policy. Both of them were revised during the year to clarify matters such as the occupational safety and health aspect related to value chain workers. In addition, a separate Supplier Code of Conduct was prepared for the company, which defines the principles of responsible conduct that suppliers are expected to follow, and which are a prerequisite for cooperation with Terrafame. The revised policies entered into force in December 2025. Terrafame also has separate safety rules that partners operating in the industrial area are required to follow.

Since 2017, Terrafame has been committed to the guiding principles of the TSM Finland sustainable mining system, and the company conducts an annual self-assessment of the application of the system's occupational safety and health assessment tool, which also covers, where applicable, topics related to the occupational safety and health of the personnel of partner companies operating in Terrafame's production area. The most recent external verification was performed in December 2024, and the results are available on the TSM Finland [website](#).

Terrafame signed the UN Global Compact initiative in 2020 and is committed to adopting, supporting and implementing the human and labour rights principles included in the initiative's Ten Principles within its sphere of influence and, to the extent possible, across its value chain. The company has also surveyed the UN Sustainable Development Goals (SDGs) but found no direct link between its business, value chain workers and the SDGs. However, Terrafame is committed to supporting SDGs such as SDG 3 Good health and wellbeing in its own operations by heavily investing in occupational health and safety measures in the production area. Terrafame's safety management system is ISO 45001-certified. The company requires its partners to comply with relevant laws, good practices and Terrafame's guidelines.

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Actions related to the occupational safety and health of value chain workers

Terrafame continuously monitors the occupational safety and health performance of the industrial area, and any non-conformances are quickly addressed. Non-conformances may also result in disciplinary measures. Terrafame meets with the operational management of cooperation partners operating in the industrial area regularly at contractor meetings arranged around three times per year. The themes of the meetings focus on topics that are relevant at the time. On average, some 150 representatives of cooperation partner companies attend the meetings annually. In 2025, specific actions concerning the personnel of cooperation partner companies included safety discussions, site audits of companies operating in the industrial area, and fire and occupational safety and health assessments conducted by the plant's fire brigade on partner companies' worksites. Investments in improving occupational safety and health performance are made proactively and by providing related training also for representatives of partner companies.

Metrics related to the occupational safety and health of value chain workers

In addition to its own occupational safety and health indicators, the company monitors and reports occupational safety and health indicators related to the contractors and subcontractors operating in the industrial area as part of the chemical industry's Responsible Care programme, to which Terrafame committed in 2023.

Metrics and targets related to the occupational safety and health of value chain workers

	Actual		Targets				Relation to the policy objective
	2024	2025	2025	2026	2030	2035	
LTIFR (1)	5.2	1.6	<5	<1	<1	0	Permanent goal: zero accidents. Reduction of negative impact.
Occupational disease cases	0	0	0	0	0	0	Ensuring a high level of occupational hygiene. Reduction of negative impact.

(1) Accidents leading to absence per one million working hours (LTIFR1, rolling 12 months)

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● S3

Affected communities

Material positive impacts

1 Clean water and sanitation

- A neighbourhood cooperation group has been established to provide more detailed information about the issues the group wants to hear more about. It has already increased understanding of the operations and improved interaction.
- Active stakeholder cooperation, open communication – a website intended for the neighbourhood, a water review distributed with the local newspaper. Environmental communication especially is very open.

The scope of the assessment covers residents and other actors operating in the surrounding area.

2 Entity-specific sustainability matter

- Significant regional economic impacts.

The scope of the assessment covers economic multiplier effects arising from Terrafame's operations, especially in the Kainuu region.

In the double materiality assessment, sustainability matters related to the affected communities emerged as material. They are linked to the environmental impacts of the operations in the surrounding area and the multiplier effects on the regional economy.

Terrafame operates a multi-metal mine in the municipality of Sotkamo in Finland, whose operations are based on Europe's largest nickel ore reserves. The mine is the starting point of the company's integrated production chain, the end products of which include zinc and nickel-cobalt sulphides, as well as battery chemicals, and ammonium sulphate used as an agricultural fertiliser. In addition, a uranium recovery plant was launched in 2024.

The production process is based on the bio-heap leaching of ore, in which water management plays a significant role. Regarding the environmental themes related to the company's operations, impacts on nearby waterbodies are of particular interest to parties operating in the surrounding area.

The company is engaged in an active dialogue with nearby residents and their representatives, particularly regarding the company's water management and the closure of waste and production areas, which are strongly linked to this.

Terrafame's operations provide both direct and indirect financial benefits for various stakeholders, especially in the company's neighbouring areas but also more widely in Finland. Terrafame's operations have significant impacts on the regional economy and employment. Terrafame employs some 900 people directly and some 1,000 persons through contractors operating in the industrial area, which makes Terrafame the largest industrial employer in the Kainuu region. The remuneration paid to the personnel strengthens consumer demand in the region, creating positive multiplier effects on consumer products and services. The multiplier effects of operations also increase demand in other industrial sectors. In addition, tax-based revenues strengthen the municipal economy and supports the provision of municipal services. Terrafame also actively cooperates with educational institutions in the region. In recent years, the company has carried out several extensive apprenticeships, which have responded to the labour needs of both Terrafame and, to some extent, other industrial companies in the region.

Terrafame's goal is to ensure the company's social licence, especially among the communities affected by the company's own operations. A key factor affecting the acceptability of the operations is the company's water management performance. Terrafame's target is always keeping the amounts of sulphate and metals in discharges below the permit quotas, and the metal and sulphate concentrations below the permit limits. In addition, the company has set a target of 100% of the sulphate led from the process to water treatment to be recycled back into the solution cycle every year.

Observations and feedback from neighbours also help monitor environmental impacts. The deviation report target for 2025 was less than ten. The target set for 2030 is less than five, and the target for 2035 less than three. The long-term target is that no deviation reports will be made by neighbours.

Mining and chemicals industry is one of the top industries in Kainuu, and the industry's development in the region is monitored. In 2025, Terrafame quarterly reported the company's net sales, the number of personnel and the number of personnel of contractors operating in the industrial area. The company also monitors the share of regional workers in its own workforce. Terrafame does not disclose its financial targets.

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Policies related to local communities

In 2025, the key policies related to local communities were Terrafame's sustainability policy and human rights policy, which include commitments to active dialogue with various stakeholders and the reduction of environmental impacts. During the year, the company's Code of Conduct and human rights policy were revised to include more specific information about matters such as the stakeholder perspective. The revised policies entered into force in December 2025.

Terrafame has been committed to the guiding principles of the TSM Finland sustainable mining system since 2017 and conducts an annual self-assessment of the application of the system's stakeholder cooperation assessment tool. The most recent external verification was performed in December 2024, and the results are available on the TSM Finland [website](#).

Terrafame signed the UN Global Compact initiative in 2020 and is committed to adopting, supporting and implementing the human rights and environmental principles included in the initiative's Ten Principles within its sphere of influence and in its value chain. The company has surveyed the UN Sustainable Development Goals (SDGs), but found no direct link between its business, parties operating in the surrounding area and the SDGs. However, the company is committed to supporting in its own operations SDGs such as SDG 6, Clean water and sanitation, by ensuring through operations in accordance with the environmental permit that there is no risk of pollution of nearby waterbodies.

Terrafame's parent company Finnish Minerals Group is a company wholly owned by the State of Finland entrusted with a special assignment, and one of the targets in its sustainability policy is the achievement of positive social impacts such as jobs and GDP growth.

Actions and metrics related to local communities

Since the very beginning of its operations, Terrafame has maintained close contact with nearby residents and aimed to communicate transparently about its activities. This has been done to increase understanding of the company's operations and dispel related suspicions. Since 2019, the company has published a review of nearby waterbodies which is distributed to all households in the area with local newspapers at the beginning of the summer. The review covers the status of waterbodies near Terrafame's site and the company's water management.

Local residents and their representatives are involved in the discussion of Terrafame's current topics at informal annual community meetings. Since 2022, the company has had a separate neighbouring area cooperation group with diverse expertise on the sphere of influence of the company's operations. The aim is to convene the group once or twice a year. The group did not convene in 2025.

The company's website has a separate section on local communications. Information published on the website includes results of the company's monitoring obligation programme, as well as comprehensive information about the company's operations and environmental impacts. In addition, a separate section has recently been added to the website where the progress of the Kolmisoppi project, which has been granted strategic project status as part of the European Union's Critical Raw Materials Act (CRMA), can be followed.

Terrafame's financial indicators are part of the company's financial reporting. Terrafame monitors the quality of water emissions under a monitoring obligation programme approved by the authorities. The limit values for emissions to water are defined in the company's environmental permit. In addition to the official and independent monitoring obligation, Terrafame also carries out separate operational monitoring using its own laboratory. The company's stakeholder work and social impacts are also reported as part of the TSM Finland sustainable mining system's corporate social responsibility reporting. Terrafame's 2024 corporate social responsibility report is available on the TSM Finland [website](#).

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Metrics and targets related to discharge waters and employment effects

	Actual		Targets				Long-term targets	Relation to the policy objectives
	2024	2025	2025	2026	2030	2035		
Recycling rate of process sulphate, %	99	99	100	100	-	-	100	Improvement of environmental performance.
Sulphates in discharges below the permit quota, tonnes	12424	10 088	15,780	15,780 (1)	-	-	-	Improvement of environmental performance.
Metal and sulphate contents in discharges below the permit conditions, %	100	100	100	100	-	-	100	Improvement of environmental performance.
Metal and sulphate loadings of discharges below the permit limits, %	100	100	100	100	-	-	100	Improvement of environmental performance.
Number of local observations (water, dust, vibration, noise, smell).	9	13	<10	8	<5	<3	0	Improvement of environmental performance.
Nets sales, MEUR	544,5	566,1	-	-	-	-	-	
Number of workers, own workforce, FTE	793	887	-	-	-	-	-	One of the targets of Terrafame's parent company FMG, a company wholly owned by the State of Finland entrusted with a special assignment, is to create positive social impacts such as jobs and GDP growth in Finland.
Number of workers of industrial site contractors, FTE	1217	956	-	-	-	-	-	
Percentage of local employees of all employees (headcount at year-end), %	87	83	-	-	-	-	-	

(1) Based on the decision of the Vaasa Administrative Court (VHO) 12/2024.

● S4

Consumers and end-users

Terrafame only operates in the B2B market. The company's products are sold to international operators for further processing and utilisation in various industries. Terrafame does not operate in the B2C market. Terrafame's own value chain does not cover end-users and consumers. The value chain is described in more detail in section [SBM-1](#).

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● GOV-1

The role of the administrative, supervisory and management bodies

The Annual General Meeting is Terrafame's highest decision-making body. It decides on the election of the members of the Board of Directors, and elects the Chair of the Board of Directors and a possible Vice Chair. Terrafame's key shareholders present their proposal for the composition of the Board of Directors in a procedure compliant with the partnership agreement so that Finnish Minerals Group Oy has the right to nominate candidates for a maximum of five seats on the Board, and Galena Funds (Trafigura) has the right to nominate candidates for a maximum of two seats on the Board. The Board of Directors appoints and dismisses the CEO. The Board of Directors also appoints the members of the company's Leadership Team. The company's bodies, i.e. the Board of Directors and the CEO, form Terrafame's administrative, supervisory and management bodies referred to in sustainability reporting.

In addition to its statutory duties, one of the key tasks of the Board of Directors is to carry the responsibility for significant decisions related to the company's policies, strategy, investments, organisation and financing. The CEO is responsible for the operational management of business in accordance with the strategic plans, budgets, action plans and guidelines and regulations approved by the Board of Directors. The CEO presents business matters to the Board of Directors and is responsible for the implementation of the Board's decisions. More information about Terrafame's governance model, the Board members and the CEO is available in the corporate governance statement available on the company's [website](#).

Terrafame has defined diversity principles for the company's Board of Directors. When electing the members of the Board of Directors, the aim is that broad expertise, experience and knowledge are represented in the Board of Directors regarding Terrafame's production process and factors related to the company's sector. As Terrafame has moved forward in the processing chain into a producer of battery chemicals, knowledge of the base metal market, as well as the chemical and automotive industries and their subcontracting networks, is emphasised in the Board of Directors' activities. This allows the Board of Directors to carry out its tasks related to the company's strategy, finances and risk management, in particular, as effectively as possible. Diversity in the Board of Directors, in terms of both competence and gender, enables Terrafame to achieve its business goals.

Terrafame assesses that the principles regarding board diversity have been met in such a way that the composition of the Board includes diverse and wide-ranging experience in both national and international business, relating to Terrafame's industry, products and geographical location. Following the 2025 Annual General Meeting, the company deviated from Recommendation 8 of the Corporate Governance Code in that all Board members elected by the AGM are men.

At the end of 2025, the Board consisted of a total of seven (7) members, all male. Four (4) of the Board members were Finnish citizens, one (1) a Spanish citizen, and one (1) a German citizen. One (1) of the members had dual citizenship of the United Kingdom and Ireland. During the year, two Finnish citizens served as Terrafame's CEO, both of them male. More information about the composition and diversity of Terrafame's administrative, supervisory and management bodies is available in the corporate governance statement, which is available on the company's [website](#).

Diversity of Board members in 2025 (2024)

Executive management	Non-executive management
0 (0)	7 (7)
Gender diversity ratio	Percentage of independent Board members
0% (17%)	57% (57%)
Representation of employees	
Terrafame's Board of Directors did not include a personnel representative in 2024-2025.	

Experience and expertise of the administrative, supervisory and management bodies

The members of the Board of Directors represent multidisciplinary and diverse experience in both national and international business activities. The educational background of the members of the Board of Directors also offers good opportunities to ensure the achievement of Terrafame's business goals. The new CEO, who started in September 2025, has varied experience from various industries.

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In matters related to sustainability, the Board of Directors and the CEO make use of the company's strong internal ESG expertise. External ESG experts, as well as experts from Terrafame's parent company Finnish Minerals Group, are used as necessary.

Terrafame's senior management and the Board of Directors regularly evaluate the company's organisational structure, competence and capabilities. In this context, the resources and expertise allocated to sustainability matters are also assessed.

● G1.GOV-1

The role of the administrative, supervisory and management bodies in Business Conduct

The members of the Board of Directors have diverse experience of board positions in other companies, and in addition to solid financial and industry expertise, multi-sector experience of governance positions and law.

The CEO has expertise related to Terrafame's business operations in the areas of industrial production, strategic management and organisational development, which supports the company's ability to develop its production, strengthen its customer-oriented operations, and respond to market changes competitively and responsibly.

Percentage of Board members by gender in 2025 (2024)

Women	Men
0% (14%)	100% (86%)
Other gender	Gender not reported
0% (0%)	0% (0%)

Terrafame's Board of Directors has not been evaluated based on any diversity aspects other than gender.

Role and responsibilities of the administrative, supervisory and management bodies

In Terrafame's governance model, the Board of Directors approves the company's Code of Conduct and policies, which describe the company's general responsibilities and obligations, commitments and targets regarding the company's material sustainability matters and human rights impacts. At the end of 2025, the Board members were: Matti Hietanen (Vice Chair); Julian Sanchez; Peter Schuhmacher; Jyrki Vainionpää; Patrick Burke; Markus Mannström; and Markku Teräsvasara (Chair, starting from 15 May 2025).

In 2025, the CEO was responsible for the management of the material sustainability matters and the procedures related to their monitoring and control. Terrafame's CEO until 31 August 2025 was Seppo Voutilainen. Antti Koulumies started as the new CEO on 1 September 2025.

The CEO is responsible for the implementation of policies related to sustainability. The CEO is responsible for decisions made within the scope of the defined policies, as well as for ensuring that the members of the Leadership Team implement the operational measures related to these decisions in their respective areas of responsibility.

Terrafame's Chief Sustainability Officer is responsible for the company's ESG matters as a whole, as well as for the monitoring and interpretation of the application of the sustainability policy. The role of the Chief Sustainability Officer is to ensure that the processes and reporting related to the management of ESG matters function properly. The Chief Sustainability Officer also bears the overall responsibility for the management of the human rights and environmental due diligence (HREDD) process.

The Chief People and Governance Officer carries the overall responsibility for corporate governance at the company level, and is also responsible for the monitoring and interpretation of the application of the Code of Conduct.

The CFO bears the overall responsibility for risk management.

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The CFO reports to the company's CEO and is a member of the Leadership Team. In 2025, the Chief Sustainability Officer presented the results of the double materiality assessment, the targets derived from them as well as the sustainability report based on the ESRs to the Leadership Team and the CEO for approval. Actions related to sustainability matters are implemented in the company's production and support functions in accordance with the internal policies, the Code of Conduct and the sustainability programme. The member of the Leadership Team responsible for each area is responsible for the implementation.

In the spring of 2025, Terrafame updated its material sustainability matters in accordance with the ESRs1 requirements and surveyed its targets related to sustainability matters. In the late summer of 2025, the company launched a re-evaluation of its strategy, and a decision to await its results before implementing the sustainability programme was made. The Board of Directors approved the company's updated strategy in November 2025, and its implementation started immediately through the projects defined during the strategy process. Processes for setting targets related to material sustainability matters and monitoring their progress will also be specified in connection with the implementation of the strategy.

● GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Terrafame voluntarily prepares a sustainability report under the CSRD. In 2025, the Board of Directors was not assigned any responsibilities related to sustainability reporting. As a result, the company's Audit Committee was also not assigned any responsibilities under the Limited Liability Companies Act in relation to sustainability reporting procedures or the assurance of sustainability reporting in 2025.

In 2025, procedures related to Terrafame's sustainability reporting were the responsibility of the CEO. The CEO approved the sustainability report for 2025, and is responsible for ensuring that the report provides a true and fair view of the company's material sustainability matters. The voluntary sustainability report was not assured.

In 2025, the Board received monthly reports on the occupational safety and health, and environmental status as part of the CEO's review. In addition, the Board's monthly report contains more extensive personnel, safety and environmental indicators. Terrafame's human rights and corporate governance indicators were reported to the Board for information on a quarterly basis. Information about the other ESG themes was reported as necessary.

The Chief Sustainability Officer presented the results of the 2025 double materiality assessment to the CEO and Leadership Team. The responsible members of the Leadership Team report impacts, risks or opportunities related to sustainability matters to the Leadership Team as appropriate. The Chief Sustainability Officer reported to the CEO and the Leadership Team on the implementation of the company's due diligence process, as well as on the company's other ESG matters in connection with the sustainability report and as required.

During the year, the Leadership Team addressed the following material sustainability matters:

- Battery chemicals market situation
- Carbon roadmap to reduce the company's own GHG emissions
- Energy efficiency measures
- Quarrying of waste rock
- Occupational safety and health performance of the company's own personnel and contractors' personnel
- Employee experience and feedback. Work ability and workplace wellbeing of the company's own workforce and competence development
- Water management
- Local stakeholders
- Policies related to sustainability matters
- Human rights due diligence process.

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● GOV-3

Integration of sustainability-related performance in incentive schemes

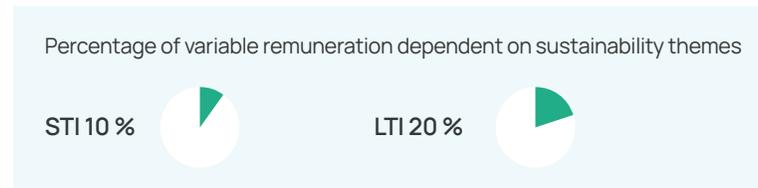
The main component of the remuneration for the members of the Board of Directors consists of a fixed fee confirmed for the term of office at the Annual General Meeting. In addition to the fixed annual fee, the members of the Board of Directors are paid a meeting fee. In accordance with the remuneration policy, the members of the Board of Directors are not paid any variable remuneration, nor are they rewarded based on performance.

In accordance with the remuneration policy, the remuneration of the CEO consists of a fixed basic salary, fringe benefits in accordance with the company's applicable rules of procedure, and short-term (STI) and long-term (LTI) incentive schemes. The STI and LTI schemes include sustainability targets related to safety and the environment.

In 2025, the company's STI remuneration criteria were related to sustainability (safety and the environment) and the implementation of the strategy. The performance targets set for the LTI schemes are related to production, financial profitability and sustainability (the environment), which seek to support Terrafame's development and success, as well as the achievement of its strategic and corporate responsibility targets in the long term.

The safety and environmental goals set in the STI and LTI schemes include numerical targets against which performance is assessed at the end of the period. Target-setting guides continuous improvement of performance.

Performance affects the amount of remuneration.



Terrafame's Board of Directors decides on the remuneration of the CEO. The Annual General Meeting decides on the remuneration of the Board of Directors.

● E1.GOV-3

Integration of climate-related performance in incentive schemes

The remuneration schemes of Terrafame's administrative, management and supervisory bodies do not include any elements linked directly to the climate.

● GOV-4

Statement on sustainability due diligence

Key elements of the due diligence process	Mapping of the information on the due diligence process
Embedding due diligence in governance, strategy and business model	ESRS 2 Information about topical standards E4, S2, S3 and S4, pp. 7-13; G1.GOV-1, pp. 15-16; GOV-2, p. 16; S1-1, pp. 65-69; G1, pp. 86-96
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 Information about topical standards E4, S2, S3 and S4, pp. 7-13; SBM-2, pp. 21-22; IRO-1, pp. 37-44; S1-2, pp. 70-71
Identifying and assessing adverse impacts	IRO-1, pp. 37-44; G1.MDR-A1, p. 94
Taking actions to address those adverse impacts	ESRS 2 Information about topical standards E4, S2, S3 and S4, pp. 7-13; E1-3, p. 56; S1-3, pp. 71-72; S1-4, p. 72; S1-4 MDR-A, p. 75; G1.MDR-A1, p. 94
Tracking the effectiveness of these efforts and communicating	ESRS 2 Information about topical standards E4, S2, S3 and S4, pp. 7-13; E1-6, pp. 58-60; S1-14, p. 83; S1-1, p. 84; G1.MDR-A1, p. 94

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● GOV-5

Risk management and internal controls over sustainability reporting

In accordance with the principle of double materiality, Terrafame has identified and assessed its material sustainability matters and defined the datapoints regarding which the company must provide information in the sustainability report. The reporting requirements set out in the Finnish Accounting Act and the ESRS have been used in the preparation of the report where applicable. Terrafame prepares the report voluntarily, which is why neither the report nor its preparation process has been assured. The company's Leadership Team has reviewed the report, and the CEO is responsible for ensuring that the report provides a true and fair view of the company's material sustainability matters. The sustainability function is responsible for the preparation of the report and the coordination of its content.

The company aims to prepare a separate ESG handbook describing the responsibilities and processes related to internal control and risk management in sustainability reporting, as well as the basis for preparation and procedures for reporting.

● SBM-1

Strategy, business model and value chain

Terrafame's main products are battery chemicals and intermediate metal products. Battery chemicals consist of nickel and cobalt sulphate used in electric vehicle batteries. Intermediate metal products include nickel-cobalt sulphide and zinc sulphide. The new strategy also includes the development of copper production. In addition, liquid and crystalline ammonium sulphate generated as a by-product of battery chemical production are sold as a fertiliser. In June 2024, Terrafame started the utilisation as a by-product of the uranium available in small concentrations in the extracted ore. With the start of the operations, Finland is the only EU Member State producing uranium.

Terrafame revised its strategy at the end of 2025. With the help of the new products, the company aims to reduce dependence on fluctuations in the demand for and price of nickel, as well as to strengthen the company's position as a major player in the European value chain of critical raw materials.

The main market areas for battery chemicals are in Asia and Europe. Currently, global demand for electric vehicles and the production of battery cells, precursor and cathode active materials are concentrated in Asia, but a regional battery value chain is also being built in Europe. From the very start, Terrafame has sought to actively position itself as part of this European value chain, having already signed battery chemical delivery agreements directly with car manufacturers (e.g. Renault and Stellantis).

In line with the revised strategy, Terrafame seeks to grow its battery chemicals business and strategically target end customers who value sustainable battery raw materials made in Europe. In addition, the company is open to deepening partnerships with other battery value chain players. The company also considering new opportunities for future profitable growth by, for example, increasing its natural uranium production to support clean energy goals, and exploring the revenue potential of other critical materials such as rare earth elements that are not yet exploited. These new products could be in production towards the end of this decade.

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Terrafame has defined that the purpose of its operations is to reduce the carbon footprint of transport with sustainably produced battery chemicals. The company's target is to be an integral part of the emerging European battery value chain for electric vehicles and to maintain an active and current dialogue with stakeholders. Terrafame's production process located in a single industrial area is energy efficient, and the carbon footprint from the produced battery chemicals is one of the smallest in the industry. However, the company seeks to further reduce its carbon footprint and has set itself the ambitious goal of being carbon neutral in terms of GHG emissions from its own production (Scopes 1–2) by 2039. As part of the state-owned Finnish Minerals Group, in its decision-making and operations, Terrafame takes the sustainability goals set for the Group companies, which are in line with the Government decision-in-principle on the State ownership policy and the sustainability targets, into account.

Terrafame's net sales in 2025 totalled EUR 556,1 (544.5) million. In 2025, the net sales of Terrafame's battery chemicals business totalled EUR 197,0 (196.7) million, or 34,8 (36.1) per cent of total net sales. In the intermediate metal product business, products are sold not only via direct customer relationships but also through sales agreements with Trafigura, Terrafame's other main shareholder, to international markets. In 2025, the net sales of the intermediate metal products business totalled EUR 359,1 (347.8) million, or 63,4 (63.9) per cent of the company's total net sales.

Value creation

Terrafame's production is based on the nickel ore reserves in the area of its mining concession, which are the largest in Europe: measured, indicated and inferred mineral reserves total 1,499 million tonnes, with a metal content of 3.9 million tonnes of nickel and 0.3 million tonnes of cobalt (JORC 11/2020).

The mining concession contains two verified ore deposits: Kuusilampi, housing the company's current open-pit mine, and Kolmisoppi, which is to be deployed by the end of 2028. Using the Kolmisoppi deposit with the current Kuusilampi deposit will enable Terrafame to continue its operations until the 2050s with the current measured and indicated mineral reserves. In addition, the inferred mineral reserves of the Kolmisoppi and Kuusilampi deposits may extend mining to the 2080s.

Terrafame has already become a significant operator in the critical raw materials value chain in Europe, as the company mines around 70% of the nickel mined in Europe. In March 2025, Terrafame's Kolmisoppi project was granted strategic project status under the Critical Raw Materials Act (CRMA) of the European Union.

Terrafame's value creation is based on the efficient use of resources, an integrated and energy-efficient production process, and an active position in the battery value chain to support customers' value creation. Terrafame's operations provide both direct and indirect financial benefits for various stakeholders, especially in the company's neighbouring areas but also more widely in Finland. Terrafame is continuously developing its operations with its personnel so that it can offer its own personnel and the personnel of contractors operating in the industrial area a safe and healthy work environment, as well as provide its personnel with opportunities to learn something new and advance on their career path.

Long-term cooperation is sought with cooperation partners, in which the development of safety and operational quality is a continuous activity, as well as an absolute requirement for the continuity of the cooperation. Long-term procurement agreements ensure that contractors have the opportunity to invest in safe, high-quality and cost-effective operations. The remuneration paid to employees strengthens consumer demand and creates positive multiplier effects on consumer products and services. The multiplier effects of the operations also increase demand in other industrial sectors. In addition, tax-based revenue improves the municipal economy and supports the provision of municipal services.

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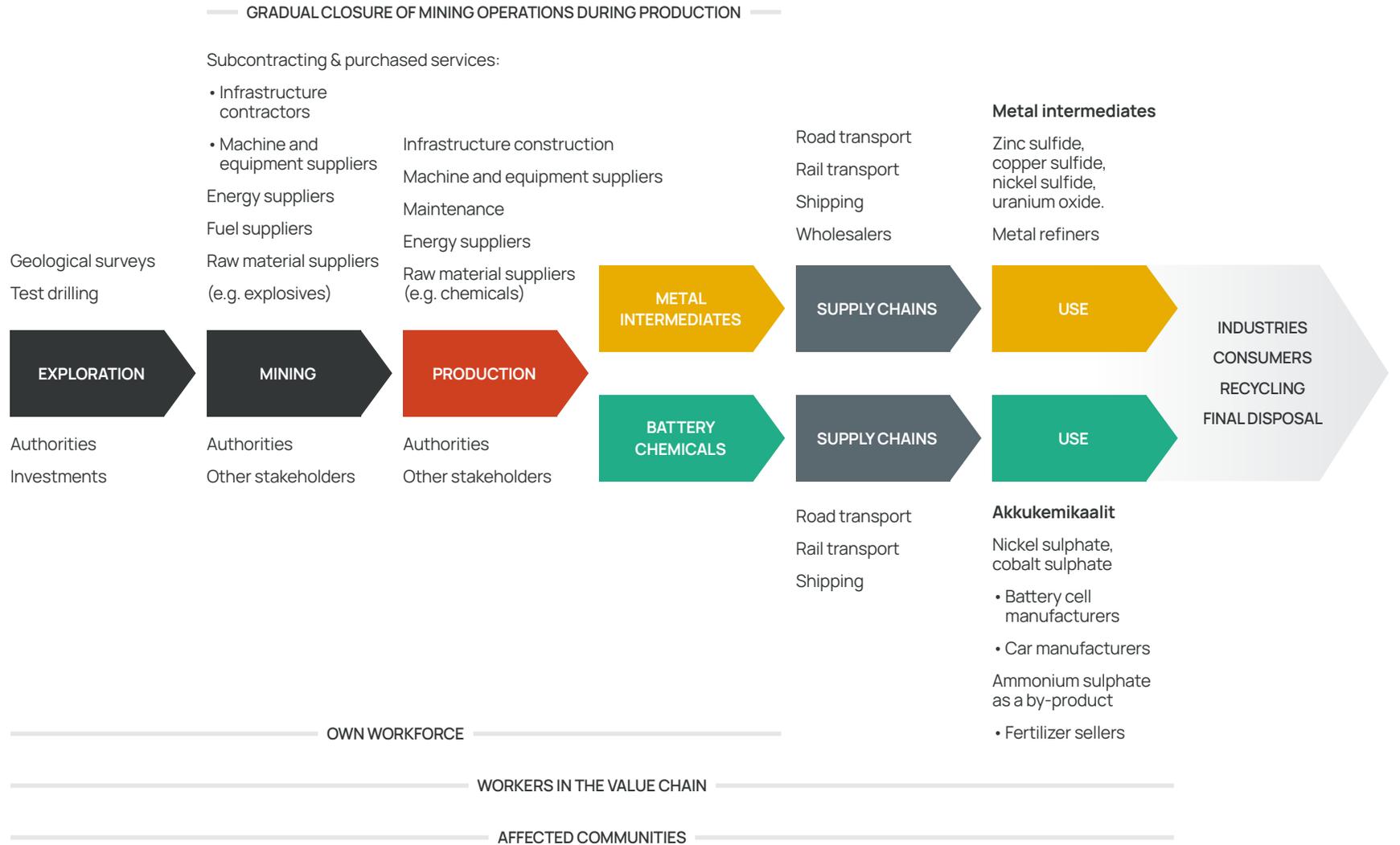
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Value chain



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Terrafame’s own production represents the upstream stage of the value chain: metal ore, the primary raw material used in production, is extracted from an open-pit mine located in the company’s own industrial area; and intermediate metal products and battery chemicals are generated as the end products of the integrated production process starting there. These outputs are then delivered in cooperation with logistics partners (road, rail and sea transport) to international markets for further processing for the needs of various industries. A domestic partner distributes ammonium sulphate, a by-product of the battery chemicals plant, to both domestic and international markets. Uranium oxide, a by-product of metal recovery, is delivered to the international markets for further processing into nuclear fuel.

Terrafame’s production process uses diverse chemicals, other consumables, materials, fuels and energy commonly used in mining and industrial processes, which are sourced from domestic and international providers. Purchased services and subcontracting is also utilised to a significant extent in the production area, especially in infrastructure construction, maintenance and other production support functions. Terrafame does not operate in the B2C market.

Terrafame has no operations in the following industries

- Fossil fuels (coal, oil and gas)
- NACE 20.2 chemicals
- Controversial weapons
- Cultivation and production of tobacco

Terrafame only has its own operations in Finland.

Workers by country of operation	2024	2025
Total number of workers at the end of the year,	812	907
of which in Finland	812	907
Total number of workers during the period, FTE,	793	887
of which in Finland	793	887
Total net sales, MEUR	544	566

● SBM-2

Interests and views of stakeholders

For Terrafame, stakeholder cooperation and active interaction with key stakeholders have been important throughout the company’s history. Stakeholders and their expectations were identified for the first time in 2015.

Terrafame is engaged in close cooperation with its personnel through discussion and development. Cooperation offers opportunities for engagement and influencing. Active committees are important forums for cooperation. The goal is that the personnel are able and willing to have an impact on the workplace and the work community to the largest extent possible. Interaction plays a key role in the work community in ensuring the achievement of business goals and the implementation of the company’s values in daily activities.

Regular meetings are held with the operational management of the contractors operating in the industrial area, where the key operating principles for the industrial area are reviewed. In addition, the company is engaged in a direct dialogue with the personnel of these companies in connection with tasks.

Terrafame is engaged in an active dialogue with nearby residents and their representatives, particularly regarding the company’s water management and the closure of production areas which is strongly linked to this. The company takes the feedback it receives into consideration when reviewing strategic decisions related to these themes.

Terrafame operates exclusively in the B2B market, and has no direct contact with consumers and end-users. As a result, no associated impacts, risks or opportunities have been identified. Terrafame supplies its products to customers operating in different industries, whose product and other requirements may be affected by the views, interests, and rights of consumers and end-users. This may also be reflected in Terrafame’s products.

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The company understands that its stakeholders have a broad range of expectations linked to the company's strategy and business model. High-quality ESG performance is a common factor in these expectations. In addition:

- Shareholders and funding providers expect a good financial performance: a growing shareholder value and a stable repayment capacity
- Customers in the electric vehicle industry in particular value not only the high quality of products but also their small carbon footprint, as well as a transparent and traceable battery raw material supply chain
- The personnel and potential employees value long-term stable employment, which is part of the green transition
- Local residents expect Terrafame to be a responsible corporate citizen, have a stable financial position and generate a positive impact on the regional economy
- It is in the interests of the permit and supervisory authorities to ensure compliance with regulations.

Stakeholder engagement

In 2025, Terrafame's key stakeholders were shareholders, customers, funding providers and analysts, personnel and potential employees, contractors, local residents, as well as the authorities, advocacy and labour market organisations, and suppliers of consumables and goods.

Terrafame conducts stakeholder engagement across different levels of the organisation. For example, the company's environmental team engages in active dialogue with local residents, while the management engages in discussions with owners, customers and funding providers, as well as permit authorities. Terrafame's advocacy work has mainly been conducted through advocacy groups and industry associations. To ensure the consistency of advocacy communications, the company decided to establish a dedicated working group responsible for coordinating EU- and national-level stakeholder engagement themes and implementation between Terrafame and its parent company FMG, as well as for creating clear internal structures for advocacy.

The aim of stakeholder cooperation is to build mutual understanding and trust between the company and its stakeholders. An effective and interactive stakeholder cooperation process provides the company with information about its stakeholders' expectations, and correspondingly, its stakeholders with information about the company's operations. An example of this is Terrafame's production process, which is strictly regulated. The unpredictability of permitting processes may have significant impacts on Terrafame's ability to implement its strategy and conduct its operations in a technically and economically viable manner.

An active dialogue with different stakeholders helps the company understand their views and needs. At the same time, the company has the opportunity to describe its business environment, targets, policies and values.

From the point of view of the strategy and business model, Terrafame's key stakeholders consist of shareholders, funding providers and customers, with whom interaction is close and whose views strongly influence the company's operations.

Terrafame's Board of Directors consists of members appointed by the company's two largest shareholders. As a stakeholder group, the company's shareholders are closely involved in making strategic and business decisions for Terrafame.

Another stakeholder group significant for the implementation and development of Terrafame's business consists of funding providers, who want to be part of promoting the green transition and expect a strong performance regarding sustainability.

Reducing the carbon footprint of transport is the purpose of Terrafame's business. Interaction with customers plays a key role in fulfilling this purpose. Customers in the automotive industry value a strong performance in sustainability-related activities, and through their own due diligence processes, guide Terrafame to become even better in this.

Terrafame is also engaged in an active dialogue with all of its other key stakeholders, and stakeholders can give feedback and share any concerns they may have regarding the company's operations. The company utilises the feedback as much as possible. In 2025, Terrafame also arranged discussions on Finland's national mining and electricity tax policies with political decision-makers, for example.

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● SBM-3

Material impacts, risks and opportunities, and their interaction between strategy and business model

E1 Climate Change	IRO-1-Positive impact Climate change mitigation	IRO-2 Negative impact Climate change mitigation	IRO-3 Negative impact Energy
Material impact	Reducing CO ₂ emission from transport with the battery chemicals required for electric vehicle batteries is at the core of Terrafame's business.	Own GHG emissions.	Significant amounts of energy are consumed (the type of energy changes, while consumption remains more or less unchanged).
Description of impact	Terrafame participates in the electrification of transport by producing low-carbon battery chemicals at its industrial area in Sotkamo, Finland.	The carbon footprint of Terrafame's nickel sulphate (battery chemical) is significantly lower than the industry average. However, the company's total production-related GHG emissions (Scopes 1–2–3) are significant.	Terrafame's production method based on bioleaching is more energy-efficient than alternative methods, but the energy consumption of the entire production process remains significant.
Position in the value chain	Terrafame produces battery chemicals and intermediate metal products from its own metal raw material. Battery chemical customers include car manufacturers and their subcontractors. Intermediate products are sold to parties that further process them.	Terrafame's Scopes 1–2 emissions account for approximately 41% of the company's total GHG emissions. The largest emissions come from the company's value chain, especially from goods and services purchased to support the company's own production, which account for approximately 59% of the total Scope 3 emissions.	Terrafame's energy consumption is examined from the perspective of its own operations.
Impacts on people or the environment	By producing battery chemicals required in electric car batteries, Terrafame promotes the electrification of transport, which reduces the use of fossil fuels. The reduction in emissions mitigates climate change, which also has a positive impact on people.	Carbon dioxide emissions from the company's own operations contribute to global warming.	Fossil energy sources account for more than half of Terrafame's total energy consumption, resulting in GHG emissions related to the company's own operations.

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E1 Climate Change	IRO-1 Positive impact Climate change mitigation	IRO-2 Negative impact Climate change mitigation	IRO-3 Negative impact Energy
Link between impact and strategy	In 2018, Terrafame's Board of Directors made an investment decision totalling EUR 240.0 million on the construction of a battery chemical plant. The development of production volumes at the battery chemical plant is firmly linked to the electric vehicle markets, and in particular, the progress of the electric vehicle battery value chain being built in Europe. The significant slowdown in the electrification of transport in Europe and the significant delay in the construction of a purely European battery supply chain have affected demand for battery chemicals. In addition, a significant increase in production in Asia has led to an imbalance in the nickel and nickel sulphate markets. Although Terrafame's strategy, which was revised in the autumn of 2025, aims to reduce the company's dependence on fluctuations in nickel demand and price, Terrafame remains committed to promoting the electrification of transport in Europe.	Terrafame's bioleaching-based production method is energy-efficient and produces battery chemicals whose carbon footprint is significantly lower than the industry average. However, significant amounts of GHG emissions are generated, particularly upstream of the company's value chain.	Thanks to the energy-efficient bioleaching process, Terrafame's energy consumption is lower than the alternative methods. The most significant part of the company's own total energy consumption is consumed in mining and bioleaching.
Reasonable expected time horizon for the impacts	Short-term	Long-term	Short-term
Relation of the impact to the company's own business or business relations	The development of production volumes at Terrafame's battery chemicals plant is firmly linked to electric vehicle markets, and in particular, the progress of the electric vehicle battery value chain being built in Europe.	Terrafame's own GHG emissions are generated directly during the production processes and the use of fuels in mining and metal processing operations (Scope 1), as well as from the use of purchased electricity and heat at the production plants (Scope 2).	Terrafame operates in the mining and chemical industries, both of which are energy-intensive. However, the current production method based on bioleaching is more energy efficient than the alternative methods.
Influence of the impacts on the business model, value chain, strategy and decision-making, and the measures the company has taken or plans to take in response	Producing low-carbon-footprint battery chemicals to help reduce CO ₂ emissions is a key part of the company's business model and strategy.	Terrafame's target is to achieve carbon neutrality in terms of its own production and purchased energy by 2039. A concrete transition plan to achieve the target is planned to be prepared in 2026.	Terrafame has several ongoing energy efficiency projects. Some of the projects involve replacing fossil fuels with electricity.
Changes in material impacts	No changes.	No changes.	No changes.

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E1 Climate Change	IRO-1 Transition opportunity Climate change mitigation	IRO-1 Transition risk Climate change mitigation
Material opportunity or risk	Mitigating climate change globally requires electrification of transport, which creates significant financial opportunities for Terrafame (core business).	The market for electrification of transport is not developing as expected.
Description of the opportunity or risk	The company aims to grow the battery chemicals business and systematically target sales to end customers who value battery chemicals that are sustainably produced in Europe.	The development of Terrafame's net sales is significantly linked to demand for battery chemicals needed in the manufacture of electric vehicles and their batteries.
Position in the value chain	Opportunities arising from the electrification of transport emerge at the downstream end of the value chain, as transportation becomes electrified globally.	The risk involves Terrafame's financial result but is caused by unfavourably developing demand for electric cars.
Relation of the impact to the company's own business or business relations	The development of Terrafame's net sales is significantly linked to demand for battery chemicals needed in the manufacture of electric vehicles and their batteries.	The European battery chemical market has developed more slowly than expected, but Terrafame is still committed to promoting the electrification of transport in Europe.
Impact of the material risks and opportunities on the company's financial position, financial performance and cash flows	The strengthening electrification of transport may increase the demand for battery chemicals, support revenue growth, and reinforce long-term cash flows.	If the battery chemicals market does not develop as expected, it may slow the growth in demand, reduce delivery volumes, and weaken profitability. A delay in market development may also increase exposure to price fluctuations and heighten uncertainty regarding future cash flows.
Whether the material risks and opportunities carry a significant risk of the carrying amounts of assets and liabilities reported in the material final accounts being significantly adjusted during the next accounting period	Currently, no opportunities or risks have been identified that would cause material adjustments to to the carrying amounts of assets or liabilities in the next financial year.	
Changes to the material impacts, risks and opportunities compared with the previous reporting period	No changes.	No changes.

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E4 Biodiversity and ecosystem services	IRO-4 Negative impact Land-use change, fresh water-use change and sea-use change	IRO-5 Negative impact Land degradation	IRO-6 Negative impact Soil sealing
Material impact	Extensive use of land, impacts on the natural environment and ecosystem services	Earthworks and construction activities lead to the degradation of soil environments.	Industrial use of production areas represents a permanent transformation of the land. Soil is sealed.
Description of impact	Terrafame's production model requires extensive land use. The open-pit mine and bioleaching, secondary heaps and waste rock areas cause a permanent change in the natural environment.	Earthworks and construction activities alter the natural structure and functioning of the soil. The mixing and compaction of soil layers change soil porosity, reducing water infiltration. At the same time, surface runoff increases, which may expose the area to erosion.	When soil is sealed or an area is covered with buildings, the natural structure and biological function of the soil cease. It no longer functions as an ecosystem but becomes a structural platform.
Position in the value chain	The most significant biodiversity impacts related to land use are associated with the mining operations and bioleaching carried out within the company's industrial site.		
Impacts on people or the environment	Areas brought into production use permanently change the local natural environment.		
Link between impact and strategy	Terrafame's business is based on metals recovery from its own open-pit mine and bio-heap leaching, an energy-efficient but land-use-intensive production method.		
Reasonable expected time horizon for the impacts	Long-term	Long-term	Long-term
Relation of the impact to the company's own business or business relations	The biodiversity impacts arise from the land-use intensive production method.		
Influence of the impacts on the business model, value chain, strategy and decision-making, and the measures the company has taken or plans to take in response	New secondary leaching areas will have to be established within Terrafame's industrial area as the old areas become full. In August 2023, Terrafame made the decision to invest more than EUR 200 million in a new secondary leaching area, which will be brought into use according to plan in 2026. Terrafame revised its strategy in the autumn of 2025. A key part of the strategy reform is a renewal of the production logic for intermediate metal products by measures such as extending the duration of primary leaching. This will also have an impact on the timing of the construction of new secondary leaching areas. The company also aims to set biodiversity targets from 2027 onwards.		
Changes in material impacts	No changes.	No changes.	No changes.

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E5 Resource use and circular economy	IRO-7 Negative impact Resource inflows, including resource use	IRO-8 Negative impact Waste	IRO-9 Positive impact Resource inflows, including resource use
Material impact	Current production relies on the primary raw material (ore).	The amount of waste rock is significant. The generation of waste rock cannot be prevented and will occur as long as mining continues.	Internal recycling of process side streams. The impact on the prevention of waste is significant. In addition, purchases of consumables such as sulphuric acid can be reduced.
Description of impact	Terrafame's mining concession consists of Europe's largest nickel ore reserves, and the company's production depends on the non-renewable primary raw material extracted from them.	Terrafame's mineral extraction, i.e. the use of the primary raw material, is guided by the company's production plan, which seeks to optimise the ore content of the extracted rock. The amount of waste rock (mining waste) generated continuously in operations is guided by the production plan, and its management is guided by the company's waste management plan. The general principle is that the amount of mining waste, or waste rock, is to be minimised, and it is utilised to the extent possible.	Terrafame's production is based on the ore extracted from the company's open-pit mine and therefore relies on the primary raw material. However, the company is committed to utilising the side streams from its production and recycling them back into its own process to minimise the amount of waste generated and to boost metal recovery.
Position in the value chain	Terrafame uses only ore extracted from its own mine in its production, thus acting as the starting point for its customers' value chain.	Waste rock is generated during Terrafame's mining operations in the company's own industrial area.	The internal recycling of process side streams is targeted at Terrafame's own production process.
Impacts on people or the environment	The open-pit mine, bioleaching heaps and waste rock areas cause a permanent change in the landscape of the area.	The open-pit mine, bioleaching heaps and waste rock areas cause a permanent change in the landscape of the area.	The utilisation of side streams significantly reduces the amount of waste to be disposed.
Link between impact and strategy	Terrafame's production is based on the utilisation of the primary raw material. Terrafame has conducted trial studies, in which nickel and cobalt recovered from the black mass of used electric vehicle batteries at a partner's recycling plant are delivered to Terrafame for use as a raw material for battery chemicals. The quarried ore is used as efficiently as possible. In addition, the revised strategy aims to streamline the production processes and find new products.	The most significant raw material resource for Terrafame's production is the black schist reserves located in its mining concession and the ore extracted from them. In the mining of ore, a substantial amount of waste rock is inevitably produced, as it must be stripped from the bedrock to access the ore body. Efforts are made to utilise the mined ore as efficiently as possible. In addition, the revised strategy aims to enhance production processes and develop new products, which reduces the amount of metals remaining in the final dissolved ore.	Terrafame's metal recovery is based on bioleaching, which utilises the microbes in the ore and the acidic conditions. The side streams generated in the process are chemically similar to the solution in the leaching cycle, which means that they can be returned to leaching or the other stages of the process without any significant additional treatment. The recycling of side streams supports the circular economy: it reduces waste, improves metal recovery and reduces the use of external sulphuric acid.
Reasonable expected time horizon for the impacts	Long-term	Long-term	Long-term

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E5 Resource use and circular economy	IRO-7 Negative impact Resource inflows, including resource use	IRO-8-Negative impact Waste	IRO-9 Positive impact Resource inflows, including resource use
<p>Relation of the impact to the company's own business or business relations</p>	<p>There are two verified ore deposits within Terrafame's mining concession: Kuusilampi, where the company's current open-pit mine is located, and Kolmisoppi, Terrafame's second, as yet unexploited, ore body in Sotkamo. In the spring of 2025, the EU granted the Kolmisoppi project the status of a strategic project in accordance with the Critical Raw Materials Act (CRMA). In December 2025, the Regional State Administrative Agency for Northern Finland (PSAVI) rejected Terrafame's application to start mining the Kolmisoppi land area, requiring that the permitting for the exploitation of Kolmisoppi be handled as part of Terrafame's main permit covering all its operations, which the company plans to apply for in the spring of 2026. One of the basic assumptions for the company's new strategy covering the years 2026–2030 is that the quarrying at Kolmisoppi will begin in 2028. The company believes obtaining a permit for Kolmisoppi at an accelerated schedule based on the status of an EU strategic project is possible, and the goal is to submit a new permit application in April 2026, covering both Terrafame's current operations under the main permit and the entire Kolmisoppi project, including quarrying in the land and water areas. A decision on the permit package is expected in 2027.</p>	<p>Significant amounts of waste rock are generated in Terrafame's mining operations. The amount of waste rock is minimised by optimised mine planning. Waste rock is disposed of in an environmentally safe manner in dedicated waste areas, which are closed with a dense cover structure as they reach capacity. Bioleaching generates spent ore, which is likewise disposed of in an environmentally safe manner within the waste area.</p>	<p>By utilising internal process side streams, the need for consumables can be reduced and the amount of waste requiring final disposal can be minimised.</p>
<p>Changes in material impacts</p>	<p>No changes.</p>	<p>No changes.</p>	<p>A new sustainability matter related to the internal recycling of process side streams emerged during the update of the double materiality assessment, and it was deemed material.</p>

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S1 Own workforce	IRO-1 Negative impact Health and safety	IRO-1 Positive impact Health and safety	IRO-1 Positive impact Training and skills development
Material impact	Non-compliance with guidelines may lead to the realisation of occupational safety and/or health risks.	Investments are made in employees' work ability and wellbeing at work. Comprehensive occupational healthcare. A strong culture of work ability management.	Investments in competence development are made. Competence is systematically developed throughout a person's career by means of induction, various training courses and qualifications, degree-based training, and on-the-job learning. Performance and development discussions are held with all personnel.
Description of impact	Terrafame's industrial area is home to dozens of different production areas and plants, each of which features specific safety matters and risks that must be addressed when working in them. Terrafame provides induction for all its employees, covering general safety matters in the entire plant area, as well as the safety matters relevant to the department and site in question. However, non-compliance with guidelines may lead to the realisation of occupational safety and/or health risks.	Investments in the wellbeing and work ability of the personnel are made. The work community is developed systematically in relation to the DEI theme. The work in Terrafame's production area consists of varying tasks ranging from heavy industrial work to the company's administrative support tasks. Maintaining work ability and wellbeing at work not only complies with the company's values and sustainability principles, but is also a prerequisite for successful business, as competent and wellbeing personnel are committed and productive.	The company makes significant investments in its personnel: Management is developed systematically. The personnel are offered meaningful work, as well as learning and development opportunities. The target is that the company will always have the capabilities and skills required for business.
Impacts on people or the environment	Terrafame provides induction for all its employees, covering general safety matters in the entire plant area, as well as the safety matters relevant to the department and site in question. In addition, pregnant women and persons with impaired capacity for work are given the opportunity to carry out replacement work or lighter duties, whenever possible. The aim of the induction is to prevent occupational accidents and health hazards. Replacement work will prevent prolonged incapacity for work and promote the working of persons with impaired capacity for work.	Investments in work ability and wellbeing are made through effective supervisory work and meaningful tasks, by offering opportunities for engagement, influence and development, as well as through good work ability management, extensive occupational healthcare services and effective cooperation with pension insurance providers. These measures promote the health, work ability, professional skills and commitment of the workforce. Meanwhile, the measures also reduce the risk of incapacity for work, which would cause the worker significant economic and social losses. Good supervisory work and opportunities for participation support the wellbeing of both the individual and the work community.	People development is realised through the following processes: <ul style="list-style-type: none"> • Integration and induction • Learning and development • Performance management • Talent management • Succession planning The processes boost competence and career advancement opportunities, which improves coping with work, wellbeing at work, work ability and commitment.

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S1 Own workforce	IRO-1 Negative impact Health and safety	IRO-1 Positive impact Health and safety	IRO-1 Positive impact Training and skills development
Link between impact and strategy	<p>Personnel are a key asset in the implementation of Terrafame's strategy and the achievement of the business goals. The goals for people management derived from the strategy are social responsibility, solid organisation and brave leadership, engaged and competent employees and strong Life of Mine. The personnel and the impacts on the personnel are addressed in business planning and management in various ways, including:</p> <ul style="list-style-type: none"> • Terrafame's industrial area is home to dozens of different production areas and plants, each of which features specific safety matters and risks that must be addressed when working in them. • Personnel matters are addressed as part of the strategy process. Action plans include personnel, competence development and communication plans. • Personnel matters are an integral part of our management processes. The setting of targets and action and development plans are included in the strategy and action plan process. The achievement of targets is monitored as part of business reports. • The company makes significant investments in its personnel. Management is developed systematically. The personnel are offered meaningful work, as well as learning and development opportunities. The personnel's wellbeing and work ability are taken care of. The work community is systematically developed in relation to the DEI theme, for example. <p>Terrafame operates in the mining and chemicals industry, and its operations rely on heavy machinery and various process chemicals. All Terrafame's main products and all the main production chemicals belong to at least the category of substances of concern. Cobalt sulphate has been identified as a substance of very high concern. All the products and main chemicals are REACH-registered (with the exception of uranium and ammonium sulphate) and are covered by the CLP Regulation. Taking care of employees' occupational safety and health is a key part of Terrafame's operating model.</p>	<p>Terrafame's business model emphasises doing things the right way and achieving results. Achieving them requires competent, committed and productive workers who are feeling well. Terrafame therefore has a strong business interest in taking care of the work ability and wellbeing of its personnel.</p>	<p>Strategic competence areas in Terrafame's business are:</p> <ul style="list-style-type: none"> • Market knowledge and customer and commercial competence • Competence in operational activities, technology, and research and development • Funding and business competence • Maximisation of the value of ore in the long term • Strategy, growth and investment competence • Sustainability and stakeholder cooperation as value creators • Prerequisites for high performance, such as management and excellence <p>The company's business-relevant competence and related changes are reviewed as part of the strategy and operational planning process. A plan is prepared after the review, and the development of competence is realised in accordance with the plan.</p>

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S1 Own workforce	IRO-1 Negative impact Health and safety	IRO-1 Positive impact Health and safety	IRO-1 Positive impact Training and skills development
Reasonable expected time horizon for the impacts	Short-term	Long-term	Medium-term
How the impacts are considered in the company's strategy and business model, and whether they contribute to the adaptation of the strategy and business model	The safety risks of the process changes included in the strategy will be assessed, and REACH documentation will be prepared for new products.	Workers who feel well and are able to work improve productivity and reduce personnel costs. The company's investments in well-being and work ability have had a positive impact on operating costs and profitability. The management of sick leave has a particular impact in the short and medium term. Support for persons with impaired capacity for work and other work ability management measures will have an impact in the medium and long term especially. The impacts are minor at the company level, but contribute to the lowering of operating costs and the improvement of profitability.	Investments in the competence of personnel indirectly affect the achievement of the company's business goals.
Whether all persons within the company's own workforce who can be materially affected by the company fall within the scope of the information disclosed by the company in accordance with ESRS2	Yes	Yes	Yes
Position in the value chain	-	Efforts to support wellbeing and work ability – and their positive impacts – are directed primarily at the company's own employees. Terrafame's business model emphasises doing things the right way and achieving results, and reaching these goals requires a healthy, competent, committed and productive personnel.	
Description of the types of workers in the undertaking's own workforce	Based on the ESRS reporting guidelines, the following groups belong to the company's own workforce: <ul style="list-style-type: none"> • Employees, which means all individuals in an employment relationship, whether employees, salaried employees, senior salaried employees or salaried management. Terrafame also has trainees in an employment relationship. The majority of Terrafame's personnel are in an employment relationship with Terrafame. • Self-employed individuals, which means individuals in a contractual relationship such as consultants, who carry out the tasks of Terrafame's line organisation, in full. There are very few such individuals, only 0–2 per year. • Individuals provided by external employment service companies, meaning temporary agency workers who are used at Terrafame in accordance with the principles defined in cooperation. The number of agency workers varies according to needs. 		

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S1 Own workforce	IRO-1 Negative impact Health and safety	IRO-1 Positive impact Health and safety	IRO-1 Positive impact Training and skills development
Description of the types of workers in the company's own workforce who are materially affected by the company's operations	Terrafame seeks to ensure the safety of everyone working in its industrial area, regardless of the type of employment contract or service agreement.	The main target group of measures related to work ability and wellbeing at work, as well as training, are employees.	The main target group of measures related to competence development are employees.
How the company has reached an understanding of how workers with particular characteristics, those working in particular contexts, or those undertaking particular activities may be at greater risk of harm	Terrafame's induction process ensures that the person has the skills required to work independently. Induction includes general, department-specific and job-specific induction. All induction stages include safety, environmental and quality perspectives. The job-specific induction plan is customised for the person so that any special needs (such as a young person's special needs) can be taken into account. During the induction phase, the person will acquire the competence required through training, including the Occupational Safety.		
Which of the impacts on the company's own workforce are related to specific groups of people (e.g. certain age groups or persons working in a specific production facility or country) rather than the company's entire own workforce	The target group of occupational safety measures consists of everyone working in the Terrafame industrial area.	Good work ability management practices are available to all personnel. Support measures are targeted based on need, both preventively and correctively. Preventive measures such as regular health checks are targeted specifically at personnel working in high-risk conditions. Corrective measures such as rehabilitation are targeted at those with impaired capacity for work, and replacement work at pregnant personnel.	Good competence development practices are available to all personnel. Support measures are targeted based on need, both preventively and correctively. Preventive measures such as training for a specific role are targeted at supervisors and personnel working in high-skill positions, for example. Corrective actions such as personal coaching are targeted at supervisors who need special support.
Whether the material negative impacts are widespread or systemic, or whether they are related to individual incidents	Related to individual incidents	-	-
Specific countries where positive impacts occur	-	Finland	Finland
Countries or geographical areas where activities are considered high risk	Terrafame only has its own operations in Finland, which is not a high-risk country.	-	-
Activities involving a significant risk of forced or child labour	Terrafame's personnel mainly work in the plant area in Sotkamo in Finland. In accordance with its human rights policy, Terrafame does not accept any use of forced, compulsory or child labour. The company has policies and monitoring systems in place to ensure that Terrafame does not engage in any forced or child labour, or any other human rights abuses. The Finnish authorities also regularly supervise and inspect the operations. Terrafame's own operations do not include any countries, destinations or settings that would expose the company to the risk of forced or child labour, or where the realisation of the risk of trafficking in human beings would be more likely.		
Changes in material impacts	No changes.	No changes.	No changes.

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S2 Workers in the value chain	IRO-1 Negative impact Health and safety
Material impact	Non-compliance with guidelines may lead to the realisation of occupational safety and/or health risks. The scope of the assessment covers contractors operating in the industrial area.
Description of impact	Work carried out in Terrafame's industrial area must always follow two key rules: 1. Work must always be done safely or not at all. 2. There is always time to work safely, carefully and following instructions. However, non-compliance with guidelines may lead to the realisation of occupational safety and/or health risks.
Position in the value chain	Purchased services and subcontracting play a significant role in Terrafame's business model. They are especially used in infrastructure construction, maintenance and other production support activities.
Impacts on people or the environment	Terrafame seeks to ensure the safety of everyone working in its industrial area, regardless of the type of employment contract or service agreement.
Link between impact and strategy	Terrafame operates in the mining and chemicals industry, and its operations rely on heavy machinery and various process chemicals. The company's industrial area houses dozens of different production areas and plants, each of which features specific safety matters and risks that must be taken into account during working.
Reasonable expected time horizon for the impacts	Short-term
Relation of the impact to the company's own business or business relations	Terrafame makes use of purchased services and subcontracting especially in infrastructure construction, maintenance work and other production support functions. The company's industrial area employs approximately 2,000 persons annually, more than half of whom are employed by contractors.
Changes in material impacts	No changes.

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S3 Affected communities	IRO-1 Positive impact Clean water and sanitation	IRO-2 Positive impact Clean water and sanitation	IRO-2 Positive impact Entity-specific
Material impact	A neighbourhood cooperation group has been established to provide more detailed information about the issues the group wants to hear more about. It has already increased understanding of the operations and improved interaction.	Active stakeholder cooperation, open communication – a website intended for the neighbourhood, the water review distributed with the local newspaper. Environmental communication especially is very open.	Significant regional economic impacts.
Description of impact	Since 2022, Terrafame has had a separate neighbouring area cooperation group with diverse expertise on the sphere of influence of the company's operations. The goal with the meetings of the neighbouring area cooperation group is to discuss topics of interest with the key local stakeholders and to inform them of the company's current issues. The group meets once or twice a year.	Regarding the environmental themes related to Terrafame's operations, impacts on waterbodies are of particular interest to nearby residents. Since the beginning of its operations, Terrafame has maintained close contact with nearby residents and sought to communicate its operations as openly as possible e.g. by publishing the results of the company's monitoring obligation on its website.	Mining and chemicals industry is one of the top industries in Kainuu, and the industry's development in the region is monitored. Terrafame is the largest industrial employer in the Kainuu region. The multiplier effects of operations also increase demand in other industrial sectors. In addition, tax-based revenue improves the municipal economy and supports the provision of municipal services.
Position in the value chain	Dialogue with parties operating in the surrounding area focuses on Terrafame's own operations.		Terrafame's operations provide both direct and indirect financial benefits for various stakeholders, especially in the company's neighbouring areas but also more widely in Finland.
Impacts on people or the environment	Open and timely communication dispels suspicions and increases trust between the company and the key stakeholders affected by its operations.		Terrafame employs approximately 900 people directly and approximately 1,000 people through partner companies operating in the industrial area. The remuneration paid to employees boosts consumer demand, and creates positive multiplier effects on consumer products and services.
Link between impact and strategy	Terrafame is an important regional operator, and matters involving its production, financials, the environment and near-term prospects are of interest to parties operating in the surrounding area.		Terrafame's production is based on Europe's largest nickel ore reserves located in the company's mining concession. There are two verified ore deposits in the mining concession, and the measured, indicated and inferred mineral reserves can extend the mining operations up to the 2080s.
Reasonable expected time horizon for the impacts	Long-term	Long-term	Long-term

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S3 Affected communities	IRO-1 Positive impact Clean water and sanitation	IRO-2 Positive impact Clean water and sanitation	IRO-2 Positive impact Entity-specific
Relation of the impact to the company's own business or business relations	Dialogue with parties operating in the surrounding area focuses on Terrafame's own operations.		In addition to its own operations, Terrafame has significant multiplier effects on the regional economy.
Influence of the impacts on the business model, value chain, strategy and decision-making, and the measures the company has taken or plans to take in response	Terrafame is engaged in an active dialogue with nearby residents and their representatives, particularly with regard to the company's water management and the closure of production areas which is strongly linked to this. The company takes the feedback it receives into consideration when reviewing strategic decisions related to these themes.		-
Changes in material impacts	No change.	No change.	During the update of the double materiality assessment, a sustainability matter previously reported separately as entity-specific was merged with affected communities and expanded to cover Terrafame's impacts on the regional economy. In the original assessment, it was only considered as Terrafame's employment impact.

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G1 Business conduct	IRO-1 Positive impact Corporate culture
Material impact	The Code of Conduct and policies guide operations to ensure responsible actions with regard to matters related to the sub-themes. Commitment to international human rights (including freedom of association, freedom of expression).
Description of impact	Terrafame has defined the material sustainability matters related to its operations, covering all ESG elements. The company's approach is based on continuous improvement, inclusion, personal responsibility, learning and integrating sustainability more closely into business planning.
Position in the value chain	The company's target is to instil a strong culture of doing the right thing in its operations, and the company develops operating models with which it seeks to strengthen the culture of doing the right thing throughout its value chain.
Impacts on people or the environment	Sustainable operations are guided by international commitments and policies. The goal is to prevent, mitigate and stop, and if necessary, remedy negative impacts on human rights or the environment. Simultaneous efforts are made to strengthen the positive impacts on people and the environment, such as safe and equal working conditions, transparent governance, sustainable use of natural resources, and the management of emissions.
Link between impact and strategy	Terrafame's production forms the upstream part of its customers' value chain: the company's industrial area has an integrated production chain from the company's own open-pit mine to battery chemicals. Terrafame's own value chain covers the procurement of chemicals and other consumables, materials, fuel and energy from domestic and international operators. Terrafame's production process also utilises purchased services and subcontracting to a significant extent. Most of the company's products are sold to international operators for further processing and utilisation in various industries.
Reasonable expected time horizon for the impacts	Short-term
Relation of the impact to the company's own business or business relations	Terrafame's mining and industrial area in Sotkamo employs a total of about 2,000 workers, employed by Terrafame itself and contractors and subcontractors. The company's production process uses several chemicals, other consumables, materials, fuel and energy used commonly in mining and industrial processes, which are sourced from domestic and international providers. The company's end products are delivered in cooperation with logistics partners (road, rail and sea transport) to the domestic and international markets for further processing and utilisation for the needs of various industries.
Influence of the impacts on the business model, value chain, strategy and decision-making, and the measures the company has taken or plans to take in response	Doing the right thing is at the core of Terrafame's operating culture and cuts across all its functions. The business model and strategy take sustainability matters into account in terms of corporate governance, human rights and environmental impacts, for example.
Changes in material impacts	No changes.

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Description of processes to identify and assess material impacts, risks and opportunities

Terrafame conducted its first double materiality assessment of sustainability matters and a definition of the value chain in two parts in 2023–2024, partly facilitated by an external expert, and partly carried out as internal expert work. The assessment also included consultation with stakeholders. In 2025, the materiality assessment was updated by internal experts based on the process created in the original assessment. The materiality assessment will be updated in spring 2026, or at the latest after the simplified ESRS standards have been formally approved.

The identification and assessment of material sustainability matters was carried out in accordance with section 3 of ESRS 1. *Double materiality as the basis for sustainability disclosures* in accordance with the defined principle of double materiality. Sustainability matters were identified using the list (AR16) of the sustainability matters defined by the ESRS as presented in Appendix A to ESRS 1, divided according to topics, sub-topics and sub-sub-topics, as well as observations from the 2024 reporting process. The materiality assessment was supplemented by the results of the human rights impact assessment (HRIA) carried out in 2025. No changes were made to the definition of Terrafame's value chain, which is described in more detail in section ESRS2.SBM-1. The limit value used as the materiality threshold also remained unchanged.

The materiality assessment was carried out based on the criteria defined in ESRS1 sections 3.4 *Impact materiality* and 3.5 *Financial materiality* using the time horizons defined in Chapter 6 of ESRS 1. Sustainability matters and their materiality were assessed in relation to Terrafame's own operations and the upstream and downstream value chain, and the results of the 2023 stakeholder interviews were used. Terrafame has not limited the identification and assessment of impacts to any specific activities, business relationships, geographical areas or other factors. Instead, impact assessment covered the identified value chain as a whole.

The scale, scope and irremediable on a scale of one to five (1–5) and the likelihood (0–100%) were defined for each identified impact. In the human rights impact assessment, severity was prioritised over likelihood. Values were calculated for the impacts, and the impacts were ranked in order of magnitude.

After that, the company's management defined a numerical threshold for material sustainability matters. The assessment of financial risks and opportunities was carried out based on the impact assessment. The initial materiality assessment was carried out as a project, also utilising the results of Terrafame's general risk assessment process (ERM).

The previous estimates were validated in connection with the 2025 update, and most of the estimates remained unchanged.

A total of 21 stakeholder interviews took place in connection with the double materiality assessment process in 2023–2024. The different elements of Terrafame's value chain were comprehensively represented in these interviews. In addition, customers' views were supplemented with data obtained from a customer interview for Terrafame's 2023 Sustainability Review. The results of these interviews, as well as feedback received from the company's other stakeholder activities, were utilised in the 2025 update.

When examining the link between financial risks and opportunities and the identified sustainability matters, a dependence was found between the company's material positive impact related to climate change mitigation (reducing CO2 emissions from transport with the battery chemicals required for electric vehicle batteries) and the financial opportunity associated with the same topic (global climate change mitigation requires the electrification of transport, which offers significant financial opportunities for Terrafame) and a financial risk (electrification of transport, markets not developing as expected). The said opportunity and risk both emerged as material sustainability matters, and the company has defined them as transition opportunity and transition risk. The sustainability matters identified in the impact assessment were comprehensively examined from the perspective of their financial impacts, but no other such dependencies that would have exceeded the materiality threshold were identified.

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When assessing financial materiality, the extent of each identified risk and opportunity was determined on a scale of one to five (1–5). The same euro-denominated thresholds were used in the scale as in the company's business risk assessment. The likelihood of a risk and/or opportunity was determined on a scale from 0% to 100%. The values were ranked in an order of magnitude, and a numerical threshold was defined for materiality. Risks and opportunities exceeding this threshold were determined as the material sustainability matters based on which the sustainability report would be prepared.

Within sustainability matters, the safety and environmental risks associated with operating the industrial area are particularly significant in the company's risk management. An annual risk assessment summary is prepared, which includes the updated results of safety, environmental, process and business risks, as well as measures to reduce the risks. The summary is discussed by the Leadership Team and the Board of Directors. The majority of the individual assessed risks are related to safety or the environment. An external assessment of environmental risks is also prepared every three years.

The risk assessment is continuous, particularly with respect to the safety and environmental risks associated with our own operations, but a consolidated review is carried out at least once a year. Each function is responsible for the risk assessments within its own area as well as for implementing the measures required to reduce those risks. Risk management is also linked to the annual operational planning and budgeting process, which ensures that adequate resources are allocated for the actions needed to mitigate risks.

Identifying sustainability opportunities is part of the company's strategy process.

The identification and assessment of material sustainability matters is based on the strong expertise of the company's internal experts, and their understanding of the impacts of business and production activities.



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● E1.IRO-1

Process to identify and assess material climate-related impacts, risks and opportunities

The assessment of climate-related sustainability matters is based on the double materiality assessment carried out in 2023–2024, the results of which were updated in 2025. The process is outlined in section ESR2.IRO-1 of this report. The update did not result in any changes to the material impacts, risks and opportunities. Terrafame's material impacts, risks and opportunities focus on climate change mitigation in the company's own operations, as well as in the downstream value chain, and the company's own energy consumption. No material impacts, risks or opportunities related to climate change adaptation were identified.

Terrafame's production operations are concentrated in a single industrial area. The energy-efficient integrated production chain from the company's own mine to battery chemicals produces battery chemicals whose carbon footprint is significantly lower than the industry average. However, the company's total production-related GHG emissions (Scopes 1–2–3) are significant. Most of the emissions are caused by the company's value chain (Scope 3), and 72% of them originate from purchased products and services (Scope 3/Category 1). Terrafame's GHG emissions calculation is based on the GHG protocol. The company has reported the GHG emissions of its own operations (Scopes 1–2) from the beginning of the operations, i.e. since 2015. In 2023, the emission inventory was expanded to cover all material Scope 3 categories.

Physical risks related to the climate

In 2024, Terrafame assessed climate-related physical risks in workshops, where production representatives and the company's own environmental specialists analysed climate-related threats based on the classification presented in Commission Delegated Regulation (EU) 2021/2139. Threats were assessed in the periods defined in ESR1, Chapter 6. The assessed threats were based on the assumption that Terrafame's operations would continue until the 2050s in accordance with the current production plan, and they are based on an assessment of the climate risks during production. Climate risks during closure phase were not separately considered. The threat assessments focused on the company's own operations.

The results of the risk assessment were updated in 2025, and the assessment was compared with the results of the human rights and environmental impact assessment of the value chain carried out during the year. No physical climate risks exceeding the materiality limit were identified during this update.

Physical climate threats were assessed in relation to different stages in the company's production process, taking the location of the production plant into account. Several climate-related chronic and acute threats were addressed during the scenario project. In the identification of climate-related threats and the assessment of exposure and sensitivity, the climate scenarios of the Intergovernmental Panel on Climate Change (IPCC) for high (RCP 8.5) and low (RCP2.6) emissions, the scenario of the collapse of the Gulf Stream, the report of the Finnish Climate Change Panel (2/2021), and regional precipitation and temperature statistics of the Finnish Meteorological Institute were used. In the scenario project, it was found that global climate scenarios can be used as indicative models in the background of the threat analysis, as they are fairly inaccurate considering Terrafame's location. Therefore, domestic sources have also been used to support the analysis.

Although the risk assessment did not reveal any material physical climate risks, Terrafame recognises that the annual rainfall is a very significant factor affecting water management in the industrial area. In years of low or normal rainfall, the amount of treated water led away from the operating area has remained low as a result of effective additional evaporation from bioleaching heaps. Rainy years have been prepared for by dimensioning the water treatment capacity to meet the level of precipitation increasing due to climate change.

In the scenario project, the climate threats were considered to emerge at Terrafame's location mostly in the long term. The impacts were assessed as more moderate in the short and medium term. The most significant climate impacts identified by Terrafame are related to increasing precipitation and other extreme weather conditions, including very cold and hot conditions. In part, global warming was also found to possibly have positive impacts on operating conditions.

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✓ Climate-related threats in the short, medium and long term have been identified.

✓ Exposure of assets and/or business to climate-related threats has been assessed.

✓ The short, long and medium term have been defined.

✓ The company has assessed the extent to which its assets and business can be exposed to, and are sensitive to, the identified climate-related threats.

✓ Data such as climate scenarios of the Intergovernmental Panel on Climate Change (IPCC) for scenario SSP5-8.5 was used in the identification of climate-related threats and the assessment of exposure and sensitivity.

Climate-related transition risks and opportunities

The assessment of the climate-related transition risks and opportunities was based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD, Final Report 2017). Both Terrafame's own market analysis and expert assessments were used in the assessment of the transition risks and opportunities. The assessment was carried out in relation to a climate scenario in which global warming can be limited to 1.5 °C. Transition risks and opportunities were assessed throughout the company's value chain. The identified material transition risks and opportunities are concentrated at Terrafame's downstream value chain and are related to the market outlook for electrifying transport.

The electrification of transport is a significant global step in climate change mitigation. Terrafame is closely monitoring the development of the electric vehicle market and the battery value chain, as well as the development of regulations on climate change mitigation, as part of its normal business planning, which is carried out from the short-, medium- and long-term perspectives.

The development of Terrafame's net sales is significantly linked to the demand for battery chemicals needed in the manufacture of electric vehicles and their batteries. The EU has set ambitious climate targets for European markets in line with the Paris Agreement to limit global warming to 1.5 °C. The EU implements its climate policy at several levels, and its climate measures have an impact on European markets. Terrafame has used all this background work and the TCFD's recommendations to assess the potential impacts of transition risks and opportunities on the company's operations and financial position.

✓ Transition events in the short, medium and long term have been identified.

✓ The company has assessed whether its assets and business could be exposed to transition events.

✓ The company has assessed the extent to which its assets and business can be exposed to and are sensitive to the identified transition events.

✓ The company has used the information obtained from the climate-related scenario analyses to identify transition events and assess exposure.

✓ Terrafame's financial statements do not include any critical climate-related assumptions.

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● E2.IRO-1

Processes to identify and assess material pollution-related impacts, risks and opportunities

Terrafame's assessment of sustainability matters related to the pollution of air, water and soil is based on the double materiality assessment carried out in 2023–2024, the results of which were updated in 2025. The process is outlined in section ESR2.IRO-1 of this report.

In the initial assessment, the impact of the company's own operations on water emissions and the related specific load emerged as material. No material sustainability matters related to air or soil pollution were identified. No material risks or opportunities related to air, water or soil pollution were identified. The assessment covered the company's entire value chain.

In the 2025 update of the materiality assessment, the materiality threshold for water impacts was reviewed in relation to other double-materiality assessments. It was concluded that when applying the same criteria to water impacts as to other impacts, water pollution does not meet the threshold for materiality. No other changes were made to the materiality assessment in the update.

Terrafame has a single production area. Water management is a significant part of the company's production process, in which metals are extracted from ore using heap leaching. The solution cycle in the production process is closed for the majority of the year. Ore-containing bioleaching heaps are irrigated using an acidic production solution which extracts the metals from the ore. The process solution circulating in the bioleaching stage is directed to the metals recovery plant. The majority of the production solution is recycled back into the leaching process.

Sometimes the production solution cycle must also be reduced to ensure the pond volume, in which case part of the solution is led to iron precipitation and final neutralisation after metals recovery, and further to the central water treatment plant for purification. Because of the production method, Terrafame's industrial area is large, and the water accumulated in it must be treated. Therefore, water management covers rainwater and meltwater contaminated in the industrial area. As a result of the two-line operating model used at the central water treatment plant, the treatment of water coming from the solution cycle and collected from the area can be kept separate, so that water with a high sulphate content generated in the neutralisation process does not burden the purified water discharged into nearby waterbodies. The company's target is that 100% of the sulphate fed to water treatment from the process is recycled back into the solution cycle every year. Furthermore, the environmental permit sets emission limits at a level at which emissions have no significant impact, and emissions of purified discharges cannot be said to cause pollution.

During the original double materiality assessment, a total of 21 representatives of various stakeholders were interviewed, 12 of whom represented nearby residents and other regional parties affected by Terrafame's activities, including representatives of village associations, local municipalities and entrepreneur communities (affected communities). These interviews and feedback received from Terrafame's stakeholder work were used when updating the materiality assessment.

✓ The company has screened its sites and business operations to identify actual and potential pollution-related sustainability matters in its own operations and in the upstream and downstream value chain.

✓ The company has consulted stakeholders.

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● E3.IRO-1

Process to identify and assess material impacts, risks and opportunities related to water and marine resources

Terrafame’s assessment of sustainability matters related to the water and marine resources is based on the double materiality assessment carried out in 2023–2024, the results of which were updated in 2025. The process is outlined in section ESR2. IRO-1 of this report. No material sustainability matters related to water and marine resources emerged as a result of the assessment. The double materiality assessment was updated in 2025. The update did not change the original assessment.

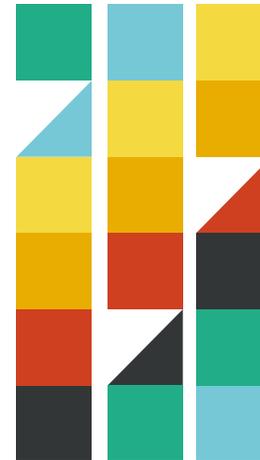
Terrafame has a single production area. The water intake and consumption required in its production and the water discharged from the area do not cause any material local impacts, nor do they have any multiplier effects on seawater. Terrafame’s production plant is not located in any area suffering from a water risk or significant water stress. In the process of identifying and assessing impacts, risks and opportunities, the consumption of tap and natural water by the company was especially examined.

In terms of tap water, the company is connected to the municipal water network. Sanitary wastewater is treated at Terrafame’s own sanitary wastewater treatment plant, whose operations and emissions are monitored as part of the mandatory monitoring programme. Water from the treatment plant is fed into Terrafame’s storage ponds. The production process takes raw water from a waterbody inside the mining concession which is why the waterbody in question is hydrologically regulated. The potential impacts of this regulation on aquatic plants, for example, are monitored as part of environmental monitoring. The company’s production process enables effective water recycling, and the development of the process has enabled reductions in raw water intake. Although significant amounts of water are discharged, this has not been found to have impact on flows in the receiving waterbodies.

During the original double materiality assessment, a total of 21 representatives of various stakeholders were interviewed, 12 of whom represented nearby residents and other regional parties affected by Terrafame’s activities, including representatives of village associations, local municipalities and entrepreneur communities (affected communities). These interviews and feedback received from Terrafame’s stakeholder work were used when updating the materiality assessment.

✓ Terrafame’s holdings and operations have been assessed to identify actual and potential impacts, risks and opportunities related to water and marine resources in the company’s own operations, and in the upstream and downstream value chain.

✓ The company has arranged consultations especially with the communities affected by its own activities.



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● E4.IRO-1

Processes to identify and assess material impacts, risks, dependencies and opportunities related to biodiversity and ecosystems

Terrafame has assessed the potential biodiversity-related impacts, risks and opportunities arising from its activities. The assessment is based on the double materiality assessment carried out in 2023–2024, the results of which were updated in 2025. The process is outlined in section ESR2.IRO-1 of this report.

The update did not cause any changes to the material sustainability matters, but their descriptions were clarified to some extent. Terrafame’s material impacts focus on land use during the company’s own operations. No material risks or opportunities related to biodiversity and ecosystems were identified. Terrafame’s materiality assessment related to biodiversity and ecosystems focused on the company’s own operations.

Terrafame has a single production area. As a result of the production method, Terrafame’s operations are highly land-use intensive which is reflected especially in the company’s biodiversity impacts. There are no Natura 2000 sites or other protected areas in the immediate vicinity of the mining concession.

Terrafame’s mining concession consists of Europe’s largest nickel ore reserves, and the company’s production depends on the non-renewable primary raw material extracted from them. Where possible, Terrafame seeks to investigate suitable sites in the land-use areas, where the habitats of the affected species can be strengthened.

During the original double materiality assessment, a total of 21 representatives of various stakeholders were interviewed, 12 of whom represented nearby residents and other regional parties affected by Terrafame’s activities, including representatives of village associations, local municipalities and entrepreneur communities (affected communities). These interviews and feedback received from Terrafame’s stakeholder work were used when updating the materiality assessment.

✓ The company does not have any sites located in or near biodiversity-sensitive areas.

✓ A need for biodiversity-related mitigating measures has been identified.

✓ The company has identified and assessed the actual and potential impacts on biodiversity and ecosystems on its own sites.

✓ The company has identified and assessed dependencies on biodiversity and ecosystems and related services on its own sites.

✓ The company has consulted stakeholders.

✓ The company has not assessed transition risks and physical risks or opportunities related to biodiversity and ecosystems.

✓ The company has not studied systemic risks related to biodiversity and ecosystems.

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● E5.IRO-1

Process to identify and assess material impacts, risks and opportunities related to resource use and circular economy

Terrafame's assessment of sustainability matters related to resource use and the circular economy is based on the double materiality assessment carried out in 2023–2024, the results of which were updated in 2025. The process is outlined in section ESRS2.IRO-1 of this report.

No changes to the use of primary raw material in the company's own operations (resource inflow) and the resulting waste rock (mining waste) were made during the update of the original assessment. However, one new material impact related to the internal recycling of process side streams was identified.

Terrafame has a single production area. Terrafame's mining concession consists of Europe's largest nickel ore reserves, and the company's production is based on the non-renewable primary raw material extracted from them (resource inflow). Production generates significant amounts of waste rock (mining waste). The company utilises the side streams generated in the process by recycling them internally, which has a significant impact on waste prevention. The acquisition of consumables such as sulphuric acid can also be reduced by recycling the side streams.

Terrafame's end products, intermediate metal products and battery chemicals, are raw materials in the processes of customer industries. Due to its long and multi-stage value chain, Terrafame has limited opportunities to have an impact on the recycling of its own products.

During the original double materiality assessment, a total of 21 representatives of various stakeholders were interviewed, 12 of whom represented nearby residents and other regional parties affected by Terrafame's activities, including representatives of village associations, local municipalities and entrepreneur communities (affected communities). These interviews and feedback received from Terrafame's stakeholder work were used when updating the materiality assessment.

✓ The undertaking has screened its assets and activities to identify the actual and potential impacts in its own operations and its upstream and downstream value chain.

✓ Stakeholders have been consulted.

● G1.IRO-1

Process to identify and assess material impacts, risks and opportunities related to business conduct

The assessment of sustainability matters related to Terrafame's corporate governance is based on the double materiality assessment carried out in 2023–2024, the results of which were updated in 2025. The process is outlined in section ESRS2.IRO-1 of this report. The update did not cause any changes to the material sustainability matters. Terrafame's material impacts focus on ethical practices throughout the value chain. No risks or opportunities related to corporate governance were identified.

Terrafame has a single production area, and its production represents the upstream value chain of customer industries. Chemicals, other consumables, materials, fuels and energy used in the production process are sourced from domestic and international operators. Terrafame's production process is also significantly based on the use of purchased services and subcontracting. Terrafame has direct customer relationships, in addition to which it sells its products through delivery agreements with the company's other main shareholder.

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● IRO-2

Non-implemented policies, actions and targets

Sustainability matters for which actions have not been implemented

- Terrafame's own GHG emissions.
- Energy

Explanation of why actions have not been implemented

Terrafame aims to continuously reduce the direct and indirect climate impacts of its operations in line with the Paris Agreement's target. The company has identified actions to reduce GHG emissions from its operations. The actions are significantly related to the aim of replacing fossil fuels used in mining and transport in the industrial area with electric and fossil-free fuel solutions in the future. The implementation plan for these actions is still under preparation. The necessary actions will be addressed as part of the transition planning work to be carried out in 2026.

Sustainability matters for which no measurable outcome-oriented and time-bound targets have been set

- Energy
- Reducing CO2 emissions from transport with low-carbon battery chemicals
- Terrafame's own GHG emissions.
- Biodiversity
- Resource inflows
- Waste
- Training and skills development

Explanation of why targets have not been set

E1 Energy

Increased production volumes (the new uranium plant, the battery chemical plant), as well as increased extraction depth and transport distances increase energy consumption. These matters are addressed through energy efficiency improvement measures, but without setting a numerical target.

E1 Reducing CO2 emissions from transport with low-carbon battery chemicals

Terrafame does not disclose its financial targets. Financial performance and the share of battery chemicals in net sales are reported as part of financial reporting.

E1 Own GHG emissions

The target is to achieve carbon neutrality in the company's own operations (Scopes 1–2) by 2039. The development of Scope 3 emissions is monitored, but no numerical reduction target has been set for them so far.

E4 Biodiversity

Biodiversity is taken into account in earthworks starting from the planning stage. The company is committed to the biodiversity principles in the TSM Finland sustainable mining system. However, no separate numerical targets have been set. The plan is to set targets starting from 2027.

E5 Resource inflow (primary raw material + utilisation of in-process side streams)

There are currently no plans to set any measurable, time-bound and outcome-oriented targets. Production is mainly based on a non-renewable primary raw material. Process side streams are utilised in production.

E5 Waste (waste rock)

The amount of waste rock is minimised by accurate production planning.

S1 Competence development

The number of training hours is monitored and reported, but no guiding target is set for the number of training hours.

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● IRO-2

Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

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ESRS2	Sustainability Report section
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BP-2 – Disclosures in relation to specific circumstances	pages 5-6
BP-2 – Use of transitional provisions in accordance with Annex C of ESRS 1	pages 7-13
GOV-1 – The role of the administrative, management and supervisory bodies	pages 14-15
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	page 16
GOV-3 – Integration of sustainability-related performance in incentive schemes	page 17
GOV-4 – Statement on sustainability due diligence	page 17
GOV-5 – Risk management and internal controls over sustainability reporting	page 18
SBM-1 – Market position, strategy, business model(s) and value chain	pages 18-21
SBM-2 – Interests and views of stakeholders	pages 21-22
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)	pages 23-36
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	pages 37-44
IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	pages 45-49

ESRS E1	Sustainability Report section
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E1-1 – Transition plan for climate change mitigation	page 51
E1-2 – Policies related to climate change mitigation and adaptation	pages 51-52
E1-3 – Actions and resources in relation to climate change policies	page 53
E1-4 – Targets related to climate change mitigation and adaptation	page 53
E1-5 – Energy consumption and mix	pages 54-55
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	pages 55-57
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	page 57
E1-8 – Internal carbon pricing	page 57

ESRS E5	Sustainability Report section
E5-1 – Policies related to resource use and circular economy	page 58
E5-2 – Actions and resources related to resource use and circular economy	page 59
E5-3 – Targets related to resource use and circular economy	page 60
E5-4 – Resource inflows	page 60
E5-5 – Resource outflows	page 60

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S1-2 – Processes for engaging with own workers and workers' representatives about impacts	pages 67-68
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	pages 68-69
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	pages 69-72
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	pages 74-77
S1-6 – Characteristics of the undertaking's employees	pages 78-79
S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	page 79
S1-13 – Training and skills development metrics	page 80
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ESRS G1	Sustainability Report section
Tiedonantovaatimus G1-1 – Liiketoiminnan harjoittamista koskevat toimintaperiaatteet ja yrityskulttuuri	pages 84-93
G1-3 Korruption ja lahjonnan ehkäiseminen ja havaitseminen	page 94
G1-4 Korruptio- tai lahjontatapaukset	page 94

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List of datapoints based on other EU legislation listed in ESRS 2 Appendix B

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ESRS 2 GOV-1 Boards' gender diversity, paragraph 21 (d)	sivu 14
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e)	sivu 14
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	sivu 17
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	sivu 21
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40 (d) ii	sivu 21
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) iii	sivu 21
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco	sivu 21
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14	sivu 51
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)	sivu 53
ESRS E1-4 GHG emission reduction targets, paragraph 34	sivu 54
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	sivu 54
ESRS E1-5 Energy consumption and mix, paragraph 37	sivu 54
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	sivu 55
ESRS E1-6 GHG Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	sivu 56
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	sivu 57
ESRS E1-7 GHG removals and carbon credits, paragraph 56	sivu 57
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66	Transitional provision
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a)	Transitional provision

Disclosure requirement and related data point	Paragraphs in the sustainability statement/non-material data points
ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 (c)	Transitional provision
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)	Transitional provision
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	Transitional provision
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Not material
ESRS E3-1 Water and marine resources, paragraph 9	Not material
ESRS E3-1 Dedicated policy, paragraph 13	Not material
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Not material
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations, paragraph 29	Not material
ESRS 2 – IRO-1 – E4 paragraph 16 (a) i	page 43
ESRS 2 – IRO-1 – E4 paragraph 16 (b)	page 43
ESRS 2 – IRO-1 – E4 paragraph 16 (c)	page 43
ESRS E4-2 Sustainable land / agriculture practices or policies, paragraph 24 (b)	Not material
ESRS E4-2 Sustainable oceans / seas practices or policies, paragraph 24 (c)	Not material
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	Not material
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	page 60
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	page 60
ESRS 2 – SBM-3 – S1 Risk of incidents of forced labour, paragraph 14 (f)	page 32
ESRS 2 – SBM-3 – S1 Risk of incidents of child labour, paragraph 14 (g)	page 32

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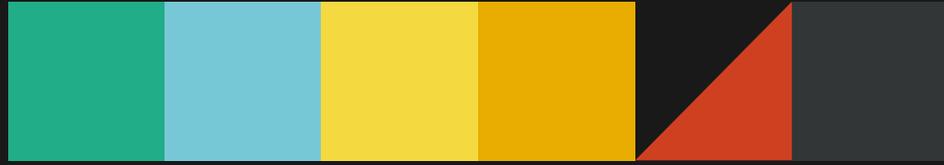
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List of datapoints based on other EU legislation listed in ESRS 2 Appendix B

Disclosure requirement and related data point	Paragraphs in the sustainability statement/non-material data points
ESRS S1-1 Human rights policy commitments, paragraph 20	page 64
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	page 64
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	page 65
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	page 65
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 (c)	pages 68-69
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	page 81
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	page 81
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	Not material
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	Not material
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	page 82
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, paragraph 104 (a)	page 82
ESRS 2 – SBM-3 – S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	Not material
ESRS S2-1 Human rights policy commitments, paragraph 17	page 90
ESRS S2-1 Policies related to value chain workers, paragraph 18	page 9
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Transitional provision
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Transitional provision
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Transitional provision

Disclosure requirement and related data point	Paragraphs in the sustainability statement/non-material data points
ESRS S3-1 Human rights policy commitments, paragraph 16	page 90
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	Transitional provision
ESRS S3-4 Human rights issues and incidents, paragraph 36	Transitional provision
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	Not material
ESRS S4-4 Human rights issues and incidents, paragraph 35	Not material
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	page 84
ESRS G1-1 Protection of whistleblowers, paragraph 10 (d)	pages 84-86
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	page 94
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	page 94



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● E1

Climate change

● E1.SBM-3

Material impacts, risks and opportunities, and their interaction with strategy and business model

In its assessment of double materiality, Terrafame has identified a material transition risk related to climate change mitigation, which is discussed in section ESRS2 SBM-3. No material physical, acute or chronic risks related to climate change were identified. The climate risk assessment is discussed in more detail in section ESRS2 IRO E1.

● E1-1

Transition plan for climate change mitigation

Terrafame has set a target for its own operations (Scopes 1–2) to be carbon neutral by 2039. In 2025, Terrafame initiated preparations for the drafting of a transition plan by the end of 2026.

To reach the 1.5 °C target of the Paris Agreement, global GHG emissions must reach net zero by 2050. Terrafame’s target of being carbon-neutral in terms of its own production by 2039 is more ambitious. However, Terrafame’s current target covers Scopes 1–2 emissions only. Terrafame will review Scope 3 emissions as part of the work on the transition plan.

Terrafame has identified measures to reduce its own direct and indirect carbon dioxide emissions. The most important of these are the discontinuation of the use of fossil fuels, the purchase of fossil-free electricity and the utilisation of green hydrogen. Terrafame will specify the measures to reduce the CO2 emissions and their overall quantitative impacts as part of the work on the transition plan.

✓ Terrafame is not excluded from the EU’s Paris-aligned benchmarks.

● E1-2

Policies related to climate change

At Terrafame, the key principles related to climate change are defined in the company’s sustainability policy and its Code of Conduct.

Terrafame has included aspects of climate change in its Code of Conduct and the sustainability policy, covering the following:

- Climate change mitigation
- Climate change adaptation
- Energy efficiency
- Use of renewable energy

Impacts, risks and opportunities related to climate change mitigation and energy

- Reducing CO₂ emissions from transport with the battery chemicals required for electric vehicle batteries is at the core of Terrafame’s business.
- Own GHG emissions.
- Significant amounts of energy are consumed (the type of energy changes, while consumption remains more or less unchanged).
- Global climate change mitigation requires the electrification of transport, which offers significant financial opportunities for Terrafame.
- Electrification of transport, markets not developing as expected.

Sustainability policy

The sustainability policy describes Terrafame’s operational principles and the company’s target state in terms of the most material sustainability topics:

- Climate change mitigation by promoting low-carbon electric transport.
- Striving to continuously reduce direct and indirect climate impacts of the company’s own operations in line with the Paris Agreement target.
- The progress of climate change will be taken into account in risk assessments, and any emerging adaptation measures will be implemented.

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- A target to continuously improve the company's energy performance, energy management system and energy efficiency.
- A commitment to continuously improving energy efficiency and using the best available technologies, starting with planning and procurement, with the aim of discontinuing the use of fossil fuels and increasing the use of carbon-neutral electricity, and where possible, renewable energy.
- Encouraging suppliers throughout the value chain to assess their own climate impacts and take measures to reduce GHG emissions, as well as to assess their energy consumption and take measures to improve energy efficiency.

The sustainability policy is applied in all Terrafame's operations, from mining to customer deliveries, and in all activities that support this core process. The sustainability policy applies to all Terrafame's personnel, partners and subcontractors in Terrafame's production and support areas.

Terrafame's Board of Directors approves the sustainability policy. Terrafame's CEO is responsible for the implementation of the policy. The Chief Sustainability Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.

Code of Conduct

The Code of Conduct defines Terrafame's general responsibilities and obligations. The main points of the Code of Conduct regarding environmental and climate matters are:

- Terrafame acknowledges the industry's increased responsibility for the environmental impacts of operations.
- The company's operations are based on compliance with laws and regulations related to the environment, climate and biodiversity, as well as its principles of sustainability.
- Helping mitigate climate change with the customers by promoting low-carbon electric transport is at the core of Terrafame's business operations.

The Code of Conduct is binding to the whole of Terrafame's personnel, the management and the Board of Directors. The Code of Conduct is also followed when cooperating with suppliers, customers and other stakeholders. Terrafame expects its partners and business partners to commit to equivalent principles in their own operations and supply chains. Customers are also expected to act responsibly and to respect human rights.

Terrafame's Board of Directors approves the Code of Conduct. Terrafame's CEO is responsible for its implementation. The Chief People and Governance Officer, a member of the Leadership Team, is responsible for monitoring the application of and interpreting the Code of Conduct.

Terrafame complies with the following third-party standards and initiatives when implementing the targets enshrined in the sustainability policy and the Code of Conduct:

TSM Finland mining sustainability system

Responsible Care

UN Global Compact

UN Sustainable Development Goals

- ✓ The company has made the Code of Conduct available to potentially affected stakeholders and stakeholders who need to assist in its implementation.

The sustainability policy and the Code of Conduct are available on the company's [website](#). The policy is also available to Terrafame's personnel in the company's intranet and document management system.

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● E1-3

Actions and resources in relation to climate change policies

Climate change mitigation measures

Terrafame's battery chemical plant was launched in 2021. By producing battery chemicals, the company implements the target recorded in the sustainability policy to help mitigate climate change by promoting low-carbon electric transport with the company's customers.

In 2024, Terrafame started the production of the uranium available in small concentrations in extracted ore as a by-product. The recovered uranium will be delivered from Terrafame to the international markets for further processing, after which it will be used as a fuel in nuclear energy generation. With the start of operations, Finland is the only EU Member State in which uranium is produced.

The European battery chemical market has developed more slowly than expected, but Terrafame is still committed to promoting the electrification of transport in Europe. In line with the strategy that was revised in the autumn of 2025, Terrafame aims to promote the development of European battery production, and to grow the battery chemicals business and systematically target sales to end customers who value battery chemicals that are responsibly produced in Europe. Another aim is to deepen cooperation with other actors in the battery value chain.

For example, Terrafame also assesses new opportunities for future profitable growth by exploring the prerequisites for increasing the production volume of uranium, which also supports the clean energy targets. In addition, the company is exploring the possibilities of recovering other as-yet untapped critical raw materials such as rare earth metals. The new production could be launched towards the end of the current decade.

Terrafame's production process is energy-efficient, and its carbon footprint is already one of the smallest in the industry. In Terrafame's cradle-to-gate LCA calculation updated in autumn 2025, the carbon footprint of the company's nickel sulphate was assessed at 1.60 kg CO₂ eq. The previous calculation, completed in 2020, resulted in a value of 1.75 kg CO₂ eq. The reduction in carbon footprint is mainly attributable to improved chemical and energy efficiency. The 2025 carbon footprint calculation has been audited in accordance with ISO 14067.

As part of efforts to reduce energy consumption and mitigate climate impacts, Terrafame has implemented and certified the ISO 50001 energy management system, which supports the continuous improvement of energy efficiency.

Terrafame will refine its plans to reduce its own GHG emissions and increase energy efficiency as part of a transition plan to be implemented in 2026. Terrafame's actions related to climate change have an impact on both its own operations and the value chain.

✓ Currently, Terrafame does not report operating and/or capital expenditure related to actions and action plans.

● E1-4

Targets related to climate change mitigation and adaptation

Terrafame has set a target that its own operations (Scopes 1–2) will be carbon neutral by 2039. In 2025, the company had no measurable and time-bound targets for reducing GHG emissions and improving energy efficiency. The plan is to survey tangible targets as part of the transition plan efforts in 2026.

The development of the company's net sales, divided into intermediate metal products and battery chemicals, is reported monthly to Terrafame's Board of Directors. The development of net sales has also been reported to the company's stakeholders as part of the quarterly business reviews and the annual review included in the financial statements, which closely follow the development of the electric vehicle market and the batteries used in it. GHG emissions and the company's total energy consumption have been monitored annually since 2015, first published as part of the annual report and from 2019 as part of a separate sustainability review. Since 2024, GHG emissions and total energy consumption have been reported as part of a voluntary sustainability report based on the ESRS standards.

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● E1-5

Energy consumption and mix

Terrafame's total energy consumption broken down according to disclosure requirement E1-5 is presented in the table below. The company's business is classified under NACE code 20.13 Manufacture of other inorganic basic chemicals. This means that Terrafame's total net sales is generated in a high-climate-impact sector. The net sales presented in the financial statements has been used in the calculation of energy intensity. Since 2024, GHG emissions and total energy consumption have been reported as part of a voluntary sustainability report based on the ESRS standards.

Energy consumption and mix	2024	2025	Change-%
1) Fuel consumption from coal and coal products (MWh)	0	0	0
2) Fuel consumption from crude oil and petroleum products (MWh)	161,910	200,410	+23,8
3) Fuel consumption from natural gas (MWh)	0	0	0
4) Fuel consumption from other fossil sources (MWh)	0	0	0
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	269,215	260,034	-3,4%
6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	431,125	460,444	+6,8
Share of fossil sources in total energy consumption (%)	58%	61%	
7) Consumption from nuclear sources (MWh)	128,192	246,677	+92,4
Share of consumption from nuclear sources in total energy consumption (%)	17%	33%	0
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0	
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	188,977	50,987	-73,0
10) The consumption of self-generated non-fuel renewable energy (MWh)	0	0	
11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	188,977	50,987	-73,0
Share of renewable sources in total energy consumption (%)	25%	7%	
Total energy consumption (MWh; calculated as the sum of rows 6, 7 and 11)	748,294	758,107	+1,3

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Energy intensity relative to net sales	2024	2025	Change-%
Total energy consumption from activities in high-climate-impact sectors relative to net sales from activities in high-climate-impact sectors (MWh/Monetary unit)	1374	1339	-2,6
Reconciliation of net sales			
Net sales from activities in high-climate-impact sectors used in the calculation of the energy intensity	544,5	566,1	+4
Net sales (other)	0	0	0
Total net sales (financial statements)	544,5	566,1	+4

● E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

Terrafame uses the principles, requirements and guidelines set out in the GHG Protocol Corporate Standard to calculate GHG emissions. The Scope 1 and Scope 2 data apply to Terrafame Group as described in section ESRS2. BP-1. The calculation of Scope 3 emissions covers the functions of the value chain described in section ESRS2. SBM-1. The revenue-based greenhouse gas emission intensity has been calculated by relating the emissions to the revenue reported in the financial statements. The production-based greenhouse gas emission intensity has been calculated by relating the emissions to the combined metal content of nickel and zinc production. Terrafame's Scope 1 calculation is based directly on the amounts of fuel and chemicals collected from its own processes. Scope 2 data is based directly on energy consumption and emission data obtained from suppliers. Scope 3 emissions have been determined using a hybrid calculation, partly using realised amounts, partly using emission data received directly from suppliers, and partly based on purchase invoices using the spend-based methodology. In the spend-based calculation, emissions are estimated using the monetary value presented in the purchase invoice related to the activity and multiplying it by an emission factor.

Biogenic carbon dioxide emissions in the value chain have not been assessed in the Scope 3 emission calculation. Exiobase's openly available factors have been used as emission factors for purchase invoices.

In the implementation of the mass-based calculation, the emission factor database of the United Kingdom Department for Environment Food and Rural Affairs (Defra) has been used, in addition to which the statistics of Fingrid and Statistics Finland have been used in the calculation of purchased energy emissions. Emissions from raw material procurement in production have been calculated with supplier-specific emission factors to the extent that they have been available. In addition, mole mass calculations have been used for certain process chemicals. The emission factors that best represent Terrafame's operations and the latest available emission factors have been used in the calculation. No external calculation tools have been used. In 2025, the majority, 72%, of Terrafame's Scope 3 GHG emissions are caused by category 1 (purchased products and services). Sixty-four percent of this is calculated based on the actual quantities of chemicals used in production, and 36 percent based on purchase invoices. In total, 22% of all Scope 3 GHG emissions are calculated based on purchase invoices. Only a small part of the Scope 3 calculation is based on emission data obtained directly from suppliers.

No third party has verified the emissions calculation.

Proportion of guarantees of origin purchased by Terrafame in relation to market-based electricity consumption:

2025	2024
50 %	50 %

The electricity purchased with guarantees of origin consisted entirely of nuclear power.

- ✓ During the reporting period, Terrafame purchased guarantees of origin retrospectively (the unbundled contractual instrument). The company had no contractual instruments bundling energy and origin aspects.

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Scope 1 GHG emissions	2024	2025	Change-%
Gross Scope 1 GHG emissions (tCO ₂ eq.)	126,914	135,287	+7
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	32%	31%	
Scope 2 GHG emissions			
Location-based Scope 2 GHG emissions (tCO ₂ eq.)	27,893	18,549	-33
Market-based Scope 2 GHG emissions (tCO ₂ eq.)	148,825	100,382	-33

Terrafame aims to achieve carbon neutrality for its own production (Scope 1–2) by 2039.

Significant Scope 3 GHG emissions	2024	2025	Change-%
Total gross indirect GHG emissions (tCO ₂ eq.)	352,222	338,073	-4
1) Purchased goods and services	260,398	244,417	-6
2) Capital goods	31,177	21,104	-32
3) Fuel and energy-related activities (not included in Scope 1 or Scope 2)	30,453	38,476	+26
4) Upstream transportation and distribution	13,352	16,225	+22
5) Waste generated in operations	1,194	1,129	-5
6) Business travel	134	213	+59
7) Employee commuting	931	1,116	+20
8) Upstream leased assets	-	98	-
9) Downstream transportation	-	-	-
10) Processing of sold products	13,382	14,365	+7
11) Use of sold products	-	-	-
12) End-of-life treatment of sold products	1201	930	-23
13) Downstream leased assets	-	-	-
14) Franchises	-	-	-
15) Investments	-	-	-
Total GHG emissions (location-based) (tCO₂eq.)	507,029	491,909	-3
Total GHG emissions (market-based) (tCO₂eq.)	627,962	573,742	-9
Biogenic CO₂ emissions (bio)			
Scope 2 (tCO ₂ eq.)	18,252	17,845	-2,2

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GHG intensity relative to net sales	2024	2025	Change-%
Scope 1-2 greenhouse gas (location-based) total emissions relative to production (tCO ₂ -eq./ton produced, zinc and nickel expressed as metal content)	1.9	1.7	-8.0
Scope 1-2 greenhouse gas (market-based) total emissions relative to production (tCO ₂ -eq./ton produced, zinc and nickel expressed as metal content)	3.4	2.7	-20.9
GHG intensity relative to net sales			
Total (location-based) GHG emissions relative to net sales (tCO ₂ eq./EUR m)	931	869	-6.7
Total (market-based) GHG emissions relative to net sales (tCO ₂ eq./EUR m)	1,153	1,013	-12.1
Reconciliation of net sales			
Net sales used to calculate GHG intensity	544.5	566.1	+4
Net sales (other)	0	0	0
Total net sales (financial statements)	544.5	566.1	+4

● E1-7

GHG removals and GHG mitigation projects financed through carbon credits

Terrafame has not taken action to remove or store GHG in its operations or in the upstream and downstream value chain. Furthermore, the company has not purchased carbon credits to support GHG removals outside the value chain.

● E1-8

Internal carbon pricing

Terrafame does not have internal carbon dioxide pricing models.

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● E5

Resource use and circular economy

● E5-1

Policies related to resource use and circular economy

The material impacts related to the utilisation of resources and the circular economy focus on resource inflows and resource use, as well as the different types of waste, and are as follows:

- Current production relies on the primary raw material;
- The amount of waste rock is significant. The generation of waste rock cannot be prevented and will occur as long as mining continues;
- Internal recycling of process side streams. The impact on the prevention of waste is significant. In addition, purchases of necessary consumables such as sulphuric acid can be reduced.

Terrafame's production is based on the ore extracted from the company's open-pit mine and therefore relies on the primary raw material. However, the company is committed to recovering production side streams and aims to increase the share of products made from recycled raw materials in procurement, insofar as this is possible in a technically and economically viable manner. Terrafame has also conducted a trial study of the use of recycled material from discarded batteries as inputs at the battery chemicals plant. The company aims to use the waste rock continuously generated during production as efficiently as possible in earthworks, insofar as the waste rock is appropriate for this purpose. The company is also committed to the responsible use of natural resources. This is realised by seeking to recover ore as effectively as possible and to avoid the generation of waste rock. In addition, the company aims to recycle the side streams generated in its operations back to its process to minimise the amount of waste generated and to recover metals effectively.

Terrafame's key policy in terms of the utilisation of resources and the circular economy is the sustainability policy.

The sustainability policy is applied in Terrafame's all operations, from mining to customer deliveries, and in all activities that support this core process. The sustainability policy applies to all Terrafame's workers, partners and subcontractors in Terrafame's production and support areas.

The sustainability policy also encourages Terrafame's partners throughout the value chain to assess their environmental impacts and take action to reduce their environmental load.

Terrafame's Board of Directors approves the sustainability policy. Terrafame's CEO is responsible for the implementation of the policy. The Chief Sustainability Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.

The environmental principles of the UN Global Compact initiative are followed in the implementation of the sustainability policy.

The sustainability policy is available on the company's [website](#). The policy is also available to all Terrafame's workers in the company's intranet and document management system.

- ✓ In its sustainability policy, Terrafame is committed to promoting the circular economy by using production side streams.
Waste hierarchy level addressed in the policy: recycling.

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● E5-2

Actions and resources related to resource use and circular economy

Mining of the primary raw material, i.e. ore

Black schist reserves comprise the most significant raw material resource in Terrafame's production. The company's production plan is based on the annual mining of 18 million tonnes of ore. The production plan controls the amount of ore extracted from the company's own open-pit mine.

The company is committed to the responsible recovery of natural resources. This is implemented by seeking to use ore as effectively as possible and to avoid the generation of waste rock. In 2025, a total of 14,9 (14,2) million tonnes of ore was mined. The total extraction volume was 53,0 (54.9) million tonnes.

At its Sotkamo production plants, Terrafame produces battery-grade nickel and cobalt. The new strategy also includes the development of copper production. These metals are defined as strategic raw materials. The company aims to recover the metals contained in the ore as efficiently as possible. The optimal recovery of ore already begins at the mine, where the ratio of extracted ore and waste rock is optimised. The metals will thus be recovered as comprehensively as possible, and the amount of waste rock will be controlled.

Time horizon of the measure

Short-term

Quarrying and heaping of waste rock

A large amount of waste rock (18–45 Mt per year) is inevitably generated in mineral extraction, which must be removed from bedrock before minerals can be extracted.

Terrafame is committed to using the waste rock generated continuously in production as effectively as possible in earthworks, insofar as waste rock is suitable for this purpose. The company also strives to avoid the generation of a waste rock. In 2025, the company quarried a total of 32,3 (29,9) million tonnes of waste rock.

The company's waste management plan controls the management of waste rock. Black schist accounts for the majority of the waste rock, similarly to the ore, and its properties, including sulphur content and acid generation, correspond to the properties of ore. Waste rock must therefore be dumped in a separate waste rock area, where dense base structures and structures suitable for leachate control have been built. In production and environmental monitoring, the properties of ore and waste rock are monitored regularly.

Time horizon of the measure

Short-term

Utilisation of process side streams

The company is committed to the promotion of the circular economy by utilising the production side streams, for example.

The side streams generated in the process are chemically similar to the solution in the leaching cycle, which means that they can be returned to leaching or the other stages of the process without any significant additional treatment.

The recycling of the side streams boosts the recovery of metals.

Time horizon of the measure

Short-term

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● E5-3

Significant operating and capital expenditure necessary to carry out the actions undertaken or planned

Currently, Terrafame does not report operating and/or capital expenditure related to measures and/or action plans.

● E5-4

Resource inflows

	2024	2025	Change-%
Amount of primary raw material, t	14,238,257	14,862,662	+4
Amount of primary raw material, %	100	100	

● E5-5

Resource outflows

Terrafame maintains a public waste management plan, which describes the generation, handling, utilisation and/or disposal of waste generated in operations, as well as numerical data on waste and waste areas. The aim is to reduce the amount of waste by preventing its generation: ore and waste rock are accurately separated; the amount of waste rock is minimised in mining plans; the ore is dissolved in bioleaching for a sufficiently long time; and the amount of waste generated in other processes is minimised through process optimisation.

Information about the amount of waste generated in production is collected as part of production monitoring. The amount of waste rock is monitored on the basis of tonnes of extracted and transported waste rock. The time when leaching residues are formed has been defined in such a way that the filling material in a block becomes waste when the active leaching process ends and the chemical quality of the residues has been studied.

Resource outflows, tonnes	2024	2025	Change-%
Total waste generated (= waste rock)	29,934,830	32,258,513	+8
Non-hazardous waste diverted from disposal for other recovery operations	1,627,737	4,876,309	+200
Hazardous waste directed to disposal	28,316,093	27,052,204	-4
Total amount of non-recycled waste	28,316,093	27,052,204	-4
Percentage of non-recycled waste	94.59%	83.86%	-11

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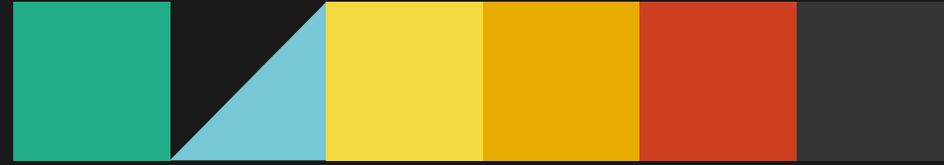
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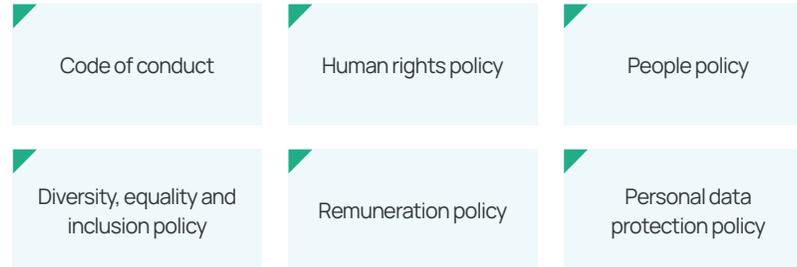
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● S1

Own workforce

● S1-1

Policies related to own workforce



In relation to its own workforce, Terrafame has identified the following material sustainability matters related to health and safety, and training and competence development:

- Non-compliance with guidelines may lead to the realisation of occupational safety and/or health risks.
- Investments are made in employees' work ability and wellbeing at work. Comprehensive occupational healthcare. A strong culture of work ability management.
- Investments in competence development are made. Competence is systematically developed throughout a person's career by means of induction, various training courses and qualifications, degree-based training, and on-the-job learning. Performance and development discussions are held with all personnel.

Terrafame is committed to communicating information about its Code of Conduct and policies to its personnel. Work community communication is realised immediately and in an easily accessible manner. Multichannel communication ensures access to information for everyone. The company's interactive management and communication structures such as team meetings, a Teams channel and employee townhall meetings promote discussion and engagement. Participation in development is supported by making use of observations and improvement.

Collaboration is carried out with a genuine emphasis on discussion and development, and dialogue is based on mutual trust. Collaboration creates opportunities for participation and influence, and active committees are key forums.

The themes of diversity and equality are highlighted in communication. The practices encourage inclusion and influence, as well as recognising an active approach. The entire personnel is provided with an induction, and supervisors are trained in diversity, equality and inclusion matters. The achievement of diversity, equality and inclusion is regularly assessed with the aid of metrics and a people survey as necessary.

Corrective measures will be taken as necessary, and their details will be determined on a case-by-case basis. In the case of proven adverse effects caused or contributed to by Terrafame's operations, corrective measures are taken in accordance with the law and official regulations. Terrafame also strives to use its influence to remedy disadvantages in situations where the disadvantage is indirectly related to the company's operations through the value chain, for example. Every employee has the right to raise grievances safely and without fear of consequences. Terrafame does not tolerate any form of retaliation – physical, psychological or financial – against any employee who in good faith raises concerns about suspected or actual misconduct through any reporting channel, or participates in the investigation of misconduct.

The company is committed to equality and non-discrimination in accordance with its personnel, human rights, diversity and inclusion policies. Practical instructions are given in a Vastuullinen työkaveruus (Being a responsible colleague) guideline. Grievances may be reported through the company's channels, and all reports are processed without delay. The number of reports is monitored as part of the reporting process.

Diversity and inclusion are promoted by ensuring equal opportunities to participate and thrive, regardless of a person's background. Harassment and discrimination are not tolerated and are addressed without delay. The personnel are encouraged to highlight areas requiring improvement and grievances by talking to a supervisor or by using the whistleblowing channels.

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Recruitment and career opportunities are based on transparent and non-discriminatory criteria. The most suitable person for the position is always selected, and everybody is offered an equal opportunity to learn and proceed in their career. Participation and development are taken into account in remuneration.

The aim is to keep the working environment accessible, and solutions to support persons with limited work ability are sought. Management is guided by the principles of sustainability and inclusiveness, with an emphasis on diversity and cooperation. Everyone is expected to behave respectfully, and equal terminology is used in communication.

Terrafame's remuneration systems are based on work-related factors, and pay bases are kept available to the personnel. Supervisors are provided with training in remuneration matters, and procedures supporting equality are used in the determination of remuneration. Fair and non-discriminatory remuneration is ensured by regularly conducting an internal remuneration analysis. The bonus schemes are based on factors the personnel can influence.

The collaboration committee has been informed of the content and progress of the preparation of the Code of Conduct. In the case of the other policies, the personnel have appointed their representatives to the preparatory working group.

The implementation of Terrafame's Code of Conduct, human rights policy, people policy, and diversity, equality and inclusion policy are guided by the following third-party standards and initiatives:

- UN Global Compact initiative
- TSM Finland mining sustainability system
- Responsible Care sustainability programme
- UN Sustainable Development Goals

The remuneration policy complies with the 2025 Corporate Governance Code of the Securities Market Association and the Government decision-in-principle on the State ownership policy dating back to 2024.

Policies concerning the company's own workforce comply with the UN Guiding Principles on Business and Human Rights.

Terrafame does not tolerate discrimination in any form. Equal opportunities at the workplace are promoted regardless of gender, age, origin, nationality, language, religion, political activity, trade union activity, family relations, socioeconomic background, state of health, disability, sexual orientation or other personal reasons. Vulnerable groups such as people with partial working capacity, pregnant women and persons with impaired capacity for work are taken into account in the work community.

✓ Policies are made available to stakeholders potentially affected by them, and (or) to stakeholders who need to assist in their implementation.

✓ Terrafame has implemented specific policies for the elimination of discrimination and harassment, the promotion of equal opportunities and other ways to promote diversity and inclusion.

✓ Policies are implemented through specific procedures to ensure that discrimination is prevented, mitigated and acted on once detected, as well as to advance diversity and inclusion.

✓ The human rights policy explicitly addresses trafficking in human beings, forced labour and child labour.

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Code of Conduct

Terrafame's Code of Conduct defines the company's sustainable business principles and obligations that apply to the entire workforce, the management and the Board of Directors, and guide the stakeholder cooperation. The Code of Conduct also forms the basis for the Supplier Code of Conduct.

Terrafame's target is to instil a strong culture of acting appropriately throughout Terrafame's value chain. The company's approach is based on continuous improvement, inclusion, personal responsibility, learning and integrating sustainability more closely into business planning.

Monitoring is based on the approval of the Board of Directors, annual reviews, certified management systems and internal processes.

Every Terrafame employee is personally responsible for implementing and promoting the Code of Conduct.

The Code of Conduct, which also includes Terrafame's commitment to respect human rights, is based on international sustainability principles. The Code of Conduct defines Terrafame's general responsibilities and obligations, which are specified in the company's more detailed policies and guidelines. Terrafame's management regularly reviews the Code of Conduct and evaluates its implementation.

Terrafame is committed to complying with international sustainability standards and policies, as well as to respecting human rights in all of its operations, in accordance with the law and the UN Guiding Principles on Business and Human Rights. Human rights impacts are taken into account in all decision-making with all stakeholders. In accordance with the due diligence obligation concerning human rights, the company has assessed the key human rights impacts of its operations and any associated risks, and it is committed to preventing or mitigating these risks.

Terrafame's Code of Conduct was revised in 2025. The Code of Conduct was expanded to cover expectations in the upstream and downstream of the company's value chain. The human rights impact assessment (HRIA) realised in 2025 was also used in the revision.

Terrafame Ltd's Board of Directors approves the Code of Conduct. Terrafame's CEO is responsible for the implementation of the policy. The Chief People and Governance Officer, a member of the Leadership Team, is responsible for monitoring the application of and interpreting the Code of Conduct.

Human rights policy

Terrafame's human rights policy guides the company's actions related to respecting human rights in accordance with the UN principles, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD's guidance. The policy is binding on the entire organisation, and its aim is to integrate human rights into the daily operations and cooperation in the value chain. The policy includes principles of non-discrimination, equality, prohibition of forced and child labour, and fair working conditions. Human rights impacts are assessed on a risk basis, and monitoring takes place through management systems, indicators and reviews.

Terrafame's principles related to the respecting of human rights are specified in a separate human rights policy, which is binding on the whole of Terrafame's personnel, the management and the Board of Directors. The objective of the policy is to guide the day-to-day work of the persons participating in Terrafame's operations so that the operations support the principles of social responsibility.

The key human rights impacts of the company's operations and any associated risks have been assessed in accordance with the due diligence obligation concerning human rights. The realisation of human rights in relation to Terrafame's own workforce is linked to the human resources management processes. The company has a separate guide on human rights in employment matters, which is regularly reviewed. Any necessary updates to the human rights impact assessment are also made in connection with the reviews. Human rights impacts are also reviewed as part of the double materiality assessment, which is updated annually.

The company actively seeks to improve occupational safety in the industrial area, and monitors the implementation of labour rights as part of the internal reporting related to corporate governance and human rights.

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Terrafame acts responsibly and transparently in matters related to human rights and labour rights. Policies, process descriptions, and guidelines are made available to employees, and information on human rights and labour rights is provided during onboarding. Employees and supervisors are regularly trained, and various communication channels are used for workplace communication. Matters affecting personnel are prepared and addressed in collaboration with employee representatives. Management structures, such as shift-start meetings, provide opportunities for participation and influencing, and employees may also report observations or make suggestions for improvements.

Internal and external channels, including an anonymous whistleblowing system, are available for reporting potential concerns. All reports are handled confidentially, and corrective actions are taken when necessary in accordance with legislation and regulatory requirements.

The due-diligence process is reported as part of the sustainability report.

The most significant human rights impacts of Terrafame's own operations are related to the occupational safety and health of the personnel working in the industrial area, as well as the environmental impacts of the operations. The target is zero accidents, which requires the identification of risks, induction and continuous development. The company promotes equality and non-discrimination, builds a diverse work community, and ensures pay equality. The right to a healthy environment guides the activities. Personnel are ensured fair working conditions, the freedom of association and ethical recruitment practices. Forced labour, compulsory labour, child labour and trafficking in human beings are strictly prohibited. Working time arrangements support recovery, and sufficient financial resources are secured in accordance with the generally applicable collective agreement.

Terrafame revised its human rights policy based on the human rights impact assessment (HRIA) in 2025. The governance of the policy was simultaneously changed, meaning the human rights policy is now approved by Terrafame's Board of Directors. Previously, Terrafame had a common human rights policy with the parent company Finnish Minerals Group (FMG), which was approved by both the FMG and the Terrafame Board of Directors.

Terrafame's CEO is responsible for the implementation of the policy. The Chief Sustainability Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.

✓ An occupational accident prevention policy and a related management system are in place.

People policy

Terrafame's commitment to responsible human resources management is described in the company's people policy, which also defines the principles of people development. The target is that the company will always have the capabilities and skills required for business. We create opportunities for development through on-the-job learning, participation in development projects, job rotation, career development, and coaching and training. The policy is complemented by human resources management processes and guidelines that are applied to the daily activities.

Terrafame's people policy describes the company's policies applicable to human resources management. All Terrafame employees working in Terrafame's production and support areas, including the management, supervisors and personnel representatives, must comply with the company's people policy. The aim of the policy is to guide the daily work of Terrafame's personnel so that the activities will support the targets of responsible human resource management, which are social responsibility, a clear organisation and bold leadership, committed and competent personnel, and a strong future. The policy applies to non-employee workers included in the company's own workforce where applicable.

Terrafame Ltd's Board of Directors approves the people policy. Terrafame's CEO is responsible for the implementation of the policy. The Chief People and Governance Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.

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Diversity, equality and inclusion policy

The diversity, equality and inclusion policy describes the company's policies in terms of diversity, equality and inclusion. All Terrafame employees working in Terrafame's production and support areas, including the management, supervisors and personnel representatives, must comply with the policy. The aim of the policy is to guide the daily work of Terrafame's personnel so that the activities will support the targets of responsible human resource management, which are social responsibility, solid organisation and brave leadership, engaged and competent employees and strong Life of Mine.

At Terrafame, everyone has equal opportunities to participate and succeed, regardless of their job role, educational background, age, gender, language, nationality, social or ethnic background, religion, sexual or political orientation, or other similar factors. Diversity is an asset the company wants to promote.

Terrafame Ltd's Board of Directors approves the diversity, equality and inclusion policy. Terrafame's CEO is responsible for the implementation of the policy. The Chief People and Governance Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.

Remuneration policy

The remuneration policy sets out the principles for the remuneration of the Board members and the CEO, as well as the key terms of employment contracts. Terrafame's remuneration policy also takes the remuneration of the company's personnel into account. The key principles of personnel remuneration are rewarding for good performance, keeping remuneration reasonable and fair, and ensuring transparent determination of the remuneration. The aim is that, in addition to the management of the company, which also includes the CEO, the bonus scheme that rewards the achievement of the targets defined in advance by the Board of Directors, such as production and occupational safety targets, also applies to other personnel. The policy applies to non-employee workers included in the company's own workforce where applicable.

In addition to the articles of association and applicable legislation, Terrafame's administration and decision-making are guided by the Government decision-in-principle on the State ownership policy valid at any given time. Terrafame complies with the ownership policy in its remuneration, including the remuneration of the Board members and the CEO. The remuneration policy is presented to the company's shareholders at the annual general meeting every four years. The current remuneration policy has been presented to the 2024 annual general meeting and will be applied until the 2028 annual general meeting unless it is replaced by a new or updated remuneration policy that has been presented to the annual general meeting prior to that.

Data privacy policy

All Terrafame employees working in Terrafame's production and support areas, including the management, supervisors and personnel representatives, must comply with the personal data protection policy.

Terrafame Ltd's Board of Directors approves the data privacy policy. Terrafame's CEO is responsible for the implementation of the policy. The Chief People and Governance Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.

Availability of policies

The Code of Conduct, the human rights policy and the remuneration policy are available on the company's [website](#). They are also available to all Terrafame's personnel in the company's intranet and document management system. Internal policies, i.e. the people policy, the diversity, equality and inclusion policy, and the personal data policy, are available to Terrafame's personnel in the company's intranet and document management system.

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● S1-2

Processes for engaging with own workers and workers' representatives about impacts

The perspectives of Terrafame's own workforce inform the company's decisions or activities aimed at managing the actual and potential impacts on its own workforce. Matters related to the personnel are discussed regularly in collaboration with personnel representatives. Themes covered include:

- Personnel plans and principles for the use of labour
- Occupational health, safety, wellbeing and work ability
- Performance management
- People survey and employee experience
- People and competence development
- Diversity, equality and inclusion matters
- Work community development and initiatives
- Human rights matters and personal data protection
- Remuneration and hiring
- Personnel events and leisure activities
- Canteen

Communication with personnel takes place through personnel representatives.

Collaboration is the most commonly used method in personnel engagement. The personnel elect their own representatives: each personnel group selects a shop steward, and an occupational safety and health representative from among themselves. In addition, the personnel appoint representatives for collaboration bodies such as the collaboration committee, the occupational safety and health committee, the leisure committee, and the cafeteria committee. Collaboration takes place in a genuinely interactive and fruitful manner. The dialogue is based on strong mutual trust and must be respectful, proactive and continuous. Collaboration means looking towards the future and taking a solution-driven approach. Collaboration offers opportunities for engagement and influencing. The active committees are important forums, and collaboration is based on jointly created rules.

Regular meetings are arranged several times a year to discuss agreed topics and other current issues. Furthermore, other meetings are conducted.

Terrafame's Chief People and Governance Officer, a member of the Leadership Team, is responsible for dialogue with their own personnel, and ensures that the results of the dialogue are taken into account in terms of material sustainability matters related to work ability and competence development. The Chief Sustainability Officer, a member of the Leadership Team, is responsible for the dialogue and ensures that the results of the dialogue are taken into account in terms of occupational safety and health topics.

Employee experience is monitored through regular people surveys and targeted surveys to identify strengths and areas requiring development. Experiences are also assessed with the help of induction and departure surveys and workplace surveys. Data is collected from several sources to form an overall picture and develop the employee experience. There are also performance and development discussions, 1:1 training and early support discussions. The quality and processes of supervisory work are monitored to ensure the realisation of corporate governance, learning and wellbeing. The targets are continuous improvement, and the most positive employee experience possible to support wellbeing and productivity.

Employee and employee experience's development is monitored using the following process metrics:

- Coverage of performance and development discussions (%): The target is set by the Leadership Team - We aim for a coverage of 100%. The Human Resource Development Manager is responsible for monitoring the coverage of performance and development discussions (PDDs). The line organisation supervisors are responsible for holding PDDs.
- Success in work ability management: We arrange early support discussions and work ability negotiations whenever necessary. The line organisation's supervisors are responsible for holding the discussions, guided by the employment relationship manager.
- Success in the integration of new Terrafame employees: New employees respond to the survey for new employees when their induction is in the final stages. The Human Resource Development Manager is responsible for analysing the responses annually. Our target is a satisfaction level of at least 3 (on a scale from 1 to 4).

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We also track and measure how well we achieve our objective of ensuring the best possible employee and people experience. Employee experience is monitored through the following performance indicators:

- Employee engagement index: The target is a minimum PeoplePower index of 80%. The decision to conduct the full people survey is made by the Leadership Team. The survey is prepared and coordinated by a senior specialist from the People, Culture and Governance team. Supervisors encourage participation and enable employees to respond. Based on the results, the Leadership Team decides on company-level development actions, while department heads and managers are responsible for department-level actions, and immediate supervisors for team-level measures.
- Voluntary turnover: The target for voluntary turnover is a maximum of 7%. Reporting is the responsibility of the Employment Manager. Voluntary turnover is included in the monthly People & Culture key figures. A senior specialist in the People, Culture and Governance team monitors the results of the exit survey.
- Sickness absence rate: The target is a maximum sickness absence rate of 4.8%. Reporting is handled by the Employment Manager, and the sickness absence percentage is included in the monthly People & Culture key indicators. Line supervisors are responsible for managing sickness absences.

Terrafame has identified persons with impaired capacity for work and pregnant persons as vulnerable groups. Close communication with persons with impaired capacity for work is maintained throughout the work ability negotiations to assess the effectiveness of their treatment, realise the treatment plan, and enable a return to work. The situation of pregnant persons and any required work support is investigated in cooperation with occupational healthcare services.

● S1-3

Processes to remediate negative impacts and channels for own workers to raise concerns

✓ Terrafame has a grievance mechanism to deal with personnel matters in place

✓ Terrafame has policies to protect people who use the grievance mechanisms from retaliation in place. This includes personnel representatives.

Terrafame's management monitors the accident frequency of the company's personnel on a weekly basis. The metric has shown a significantly downward trend throughout the company's history. Terrafame's personnel are encouraged to report any grievances they observe. All reports are processed and investigated, and the necessary preventive or corrective actions are taken. Any negative impacts are eliminated in accordance with Finnish law.

The personnel can submit reports via the company's internal channels or the whistleblowing channel. The latter is anonymous. In accordance with the collaboration model, they can also contact the personnel representative, who can handle the matter on their behalf. All reports are appropriately processed and investigated, and the necessary preventive or corrective actions are taken. Terrafame's whistleblowing channel is discussed in more detail in section G1-1 Corporate culture.

The whistleblowing channels have been set up by Terrafame.

Employees obtain information about sustainability matters, human rights, labour rights and the company's related policies during induction. All employees have access to notification channels in the intranet, on the company's website and in the document management system. In addition, communication related to the channels is carried out as necessary.

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All reports will be processed confidentially and investigated appropriately in accordance with pre-defined processes. The process descriptions of the operation of the internal reporting channels are available to personnel on Terrafame's intranet. The initial processing of reports submitted through the whistleblowing channel is the responsibility of the third party investigative personnel. The number of reports, the reported topics and the status of reports, as well as cases that have led to further measures, are regularly monitored as part of the internal reporting process, which also allows the observation of channel usage activity.

According to Terrafame's assessment, persons included in its own workforce are aware of the structures/processes of the whistleblowing channels and rely on them as a way to raise their concerns or needs to get them addressed. Terrafame receives reports from its personnel on a daily basis. The majority of them are related to safety, which leads to the conclusion that the personnel consider reporting to be a valuable way of developing matters, the work community and the workplace.

● S1-4

Actions and procedures for managing people-related impacts

Measures to prevent or mitigate material negative impacts

Safety measures

Terrafame's occupational safety and health practices are consistent for all workers working in the industrial area, including the company's own workforce, and the workers of contractors and subcontractors. In 2025, the company continued its systematic work to improve its occupational safety and health performance by implementing several safety-related measures such as:

- Implementing safety themes based on a separate safety programme
- Launching a safety forum at the beginning of the year where members of the Leadership Team and participants from different departments meet once a month to monitor the development of safety
- Arranging monthly safety walks by executive management
- Introducing a proactive safety reward.

In Terrafame's industrial area, the focus is on improving the occupational safety and health performance through proactive action. Safety is an integral part of the induction provided to Terrafame's personnel, and the company requires everybody to have a valid occupational safety card, and to complete the company's occupational and chemical safety and information security training.

Terrafame is a member of the Advisory Board for Mining Safety (Kaivosturvallisuuden neuvottelukunta KTN), a joint network of the mining industry in Finland. KTN develops the safety of mines, shares information about risks and accidents, and prepares common guidelines and procedures for the entire industry.

Terrafame is also a member of an occupational safety working group of the Nickel Institute, which represents the global nickel industry, where occupational hygiene practices and occupational safety are developed.

Terrafame provides induction for all its employees, covering general safety matters in the entire plant area, as well as the safety matters relevant to the department and site in question.

Terrafame ensures that its own practices do not cause or contribute to any material negative impacts on its own workforce

Work carried out in Terrafame's industrial area must always follow two key rules:

- 1) Work must always be done safely or not at all.
- 2) There is always time to work safely, carefully and following instructions.

Terrafame operates in accordance with law and permits, complying with the safety instructions and practices given. Safety performance is monitored and supervised. Failure to comply with the common rules may result in disciplinary action.

Terrafame makes broader investments than required by law in the occupational health and wellbeing of its own workforce, including preventive occupational health services. Terrafame invests heavily in occupational safety and health measures in the production area.

The effectiveness of the occupational safety and health measures is monitored with the LTIFR indicator, for example.

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Actions or initiatives with the primary purpose of delivering positive impacts

Wellbeing at work

Investments in work ability and wellbeing at work are made through effective supervisory work and meaningful tasks, by offering opportunities for engagement, influence and development, and through good work ability management, extensive occupational healthcare services, and effective cooperation with pension insurance providers. People development is realised through the following processes:

- Integration and induction
- Learning and development
- Performance management
- Talent management
- Succession planning.

In addition, people development themes are selected regularly with personnel representatives. For example, we developed a workplace substance abuse programme with personnel representatives in 2025.

In 2025, the processes of employee experience and wellbeing at work were implemented as planned and in accordance with the plan for the development of wellbeing:

- Supervisors were trained to develop their leadership skills, which has a significant impact on wellbeing. Performance and development discussions also have an impact on wellbeing.
- Supervisors implemented the early support model, and work ability challenges were solved in cooperation with occupational healthcare services and the pension insurance provider.
- Rehabilitation solutions supported the recovery of persons with impaired capacity for work in cooperation with occupational healthcare services and the pension insurance provider. The ratio between rehabilitation and pension solutions remained appropriate.
- Proactive work ability support was provided with the occupational healthcare partner in accordance with the occupational healthcare action plan. The main emphasis with the actions has been on the prevention of musculoskeletal disorders, cardiovascular diseases and mental health disorders.

- The personnel were provided with health and wellness training and tests.
- The personnel were encouraged to be active in their leisure by offering them cultural and sports benefits, as well as by arranging sporting and other events.
 - A comprehensive people survey was carried out to systematically develop the employee and people experience.
 - The company's 10th anniversary was celebrated throughout the year together with employees through various events.
 - DEI matters were further developed by preparing for the requirements entering into force in 2026.
 - The sickness absence management model was improved.

Competence development

Competence relevant to the business and related changes are identified annually as part of the strategy and action plan process, based on which a competence development plan is prepared and implemented.

The competence requirements for different positions are determined in the job descriptions and supplemented with competence matrices if necessary. The recruitment process ensures that the person selected for the job has the basic skills required for it. Valid qualifications are also verified, and this information is used in the planning of training.

At the beginning of each employment relationship, there is an induction process which consists of general, department and task-specific induction. It also covers safety, environmental and quality aspects. The qualifications required for the position such as an occupational safety card are obtained during the induction. Mandatory training courses such as security info and emergency first aid are specified in a separate document. During the employment relationship, competence is systematically developed through performance and development discussions by preparing a personal development plan. Management skills are improved in the case of those working in supervisory positions. Professional skills are supported through apprenticeships and paid study leave, among other means. New competence needs are identified during changes, and the necessary training is arranged.

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Terrafame follows the 70:20:10 model of competence development, according to which the majority of learning takes place through on-the-job learning. It is supported by development targets, and the support and guidance provided by supervisors. Learning is also supported by informal learning methods such as mentoring. Formal training is also utilised, both degree- and course-based training.

In 2025, people development processes were implemented according to plan and in accordance with the competence development plan:

- 100% of the personnel participated in performance and development discussions.
- 271 employees participated in induction, of whom 144 were summer trainees.
- An average of 25 hours per employee of training was provided. Typically, training was related to sustainability themes such as safety, but there was also training on professional themes and supervisory work.
- A total of 33 people started apprenticeship training. 21 persons completed a degree through apprenticeship training. On 31 December 2025, 38 persons were in the process of completing their apprenticeship training.
- The personnel's career development was supported by offering career development opportunities at all levels of the organisation.

The personnel's qualification, training and licence information is stored in the personal data system, which includes a training register. Supervisors monitor and ensure the validity of qualifications. The success of competence development is monitored using the following metrics:

- Key figures of the integration and induction process: the number of accidents involving new employees, induction experience and the induction coverage rate (%).
- The coverage of performance and development discussions (%).
- The coverage of mandatory training (%): The validity of the most significant training is monitored as part of the human rights metrics.
- The annual average number of training days per employee.

Terrafame's material negative and positive impacts on its own workforce are addressed by the following bodies in the organisation:

- The company's Board of Directors approves key commitments when approving the company's operating principles and policies.

- The CEO is responsible for the implementation of the commitments.
- Responsible managers, members of the Leadership Team, are responsible for monitoring and interpreting the application of policies.
- The ESG, quality and communication unit, and the Chief Sustainability Officer as its responsible manager, supported by the safety manager and their teams, are responsible for the creation, maintenance, development, reporting, and communication of safety and health procedures. The company's safety forum also supports safety and health activities.
- The people, culture and governance unit, with the Chief People and Governance Officer as its responsible manager, supported by the Human Resource Development Manager, are responsible for the creation, maintenance, development, reporting and communication of competence development procedures.
- The people, culture and governance unit, and the Chief People and Governance Officer as its responsible manager, supported by the employment relationship manager and a senior specialist, are responsible for the creation, maintenance, development, reporting, and communication of work ability and wellbeing procedures.
- Supervisors are responsible for the implementation of the company's policies in their teams, as well as for the supervision of the personnel.
- Personnel representatives participate in the preparation, development and monitoring of matters, with shop stewards and the collaboration committee participating in terms of competence development, work ability and wellbeing at work, and occupational safety and health representatives, and the occupational safety and health committee in terms of safety and health, work ability and wellbeing at work.
- Employees can use various channels to have an impact on and participate in the development of matters, the work community and the workplace by submitting incident reports or suggestions.

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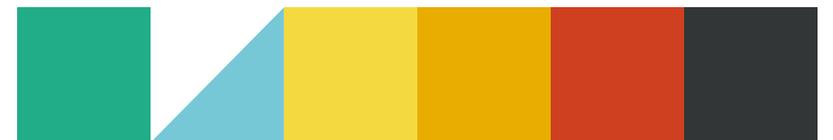
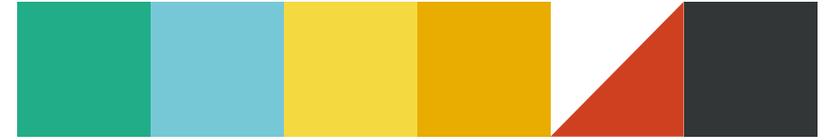
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Terrafame's management system plays a key role in addressing negative impacts and promoting positive impacts:

- Function-specific action plans derived from the strategy set targets and plan activities, and the resources required for them.
- The achievement of the targets is monitored through the management of systems and the reporting system. Any incidents are addressed and remedies are defined as required.
- Good practices are identified and brought to the attention of all departments.

In its own operations, Terrafame supports the following UN Sustainable Development Goals:

- SDG 3 – Good health and wellbeing
- SDG 4 – Quality education



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MDR-A – Actions and resources in relation to material sustainability matters

S1 Own workforce	Action 1	Action 2	Action 3
Title of action (plan)	Safety measures	Work ability and wellbeing measures	People development
Names of related impacts, risks and opportunities	Non-compliance with guidelines may lead to the realisation of occupational safety and/or health risks.	Investments are made in employees' work ability and wellbeing at work. Comprehensive occupational healthcare. A strong culture of work ability management.	Investments in competence development are made. Competence is systematically developed throughout a person's career by means of induction, various training courses and qualifications, degree-based training, and on-the-job learning. Performance and development discussions are held with all personnel.
Names of related policies	People policy, Human rights policy, Diversity, equality and inclusion policy, Remuneration policy and Data privacy policy		
Names of related targets	LTIFR Occupational disease cases	Sick leave	-
Sustainability matters to which the action applies	Health and safety	Health and safety	Training and skills development
Time horizons during which the key actions must be completed	Short-/medium-/long-term	Short-/medium-/long-term	Short-/medium-/long-term

Terrafame regularly prepares straightforward action plans for the development of competence and wellbeing. The personnel are represented in the preparation of plans by representatives they have selected. The plans are approved by the Leadership Team. The implementation of the plans is the responsibility of the designated persons or teams. The implementation of the plans is monitored both in collaboration and in the Leadership Team.

Terrafame complies with the ISO 9001 quality management system, the implementation of which is regularly audited by an external accredited body. In addition, the company has been committed to the TSM Finland mining sustainability system since 2017, and conducts an annual self-assessment of the application of the system's occupational safety and health assessment tool.

Where applicable, the tool also covers the occupational safety and health of contractors' workers working in Terrafame's production area. Terrafame's occupational safety principles are based on the Finnish Occupational Safety And Health Act, and the company has a separate tool for monitoring compliance with statutory requirements. Terrafame is also audited by Terrafame's customers in sustainability matters.

Type of financial resources

Currently, Terrafame does not report operating and/or capital expenditure related to measures and/or action plans.

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● S1-5

Targets related to the management of material negative impacts, the advancement of positive impacts

S1 Own workforce	Target 1	Target 2	Target 3
Name of the target	LTIFR/own workforce; total LTIFR on the industrial site	Occupational disease cases	Sick leave
Time-bound and outcome-oriented targets	The aim is to prevent accidents. The long-term target is zero accidents.	The target is to maintain a high level of occupational hygiene to ensure health.	The foundations for comprehensive wellbeing are built in cooperation by the employer and the personnel.
Whether the company's own workforce has been involved in target-setting	Yes.	No.	No.
How the company's own workforce has been involved in target-setting, including whether communication takes place directly with the company's own workforce or through personnel representatives	In the preparation of the occupational safety targets, changes in the accident classification and safety rewards have been discussed in advance with shop stewards and the occupational safety committee, and personnel representatives have been able to provide their comments, which ensures the participation of the company's own workforce in the definition of the targets.	-	-
Whether the company's own workforce participates in the monitoring of the company's operations in light of the targets	Yes.	Yes.	Yes.
How the company's own workforce participates in the monitoring of the company's operations in light of the targets, including whether communication takes place directly with the company's own workforce or through personnel representatives	Personnel representatives and occupational safety and health representatives participate in the occupational safety and health committee. The occupational safety and health committee monitors the achievement of the safety and health targets, as well as the work ability and wellbeing targets, every six months. Personnel representatives, shop stewards, participate in the collaboration committee. The collaboration committee monitors the implementation of the competence targets annually.		
Whether the company's own workforce participates in the identification of any experience or improvements gained as a result of the company's operations	Yes.	Yes.	Yes.

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S1 Own workforce	Target 1	Target 2	Target 3
How the company's own workforce participates in the identification of any experience or improvements gained as a result of the company's operations	Terrafame's own workforce participates in the assessment of the targets related to occupational safety and the safety activities in several ways. The personnel make safety observations and report near misses through a low-threshold system. The observations are regularly discussed at team meetings and during safety walks, in which the personnel actively participate. The root causes of accidents and non-conformances are investigated by multidisciplinary investigation teams, where workers' experience plays a key role. Corrective measures are planned and piloted with the personnel, and feedback on their functionality is collected. In addition, the personnel participate in safety culture surveys and joint assessment of the targets, which ensures that the development of safety is guided by practical experience and the views of the workers.		
Names of related policies	People policy, Human rights policy, Diversity, equality and inclusion policy, Remuneration policy and Data privacy policy		
Description of the methodologies and significant assumptions used in setting the target, including, where relevant, how the targets take the broader context of sustainable development and/or the local situation in the affected area into account	The LTIFR target is based on the long-term monitoring and trend analysis of accident data from Terrafame's industrial area, based on which an annual improvement target is set for the metric. The permanent goal is zero accidents. The methodology is based on the assumption that the continuous development of safety measures and training will consistently reduce the number of accidents. The risk profile of the industries involved (the mining and chemical industries), as well as local conditions, have been taken into account in the target.	Terrafame's permanent target for occupational diseases is zero cases. The target has been defined based on regular occupational hygiene measurements to monitor exposure levels and ensure that they remain safe. The underlying assumption for the target is that systematic exposure assessments, risk management and early corrective measures will prevent the emergence of occupational diseases. The methodology takes specific exposure in the mining environment and the chemicals industry into account.	Sick leave is an important performance metric, as it reflects not only work ability but the wellbeing of the workforce in a broader sense. Taking care of the wellbeing and work ability of the personnel is a key part of the company's social responsibility. Morbidity is generally higher than the national average in Terrafame's area of operation.
Whether stakeholders have been involved in target-setting	Yes.	Yes.	No.
Description of how stakeholders have been involved in target-setting	The security targets are based on values approved by the Board of Directors, and the Board guides the level of ambition of the targets through close monitoring. In addition, personnel are consulted during the preparation of the targets: changes are reviewed in advance with shop stewards and the occupational safety and health committee, and personnel representatives can submit comments before any decisions are made, ensuring stakeholder involvement.		

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S1 Own workforce	Target 1	Target 2	Target 3
Any changes in targets and corresponding metrics or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon	No changes.	No changes.	In the development of wellbeing and work ability, the time span is both short, medium and long. In the short term, we focus on solving individuals' work ability challenges through supervisory work. In the medium term, we will find solutions to enable people with partial working capacity to continue working, for example. We do development work with a long timespan, taking factors such as the high retirement age stipulated in current legislation into account.
Description of how the outcome has developed in relation to the stated targets	The long-term trend of Terrafame's safety performance is good – the LTIFR has decreased from 23.3 in the first year of operation to 1.4 for Terrafame's own personnel and 1.5 for the industrial area as a whole in 2025. The LTIFR target for the company's own personnel in 2025 was < 2.5, and the common LTIFR target for the industrial area was 4.	Terrafame did not have any cases of occupational disease during the reporting and comparison year.	In recent years, we have reached our target.
Whether progress is in line with the original plans	Yes.	Yes.	Yes.

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Sick leave absences have remained at a normal reasonable level: 4.4% in 2024; 4.6% in 2025. Development of the disability pension contribution category has been excellent, being 6 in 2024, 3 in 2025 and 3 in 2026. Voluntary exit turnover has remained at a good level: 5.7% in 2024 and 4.7% in 2025. All these metrics are characterised by slight annual variability – absolute linear development is not realistic. Examining the overall long-term development is therefore important during the monitoring of these metrics.

	Actual		Targets			Relation to the policy objective
	2024	2025	2025	2026	2030	
Sick leave, % of working hours (1)	4,4	4,6	4,8	4,7	4,6	Improving wellbeing at work. Contributing to positive impact.
Occupational disease cases	0	0	0	0	0	Ensuring a high level of occupational hygiene. Reduction of negative impact.
Average number of training hours for employees per employee, hours per employee per year (1)	29	25	-	-	-	Competence development.(3) Contributing to positive impact.
LTIFR/Own workforce (2)	5,2	1,4	<2,5	<1	<1	Standing target: zero accidents. Reduction of negative impact.
LTIFR/Common (2)	4,9	1,5	4	<1	<1	Standing target: zero accidents. Reduction of negative impact.

(1) Measuring the average over the previous four years

(2) Accidents leading to absence per one million working hours (LTIFR1, rolling 12 months)

(3) The metric is monitored, but no numerical target is set for it

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● S1-6

Characteristics of the undertaking's employees

Description of the methodologies used to compile the data

The figures are indicated as full time equivalents (FTEs). In the full time equivalent figure, part-time employees are calculated together according to their share of working hours. Absent employees who do not receive any pay during their absence are not included in the FTE figure. The figures are reported based on the end of the reporting period (31 December).

The exit turnover rate of 7.0% presented in the report describes the total personnel turnover for the reporting period. The exit turnover rate is calculated as follows: $(\text{Number of departing persons} / (\text{number of employees on 31 December 2024} + \text{31 December 2025} / 2)) * 100$. Situations required by the standard, such as personnel reductions by the employer, resignations and retirement, are taken into account in the exit turnover rate. In exit turnover calculated by gender, the divisor is the same as above. The "voluntary exit turnover rate" for the reporting period was 4.7%. The voluntary exit turnover rate takes resigning persons into account.

In the financial statements, the number of personnel is reported in the same way as in the sustainability report, i.e. as full-time equivalents and according to the end of the reporting period.

Number of employees

(full time equivalent)

Gender	2024	2025
Men	692	764
Women	99	120
Other	2	3
Not reported	0	0
Total number of employees	793	887

Country where the company has at least 50 employees

(representing at least 10% of its total number of employees)

	2024	2025
Finland	793	887

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Number of employees (full time equivalent)

	Women		Men		Other		Not reported		Total	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Permanent employees	83	104	660	726	2	3	0	0	745	833
Temporary employees	16	16	32	38	0	0	0	0	48	54
Non-guaranteed hours employees	1	0	0	0	0	0	0	0	1	0
Full-time employees	97	118	689	760	2	3	0	0	788	881
Part-time employees	1	2	3	4	0	0	0	0	4	6
Total number of employees who have left the undertaking during the reporting period (headcount)	20	11	72	48	0	0	0	0	92	60
Rate of employee turnover in the reporting period (headcount)	2,4	1,3	8,6	5,6	0	0	0	0	11,0	7,0
Total number of employees	99	120	692	764	2	3	0	0	793	887

Number of employees in Finland (full time equivalent)

	2024	2025
Permanent employment relationships	745	833
Fixed-term employment relationships	48	54
Non-guaranteed hours	1	0
Full-time	788	881
Part-time	4	6
Total	793	887

● S1-7

Characteristics of non-employee workers in the undertaking's own workforce

Terrafame uses the transitional provision of the Omnibus quick fix regulation in the reporting of non-employee workers in its workforce, and does not report information in accordance with this disclosure obligation for 2025.

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● S1-13

Training and skills development metrics

Performance and development discussions (PDDs) are arranged for the entire personnel of Terrafame. The first PDD will take place no later than six months after the start of the employment relationship and annually thereafter. The target is coverage of 100%, the achievement of which is annually monitored. PDDs are scheduled for the spring, and there is a target schedule for each personnel group.

Personnel competence is developed in a versatile manner. The setting of learning targets and on-the-job learning are the key means, and training is also provided. Mandatory training courses such as those related to safety are regularly arranged, and the actual number of courses is monitored. The number of vocational and leadership skills training courses varies on an annual basis. A company-level competence development plan is prepared annually, and personal development targets are set as part of the PDD. The number of training hours is monitored, but no quantitative targets are set.

Number of employees

(full time equivalent)

	Women		Men		Other		Not reported		Total	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Percentage of employees who participated in regular performance and career development reviews	82%	100%	81%	100%	100%	100%	0	0	81%	100%
Average number of training hours per employee	39	33	27	24	22	9	0	0	29	25

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● S1-14

Health and safety metrics

✓ Terrafame's certified occupational safety and health management system complies with ISO 45001.

✓ The occupational safety and health management system or certain parts thereof have been subject to an internal audit or external certification.

Own workforce	2024	2025
Employees covered by a standardised, audited, and certified occupational safety and health management system, %	100	100
Number of fatalities as a result of work-related injuries and work-related ill health	0	0
Number of fatalities as a result of work-related injuries	0	0
Number of fatalities as a result of work-related ill health	0	0
Number of recordable accidents at work	35	49
Share of recordable accidents at work, %	100	100

Employees	2024	2025
Number of recordable work-related ill health subject to legal restrictions on data collection, employees	0	0
Number of days lost due to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health, employees	257	273

Other workers working on sites	2024	2025
Number of fatalities as a result of work-related injuries and work-related ill health, other workers working on site	0	0
Number of fatalities as a result of work-related injuries, other workers working on site	0	0
Number of fatalities as a result of work-related ill health, other workers working on site	0	0

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● S1-17

Incidents, complaints and severe human rights impacts

✓ In 2025, Terrafame did not have any cases, complaints or serious human rights impacts referred to in disclosure obligation S1-17.

	2024	2025
Number of incidents of discrimination, including harassment	0	0
Number of complaints filed through channels for people in the undertaking's own workforce (including grievance mechanisms) (1)	9	12
Number of complaints filed to the National Contact Points for OECD. Multinational Enterprises, excluding those already reported above	0	0
Total amount of fines, penalties and compensation for damages as a result of the incidents and complaints disclosed above, EUR	0	0
Number of severe human rights incidents related to the undertaking's own workforce during the reporting period	0	0
How many of the above are cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, or OECD Guidelines for Multinational Enterprises	0	0
Total amount of fines, penalties and compensation for damages for the incidents described above	0	0

(1) Includes the total number of reports received through both internal channels and the Whistleblowing channel



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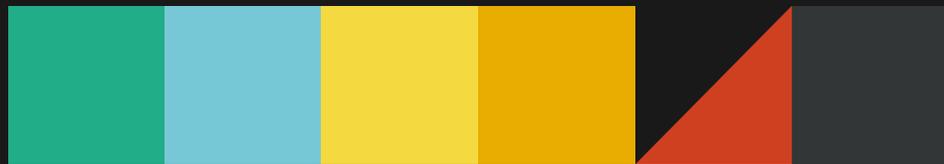
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● G1

Business conduct

● G1-1

Corporate culture and business conduct policies

Terrafame's target is to instill a strong culture of doing the right thing throughout Terrafame's value chain. The company's approach is based on continuous improvement, inclusion, personal responsibility, learning and integrating sustainability more closely into business planning. The material elements of Terrafame's responsible operations, as well as general responsibilities and obligations, are described in the company's Code of Conduct, which was reformed in 2025. The Code of Conduct is further specified in the company's more detailed policies and guidelines.

Terrafame expects its partners and business partners to commit to equivalent principles in their own operations and supply chains. The Code of Conduct also forms the basis for the Supplier Code of Conduct, which was prepared in 2025. Compliance with the Code of Conduct is a prerequisite for cooperation with Terrafame. Terrafame also expects its customers to act responsibly and respect human rights.

In relation to its own processes, Terrafame has management policies created in cooperation between the personnel and management, which ensure a high-quality and uniform management approach throughout the company. The management system is based on the targets set for operations and KPIs, the implementation of which is monitored. The company has a management structure in accordance with the management system, and the management monitors the organisation's activities in management reviews. The culture of doing the right thing has also been supported by including sustainability matters in the short- and long-term incentive schemes for executive management, including the CEO, and the company's key personnel. In addition, the company has two different safety bonuses covering the entire personnel.

In 2025, Terrafame monitored possible human rights and good governance grievances related to its operations and the acquisition of services and chemicals in a quarterly report submitted to the company's Board of Directors.

The monitored metrics were related to occupational safety and health, equality at the workplace, environmental safety, the implementation of terms of employment, and violations of labour law by service and chemical suppliers. The monitoring also covers whistleblowing notifications, corruption and other compliance incidents.

✓ The anti-corruption and anti-bribery policies comply with the United Nations Convention Against Corruption.

Safety plays a significant role in the company's policies and is an active part of the company's practices. The management monitors the industrial area's safety indicators on a weekly basis, and submitted a monthly report to the Board of Directors in 2025. Compliance with the Corporate Governance Code of the Securities Market Association is monitored in an annual report as part of the administrative and control system. As part of the requirements of the Corporate Governance Code, the Board of Directors prepares an annual self-assessment of its activities.

Mechanisms for reporting and investigating concerns

Terrafame offers both channels to bring up concerns and grievances (a grievance mechanism) and a separate whistleblowing channel. Reporting concerns, grievances and misconduct is an important way to identify and prevent serious risks to individuals, Terrafame as a company, society or the environment. Personnel and stakeholders are encouraged to report any activity that is observed or suspected to be in violation of our policies.

The company has a strong non-conformity reporting culture and related structures. In questions related to Terrafame's compliance with or interpretation of the Code of Conduct or possible violations, it is recommended that the personnel always contact their immediate supervisor in the first instance. Incidents and observations concerning occupational safety, the environment and quality, as well as suspected incidents of discrimination, inappropriate behaviour, data security and personal data protection can be reported through the company's internal channels.

✓ The company has mechanisms in place to identify, report and investigate concerns, which enable reporting by internal and external stakeholders.

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External stakeholders can make use of a contact form on the company's website. There is a neighbours section on the company's website intended for neighbours of the industrial area to report observations concerning issues such as dust, vibration or noise. In addition, personnel of contractors working in the production area have been instructed to report their observations and any non-conformities to the Terrafame client/supervisor, who will record the incident in Terrafame's system, or to use an external observation/non-conformity reporting system from which the reports will be transferred to Terrafame's system.

Corrective measures will be taken as necessary, and their details will be determined on a case-by-case basis. In the case of proven adverse effects caused or contributed to by Terrafame's operations, corrective measures are taken in accordance with the law and official regulations. Terrafame also strives to use its influence to remedy disadvantages in situations where the disadvantage is indirectly related to the company's operations through the value chain, for example.

A third-party reporting channel is in place for reporting serious misconduct, and reports can be submitted anonymously. The channel is intended for reporting suspected or observed violations within the scope of the Whistleblower Act. A link to the channel can be found in Terrafame's intranet. The channel is also open to external stakeholders. A public link to the channel is available on Terrafame's website.

Regardless of the channel, all reports are processed in confidence and appropriately investigated in accordance with pre-defined processes. The process descriptions of the operation of the internal reporting channels are available to personnel on Terrafame's intranet. The initial processing of reports submitted through the whistleblowing channel is the responsibility of the investigation personnel of a third party. If required, disciplinary action will be taken in cases of abuse.

Whistleblowing channel

✓ Terrafame has a whistleblower protection policy in place.

✓ Terrafame is subject to legal requirements transposing Directive (EU) 2019/1937.

✓ Terrafame has procedures in place to promptly, independently and impartially investigate business disruptions, including cases of corruption and bribery.

Terrafame established a whistleblowing channel in 2020. The whistleblowing channel's operation is based on the transparency of decision making and processing, the prohibition of retaliation against those who submit notifications of abuse, and the protection of their identity. The channel operates on a platform of an external service provider, and notifications submitted through it are received by an external specialist. This ensures the reliability and credibility of the whistleblowing channel and avoids any conflicts of interest.

Information about the whistleblowing channel is provided during the employee induction process and during internal communications. Roles have been defined in the line organisation to start any investigations. The roles are centrally linked to sustainability themes, and an external specialist has trained the assigned individuals regarding their roles.

In addition to the statutory whistleblowing channel, the company also actively uses other internal channels for reporting concerns. Reports submitted via the channels are the responsibility of the owners of the involved processes. These channels serve to expressly report any incidents and observations related to safety, the environment and quality, as well as any shortcomings related to discrimination, inappropriate behaviour, information security and privacy protection.

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Targets have been set for the occurrence of incidents, and their achievement is monitored regularly. Terrafame's whistleblowing practices are governed by the Finnish act on the protection of persons reporting breaches of EU and national law (1171/2022), which implements Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law.

Every employee has the right to raise grievances safely and without fear of consequences. Terrafame does not tolerate any form of retaliation – physical, psychological, legal or financial – against any employee who raises concerns in good faith about suspected or actual misconduct through any reporting channel, or participates in the investigation of misconduct. Terrafame is also committed to ensuring the protection of whistleblowers, in addition to what is laid down in section 5 of the Whistleblower Act, to personnel of partner companies operating in Terrafame's production area using the company's whistleblowing channel.

Terrafame provides its entire personnel with induction and other regular training related to the company's policies. In addition, special task-specific training is provided. Sustainability themes are communicated regularly. The most commonly communicated themes include safety, the environment, wellbeing, management, as well as training related to good governance, including annual tax training in the financial and pay team. Terrafame has an internal integration and induction guideline indicating what kind of induction and training is required for each role.

✓ Terrafame provides its employees with information about and training in the internal reporting channels.

✓ Terrafame has made the policies available to potentially affected stakeholders and stakeholders who need to assist in its implementation.

In Terrafame's view, the most significant risks associated with actions or violations concerning Terrafame's policies, which in addition to sanction and reputation risks may cause financial losses, and are related to the selection of contractors and any incidents in the supply chain. In terms of risk management, the company's procurement organisation and management play the most significant roles.

Business conduct

Terrafame has identified one positive impact related to business conduct: the company has a Code of Conduct and policies to ensure responsible conduct in the matters covered by the sub-themes. The company is also committed to international human rights (incl. freedom of association and freedom of expression). The Code of Conduct applies to the corporate culture in which the business is conducted.

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Policies related to business conduct

Code of Conduct

Terrafame's Code of Conduct guides all the company's operations and cooperation with stakeholders. It is binding on all personnel, as well as the management. Partners and business partners are expected to commit to similar policies.

The Code of Conduct is based on compliance with laws and official regulations, as well as international standards such as the UN's Universal Declaration of Human Rights and the OECD's guidance. Terrafame signed the UN Global Compact in 2020 and is committed to promoting responsible business conduct in the areas of human rights, labour rights, the environment and the fight against corruption. The company has assessed the UN Sustainable Development Goals and is committed to promoting the SDGs that are most directly related to its business. In addition, the company supports SDGs related to its own operations. Further information about the SDGs relevant to Terrafame is available on the company's website.

An annual report on the implementation of the human rights due diligence obligation is prepared. The key themes of the Code of Conduct include ethics, human rights, environmental responsibility and the wellbeing of the personnel. Terrafame adheres to a zero-tolerance policy against corruption and bribery, protects personal data in compliance with the GDPR, and transparently reports its tax footprint. The safety and equality of personnel are the key, and the company promotes diversity, competence development and fair remuneration. Environmental responsibility focuses on water management, the circular economy and the reduction of the company's carbon footprint in accordance with the Paris Agreement. Terrafame also encourages parties in its value chain to reduce their environmental and climate impacts. Stakeholder cooperation is based on openness and transparency. Internal reporting channels and an anonymous whistleblowing service are available. All reports are appropriately investigated and processed. The company does not accept any kind of retaliation against whistleblowers.

Supplier Code of Conduct

The Supplier Code of Conduct defines the key principles of responsible conduct that Terrafame expects from its suppliers, and compliance with these principles is a prerequisite for cooperation with Terrafame. Terrafame and its suppliers are jointly committed to respecting human rights and complying with statutory requirements. This means implementing human rights due diligence through a clear process: identifying and managing risks; preventing disadvantages; and addressing issues when they occur. Suppliers must follow their own practices, communicate openly with Terrafame and evaluate their progress at least once a year. In addition, they must ensure that the same principles also apply to their subcontractors.

The main principles of the Supplier Code of Conduct include ethical and legal business operations, the safety and wellbeing of the personnel, the prevention of discrimination, and the promotion of diversity. Suppliers must prohibit forced labour, child labour and trafficking in human beings, as well as provide safe working conditions and fair terms of employment. Environmental responsibility requires compliance with laws, the management of environmental risks, the reduction of emissions, and the promotion of the circular economy and energy efficiency. Mitigating climate change is one of the targets. Business ethics refers to zero tolerance for bribery and corruption, fair competition and transparent accounting. Suppliers must protect Terrafame's assets and confidential information. Suppliers must maintain management systems, accept audits and implement corrective measures. They must provide confidential whistleblowing channels and protect whistleblowers from retaliation.

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Human rights policy

Terrafame is committed to respecting human rights in all its activities in accordance with the UN's Universal Declaration of Human Rights and legislation. The key human rights impacts of the company's operations and any associated risks have been assessed in accordance with the due diligence obligation concerning human rights. The most significant human rights impacts of Terrafame's own operations are related to the occupational safety and health of the personnel working in the industrial area, as well as the environmental impacts of the operations. The Code of Conduct also describes the principles related to the equality and non-discrimination of the company's own workforce, a satisfactory standard of living, fair terms of employment, and the freedom of association. In terms of the value chain, the human rights impact assessment has identified potential risks related to occupational safety and health, treatment and labour rights, as well as environmental safety, especially in countries where the risk of human rights violations is known to be elevated.

Sustainability policy

Terrafame's sustainable development policy guides the company's operations in accordance with the ESG principles (the environment, social aspects, good governance). The company strives to reduce its climate impacts in line with the targets of the Paris Agreement, improve energy efficiency and move towards fossil-free solutions, as well as carbon-neutral and renewable energy. In environmental responsibility, the priorities are water management, the safe use of chemicals, the preservation of biodiversity and the promotion of the circular economy. Terrafame respects human and labour rights, engages in an open dialogue with stakeholders, and expects compliance with the same principles in the value chain. Good governance is based on ethical business conduct, transparency and due diligence.

Anti-corruption and anti-bribery policy

Terrafame adheres to zero tolerance for bribery and corruption in all its operations. Hospitality in connection with normal business activities is allowed in Terrafame. Conflicts of interest must be avoided. Any misconduct is to be reported via the internal channels or anonymously via the whistleblowing service. Terrafame operates in the market honestly and in compliance with the law. Efforts are made to identify and avoid inappropriate situations and transactions. Terrafame conducts small-scale sponsorship as part of its marketing communications and employer brand building.

Procurement policy

The procurement policy guides the company's procurement in all processes and ensures uniform responsible operating practices. Procurement is conducted in a professional, ecologically, socially, and economically sustainable and responsible manner. The aim is to acquire supplies safely, sustainably, reliably and cost-effectively, taking their entire lifecycle and processes into account. Purchases are only made from approved suppliers. New suppliers are subject to background checks during the supplier selection process. Regardless of the size of the acquisition, procurement follows the principles of good governance, such as transparency, fairness and non-discrimination.

Management principles

The management principles crystallise the cornerstones of management in Terrafame: "Boost Commitment" illustrates the key role of our skilled and committed personnel. "Clear Path" illustrates the role of supervisors as communicators and trailblazers. "Getting There Together" describes the fact that working together will lead us to success.

The management principles ensure a high-quality, uniform management approach throughout the company. The management system is based on the targets set for operations and KPIs, the implementation of which is monitored. The company has a management structure in accordance with the management system, and the management monitors the organisation's activities in management reviews.

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	Scope	Approval and control	Third-party standards and initiatives	Interests and views of stakeholders
Code of conduct	The policies define Terrafame's way of acting, both in the company's own operations and cooperation with suppliers, customers and other stakeholders. Partners and other business partners are expected to commit to corresponding principles in their own operations and supply chains.	Terrafame's Board of Directors approves the Code of Conduct. Terrafame's CEO is responsible for the implementation of the Code of Conduct. The Chief People and Governance Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.	The key international initiatives and principles guiding the company's operations are: <ul style="list-style-type: none"> • UN Universal Declaration of Human Rights • UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental Principles and Rights at Work • OECD Guidelines for Multinational Enterprises • OECD Due Diligence Guidance for Responsible Business Conduct • UN Global Compact initiative • UN Sustainable Development Goals 	The company has used feedback received from stakeholders, especially customer due diligence surveys, in the preparation of the Code of Conduct.
Supplier Code of Conduct	The Supplier Code of Conduct defines Terrafame's principles concerning its supply chain.	Terrafame's Board of Directors approves the Supplier Code of Conduct. Terrafame's CEO is responsible for the implementation of the policies. The Chief Procurement Officer is responsible for keeping the policies up to date and monitoring their implementation.	Terrafame's Code of Conduct forms the basis for the Supplier Code of Conduct. The Code of Conduct sets the key international initiatives and principles guiding the company's operations.	The company has used feedback received from stakeholders, especially customer due diligence surveys, in the preparation of the Code of Conduct.
Human rights policy	The human rights policy obligates all Terrafame's workers, management and the Board of Directors. The policy is also followed when cooperating with suppliers, customers and other stakeholders. Partners and other business partners are expected to commit to respecting human rights in their own operations and supply chains. Customers are also expected to respect human rights.	Terrafame's Board of Directors approves the human rights policy. The CEO is responsible for the implementation of the policy. The Chief Sustainability Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.	Terrafame's human rights commitment is enshrined in the Code of Conduct. The Code of Conduct also sets the key international initiatives and principles guiding the company's operations.	The company has used customer due diligence surveys in the preparation of the human rights policy in particular.

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	Scope	Approval and control	Third-party standards and initiatives	Interests and views of stakeholders
Sustainability policy	<p>The sustainable development policy is applied in Terrafame's all operations, from mining to customer deliveries, and in all activities that support this core process. The sustainable development policy applies to all Terrafame's workers, partners and subcontractors in Terrafame's production and support areas. Terrafame expects its partners throughout the company's value chain to commit to the principles of the sustainable development policy.</p> <p>In terms of environmental impacts, the policy covers not only production and support areas, but also the surrounding area, which is affected by Terrafame's operations.</p>	<p>Terrafame's Board of Directors approves the sustainable development policy. The CEO is responsible for the implementation of the policy. The Chief Sustainability Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.</p>	<p>Terrafame's Code of Conduct sets the key international initiatives and principles guiding the company's operations. Terrafame is also committed to the TSM Finland mining sustainability system and the Responsible Care initiative of the chemical industry.</p>	<p>The company has used feedback from stakeholders, especially from parties operating in the surrounding area, in the preparation of the sustainable development policy.</p>
Anti-corruption and anti-bribery policy	<p>The anti-bribery and anti-corruption policy is applied to Terrafame's all operations, from mining to customer deliveries, and to all activities that support this core process. The anti-bribery and anti-corruption policy applies to all Terrafame's workers, the Leadership Team and the CEO, as well as the members of the Board of Directors. The policy applies to service providers and suppliers, as well as other business partners, through contractual clauses.</p>	<p>Terrafame's Board of Directors approves the anti-bribery and anti-corruption policy. The CEO is responsible for the implementation of the policy. The Chief People and Governance Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.</p>	<ul style="list-style-type: none"> • United Nations Convention against Corruption. • UN Global Compact initiative 	<p>The company has used feedback received from stakeholders, especially customer due diligence surveys, in the preparation of the Code of Conduct.</p>
Procurement policy	<p>The procurement policy is applied to Terrafame's all operations, from mining to customer deliveries, and to all activities that support this core process. All Terrafame's workers operating in the company's production and support areas comply with the company's procurement policy.</p>	<p>Terrafame's Board of Directors approves the procurement policy. The CEO is responsible for the implementation of the policy. The Chief Procurement Officer is responsible for the monitoring of the policy's application and its interpretation.</p>	-	<p>Procurement experts have participated in the preparation of the procurement policy.</p>

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	Scope	Approval and control	Third-party standards and initiatives	Interests and views of stakeholders
Management policies	The management principles ensure a high-quality, uniform management approach throughout the company. The management system is based on the targets set for operations and KPIs, the implementation of which is monitored. The company has a management structure in accordance with the management system, and the management monitors the organisation's activities in management reviews.	The Chief People and Governance Officer, a member of the Leadership Team, is responsible for the monitoring of the policy's application and its interpretation.	–	The management policies have been prepared in cooperation with the employees and management. Twenty Terrafame employees working in different roles participated in the definition of the Code of Conduct.

Availability of policies

The Code of Conduct and the business conduct policies are available on the company's [website](#). They are also available to all Terrafame's personnel in the company's intranet and document management system. Internal management policies are available to Terrafame's personnel in the company's intranet and document management system.

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● G1.MDR-A.1

Measures related to business conduct taken in 2025

In 2025, Terrafame carried out a Human Rights Impact Assessment (HRIA) covering the upstream and downstream of the value chain. Implementation of a human rights due diligence process throughout the value chain was launched after the HRIA.

Terrafame procures diverse chemicals, other supplies, materials, fuels, and energy used commonly in mining and industrial processes from domestic and international providers. Terrafame's production process also uses purchased services and subcontracting to a significant extent, especially in infrastructure construction, maintenance and other production support functions. Terrafame's products are delivered in cooperation with logistics partners (road, rail and sea transport) to the domestic and international markets for further processing and utilisation for the needs of various industrial sectors.

Terrafame's operations are located in the upstream value chains of its customer industries. The main raw material for production, metal ore, is mined from an open-pit mine located in the company's own industrial area, and the integrated production process starting there results in intermediate metal products and battery chemicals. The integrated production process located in Terrafame's single industrial area ensures a traceable and transparent procurement process for customers.

Human Rights Impact Assessment (HRIA)

In 2025, Terrafame carried out a Human Rights Due Diligence (HRIA) assessment of the key human rights impacts and associated potential risks related to the upstream and downstream parts of the company's value chain.

In terms of the value chain, the HRIA identified potential risks related to occupational safety and health, treatment and labour rights, as well as environmental safety, especially in countries where the risk of human rights violations is known to be elevated.

Human rights impacts related to the company's own operations were surveyed for the first time in 2021, facilitated by an external expert. Terrafame has a separate internal guide on human rights in employment matters, which describes the process for ensuring compliance with human rights during the management of employment matters. The process description is regularly reviewed, including an assessment of the key human rights impacts related to the company's own operations.

The HRIA did not require any significant operating or capital expenditure.

Implementation of the human rights due diligence process

Based on the HRIA conducted in 2025, Terrafame launched the implementation of the due diligence process related to human rights and environmental impacts, aiming to cover both the upstream and downstream value chain. Due diligence activities are prioritised on a risk basis. The implementation will be carried out in the medium term.

The HRIA results were utilised by updating the company's key policies such as the Code of Conduct and the human rights policy, as well as by preparing the Supplier Code of Conduct. The Board of Directors approved these revised policies, and the CEO is responsible for their implementation. Responsibility for the timeliness and interpretation of the policies lies with the relevant management representative.

Terrafame has an existing process to monitor any human rights and good governance grievances related to its own operations, and the procurement of services and chemicals. The company also has policies for surveying the background of suppliers and customers, as well as for taking any necessary corrective measures. The plan is to make these processes and practices more systematic as the human rights due diligence process proceeds. A report on the due diligence process is given as part of the annual sustainability report.

Terrafame has an existing process to monitor any human rights and good governance grievances related to its own operations, and the procurement of services and chemicals. The company also has policies for surveying the background of suppliers and customers, as well as for taking any necessary corrective measures. The plan is to make these processes and practices more systematic as the human rights due diligence process proceeds. A report on the due diligence process is given as part of the annual sustainability report.

The occupational safety and health, and environmental safety aspects of Terrafame's industrial area have been closely monitored by the management since the very start of the operations. The review has covered both the company's own operations and the contractors and subcontractors providing outsourced services in the industrial area. Since 2021, the monitoring has been expanded to cover matters related to the equality of the company's own workforce and the realisation of terms and conditions of employment, as well as any labour law violations related to the procurement of services and chemicals, whistleblowing, and any non-conformances related to corruption or other compliance issues.

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● G1.MDR-T

Targets related to business conduct

Terrafame has set a strong culture of doing the right thing as its target.

The target is guided by the following policies:

- Procurement policy
- Human rights policy
- Management policies
- Sustainable development policy
- Anti-corruption and anti-bribery policy
- Code of Conduct
- Supplier Code of Conduct

Relationship between the target and the policy target

Terrafame monitors the number of anti-bribery and anti-corruption incidents, as well as other illegal activity brought to its attention. The management thus maintains situational awareness of the practical implementation of the commitments presented in the policy so that it can initiate measures as necessary.

	Actual		Permanent target	Relation to the policy objective
	2024	2025		
Number of events related to bribery, corruption or other illegal activities	0	0	0	Ethically sustainable business. Contributing to positive impact.

✓ The company is committed to doing the right thing, which means no non-conformances are allowed, and the target is zero non-conformances.

✓ Stakeholders have not been involved in the setting of the targets

✓ Progress towards the target was in line with what was originally planned.

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Prevention and detection of corruption and bribery

Terrafame acknowledges that there may be a risk of corruption and/or bribery in large acquisitions or sales, but their likelihood is considered low. This sustainability matter therefore did not become material. Terrafame has signed the UN Global Compact initiative and is committed to embracing, supporting and implementing the initiative's principles of anti-corruption and anti-bribery within its sphere of influence.

Terrafame has processes in place to prevent potential misuse. For example, the company has strict procedures for checking and approving invoices, which always involve three different persons. The Board of Directors approves the anti-corruption and anti-bribery policy, and exceptions to the principles defined therein can only be made based on special consideration. Exceptional arrangements are decided by a working group consisting of the CEO, the Chief People and Governance Officer, and the Chief Sustainability Officer. Decisions are properly documented. Terrafame offers its personnel several channels for reporting their concerns and grievances. Terrafame's whistleblowing channel is also available to stakeholders on the company's website. The initial processing of reports submitted through the whistleblowing channel is the responsibility of the investigation personnel of a third party. Terrafame reports the number of events related to bribery, corruption or other illegal activities that have come to the attention of the company to the Board of Directors on a quarterly basis. Corrective measures are taken as necessary, and their details are determined on a case-by-case basis.

Terrafame's anti-corruption and anti-bribery policy is available on the company's [website](#). It is also available to Terrafame's personnel in the company's document management system. The policy is discussed in the company's induction programme for new employees, and related training is provided for all employees whenever changes are made to the policy. Terrafame also has separate guidelines on offering and receiving gifts and hospitality that are available to the employees in the company's document management system. Employees and supervisors are provided related training as necessary.

In 2025, Terrafame did not become aware of any cases of corruption, bribery or other illegal activity in which Terrafame was involved.

● G1-4

Confirmed incidents of corruption or bribery

	2024	2025
Number of convictions for violation of anti-corruption and anti-bribery laws	0	0
Amount of fines for violation of anti-corruption and anti-bribery laws	0	0



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