



Our journey
to a brighter
tomorrow

Nordkalk

Sustainability Report 2020



Introduction

- 3 View of our CEO
- 4 Nordkalk in brief
- 6 Our products
- 7 Year 2020
- 10 Strategy
- 12 Governance
- 16 Our stakeholders
- 20 Sustainability to us

For the planet

- 26 Environmental handprint
- 30 Climate impact
- 34 Responsibility for land, water and biodiversity
- 38 Resource consciousness and circular solutions

For the people

- 44 Good place to live
- 48 Ethical behaviour
- 50 Responsible supply chain
- 52 Good place to work
- 58 Safe place to work

For profit

- 66 Economic value for stakeholders

Data and reporting practice

- 70 KPI table
- 74 GRI content index
- 80 Reporting practice

Exceptional but successful year for Nordkalk

At Nordkalk, as in any other company, the year 2020 will be remembered as a period of disruption caused by the global COVID-19 pandemic. Since March 2020, our priorities have been clear: our first and foremost goals have been to protect our employees from the virus, to keep production running and to serve our customers.

Thanks to timely and comprehensive precautions, we have so far managed the situation in a good way, with a limited number of COVID-19 infections and no interruptions in production and customer deliveries.

Carbon neutrality by 2045

During the year we continued the execution of our strategy to become the leading limestone player focused on sustainable solutions.

We have developed our circular solutions business to make the best possible use of our own and our customers processes' by-products, and to support our

customers in replacing virgin calcium-based materials with secondary raw materials.

We have also continued our journey towards fossil-free operations and defined the long-term roadmap, aiming for carbon neutrality by 2045.

Our safety performance in the first half of 2020 was not satisfactory. Therefore, we launched the SafeNordkalk initiative to further engage our personnel with safety work, to remind everyone of the processes and tools in use and to find concrete ideas to improve our safety activities. We managed to collect more than 700 improvement ideas from different sites and are now implementing these ideas into practice.

Solid financial performance

Thanks to efficient management of the COVID-19 situation and successful implementation of the transformation programme, which was started in 2019, Nordkalk was able to demonstrate

solid financial performance in 2020. We managed to exceed our target for profitability improvement and are very well prepared for the next phase to capitalise on this development and our license for growth.

Foundation for a brighter tomorrow

None of these successes would have been possible without our dedicated and engaged employees. I want to thank all Nordkalk colleagues for their extraordinary efforts in this extremely extraordinary year. I do not know what next year will bring, but during 2020, we have as a company proven that together we can manage even a severe crisis.

These exceptional times have once again highlighted the vital role of our solutions in the societies where we operate and in our everyday lives. Our limestone nurtures the ground that feeds us, purifies the water we drink, the air we breathe, and keeps critical businesses going - today and tomorrow.



Paul Gustavsson
CEO, Nordkalk Corporation

Follow
our journey
towards
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tomorrow





INTRODUCTION | Nordkalk in brief

The leading limestone company in Northern Europe

Nordkalk is the leading company providing limestone-based products and solutions in Northern Europe, with a significant presence in Central Europe.

Always near our customers

With operations in more than 30 locations in Europe, we are always near our customers. We operate in 10 countries around the Baltic Sea and in Central Europe.

Our operations are divided into three regions: Northern Europe, NE (Estonia, Finland, Lithuania, Norway, Russia, Sweden), Central Europe, CE (Poland New Business (Germany, Turkey, Ukraine and kiln services). Company headquarters are located in Pargas, Finland.

Value for generations

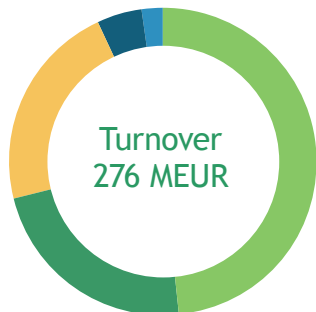
At the end of 2020, Nordkalk had 817 (2019: 870) employees, the turnover for 2020 amounted to EUR 276 million (2019: 290) and EBITDA to EUR 75 million (2019: 58).

Nordkalk is one of the private core investments of Rettig Group, a Finnish family-owned investment company that creates value for generations through active and responsible ownership.

Rettig Group acquired full ownership of Nordkalk in 2010. Since summer 2018, Rettig Group Ltd has been the majority owner of Nordkalk, whilst members of the Nordkalk Management Team and external board members are minority shareholders.



INTRODUCTION | Our locations



- Finland 49%
- Sweden 23%
- Poland 22%
- Baltics 5%
- Others 2%



- Finland 39%
- Poland 33%
- Sweden 17%
- Estonia 9%
- Others 2%

- NE = Northern Europe
- CE = Central Europe
- New Business
- Quarry
- Grinding
- Kiln
- Slaking
- Sales/office
- Granulation plant
- Own harbour/depot



* In Norway, Nordkalk is a co-owner of the affiliated company NorFraKalk AS, operating a lime kiln. Nordkalk is also a minority owner of Verdalskalk AS.
 ** In Turkey, Nordkalk has an affiliated company Nordeka Maden A.S. operating the Eskibalikli limestone quarry.
 *** In Eisenhüttenstadt, Nordkalk operates ArcelorMittal's on-site lime kilns.

INTRODUCTION | Our products

Lime is everywhere

Nordkalk's main products are crushed limestone, limestone powder (incl. paper pigments), quicklime and hydrated lime. The products also include dolomite and a rare mineral called wollastonite, which is found together with limestone.

Originally, limestone is a sedimentary carbonate rock consisting mainly of calcite mineral i.e. calcium carbonate (CaCO_3). Pure limestone contains 95% to 100% calcium carbonate. Limestone is one of the most common rock types, except in Nordic bedrock areas, where limestone deposits are limited.

Limestone is a pure natural product, which can be used unrefined, either crushed or ground. When refined into calcium oxide (CaO , quicklime) or calcium hydroxide (Ca(OH)_2 , hydrated lime), the reactivity of lime increases as does its ability to absorb impurities. Limestone-based products are used to remove impurities in different processes and as neutralisation agents.

Stone for different customer processes

Nordkalk extracts limestone at 24 different sites. The deposits represent different stages of geological evolution and vary in age between 70 and 1900 million years. The different types of limestone differ considerably in both their physical and chemical properties, and they behave in different ways during extraction and processing - and in customers' processes.

Use of limestone in society

Limestone is a versatile and mainly irreplaceable raw material that plays a role in the production of many essential products that are necessary for maintaining our current standard of living. The function of lime is to purify, neutralise, fill and stabilise, and the products are often used for improving environmental performance.

Our customer segments



PULP & PAPER: Lime is used in pulp industry's causticising cycle. Limestone is used in paper pigments PCC (Precipitated Calcium Carbonate) and GCC (Ground Calcium Carbonate).



CONSTRUCTION: Limestone is the most widely used building material in the world. It is used as a raw material in building materials, e.g. bricks, plaster and cement. Lime is used for soil stabilisation, aggregates in road construction and limestone fillers in asphalt.



METALS & MINING: Limestone and lime are used in various processes in metals, mining and steel industries.



AGRICULTURE: Limestone is needed to adjust the pH value of the soil and making it optimal for growing plants. It is also included in fodder for poultry and livestock.



CHEMICAL INDUSTRY: Limestone is used in chemical products, plastic, rubber, paints and coatings, fertilizers, adhesives, glass and ceramics, and sugar.



ENVIRONMENT: Increased environmental demands require more advanced technology and purification of emissions to air, water and soil. Limestone is used for all of these processes.

- **WATER:** Preparation of drinking water, cleaning of process and waste water; treatment of natural waters.
- **AIR:** Cleaning of flue gases from power plants and waste incineration plants.
- **SOIL:** Neutralising acidic from soils and thus increasing crops and preventing nutrients leaking into the waterways.

INTRODUCTION | Year 2020

Significant profitability improvements

Throughout 2020, Nordkalk's operating environment remained relatively stable despite the COVID-19 pandemic. The impact of the pandemic on Nordkalk's production and operations was limited.

Thanks to the effective implementation and completion of the comprehensive NICO performance improvement programme launched in early 2019 and successful execution of contingency measures to mitigate the negative effects of the COVID-19 pandemic, Nordkalk Group's profitability improved significantly in 2020 compared to 2019.

Nordkalk's EBITDA increased by 29 per cent to EUR 75 million (58). The sale of excess CO₂ emission rights during the first quarter also supported the EBITDA improvement. The EBITDA margin was at a good level at 27.2 per cent (20).

The Nordkalk Group's turnover declined by five percent to EUR 276 million (290) in comparison to 2019. Sales developed positively in the Central Europe (CE) region but decreased in the Northern

Europe (NE) region. In the New Business region, our sales were at same level as last year.

Growth from circular economy

Several future growth initiatives were launched during the year, including the strengthening of Nordkalk's business in the circular economy. We gained market share in soil stabilisation in Finland by bringing new products with a lower CO₂ footprint to the market.

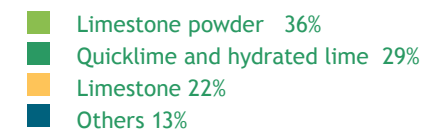
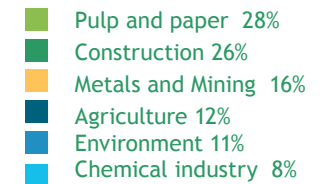
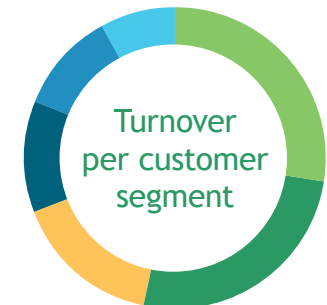
Agri sales in Poland were supported by the successful launch of new AtriGran products.

New tools and updated processes were taken into use in sales, focusing on efficiency and improved Key Account Management.

R&D priorities in 2020

During 2020, R&D activities focused mainly on circular and sustainable solutions. We worked extensively with productification of, for example, slags from the steel segment and side streams from the pulp and paper segment. The evaluation of their performance in our core application areas of neutralisation, purifying, stabilization and filling has been performed and products have been further developed to satisfy customer demands.

Concerning material efficiency and usage of internal side streams, R&D has been concentrating on high volume streams, for example, floatation sand and side stone and their usage in the construction and the chemical segment. Additionally, an important milestone is Nordkalk's engagement with a major initiative towards fossil-free steel.



INTRODUCTION | Year 2020

Highlights from 2020

2020

03



A new packaging line for all Nordkalk's bag products was inaugurated in Uddagården, Sweden. The line introduced bags with new design and new sizes. At least 50% of the bags are made of recycled plastic. The packing density of the bags is higher than before resulting in less transportation and saving both the environment and the customer's expenses.

04



Nordkalk donated limestone to the SEABASED-project for piloting a measure that could bind eutrophying phosphorus permanently into the sediments of the seabed. In the project, three pilots are implemented in chosen pilot sites in coastal bays in Sweden (Östergötland and Stockholm) and Finland (Archipelago Sea).



Nordkalk stepped up as a front-runner company for the Circular Materials and Solutions for Construction Cluster (3C) in the Turku region, Finland. The cluster, coordinated by Turku Science Park, brings together companies, universities, educational institutions and public and municipal players in the region to accelerate the transition of the construction sector towards the circular economy.

06



Nordkalk nominated Annica Lindfors (M.Sc. Chemical Engineering) to lead its circular economy business and to commercialise the innovative circular solutions.



To further support the good cooperation with the local community, Nordkalk donated land to the Sławno community in central Poland. The donated land is located next to Nordkalk's quarry and is being used for the needs of Geopark, a center dedicated to geotourism and education.

09



Nordkalk signed a distribution contract with German sh minerals to boost the sales of Nordkalk's Enrich products in Central Europe. Nordkalk Enrich is a cost-effective, non-hazardous, easy to use and environmentally friendly solution to replace titanium dioxide, additives and binders.



The SafeNordkalk campaign as the next step towards zero accidents, was aimed to set a new and common standard for all Nordkalk sites. It was created to assist our local teams in improving safety performance using existing tools, trainings and measures, and to engage all Nordkalk employees in safety activities and discussions.

10



Nordkalk took a new, confidential and password protected whistle-blowing service into use. The new service, which is managed by an external partner, provides Nordkalk's employees and external stakeholders an opportunity to report suspected misconduct.

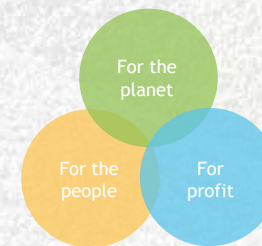


EcoVadis, the world's most trusted provider of business sustainability ratings, awarded Nordkalk with a Gold EcoVadis Medal. This result placed Nordkalk among the top 5 percent of the more than 65.000 companies assessed by EcoVadis.

12



Nordkalk's Christmas presents were turned into donations to organisations that promote children's wellbeing in different Nordkalk countries.



Nordkalk launched its revised Sustainability programme based on the findings of the stakeholder survey conducted in autumn 2020. In total 102 responses were received from Nordkalk's key stakeholders from Finland, Sweden, Poland and Estonia.

2021

INTRODUCTION | Strategy

Our strategy focuses on sustainable solutions

Nordkalk's strategy has a strong focus on sustainable solutions, promoting activities in the circular economy and taking steps towards fossil-free operations.

Our vision is to become the leading limestone player focused on sustainable solutions. In practice, this means that we actively develop new products and solutions that support our customers in their sustainability efforts.

Our mission is to develop and deliver limestone-based solutions, which are essential for agricultural productivity, cleaning of air and water and for several critical industrial processes, such as steel and pulp & paper.

Our future success lies in the continuing commitment of our people - we want to take good care of our personnel and make sure that they can do their work safely every day. Safety is our first priority and our ultimate target is zero accidents.

To ensure the profitable growth of our business, we need to secure limestone reserves for the future and continue driving operational excellence in everything we do.

Corporate strategy and targets

Nordkalk's corporate strategy is reviewed yearly by the Board of Directors, which also approves the annual financial and safety targets. These targets are included in Nordkalk's remuneration system and are in line with the Sustainability Programme KPI's.



We believe in Openness, Fairness, Courage and Trust and respect in all we do.

Key strategic initiatives implementation status at the end of 2020

Expand offering

- New organisation for Circular Solutions business established.
- R&D priorities defined, focus on Circular Solutions.
- New circular product developed and launched for soil stabilisation.

Drive growth

- Key Account Manager model built and training done, up to 15 customer initiatives, plans being executed.
- E-series license agreement signed with German sh minerals.
- Two New AtriGran products launched in Poland.

Expand presence

- Quarry expansion proceeding in Miedzianka, Poland. Active social dialogue with local communities.
- Evaluation gate structure established for monitoring potential acquisition targets.

Operational excellence

- Internal project lead and management.
- Achieved savings above target.

Management system

Nordkalk's Management System* is a tool for good leadership and for directing actions towards strategic targets with the aim of continuously improving our performance. It ensures customer satisfaction and steers our financial performance in the right direction.

Apart from the strategy process, the requirements set by the three standards ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health & Safety) guide the content of the Management System. Nordkalk's Management System is certified, which means that a third-party audit (currently DQS) is performed in order to assess the compliance of our activities with the standards.

Both internal and external audits of the Management System are performed annually, and findings are reported and handled in a quality assurance system. Besides assuring compliance with the

standards, they help us identify development opportunities for continuous improvement.

A management review of our performance is carried out at least once a year to ensure the effectiveness of our Management System and the use of objectives and targets to manage our processes in order to fulfil our strategy and meet the needs and requirements of our customers and interested parties.

Nordkalk Operating Policy

lists the guiding principles of the Management System system.

Read more from [here](#).



**Nordkalk's Management System includes the fully-owned subsidiaries and the affiliated company in Sweden. The affiliated companies Suomen Karbonaatti Oy and Nordeka Maden A.S. both have their own management systems with certifications in quality, environment and health and safety.*





INTRODUCTION | Governance

Corporate governance

The constitutional bodies required by the Finnish Limited Liability Companies Act are responsible for Nordkalk's management and business operations. These bodies comprise the General Meeting of Shareholders, the Board of Directors elected by the shareholders and the CEO, who is appointed by the Board of Directors.

The company's supreme decision-making body is the General Meeting of Shareholders where shareholders exercise their decision-making power.

The Board of Directors is responsible for the company's management and its appropriate organisation.

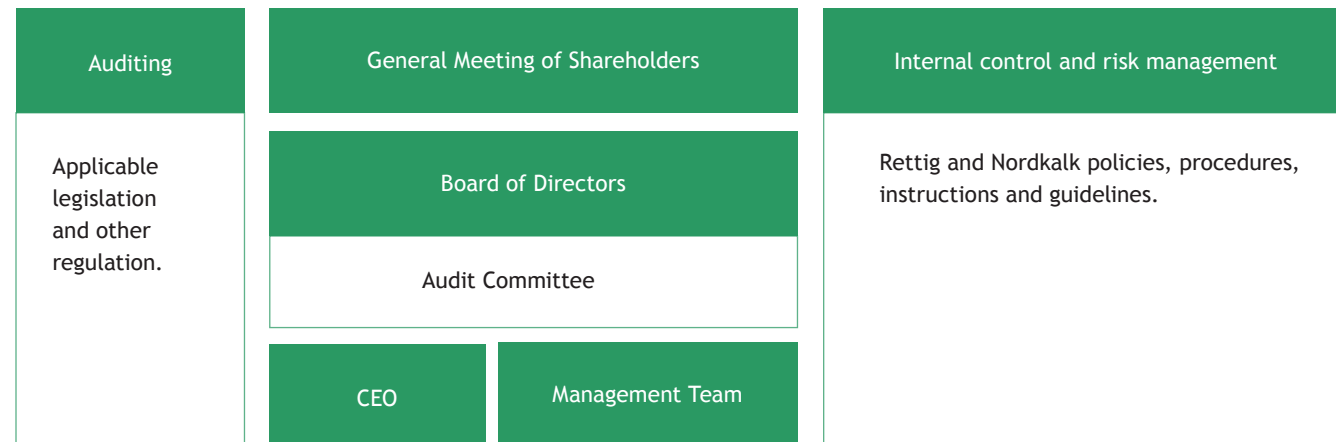
The Board has established an Audit Committee, which supports the Board in its supervising and control related duties. The Audit Committee prepares matters related to the company's finances and controls as well as maintains contact with external auditors. In addition, the Committee has a key role in possible

whistleblowing cases according to Nordkalk's Whistleblowing policy.

The CEO is responsible for the day-to-day operations of the company in accordance with the applicable legislation and the guidelines and instructions provided by the Board of Directors.

The CEO is supported by the Nordkalk Management Team (NKMT) and is the immediate supervisor of its members.

Governance structure



Precautionary principle

Nordkalk's aim is to continuously improve its operations, products and processes. The company and the management firmly believe that this aim is best achieved while the social, economic and environmental aspects of our operations are at the heart of decision-making. Natural resources such as stone, water and energy are used in our production and inevitably affect the environment.

We endeavour to limit the negative impacts of our activities by using the best available methods and techniques and applying the precautionary principle regarding people and the environment.

Concerns about ethics

Nordkalk views compliance with laws and regulations as a precondition for sustainable business. It is clear and obvious to everyone at Nordkalk that applicable laws and legal requirements are to be complied with.

Nordkalk's Code of Conduct, other compliance-related policies, and Rettig's Management Policies and Procedures, apply to everyone at Nordkalk and describe in a clear and practical way how each individual is expected to behave.

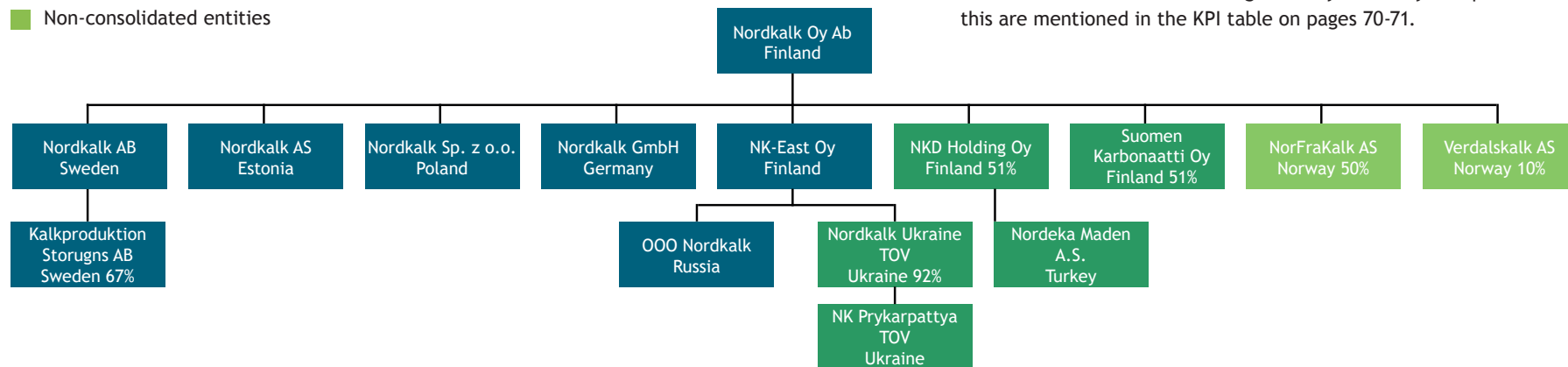
At the end of 2020 Nordkalk took a new whistleblowing service into use. New service that replaced the former reporting channels, provides Nordkalk's

employees and external stakeholders an opportunity to report suspected misconduct regarding anything that does not comply with Nordkalk's values, Code of Conduct or applicable legislation. Read more about the implementation of the Code of Conduct and the whistleblowing procedure from section Ethical behaviour on pages 48-51.

Nordkalk Corporation's legal structure, ownership percentages included (if less than 100%)

- Consolidated entities included in Nordkalk's Management System
- Consolidated entities not included in Nordkalk's Management System
- Non-consolidated entities

Nordkalk's consolidated financial statements include the entities shown in the chart, except the two companies in Norway. In this report, the financial, personnel and health and safety data covers the consolidated entities. The rest of the data covers the entities included in the Nordkalk's Management System. Any exceptions to this are mentioned in the KPI table on pages 70-71.



INTRODUCTION | Governance

Risk management

The purpose of risk management is to identify, evaluate and mitigate the potential risks that could impact Nordkalk's business and the implementation of its strategy and to ensure that risks are proportional to the company's risk-bearing capacity.

The process also includes the most important sustainability related risks, regarding the environment, social conditions, personnel, respect for human rights, business ethics and corruption. The Management System is responsible for environmental and health and safety risk evaluations.

The NKMT ensures that Nordkalk's risk management is handled in an appropriate

manner and its members are in charge of managing risks in their respective areas.

During late 2019, Nordkalk carried out a comprehensive enterprise risk assessment and at the beginning of 2020 risk mitigation activities were aligned with the findings of the assessment. In the coming years, the risks and mitigation activities will be evaluated yearly.

RISK	MITIGATION
Climate impact	Defined long-term objectives and roadmap to reduce carbon emissions.
Land use and biodiversity aspects	Recognising the nature values at our sites, working with biodiversity actions, continuous dialogue with stakeholders, impact analysis as input to permit matters.
Natural resources extraction	Strategic focus on material efficiency and circular solutions., making the most of the extracted materials and customers secondary materials.
Health and safety risks	Continuous performance monitoring, training and behavior development.
Compliance issues concerning operations on new markets (Turkey, Ukraine)	Clear and defined Conde of Conduct principles and Governance procedures, KYC (Know Your Customer) process in place.



Managing sustainability

At Nordkalk, the Board of Directors approves the Code of Conduct and key policies and reviews the progress of Nordkalk's sustainability yearly.

The Management Team (NKMT) makes all significant decisions regarding sustainability (economic, environmental and social issues). It also approves the Sustainability Programme and monitors the progress regularly. Each sustainability focus area has a dedicated supervisor in the NKMT.

Implementing the Sustainability Programme and acting in a compliant manner are part of the daily management of our business operations.

A Sustainability Team, consisting of experts responsible for each sustainability focus area, has been formed to facilitate sustainability development and to support Business Regions in implementing the Sustainability Programme. Compliance organisation is responsible for general Compliance policies, training, documentation and implementation of the Compliance Programme.

Managing Sustainability



INTRODUCTION | Our stakeholders

Hearing and listening to our stakeholders

Nordkalk wants to be a good employer to our people, a long-term loyal partner and a reliable supplier to our customers, a value-creating investment for the owner, a good co-operation partner to our suppliers and subcontractors, a good neighbour in the local communities in which we operate and a sustainable corporate citizen to the society at large.

Therefore, hearing and listening to our stakeholders' views is an important part of our sustainability and its development. Stakeholder dialogue is conducted for many purposes, with several stakeholder groups and through various channels. The main channels and topics for our stakeholder dialogue are listed on page 17.

The year 2020 was exceptional for stakeholder engagement due to the coronavirus spread and the need to follow restrictions. Most external events and fairs were cancelled or postponed, but thanks to the very good ICT tools and systems in use at Nordkalk, most internal meetings and events were successfully organised online.

Stakeholder survey on sustainability

To engage our stakeholders in our sustainability work and make improvements for the future, a sustainability survey was conducted among our stakeholders during the autumn 2020. In total 102 responses were received from Nordkalk's key stakeholders from the four countries where we have most extensive operations: Finland, Sweden, Poland and Estonia.

The results of the survey gave us an indication of what our stakeholders prioritise in our sustainable development. We have used the survey as a basis for our materiality analysis on page 19 and revised Sustainability Programme on page 21.



By having an open and fair dialogue with our neighbours, we continue to be a cornerstone of our local community.

Main results of the stakeholder survey

- The importance of the main sustainability focus areas was verified to a large extent and we will continue our long-term work on developing these areas further.
- Amongst our stakeholders, special focus was given to reducing emissions and the climate impact of our operations.
- On top of the climate impacts, our stakeholders expect us to continue active monitoring of our local environmental impacts, such as dust, noise and vibrations; and to have dialogue with the local communities.
- Within the social responsibility area, the most important topics for our stakeholders are compliance with laws and regulations and constant attention to occupational safety.
- In the economic responsibility area, our stakeholders emphasise the importance of sustainable management and continuous development of our limestone reserves

Stakeholder engagement

Stakeholder group	Main channels	Main topics	Main activities in 2020
Employees	Yearly personnel survey, development discussions, union meetings, personnel meetings and infos, training and e-learning, internal communications channels (intranet, info-tv's).	Health and safety, personnel well-being, business performance, strategy implementation, daily operations, rules, regulations and new policies	<ul style="list-style-type: none"> Personnel survey Development discussions Regular union meetings Regular region, site and team level meetings Trainings and e-learnings SafeNordkalk programme and site visits Monthly review meetings, quarterly personnel infos and online Nordkalk Days -event in December. Stakeholder survey on sustainability.
Customers	Customer meetings, customer support, customer satisfaction surveys, customer and supplier audits, agreements and procurement processes, customer events and fairs, newsletters, www and social media.	Products and solutions (incl. environmental aspects), customer support, daily operations, sustainability	<ul style="list-style-type: none"> Regular customer meetings Customer service contacts KAM interviews Customer audits Interviews on sustainability.
Owner	Board meetings, Capital Market Days	Business development, strategy, financial development	<ul style="list-style-type: none"> Regular Board meetings Stakeholder survey on sustainability.
Suppliers and subcontractors	Contracts, supplier Code of Conduct and supplier audits	Contracts, operating in the area, environmental and safety aspects, technical development	<ul style="list-style-type: none"> Updated Supplier Code of Conduct New supplier creation process
Local communities	Open houses, neighbour meetings, regular municipality contacts, complaints and whistleblowing, www and social media.	Permits, local impacts (dust, noise, vibrations), community support initiatives	<ul style="list-style-type: none"> Social dialogue in Miedzianka Local community support initiatives Contacts re. local impacts Stakeholder survey on sustainability.
Media, general public	Press releases and articles, media meetings and seminars, www and social media.	Necessity of limestone in society, products and solutions, sustainability issues	<ul style="list-style-type: none"> Press meetings and interviews Interaction through social media.
Authorities, NGOs, politicians	Consultations with authorities, dialogue and supervisory meetings, regular environmental control visits, notifications, press releases, referrals, networks, permit processes.	Rules, regulations and compliance, permit processes, environmental monitoring	<ul style="list-style-type: none"> Meetings Regular contacts Stakeholder survey on sustainability.

INTRODUCTION | Our stakeholders

Memberships in associations

Nordkalk participates and contributes to the industry through memberships of relevant industry associations. Networks for issues like energy, environment, labour, quality, health and safety and communication play an important role in the development of self-regulation in the business.

Co-operation with local trade unions is also important, not only for our employees and their work conditions, but also to discuss important issues in the local communities where we operate.

International	Estonia	Finland	Poland	Sweden
IMA Europe - Industrial Minerals Association Europe	Estonian Association of Mining Enterprises (EMTEL)	FinnMin - Finnish Mining Association	Polish Lime Association	Swedish Lime Association
EuLA - European Lime Association	Association of Construction Material Producers of Estonia (EETL)	CFCI - The Confederation of Finnish Construction Industries RT (including INFRA - Infra Contractors Association)	Polish Association of Aggregates Producers	Svemín - Swedish Association of Mines, Mineral and Metal Producers
CCA - European Calcium Carbonate Association		VVY - Finnish Water Utilities Association	Polish Asphalt Pavement Association	MinFo - Swedish Mineral Processing Research Association
ILA - International Lime Association				Swedish Concrete Association (Svensk betong)
				SLU - Swedish University of Agricultural Sciences
				VFK - Association for Safe Feed

Sustainability is based on materiality

Nordkalk's sustainability priorities and main stakeholder efforts are based on the materiality assessment, which takes into account the most important impacts of our operations and the views of our key stakeholders. During 2020, we updated the materiality assessment to support the renewed strategic priorities, the main findings of the stakeholder survey and other topics raised by different stakeholders.

The specification of material topics, i.e. the most important sustainability issues, included the review of the contents of our previous Sustainability Programme, our updated strategy, consultations and benchmarking. Also the most relevant requirements and structure provided by codes and frameworks were analysed, including the Global Compact, the OECD guidelines for multinational companies, ISO 26000, the Global Reporting Initiative, the UN Sustainable Development Goals and applicable legislation.

Stakeholder survey results and other stakeholder dialogue were used to form the stakeholder perspective on materiality, and a Management Team workshop provided the basis for the business perspective and impact assessment.

INTRODUCTION | Sustainability to us

Sustainability Programme was updated

Nordkalk's sustainability work is guided by the Sustainability Programme, focusing on the impacts of our operations and based on company strategy and stakeholder expectations from environmental, social and economic perspectives. The Sustainability Programme was updated by the Management Team during 2020.

Our revised Sustainability Programme is structured into nine focus areas consisting of 18 material topics. Each area contains dedicated management commitments, long-term targets and Key Performance Indicators (KPI's) that are followed at least on a yearly basis. Some of them are even followed as part of our corporate targets on a quarterly basis.

The most important changes compared to the previous programme are the following:

- As a new focus area in the programme, we introduce a so called environmental handprint, which refers to the positive environmental impacts of our limestone-based solutions. These

impacts are born when our customers use Nordkalk products to reduce their own environmental impacts for example when purifying waste waters or flue gases or binding impurities in their processes.

- We have now set long-term targets for our climate change mitigating activities and started to work on the roadmap towards fossil-free operations. We aim for carbon-neutrality by 2045. In our limestone operations and internal transports, the target year is 2035.
- More emphasis has been given to active monitoring of our local environmental impacts, such as dust, noise and vibrations; and to active dialogue with the local communities.

Sustainability Programme 2020





FOCUS AREAS	MATERIAL TOPICS	LONG-TERM TARGETS
FA1 Environmental handprint	<ul style="list-style-type: none"> • Environmental applications 	> Growth
FA2 Climate impact	<ul style="list-style-type: none"> • Emissions • Energy efficiency 	> Fossil-free operations by 2045
FA3 Responsibility for land, water and biodiversity	<ul style="list-style-type: none"> • Land use, quarry restoration • Water and effluents • Biodiversity 	> Minimise harmful impacts
FA4 Resource consciousness and circular solutions	<ul style="list-style-type: none"> • Material efficiency • Circular solutions and products 	> Material efficiency 100%
FA5 Good place to live	<ul style="list-style-type: none"> • Local dialogue and engagement • Impacts in local communities and safety of neighbours 	> Social acceptance
FA6 Ethical behaviour	<ul style="list-style-type: none"> • Compliance with laws, regulations and rules • Business ethics, anti-corruption • Responsible supply chain 	> Continuous improvement through training, risk mitigation and efficiency
FA7 Good place to work	<ul style="list-style-type: none"> • Employee engagement and development • Labour practice, human rights 	> Improvement in employee engagement > No discrimination
FA8 Safe place to work	<ul style="list-style-type: none"> • Occupational health and safety 	> Zero accidents
FA9 Economic value created for stakeholders	<ul style="list-style-type: none"> • Economic performance and growth • Secure limestone reserves 	> Profitable growth > < 5% of total permitted reserves consumed annually






INTRODUCTION | Sustainability to us

UN Sustainable Development Goals

Nordkalk's long-term horizon on corporate sustainability is in correspondence with UN Sustainable Development Goals (2030). Nordkalk supports all 17 UN Sustainable Development Goals (SDGs), which provide us with a long-term perspective on our sustainability development.

At the same time, we understand that many of them have a global policy approach that is not directly applicable in a company context. By projecting the SDGs onto our business and material topics, we have gained a good understanding of which of our efforts have the biggest impact and best contribute to the goals.

We have incorporated the most relevant SDGs with our sustainability focus areas and these will guide us in developing our sustainability agenda further in the coming years.

Nordkalk Sustainability Focus Area	UN Sustainable Development Goals	How do we contribute?
FA1: Environmental handprint	  	Products for; soil improvement in agriculture, water purification and neutralisation, flue gas cleaning.
FA2: Climate Impact	 	Use of BAT technology in our production and aiming at reduced emissions. Products for infrastructure.
FA3: Responsibility for land, water and biodiversity	 	Control of discharge waters. Supply of fresh water to communities. Biodiversity improvement projects. Rehabilitation of mine sites.
FA4: Resource consciousness and circular solutions		Full material efficiency of extracted natural resources. Development of circular solutions.
FA5: Good place to live		Ensured safety precautions at our operations and reduced impact on the surrounding as well as continuous dialogue with our neighbours.
FA6: Ethical behaviour		Responsible sourcing and controlled supply chains. Activities to ensure business ethics and implementation of whistleblowing procedure.
FA7: Good place to work	 	Equality plans and freedom for employee organisation. Regular development discussions, development plans and personnel surveys. Mitigation of discrimination and harassment cases.
FA8: Safe place to work		Well defined objectives for H&S performance and systematic work for continuous improvement towards zero accidents
FA9: Economic value for stakeholders	 	Transparent sustainability reporting. Responsible and sustainable exploitation of natural resources.



Our sustainability commitments

- As a member of IMA - the Industrial Minerals Association - Europe, via its membership associations EuLA (European Lime Association) and CCA (Calcium Carbonate Association), Nordkalk endorses the commitments of IMA in the areas of biodiversity, emissions control, health & safety and sustainable development.
- In Finland Nordkalk is a member of the Finnish Mining Association FinnMin - Kaivosteollisuus ry. As a member company Nordkalk is committed to the responsibility principles which are approved by the association and to the principles adopted by the Finnish Network of Sustainable Mining.
- As a member of the Swedish Mining Association - Svemin, Nordkalk is committed to the Ethical Rules of the association and road maps in the areas of carbon emission reduction and biodiversity control.
- Nordkalk has also adopted the United Nations Framework Classification (UNFC) methodology to evaluate the availability of our mineral reserves and resources.



For the planet

As a limestone company, our impacts in the environment are twofold. On the one hand, we consume natural resources and have impact in land use and biodiversity, but on the other hand, our products are used in different environmental purposes.

Our objective is to grow the positive environmental impact, the so called environmental handprint, of our solutions and reduce the harmful impacts of our operations by aiming for energy and material efficiency as well as reducing our climate impact and impact on biodiversity.



FOCUS AREAS		MATERIAL TOPICS	OUR SUCCESS IN 2020
FA1	Environmental handprint	<ul style="list-style-type: none"> • Environmental applications 	<ul style="list-style-type: none"> > Definitions, rough calculations
FA2	Climate impact	<ul style="list-style-type: none"> • Emissions • Energy efficiency 	<ul style="list-style-type: none"> > Road map towards fossil-free operations > Energy efficiency target exceeded
FA3	Responsibility for land, water and biodiversity	<ul style="list-style-type: none"> • Land use, quarry restoration • Water and effluents • Biodiversity 	<ul style="list-style-type: none"> > Baseline documentation in place > No significant spills > One active biodiversity project in all main countries (Finland, Sweden, Poland, Estonia)
FA4	Resource consciousness and circular solutions	<ul style="list-style-type: none"> • Material efficiency • Circular solutions and products 	<ul style="list-style-type: none"> > Material efficiency 92.3% > Circular products comprise 13% of sales volume (tonnes)



FOR THE PLANET | FA1 Environmental handprint

Material topics

- Environmental applications

We commit to

- developing new solutions to improve the fertility of arable land and reduce the eutrophication of water courses
- developing new solutions with zero or low carbon footprint.

Environmental handprint

In contrast to the environmental footprint, which focuses on reducing negative impacts, the environmental handprint is a novel approach which describes the positive environmental impacts of a product or a solution. The environmental handprint is a new focus area in Nordkalk's sustainability programme. It refers to the positive environmental impacts of our limestone-based solutions.

Environmental applications

Since Nordkalk's products are used in environmental applications, such as water treatment, flue gas cleaning and soil improvement as well as binding impurities in industrial processes, this novel concept offers us an interesting sustainability approach. Our stakeholders also find this approach important, and during the coming years we will develop this focus area further.

Our goal is to grow the environmental handprint of our products and solutions. In practice, this happens when we manage to decrease the negative environmental impacts of our customers with our products or services.

Nordkalk's solutions positive environmental impacts include, for example:

- less emissions into air (flue gas cleaning)
- less harmful emissions to receiving water courses (purifying municipal or industrial waste waters)

- reduced nutrient discharge from agriculture to water systems (structure liming)
- lake and wetland conditioning through liming (environmental liming)

The measurement of the handprint of our products is challenging, and it is tricky to find an indicator which reflects the various positive impacts of cleaning air or water or binding impurities. For this reason, we have so far settled for monitoring the market share of our products supplied for environmental applications.

In 2020, the sales of these environmental applications totalled 10% of Nordkalk's sales. In the coming years, we aim to increase the use of our solutions in different environmental applications and will also try to find more advanced ways to measure the environmental handprint of our solutions.

New environmentally friendly solutions

Besides these environmental applications, we can reduce our customers' environmental impacts by developing new, environmentally friendly solutions for our customers' processes. In practice, this means, for example, new solutions with zero or low carbon footprint or solutions to replace the use of more harmful chemicals in our customers' processes. For example, Nordkalk Enrich is an ultrafine precipitated calcium carbonate (PCC) product created to replace titanium dioxide and binders in paints and coatings.

Together with our customer Helsinki Region Environmental Services HSY, we have found a low-carbon solution for purification of drinking water. Read more from the case on the next page.



FOR THE PLANET | FA1 Environmental handprint

CASE

Limestone filtration reduces the environmental footprint of water treatment in the Finnish Capital Region

HSY (Helsinki Region Environmental Services) delivers residential water for more than a million people in the Finnish Capital Region. Before high-quality drinking water flows out of the taps of a home in Helsinki, it has undergone a multi-stage treatment process.

In the treatment process, limestone-based products are needed to adjust water pH, alkalinity and hardness. If these factors are adjusted optimally, water corrosivity decreases, and therefore pipes and devices in contact with the water stay in good condition.

During the treatment process, water pH, alkalinity and hardness is adjusted using lime products, says **Heli Härkki**, Unit Manager of Water Treatment Division of HSY.

The vision of HSY is to make the Finnish Capital Region the world's most sustainable urban region, which means continuous innovation and development of operations, among other things, to reduce environmental impact. At Vanhakaupunki Water Treatment Plant, sand and limestone filtration was introduced during a major improvement made in 2016. A lifecycle assessment was performed for the water treatment process. It shows that the transition to limestone alkalisation has decreased the environmental impact of pH adjustment by 30 per cent.

Limestone alkalisation is also in limited use at the other water treatment plant of HSY in Pitkääkoski. As part of the current major improvement, automatic equipment for dosage of crushed limestone will be installed. It means further enhancement of limestone filtration and reduction of the environmental footprint of the water treatment process.

Interested in reading this case in more detail?

Please click [here](#).





Interested in reading this case in more detail?

Please click [here](#).



CASE

Waters are thanking structure lime - a comprehensive research in progress

Structure lime can effectively improve soil structure and, at the same time, reduce nutrient leakage from arable lands into water bodies. The performance of the method and its suitability in various conditions is being examined as part of a comprehensive Finnish project.

The project Structural Liming as a Method for Water Protection in Agriculture is led by Turku University of Applied Sciences. It is part of the comprehensive Program for Improved Water Protection 2019-2023 funded by the Ministry of the Environment in Finland.

Using structure lime, positive experience and research results are seen in Sweden with the rapid reduction of nutrient input. In Finland, the use of structure lime for this purpose has so far been limited due to the lack of information and guidelines on how much structure lime should be used on various clay soils. The project involves research on the

performance and suitability of structure lime in various conditions and on different soils as well as its impact on the environmental load on waters, its impact on soil and crop yields and the determination of the optimal use volumes and spreading times.

Within the project, which will continue until the end of the year 2021, the various impacts of structure lime are investigated in addition to laboratory and field tests from a wider pilot test performed on the drainage basin level.

“We are experimentally spreading structure lime on a clayey field,” says **Juha Kääriä**, Senior Teacher at Turku University of Applied Sciences. “The purpose of the structural liming is to improve the soil structure and thereby reduce soil erosion and the phosphorous pollution of waters. We assume that structural liming will reduce phosphorous leakage by 30-50 per cent.”



FOR THE PLANET | FA2 Climate impact

Material topics

- Emissions
- Energy

We commit to

lowering emissions into air by:

- improving our energy efficiency and monitoring our completed energy efficiency actions against an annual target
- taking decisive steps towards fossil-free operations
- choosing low-emission alternatives for logistics: transport by sea or rail, where possible, aiming for a higher payload and alternative fuels in truck transport
- approving one new carbon reduction action each quarter

Climate impact

There are two main paths to decreased CO₂ emissions from our operations. The first is to improve energy efficiency, i.e. reduce the amount of energy consumed. The other is to use energy sources with a lower emission intensity. At Nordkalk we are following both paths, and in the coming years the pace of development will only accelerate.

Fossil-free operations by 2045

The foundation for improving our emissions and energy performance is set in the Nordkalk Operating Policy. BAT (Best Available Technology) is promoted in all new investments, and all investments exceeding EUR 50 000 are reviewed for their CO₂ reduction impact.

In Finland, Nordkalk has a long history of participating in Energy Efficiency Agreements and is currently participating in the latest agreement covering the years 2017-2025. All Nordkalk lime kilns are covered by the EU Emission Trading System, which ensures that CO₂ emissions are monitored rigorously.

According to our stakeholder survey conducted in autumn 2020, reducing emissions and taking actions to mitigate climate change is one of the most important sustainability topics for our stakeholders. Therefore, we have

defined our long-term roadmap, eLIMEnate, towards fossil-free operations. We have set goal for fossil-free operations for 2045, but our limestone quarries will reach this milestone a lot earlier. A description of eLIMEnate can be found on page 33.

Nordkalk extracts limestone and processes it into various products. Production processes are energy intensive and generate emissions, both directly from the raw material as well as from the energy utilised. Emissions include both particulate and gaseous emissions such as dust, NO_x, SO_x and CO₂.

Quicklime production causes emissions

The main source of our CO₂ emissions is quicklime production and, more specifically, emissions originating from the raw material, limestone, when burned at high temperatures in our lime kilns. CO₂ is released from the limestone

during calcination due to the chemical reaction formula, and because of the endothermic nature of the process, lime burning also requires a lot of energy.

In 2020 Nordkalk's emissions performance was evaluated by following specific CO₂ emissions for kiln processes. Our CO₂ emissions per produced tonne of quicklime were 1.1 tonne, which remained on the same level as previous years. This KPI covers the direct emissions from lime kilns production and is considered to correspond to Scope1 in this part of the process.

Nordkalk also has many years of experience in capturing secondary heat from our lime kilns and either using it on-site or delivering it to the local communities' district heating networks. All rotary kilns in Nordkalk are equipped with heat recovery set-ups. In 2020, Nordkalk delivered a total of 59 000 MWh of district heat to the local communities in Köping, Lohja and



FOR THE PLANET | FA2 Climate impact

Pargas. This is equivalent to the amount of energy found in 5.9 million litres of heating oil.

During recent years, Nordkalk has decreased emissions into the air by investing in new abatement technology at many of its production plants. The investments have reduced both the gaseous and particulate emissions of our operations. In 2020 a new flue gas scrubber was installed at the Köping kiln, which will further reduce the SO_x and HCl emissions of the lime kiln.

Energy efficiency target exceeded

Nordkalk has long experience working with the continuous improvement of energy efficiency. We started with our current way of following up with energy-efficiency improvements in 2015. Since then, we have registered 147 different improvement actions, which give a total improvement of more than 80 GWh.

In 2020 our goal was to improve our energy efficiency by 0.75%. Thanks to systematic work, we managed to exceed this goal and reached a 1.03% reduction.

The energy efficiency improvement covers all energy sources and is calculated in relation to the previous year's (2019) total energy consumption. The improvement is based on the impact from separate defined actions.

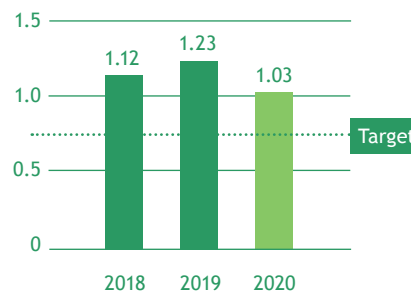
Our single biggest energy efficiency action during 2020 was the efficiency improvement project carried out at Kalkproduktion Storugns, our kiln on Gotland, Sweden. Process improvements relating to air control, material handling and improved material efficiency lower energy consumption and lead to a more efficient burning process.

Other examples from energy improvements from 2020 include reduction of leakage air at the Tytyri lime kiln, which improves secondary heat utilisation, optimizing the production plan and right-sizing the

quarry vehicle fleet at Storugns as well as improvements in grinding processes in Kurevere and Rakke.

Additionally, we have made improvements relating to pumping, heating, lighting and compressed air. For example in Miedzianka, Poland we replaced a mechanical, electricity-powered pump by a rebuilt pipeline and gravity-based transfer.

Improved energy efficiency, %



Renewable fuels' share is increasing

When it comes to the second path, namely moving to low-emission energy sources, our aim is to increase the share of biofuels used at Nordkalk in the long term.

In Köping, Sweden, the work to introduce renewable fuels to the lime kiln continued throughout 2020. Solid biofuels are becoming a steady part of the fuel mix, and the share is increasing year by year. The implementation has not been without its problems, though. The mechanical handling and feeding of the materials has proved to be particularly challenging. Several improvements to the equipment have been made over the years.

The work on both paths will continue in 2021, and we are aiming to further increase the amount of renewable fuels.

Joint R&D projects for lower emissions

During 2020 Nordkalk continued its participation in research projects that focus on reducing the carbon footprint of the industry.

In Sweden, Nordkalk is working with Umeå University and several other industrial partners. The Centre for Sustainable Cement and Quicklime Production brings together the industry in Sweden in a joint effort to decrease CO₂ emissions.

In Finland, Nordkalk is taking part in the DeCarbonate project led by the VTT Technical Research Centre of Finland. The project focuses on the capture and utilisation of CO₂ from various industrial processes and the development of commercial-scale solutions for this. The lime and cement industries play a very central role in the project.

For 2021 Nordkalk is further planning to increase its involvement in joint R&D projects focusing on emission reductions.

CASE eLIMEnate work has started

Nordkalk is committed to reducing the carbon emissions of its operations. Ambitious objectives, which are aligned with national and industry targets, have been defined in a long-term roadmap called eLIMEnate.

By 2035 we are aiming at

- fossil emissions-free limestone sites (i.e. quarry and grinding operations)
- fossil-free internal transports
- a 30% reduction of fuel-based emissions in quicklime production (i.e. kiln operations)

The next step is set for 2045

- Fossil-free quicklime production and carbon neutrality

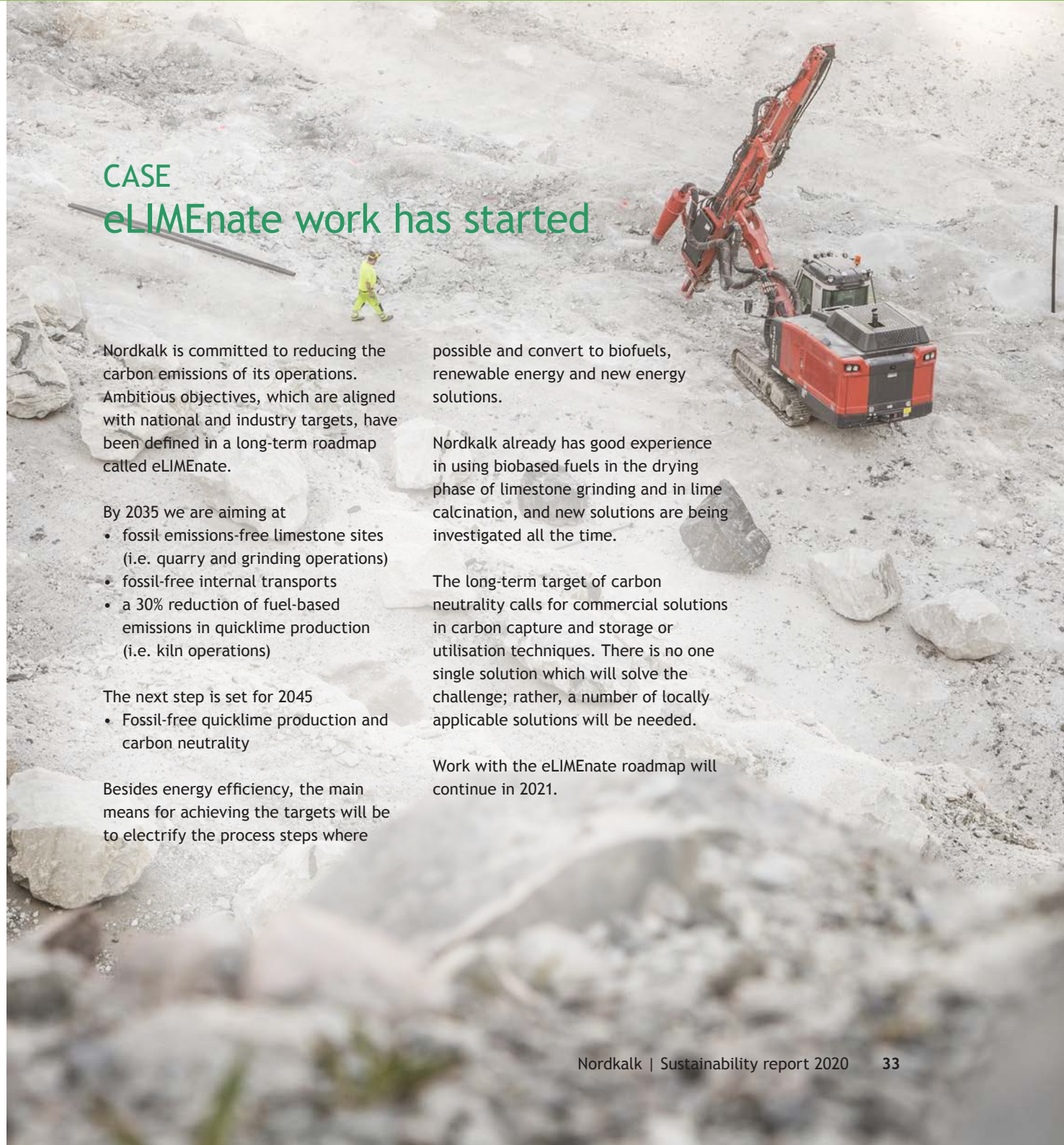
Besides energy efficiency, the main means for achieving the targets will be to electrify the process steps where

possible and convert to biofuels, renewable energy and new energy solutions.

Nordkalk already has good experience in using biobased fuels in the drying phase of limestone grinding and in lime calcination, and new solutions are being investigated all the time.

The long-term target of carbon neutrality calls for commercial solutions in carbon capture and storage or utilisation techniques. There is no one single solution which will solve the challenge; rather, a number of locally applicable solutions will be needed.

Work with the eLIMEnate roadmap will continue in 2021.



FOR THE PLANET | FA3 Responsibility for land, water and biodiversity

Material topics

- Land use and quarry restoration
- Water and effluents
- Biodiversity

We commit to

- long-term planning in land and water use, covering the entire lifespan of a mine: when the extraction phase is over, the site is developed into a natural or otherwise usable state
- developing comprehensive plans for water management and extractive waste handling
- describing the ideas of the post-mining phase and the related financial measures in recultivation plans
- recognising protective actions for the endangered species at our quarry and keeping biodiversity records

Responsibility for land, water and biodiversity

Nordkalk extracts the natural mineral resource, limestone, and processes it by crushing, milling and calcinating. The extraction and the operation of open pit quarries and underground mines is changing the landscape, involves management of water flows and has impacts on the local biodiversity in the operational phase. On the other hand, land usage and restoring biodiversity values may be taken care of in the post-mining phase.

These significant impacts are also considered as significant environmental aspects (ISO 14001) and are actively followed up within Nordkalk's Management System. The purpose and the strategic objective of this focus area is to minimise the harmful impacts of the aspects included here. The overall guidance on how to manage these topics is given in the Nordkalk Operating Policy. In line with our Operating Policy, we take actions in order to reduce the impact of our extraction activity, especially in water and recultivation issues.

Within the Nordkalk Management System, the ownerships of the main processes are defined, and the material topics under this focus area are included

in the environmental process. In the business regions and the operating countries, the local environmental managers are in charge of implementing the environmental process. The local site management team is in charge of operating in accordance with the existing regulations and the internal Management System procedures.

Any claims and non-conformances (grievance) are recorded in the existing reporting tool within the Management System and managed according to the documented routines. The effectiveness of this management approach is reflected by the lack of, or low number of, claims and complaints by our stakeholders.

No significant spills in 2020

The main tool for managing water-related issues are the site-specific Water Management Plans. The plans are kept as records within the Management System. Control of water quantity and quality is typically defined in the environmental permits, and the parameters given are monitored according to an approved control programme.

Besides the site-specific terms in the permits, the relation to the natural water bodies is also regulated by the Water Framework Directive (2000/60/EC). The classification status of a natural water body must not be degraded. This is not happening at any Nordkalk site.

The records on any possible significant spills are kept and managed within the Management System and managed in the non-conformance records. There were no significant spills in 2020.

The main tool for managing the biodiversity- and recultivation-related issues is the site-specific Recultivation Management Plans in which the known biodiversity aspects are recorded. As a development step, the areal extraction and land use information will be documented here. The plans are kept as records within the Management System.



FOR THE PLANET | FA3 Responsibility for land, water and biodiversity

Land use and quarry restoration

Mining operations take up areas of land and alter the landscape. For the most part, Nordkalk's operations are well-established, and during 2020 we did not have any major changes in our land use. Some overburden removal projects were implemented during the year, and in Miedzianka, Poland, we started preparations for quarry expansion.

After the active operational phase comes to an end, the mining area will be rehabilitated. At some locations, continuous rehabilitation is applied and partial rehabilitations are done in the past at many locations. We have preliminary plans in place for each site in which we describe the outline of the coming rehabilitation measures.

Recultivation plans for all the main sites are updated to the best knowledge available. For Eskibalikli in Turkey, a first draft was documented. The challenge in most cases is that the real actions are still far in the future, and that's why it is premature to involve stakeholders into the planning process. So far, the plans predominantly focus on ensuring safety around the sites as there are production operations going on at the sites.

Water management and effluents

The frame of our relation to water as a natural resource is volume-wise ruled by the water inflow to the quarries and mines. This volume can be considered to be a withdrawal but an unintentional one. Everything which is running into the void will also be pumped out or discharged. The discharged waters are uncontaminated as the limestone is a pure and natural material.

At some locations, water is also supplied to the community as fresh water to be used in the public water supply after further processing at the water purification plants. There is a great potential in our fresh water sources to provide water to nearby communities, as is done at Lohja in Finland and as is planned in Gotland, Sweden and Miedzianka, Poland.

Most of the material processing within Nordkalk's operations is dry, and therefore our processes are not very water consuming. In Lappeenranta, Finland limestone and wollastonite upgrading is done in flotation circuits, where there are tailing ponds in use. In Miedzianka, Poland, and Storugns, Sweden, fine-grained rock materials are processed by washing, and limestone fed into optical sorting machines is washed in Lappeenranta, Finland, and Pargas, Finland.

The washing waters are circulated via settling ponds in Pargas, Lappeenranta and Storugns. In Miedzianka there is a washing unit and filter presses which separate the water and the solid materials. Water is used or consumed in the production processes in washing the stone, moisturising the product, hydration of lime and the flotation process to mention some.

Water management issues are documented in separate plans for all quarries and mines. The water quality is controlled by following frequent sampling according to control programmes. More detailed info regarding our water use in 2020 can be found on page 72.

Extractive waste issues

Extractive waste issues regulation originates in the management of waste from the extractive industries (DIRECTIVE 2006/21/EC). Nordkalk is extracting non-harmful, pure carbonate and silicate rocks, which is why all the extractive materials are non-hazardous.

Documentation of the extractive waste plans is an area where we have recognized room for development actions in the coming reporting period.

Biodiversity

The endangered biodiversity species are reviewed and the data are collected in documentation as part of the rehabilitation plans. There are no identified direct groundwater-related biodiversity impacts in our operations, but groundwater monitoring is an obligation in some of our environmental permits.

When a new environmental permit is prepared, environmental values are one of the main focuses. Recultivation work usually includes actions aimed at restoring suitable environments for the local species. The aspects that are important for biodiversity must also be known and respected during the active operations phase.

As mining operations are carried out, new environments are created. Typically, new and valuable preconditions for biodiversity values are also created. Environmental values and biodiversity issues are considered during the entire life cycle of mining operations.

Biodiversity actions within Nordkalk are expressed as active projects in which measures are taken in order to preserve or improve biodiversity. Our goal in 2020 was to have one active biodiversity project in all the main operating countries.

Active projects are described on page 72.

CASE

Protected plants moved from future mining area

The *Vicia pisiformis*, commonly known as pea vetch, is a perennial plant growing in Central, Eastern and Northern Europe. It is a climbing plant with 80-150 cm long shoots that scramble over the ground and into the surrounding vegetation. The plant likes a luminous environment in a deciduous or mixed forest. It grows in various types of soil, with a preference for alkaline, deep, relatively dry or moderately moist soils.

Vetch is included in the IUCN Red List of Threatened Species, with a classification of "Least Concern", meaning that it is not in imminent danger of extinction, but the populations are decreasing in many countries, among them Poland. Nordkalk's limestone deposit Ołowianka, near the Miedzianka site, is one of the rare places in Poland where the pea vetch grows.

In a couple of years, Nordkalk will relaunch operations at Ołowianka, where limestone was extracted from the 1950s to the 1970s. Preparations for the reopening were started in April 2010, when

a plant inventory took place - and the pea vetch discovered. Now, 10 years later, the plant has been transferred to a new location, as required in the environmental permit granted for Ołowianka.

The transfer project was started in June 2020. Nordkalk was assisted by a consulting company because this was the first plant transfer performed in the Polish organisation. The first task was to identify all the vetches growing in the deposit area; 10 plants were found. The actual moving took place in October. The plants were dug up using shovels, put in boxes and carried to a nearby plot with suitable soil outside the mining area, where they were replanted. All 10 plants coped well with the transfer, though final results will not be known until the plants are recounted in the spring.

The pea vetch in Ołowianka is the only endangered plant found at Nordkalk's Polish locations. Protected animals - reptiles and amphibians - were also found at Ołowianka. They were moved to a new location in the summer of 2019.



FOR THE PLANET | FA4 Resource consciousness and circular solutions

Material topics

- Material efficiency
- Circular solutions and products

We commit to

- improving material efficiency in our operations, thus extending the lifetime of our valuable natural limestone resources and reducing waste with a 100% material efficiency target
- maximising the utilisation of all internal side streams, whether limestone-based, wall rock, energy or water
- improving the utilisation of customer-related side streams, where possible
- supporting lime-catalysed solutions for efficient reuse of organic residues and nutrients

Resource consciousness and circular solutions

For Nordkalk, resource consciousness means utilising all quarried materials as efficiently as possible as well as replacing virgin materials with secondary products made of both Nordkalk's internal and external side streams acquired from the market.

By increasing the material efficiency of Nordkalk's operations and introducing more circular solutions, less stone can be extracted and less waste is generated. Circular solutions have been emphasized in Nordkalk's revised strategy and are very much on the agenda with our customers. The stakeholder survey carried out in 2020 also pointed out the importance of the topic.

As stated in our Operating Policy and revised Sustainability Programme, our goal is to increase the material efficiency of our operations, reach the 100% material efficiency target and develop new circular solutions.

In 2020 Nordkalk nominated a Circular Solutions Director, who is responsible for the business area on the corporate level. On an operational level, the unit managers in the business regions are

responsible for the material efficiencies of the respective production units. During the year, material efficiency was one of the corporate targets followed by the Management Team on a quarterly basis.

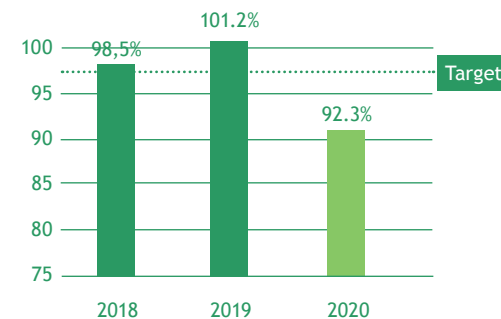
Material efficiency was at a good level

Resource consciousness has for quite a while been a clear focus area in all Nordkalk operations. We have gradually succeeded in improving the material efficiency of our operations to a very good level. The efforts are often also supported by direct cost savings when less material needs to be transported to the landfill.

In 2020, our goal for material efficiency, meaning the total amount of raw material used for production of final

products compared to the total amount of material quarried, was 97%. We didn't reach the goal, but ended up at the level of 92.3%. This was mainly due to the fact that the quality of side streams from limestone quarrying on some sites was lower than during previous years. Therefore, the side streams couldn't be used in the same applications as before. However, this situation is expected to improve again in 2021.

Material efficiency



FOR THE PLANET | FA4 Resource consciousness and circular solutions

Circular solutions are a huge opportunity

During the past years, resource consciousness and material efficiency have been supported by intense efforts to increase the productization and use of different internal, as well as customer-related, side streams.

In 2020, products based on secondary raw materials and replacing the need for virgin raw materials, comprised 13% of Nordkalk's total sales volume. Circular products in Nordkalk are products that totally or to a significant part (one third or more) are produced from external secondary materials or Nordkalk's own side streams.

Further product development in this area creates a huge opportunity for Nordkalk in the coming years, as the circular economy is a growing driver in the market.

The advantage of the versatile limestone and lime products is the neutralisation effect and the ability to react with other

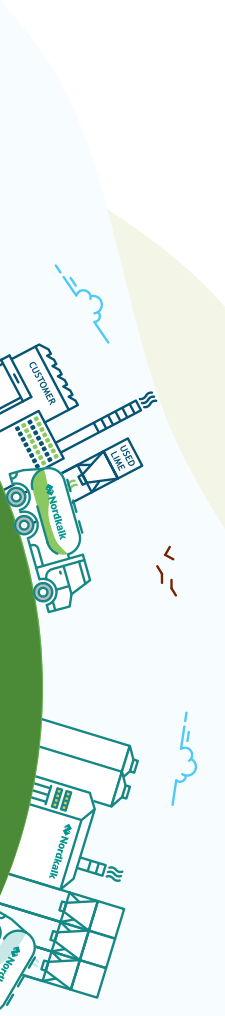
elements and their cleaning function in many of our customers' processes. Due to their chemical reactivity, in most applications the lime products are consumed in the end use or turned into other chemical components. For this reason, a true circular loop, where the product is circulated back as a raw material into our own processes, is usually not possible. On the other hand, the reaction products are useful materials which can be utilised in many applications.

Besides calcium-rich circular solutions, Nordkalk delivers residual heat from three lime kilns to be used in district heating networks, and clean groundwater from a mine to be utilized as drinking water by the surrounding municipality

Sustainable products from side streams

In addition to maximising the use of its own side streams, Nordkalk helps its customer by using their secondary products as raw material for Nordkalk





CASE

Side stream turned into a new wollastonite product

products. For a long time, Nordkalk has collected filter dust from lime mud kilns in the pulp industry in circular solutions, such as pH adjustment of industrial and municipal waste waters as well as in soil improvement products. Filter dust from lime kilns has been used in structure lime, soil stabilisation and asphalt production.

During 2020 we worked intensively on utilising the overflow from our calcite flotation plant as a raw material in wollastonite production. Read more from the case on the right.

Are you interested in joining our journey towards the circular economy?

Read more from [here](#).



Nordkalk is the only European producer of high-quality wollastonite. The rare mineral is extracted and processed in Lappeenranta in Finland, and the products are shipped to almost 30 countries around the world. The majority of the customers operate in the plastics and rubber, paint, and ceramics industries.

Wollastonite products are made of virgin carbonate stone in a flotation process, in which the mineral is separated by means of different chemicals. In the autumn of 2020, Nordkalk was able to introduce a new wollastonite product, made of an overflow from the calcite flotation process. For years, this side stream ended up in the tailing pond for flotation sand, because its utilisation was not considered possible due to the low wollastonite content. The overflow is created of stone that contains about 5 per cent wollastonite, while the normal feed stone has a 20-25 per cent share of wollastonite.

A systematic study focusing on how to recover and utilise the overflow was started in the spring of 2019. The

biggest challenge was establishing the right chemical dose for the flotation process, which required several trial runs. The results were analysed by using the Design of Experiments (DOE) tool, in which data collected from random chemical dosings are analysed by means of statistical mathematics. This allows us to identify how different variables interact in a multi-effect process and gradually adjust the quality of the product to the desired level.

Nordkalk's goal is 100 per cent material efficiency, meaning that it uses all the stone it extracts as well as all the side streams from the production processes. The new wollastonite product enables the use of thousands of tonnes of mineral that were previously wasted. From customers' point of view, the product offering has been expanded by a sustainable, circular wollastonite alternative.

Development Engineer Minna Nevalainen is leading a project in which wollastonite is made of a side stream from the calcite flotation plant.



For the people

Our operations have positive and negative impacts on the lives of the people in the local communities where we operate.

Our goal is to do our best to minimise harmful impacts and partake in an active dialogue with the local community.

For our own employees, we want to be a good and a safe place to work.





FOCUS AREAS	MATERIAL TOPICS	OUR SUCCESS IN 2020
<p>FA5 Good place to live</p>	<ul style="list-style-type: none"> Local dialogue and engagement Impacts on local communities and the safety of neighbours 	<ul style="list-style-type: none"> Social acceptance plans in place 79% of local complaints closed
<p>FA6 Ethical behaviour</p>	<ul style="list-style-type: none"> Compliance with laws, regulations and rules Business ethics and anti-corruption Responsible supply chain 	<ul style="list-style-type: none"> 88% of white collars completed Code of Conduct e-learning course Responsible supply chain operating model defined
<p>FA7 Good place to work</p>	<ul style="list-style-type: none"> Employee engagement and development Labour practice and human rights 	<ul style="list-style-type: none"> PeoplePower index A (satisfactory) White collar development discussions coverage 100%
<p>FA8 Safe place to work</p>	<ul style="list-style-type: none"> Occupational health and safety 	<ul style="list-style-type: none"> LTA1 accident rate was 8 88% of employees engaged in safety

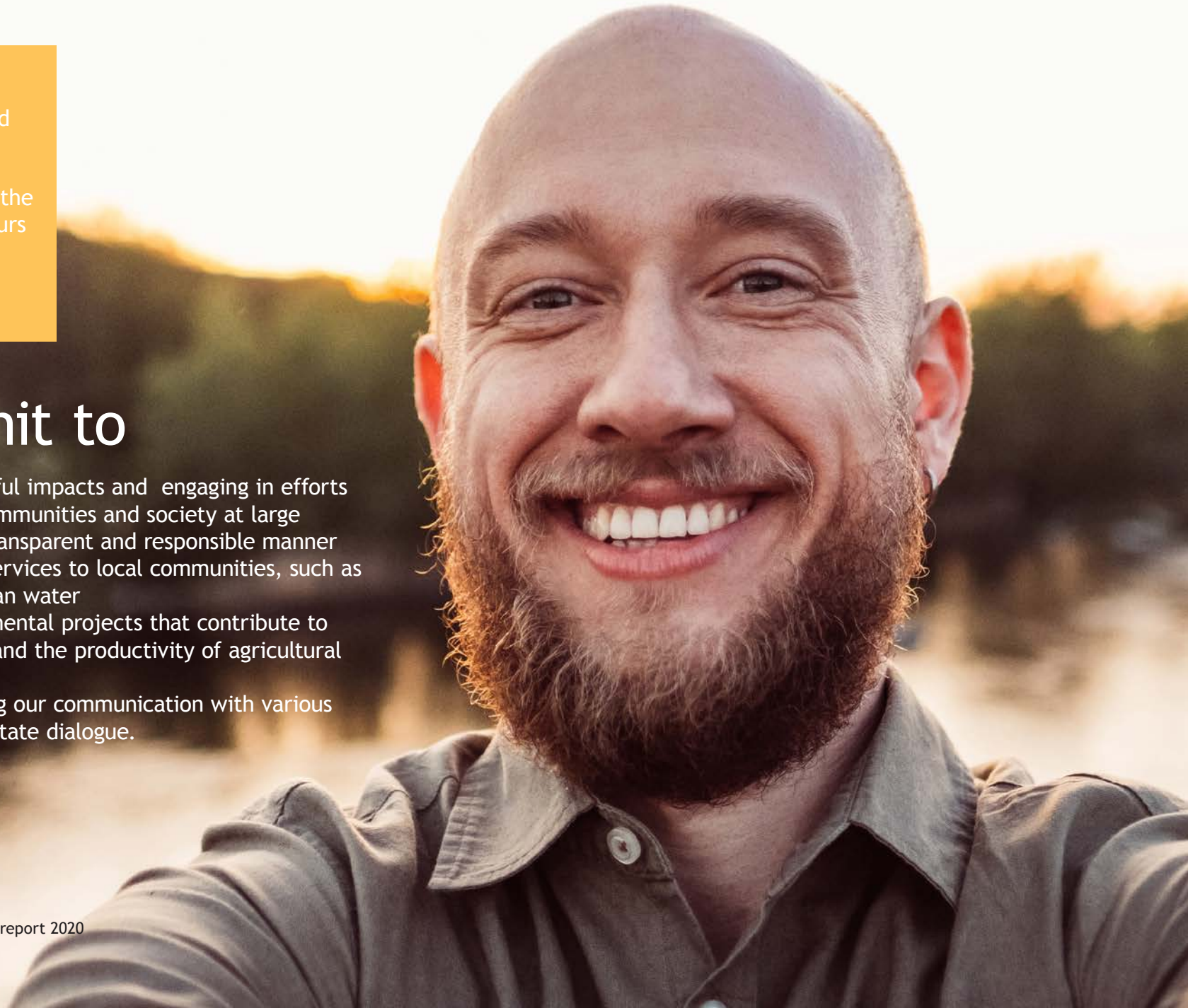
FOR THE PEOPLE | FA5 Good place to live

Material topics

- Local dialogue and engagement
- Impacts on local communities and the safety of neighbours

We commit to

- minimising our harmful impacts and engaging in efforts that benefit local communities and society at large
- acting in an open, transparent and responsible manner
- providing jobs and services to local communities, such as district heat and clean water
- engaging in environmental projects that contribute to clean air and water and the productivity of agricultural land
- constantly developing our communication with various stakeholders to facilitate dialogue.



Good place to live

Continuing support of local communities where we operate is a prerequisite for our business continuity. Nordkalk wants to be a good neighbour and engage in various actions for the benefit of the local community while minimizing the harmful impacts of our operations. Prompt management of environmental issues and open and transparent communication with our closest neighbours and local communities is a must to ensure social acceptance of our operations.

The approval of the surrounding community is important for any industry, particularly for the mining industry, since the extraction of natural resources leaves a visible mark on the environment. Mineral extraction is only possible in places where the deposits are located, and in many cases settlements have been established close to the deposits contributing to a growing industry and offering jobs to people.

Hearings with neighbours and local authorities are common in connection with permit processes and to enhance local co-operation. In addition to the legally required consultations, we organize meetings and open house events at the sites to present our operations and to interact with our neighbours. Unfortunately, due to COVID-19, most of the face-to-face meetings planned for 2020 were postponed or moved online.

Added value for the local community

We also engage in various local events and projects to create useful added value for the local society and the environment. We sponsor cultural events, museums, schools, sports and other entities. Our main goal is to support entities that enhance the wellbeing of the environment or people in the local community. Another area of societal engagement is our cooperation in research and development programmes, using limestone for a variety of environmental purposes to achieve cleaner air, water and soil.

In Pargas, Finland, Nordkalk was one of the founding members of the Ålö Bay Foundation, which aims to develop Ålö Bay (Parainen freshwater basin in the Baltic Sea) by promoting water, environmental and nature management in the bay and its surroundings. In Lohja, Fin-

land, Nordkalk, for example, sponsored the building of the local mountain bike trail, and in Gotland, Sweden, we, for example, sponsored the Limeworks Museum in its renovation efforts. The museum, which presents and preserves the history of the stone industry of Gotland, relies on the support of volunteers and sponsors.

When quarry operations are expanded or a completely new mine is planned, it naturally raises questions in the communities nearby. In order to earn social acceptance, we need to be transparent in our operations and act in a responsible way in all situations. In 2020 the main focus was on our Polish operations in Miedzianka, where the permit process regarding the expansion of our quarry is underway. Read more about the Miedzianka Social dialogue initiative from page 47.

Social acceptance must be earned

In order to manage local community relations Nordkalk has developed Social Acceptance Plans for our main operating locations. The goal of the plans is to identify the main stakeholders at our locations and plan activities involving them and coordinating support for the local communities. In 2020 we updated the plans for our main operating countries: Finland, Sweden, Estonia and Poland.

The plans include:

- Memberships of industry and trade associations at the national, regional and local levels
- Employee co-operation at the national, regional and local levels
- The main stakeholders, their main concerns regarding Nordkalk's operations and how we engage with them
- Local community development programmes, co-operation and sponsorships
- Grievance processes and local contacts.

FOR THE PEOPLE | FA5 Good place to live

Minimising local environmental impacts

Limestone is a safe, environmentally friendly mineral to extract. It does not cause harmful leakage; on the contrary, limestone-based products are used to neutralise process waters in metal mines. Limestone is used in municipal water treatment, both for drinking water and waste water. Natural waterways with a low pH value can be revived with lime and mine waters from limestone operations can even be utilised in providing drinking water to local communities.

However, during active quarrying or kiln operations, there are evident harmful impacts on local communities. These impacts are managed through our Operating Policy, environmental permit processes (including regular authority audits and reporting), the ISO 14001 certified Management System, a constant self-monitoring and continuous improvement process, local grievance processes and active dialogue with local communities and neighbours.

Any possible contacts by our stakeholders are registered and managed within our Management System procedures and corrective actions are taken according to the documented routines. The public is

of course also entitled to approach the local environmental authority in the case of assumed ongoing illegal activities. We also have a whistleblowing channel available for external stakeholders' concerns.

We do our best to minimise the negative impacts of our operations. However, it is not possible to fully prevent them in all circumstances. We try to keep the neighbours informed if anything extraordinary happens. Thanks to digital tools, this can be done quickly. We welcome feedback and questions, which we receive via digital channels, by phone and face-to-face. All findings are recorded in our quality assurance system, and the issues are followed up with the necessary actions.

In 2020 we received a total of 34 complaints regarding our activities from our external stakeholders in Finland, Sweden, Estonia and Poland. Most of these were related to dust, noise and vibrations caused by our quarrying activities and a few had to do with traffic arrangements. By the end of the year, 79% of these had been closed.

Environmental compliance

During the reporting period, Nordkalk has not identified any non-compliance issues with environmental laws and/or regulations that would have resulted in sanctions, monetary or non-monetary, nor have there been any cases brought through dispute resolution mechanisms related to environmental non-compliance. Minor deviations in the operations in relation to environmental permit conditions are managed according to the procedures defined in our Management System and/or according to environmental permit conditions and corrective actions have been taken.





CASE

Miedzianka Social Dialogue

In 2019 Nordkalk started the Social Dialogue initiative in Miedzianka Poland to support and systemise communication with local communities in connection with our plans to expand quarrying operations in the area. Representatives of local communities from villages neighbouring the Miedzianka plant were invited to participate in the Dialogue.

The participants have a chance to discuss the plans regarding the quarry expansion, and they are also asked to send proposals of projects Nordkalk can be involved in for the benefit of the neighbours. The role of the Dialogue Council is to select and supervise the execution of projects. The Council consists of three residents' representatives and three Nordkalk employees.

The submitted projects must meet certain requirements in order to be implemented: they have to be important to the particular community, and there must be a demonstrated public interest in their implementation, they need to

have long-term benefits for the community and they cannot be aimed at profit-making. The selected projects should concern at least one of the CSR areas of Nordkalk: sports, education, infrastructure, environmental protection, culture or social inclusion.

In accordance with the rules for social involvement, Nordkalk gives priority to initiatives that are consistent with the business of Nordkalk and enable use of our products, enable voluntary involvement of the company's employees or are implemented through partnership with another entity (e.g. organisation, group of residents or school).

By the end of 2020, a two-way dialogue was established, respecting the points of view of both the residents and Nordkalk. So far 11 projects have been submitted and the first ones have already been implemented or are in the process. We have for example built a well to facilitate access to water for residents and are building a shelter for a meeting place for local people.



The COVID-19 situation has to some extent delayed the implementation of the projects and prevented further face-to-face meetings. However, Nordkalk has asked the representatives of the villages to send further proposals for initiatives to consider. We want to continue building a dialogue with our neighbours and actively work for the development of the region.

FOR THE PEOPLE | FA6 Ethical behaviour

Material topics

- Compliance with laws, regulations and rules
- Business ethics and anti-corruption
- Responsible supply chain

We commit to

- conducting our business in accordance with laws and regulations, the Rettig Group policies and the Nordkalk Code of Conduct
- a high standard of business ethics and integrity
- treating people with respect and providing them with equal opportunities; we value human rights
- only cooperating with business partners that commit to a high level of responsible and ethical behaviour.

Ethical behaviour

Nordkalk views compliance with laws and regulations as one elemental aspect for ethical business. Furthermore, Nordkalk is committed to enhancing ethical business culture in all of its countries of operation and within its supply chain.

Respectively, Nordkalk's stakeholders also viewed ethical behaviour and compliance as one of the key elements of Nordkalk's sustainability activities in the sustainability survey conducted in 2020. It is also recognised that some of Nordkalk's countries of operation or joint-venture undertakings may carry exposure to risks related to corruption or competition law breaches.

The policies of Nordkalk's owner, Rettig Group, apply to Nordkalk as a majority-owned subsidiary of Rettig Group. These policies guide the actions of employees and directors. The Business Ethics Policy is one of the Rettig Management Policies and Procedures which must be followed by everyone working at Nordkalk. The Business Ethics Policy stresses, among other things, that ethical conduct is characterised by honesty, integrity and freedom from deception.

Code of Conduct supports an ethical way of working

In addition to the Rettig Group policies, Nordkalk has its own Code of Conduct and Supplier Code of Conduct as well as internal policies and instructions to give guidance on acting in an ethical way. Nordkalk's own Code of Conduct was updated in 2019 and the renewed Code of Conduct was implemented in 2020. It was translated to Nordkalk's local languages and communicated through intranet and info-tv's on the local sites.

During the year 2020, 88% of Nordkalk's white-collar employees took the renewed Code of Conduct e-learning course. The course contains practical examples from our everyday work and highlights all the key rules contained in the renewed Code of Conduct.

Both the Code of Conduct and the Supplier Code of Conduct are publicly

available to external stakeholders via Nordkalk's website and internally in Nordkalk's intranet.

New policy for anti-corruption

Nordkalk rejects corruption in all forms. Anti-corruption instructions are addressed in the renewed Code of Conduct. In addition, a specific anti-corruption policy was drafted and approved in July 2020 and will be published and implemented in 2021.

In 2020 Nordkalk had no confirmed incidents of corruption in which employees would have been dismissed or disciplined for corruption or where contracts with business partners would have been terminated or not renewed due to corruption violations. Further, Nordkalk had no public legal cases brought against it or its employees for corruption violations.

Competition law compliance

To ensure compliance with the applicable antitrust and competition rules, Nordkalk launched a new competition compliance programme in November 2020. The programme includes a new Nordkalk competition law compliance policy, an e-learning course about main topics and practical guidelines for employees. All the materials are available in the English language to Nordkalk's personnel. The competition law compliance policy was approved by in November 2020. The implementation of the whole programme continues in 2021.

During 2020 Nordkalk had no pending or completed legal actions concerning anti-competitive behaviour or violations of anti-trust and monopoly legislation where Nordkalk would have been identified as a participant.

FOR THE PEOPLE | FA 6 Ethical behaviour

CASE

The renewed whistleblowing channel

Nordkalk expects all of its employees and managers to report any suspected cases of misconduct regarding human rights, corruption, breach of laws or other unethical behaviour. Employees are encouraged to contact their supervisors, but a confidential whistleblowing procedure has also been available since 2017. In 2019 whistleblowing reporting was made possible to external stakeholders via e-mail or post and a whistleblowing policy was created to outline the process.

In 2020 Nordkalk made preparations for the changes brought by the EU whistleblowing directive (Directive EU 2019/1937) and consequently renewed its whistleblowing procedure.

A new channel for reporting misconduct cases was set-up where reporting is made possible to internal and external stakeholders alike. The new whistleblowing channel provides full anonymity to the whistleblower and the possibility to have a dialogue with the whistleblower. Due to emphasis on anonymity, the channel is provided by a respectable external service provider. Simultaneously, necessary adjustments

to the whistleblowing policy were made and the renewed policy was approved in December 2020.

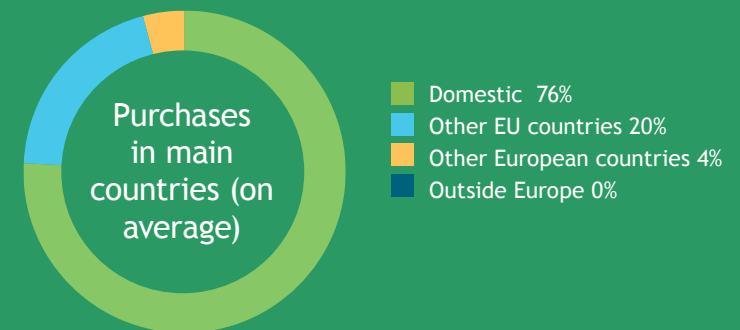
All whistleblowing complaints are handled with absolute discretion and confidentiality and are investigated by Nordkalk's Chief Legal Officer together with the Chairperson of the Audit Committee, who receives reports from the whistleblowing channel. Following the investigations, the Audit Committee will recommend an appropriate course of actions to the Board of Directors to ultimately decide on the actions.

Nordkalk will not retaliate against any employee or manager who in good faith reports a suspected violation or a concern regarding compliance. In 2020, there was one case of misconduct reported through whistleblowing. The investigation of this case was finalised in January 2021.

Information about the whistleblowing channel and procedure is available on Nordkalk's website under 'Report violations' and the channel can be accessed through a web link: report.whistleb.com/nordkalk. Reporting via post is also possible.

Nordkalk's supply chain

- In 2020 Nordkalk's purchases of materials, goods and services were mainly from domestic suppliers in all main countries (Finland, Poland, Sweden and Estonia), which improves the visibility of the supply chain.
- Nordkalk has a wide variety of suppliers, of which logistics, energy, equipment and subcontractors are the most common. Energy, shipping and equipment are usually global, while land transports and subcontractors are hired by local companies.
- Our products are transported by ships, trucks and trains. Customer deliveries are organised according to customer preferences either as a service from our suppliers or through their own freight.
- At Nordkalk, subcontracting is used when the task in question is not seen as our core business, requires machinery or knowledge that is not worth investing in the company or is conducted in campaigns or in connection with for example yearly maintenance shutdowns.
- Our goal is to conduct all maintenance work with own personnel as widely as possible and the use of contracted employees is not significant.
- In internal logistics of quarried stone, subcontracting is used. The biggest volume is in Miedzianka, Poland.



Responsible Supply Chain

At Nordkalk, all purchasing is performed in compliance with Nordkalk's purchasing process, which is part of the Management System. New suppliers are evaluated on reliability as well as ethical and financial performance.

Nordkalk expects its suppliers to follow the Supplier Code of Conduct to ensure that suppliers also adhere to business ethics. In the new Supplier Code of Conduct updated in 2020, more focus has been put on clear commitments to the chosen sustainability and ethics related topics and practical examples.

Purchasing process updated

To ensure more efficient implementation of the Supplier Code of Conduct, we updated the purchasing process regarding the supplier contracts. As part of the new supplier creation process, new suppliers are required to commit to the Supplier Code of Conduct as well as provide information and copies of their environmental, social and quality certifications.

Besides this documentation, risk evaluations are done by the Nordkalk procurement organisation. These evaluations include risks regarding financial strength,

product quality and compliance with the Nordkalk Supplier Code of Conduct. In these evaluations we use country-specific sources and reports. When needed we also use external service providers, to conduct broad financial checks.

The new process was introduced in Finland and Sweden in the autumn of 2020. In 2021 our goal is to take the process fully in use in Finland and Sweden and to implement the new process in Estonia and Poland.

Nordkalk reserves the right to from time to time conduct visits or audits to ensure the supplier's compliance with our Supplier Code of Conduct. If Nordkalk finds that the supplier is not meeting our expectations, Nordkalk will discuss with the supplier issues to be corrected or improved. The supplier shall then,

without undue delay, take the commercially reasonable corrective actions. Nordkalk reserves the right to cancel outstanding orders, suspend future orders and/or terminate the contract with the supplier in the case of a material breach of the Supplier Code of Conduct.

Know your customers and suppliers

It is important to know the suppliers and customers, and thus the instructions on how to gather information for risk evaluation purposes (Know Your Customer, KYC) from suppliers and customers originating from high-risk countries and countries included in

sanctions lists was prepared and taken into use in late autumn of 2019. The KYC process was actively used over the course of 2020 and a short e-learning course was introduced to Nordkalk employees on the topic in December 2020. During 2020, 12 KYC evaluations were made regarding suppliers and/or customers from high-risk countries.

FOR THE PEOPLE | FA7 Good place to work

Material topics

- Employee engagement and development
- Labour practice and human rights

We commit to

- being an excellent place to work, engaging personnel and supporting a good work-life balance
- developing the competence of our personnel
- establishing a good leadership culture based on our values of Openness, Fairness, Courage and Trust and respect
- following up on personnel satisfaction on a yearly basis and aiming for continuous improvement

Good place to work

At Nordkalk, our future success lies in the continuing commitment and competence of our people. Our goal is to be an excellent place to work, with satisfied, motivated, well-being and engaged personnel. We want to support a good work-life balance and offer our people opportunities for development.

In our Operating Policy we have committed to encouraging our employees to engage in their personal and professional development. We have regular development discussions with all the employees and take care of the needed competence development to secure the success of the company. The compensation and benefits system has been built to support the efficiency and motivation of personnel. The Human Resources process and corporate-wide instructions are a part of Nordkalk's Management System. KPIs and risk assessments are followed and audited within the system.

Nordkalk complies with international labour standards as well as national legal and other requirements related to our employees in the countries where we operate. We follow Rettig and Nordkalk policies and procedures and our own Code of Conduct.

We respect collective agreements and our employees' right to freedom of association. At the end of 2020, 98.3% of our employees were covered by collective agreements or corresponding local agreements.

In all our operating countries, we have established employee co-operation practices, such as works councils, occupational health and safety committees and other worker representation bodies meeting on a regular basis.

Employee engagement declined slightly

Since November 2019 Nordkalk has been working according to a new, region-based operating model and a leaner organisation. For the most parts, the new model has been successful, but some implications can be seen in the results of the yearly personnel survey, which was carried out in March 2020.

The answering rate was again satisfyingly high at 86.1% compared to 85.5% in 2019. The key summary rating, i.e. the PeoplePower index* for Nordkalk Corporation, declined slightly from the previous survey and was A (Satisfactory). In 2019 we reached the level of A+ (Satisfactory+). In the coming years, our target is to return back to the A+ level.

The clearest strengths at Nordkalk Corporation are related to managerial work and efficiency within and between departments. The clearest development areas are related to the company level, especially to employer image and leadership culture. The respondents also report that the workload in their departments has clearly increased and they find their work more stressful than before.

*The PeoplePower index shows the overall result compared to the benchmark and reflects employees' engagement with the company.





Nordkalk personnel in figures

At the end of 2020, Nordkalk had 817 (870) employees, of which 82% were male, 18% were female. Blue-collar jobs amounted to 68% and white-collar jobs 32%. As many as 98.7% of all employees work full time and only 1.3% work part time.

During the year Nordkalk hired 46 new employees and 97 persons left the company. The turnover of personnel was 12%, which was mostly due to the new operating model and organisational change dating back to November 2019. Most of the reductions were realised during the first half of 2020, but the number of personnel was established at a new level in the latter half of the year.

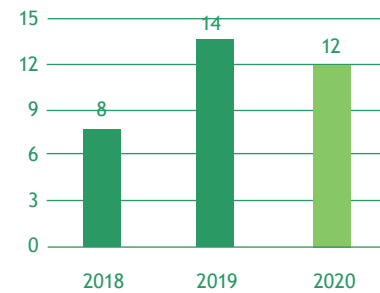
Personnel by gender



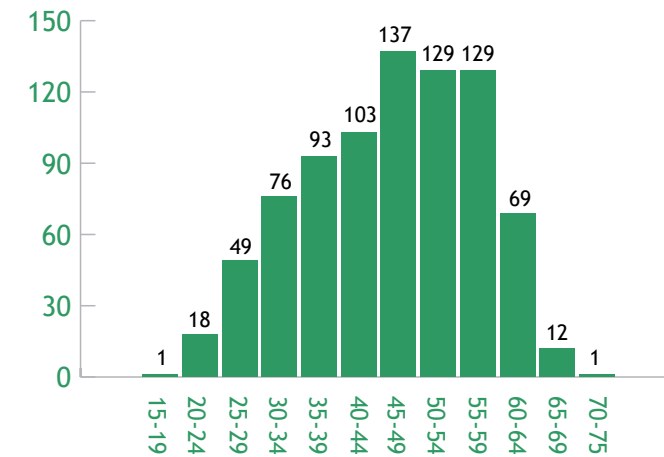
Personnel by gender in managerial positions



Employee turnover,%



Personnel by age



Personnel figures can be found in more detail in the table on page 73.

FOR THE PEOPLE | FA 7 Good place to work

Strategic competencies defined and assessed

To support the strategy execution and the new operating model, Nordkalk started a comprehensive competence mapping project in spring 2020. The goal of the project is to recognize existing competencies, skills and knowledge that we have in the company, to learn in which areas development is needed, and to find out if there is unused competence potential in the company.

The strategic competencies were defined together with the Management Team to identify the most crucial competence areas, which have strategic significance to Nordkalk's competitive advantage now and in the future.

The assessment started with the evaluation of all white-collar employees' strategic competencies. White-collar employees performed a self-evaluation in regard to the selected competence

areas and respectively, the superiors assessed each of their white-collar subordinates using the same questionnaire. To formulate a unified view on the assessment, superiors scheduled discussions with each team member. This discussion was an obligatory part of and the basis for the white-collar employees' development discussions in the autumn. By the end of the year, 100% of white-collar employees' development discussions had been completed.

The next phase of the competence mapping focuses on blue-collar employees and production process-related competencies and special skills. By the end of the reporting period, the assessment was still ongoing and for this reason, blue-collar employees' development discussions have been postponed until Q1 2021. The results of the competence mapping create the foundation for a clear and concise direction for overall personnel development in the company.

Zero tolerance for bullying and discrimination

We support the United Nations Universal Declaration of Human Rights, treat people with respect and give them all equal opportunities for personal growth and professional development. Physical abuse or discipline, or the threat thereof, and verbal abuse or other forms of intimidation are prohibited at Nordkalk. We do not accept any kind of bullying or harassment, sexual or otherwise, and take measures to protect our employees from any kind of bullying or harassment. We do not, under any circumstances, accept child or forced labour in any of our operations or activities. And the abovementioned also applies to our suppliers.

To prevent bullying and harassment at Nordkalk, we have a dedicated e-learning course available to all employees. By the end of 2020, app. 90% of all

white-collar employees had completed the course, which is also part of our introduction programme.

We evaluate possible bullying and discrimination cases yearly in our personnel survey. In 2020 there were 11 reported bullying cases, nine of which had been resolved and two that were still ongoing. Eighteen employees reported that they had been subject to discrimination by a co-worker, but 11 of these had already been solved by the time of the survey. The 7 unsolved cases are our highest priority, but since the personnel survey answers are anonymous, it complicates the possibility to solve individual cases. However, it is clearly seen that the corrective actions based on the survey have had a significant impact in the number of cases over the past years.

CASE

COVID-19 precautions were successful

At Nordkalk, we monitored the pandemic situation very closely during the beginning of the year 2020. After assessing the risks of the possible impacts on our operations, and to protect our production personnel from infections, a decision was made in March to make an abrupt shift to working from home whenever possible.

We moved most of the white collar employees to remote work and the situation forced everyone to set up home offices with haste. Since then, the ergonomics of the home offices has developed and we have also provided remote workers tips for how to cope better with this new way of working.

Fortunately, when moving to remote working mode, we were in the middle of a process of rolling out Teams collaboration tools to all the Nordkalk devices. Thanks to timely actions, training sessions and a well-functioning network, everything has worked better than anyone could have thought. Almost all meetings are now online meetings

instead of face-to-face ones. Travelling has also been restricted to the very minimum.

Production personnel is ordered to stay at home and to take a COVID-19 test if even minor flu symptoms occur. Good hand hygiene, a safe distance between colleagues, staggered coffee and lunch breaks, no visitors allowed into control rooms and the use of face masks are some actions that have been taken into use at our sites to protect our production personnel from possible infection.

During 2020 we were able to run production at the estimated level without interruptions. We started with regular, first daily, later weekly, reporting of possible COVID-19 cases at our sites to the Management Team in March. In 2020, we had less than 10 cases of COVID-19. The number of normal flu type of sickness cases was also lower than previous years.



FOR THE PEOPLE | FA8 Safe place to work

Material topics

- Occupational health and safety

We commit to

- being a safe place to work, aiming for zero accidents for personnel and others on our premises
- establishing a positive safety culture where all employees are engaged in safety thinking and committed to safe behaviour and an accident-free working environment
- developing personnel competence in safety issues
- ensuring contractors' compliance with health and safety regulations
- prioritising health and safety in all decisions and situations

Safe place to work

Safety at work is an important everyday issue at Nordkalk. Safety always comes first and is a normal part of management and of the planning of work. We include everybody working on Nordkalk's premises, whether they are own personnel, contractors or visitors, in our safety management in order to give them a safe place to work or visit.

Occupational Health and Safety is one of the three main processes in Nordkalk's Operating policy and a part of our Management System. All of our own employees are covered by the Nordkalk Management System, affiliated companies have their own respective systems. Workers who are not employees are covered by their own employers' systems. Same safety instructions apply to all the subcontractors working on our premises.

We started the work on changing our Health and Safety management system OHSAS 18001 to ISO 45001 in 2019, to have it in the same ISO standard family with quality ISO 9001 and environment ISO 14001. The final change to ISO 45001 will be done in 2021. All these processes are based on continuous improvement, a plan-do-check-act cycle.

Safety requires constant attention

The standardised minimum requirements and rules of work safety are listed in our Health & Safety Guidelines. In every country where we have production, the local collective agreements and legislation must be complied with. Safety matters are immutable, but we have to constantly develop our occupational safety. Therefore, we need to monitor and manage our work environment and habits through various measurements, safety-check rounds and risk assessments performed by specialists, employees and contractors.

We measure our occupational work environment - dust, noise, vibration - regularly and the results of these measurements are communicated to the personnel. Corrective actions are planned and the personnel's

representatives can freely give suggestions on how to eliminate risks, if something unnormal has been found in the measurements. The target is always to eliminate any possible risk or hazard as the hierarchy of control requires.

We use the GRIA system with various ready-to-use checklists for the risk assessments, safety-check rounds and risk and safety behaviour observations. GRIA is accessible to all our own and our contractors' employees on desktops and as an easy-to-use mobile application for reporting safety observations, also positive ones when something has been done very well.

Annual targets are followed rigorously

Nordkalk's management has ultimate responsibility for safety. The Management Team sets the annual safety targets,





FOR THE PEOPLE | FA8 Safe place to work

which are approved by nationwide safety committees comprised of employer and employee representatives. The targets are communicated to all personnel.

The development and outcome of the safety targets are monitored and reported on a monthly basis to the Management Team and personnel with a monthly health and safety report published on the company's intranet.

We have local safety committees comprised of the Safety Manager, people from the local production management and personnel representatives. Usually also a doctor or an occupational health nurse from the healthcare services participates in the meetings held 2 to 5 times a year. In these meetings, local annual safety and health care target programmes are approved and information of other daily or ongoing safety issues is shared.

Continuous improvement

To support continuous improvement in safety, we include safety reminders in all our meetings. The safety check list starts the meetings and a reminder to "Take 5" is added in the end of our

meetings. Take 5 is a simple method, which emphasises the importance to stop and think of the safety issues before acting.

We also have safety related e-learning courses available to our personnel through our Lime Learning platform. By the end of 2020, app. 90% of white collar employees had completed e-learning courses on "personal protective equipment" and "risk and safety behaviour observations".

Subcontractors must follow our instructions

Subcontractors who are working on our premises must follow our health and safety instructions. Should they violate these instructions, we can stop the work and ban a person from entering our sites. Contractors' personnel must have safety introduction before they can enter our production area. For that purpose, we have safety introduction videos for visitors, truck drivers and those who come to work on our sites. The videos cover our H&S rules and can be found and watched for example on Nordkalk's website. More accurate introduction for

the ordered work is given by the local technical handler or the person who has ordered the work.

All workers, our own and contractors' personnel, are allowed to stop working without any ramifications if the workplace or the work task has been found dangerous and there is a risk for an injury or accident. One must inform Nordkalk of such cases, as it's not allowed to do that work until the possible safety risk is solved.

Close co-operation with healthcare service providers

Preventive occupational healthcare services are available to all our employees, but subcontractors use their own employers' healthcare services. Occupational healthcare includes for example workplace assessments, regular health examinations (exposed work), guidance and counseling. The employer also receives proposals from occupational health services based on workplace surveys and health inspections, for example to improve health and safety at work in the workplace, to promote employees' ability to work and function,

or to adapt work to meet the employee's work ability. The occupational health service and the employer jointly monitor the implementation of the proposals, for example in connection with workplace visits.

Health inspections for our own personnel are done regularly. Frequency is based on work tasks and possible exposures, e.g. to stone dust. In 2020, we had no cases that would have led to a loss of ability to work due to working conditions or exposure to chemicals or other substances.

The scope of non-occupational medical and healthcare services varies between the countries and also voluntary health promotion services and programmes are mostly decided on a country level. Since we have zero tolerance for all consumption of alcohol and illegal drugs at workplace and a no smoking policy, Nordkalk offers guidance and support programmes concerning abuse of alcohol and drugs as well as smoking addiction.

CASE

SafeNordkalk initiative resulted in more than 700 improvement ideas

Project SafeNordkalk was launched in September 2020 at six pilot production sites: Pargas, Tytyri and Lappeenranta in Finland; Köping and Storungs in Sweden; and Miedzianka in Poland. The motivation behind the project was the number of accidents that happened in the first half of 2020. The goal was to reduce the number of accidents and help the local site management with various safety issues.

The project started with the local site managements' self-evaluations of the current safety situations and the topics in need of more focus in order to improve safety. Local site safety development programmes were made based on the self-evaluations with an action plan and a situation follow-up, which was checked in weekly online meetings.

Safety check rounds at sites were done in small groups by local and production managements, the focus being on all work habits, examples of good practices and potential hazardous places. These site safety rounds were done during the COVID-19 situation, which meant that some extra efforts were made to make them safe. This was possible as all participants knew and followed the given COVID-19 safety rules.

The personnel from all units were asked to freely give suggestions on how to further improve safety at Nordkalk. In total, we received 734 suggestions on how to improve safety in a time period of two months. The top nine suggestions were selected, the three best of which were rewarded with an electric bicycle after winning the popular vote at the online event Nordkalk Days. In the future, the aim is to include all Nordkalk sites and functions in the SafeNordkalk actions and improvements.



FOR THE PEOPLE | FA8 Safe place to work

Safety targets and results

Nordkalk's long-term target in safety is zero accidents. The main key performance indicators for safety in 2020 were the LTA1 accident rate* (target ≤ 5) and personnel's engagement with safety** (target 100%).

Unfortunately, due to poor safety performance in the first half of the year, we didn't reach our LTA1 target. In the end of the year 2020 our LTA1 rate was 8.

Personnel's engagement with safety was 88%. This was mainly due to the white-collar employees' remote working since March.

In 2020, there were no fatal accidents, but unfortunately three severe accidents, causing over 30 days of sickness absence, happened in our production to our own personnel. And besides these, two accidents with no sickness absence

(LTA0) happened to our own personnel. The total accident rate (LTA0+1) in 2020 was 10. Lost working days due to work-related accidents in 2020 were 439 days. Total sickness absence (sickness hours per regular contracted hours) of our own personnel was 4.0%.

These rates are calculated of our own personnel's accidents and working hours. We don't have working hours of our subcontractors available.

The number of risk and safety behaviour and safety observations made by our personnel in 2020 was 4645 (an average of 5.7 observations per person).

Our target is to handle all observations in the GRIA system within a two-month time limit. In 2020, 88% of all observations were handled within the time limit.

* work-related accidents with sickness absence per million working hours.

** how many people of our entire personnel make risk or safety behaviour observations during the year

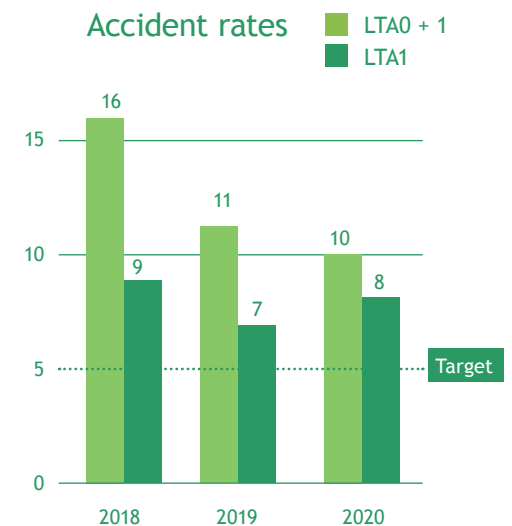
All accidents and near misses are investigated

The most common types of accidents that happened to our personnel were a twisted ankle or leg and injuries to a finger or hand.

All accidents and near misses, including those of our contractors, if they happen during work ordered by us and on our premises, are investigated and reported with corrective actions in the GRIA system and in the monthly health and safety report to all Nordkalk personnel. The aim is to prevent the same type of accidents happening in our other units.

There were 16 reported cases of severe near misses in 2020. These included for example stones collapsing, vehicle overturns or accidents, fires in production or stones flying from blasting works.

To reduce the risk of a twisted ankle, we decided in 2020 to do preventive actions and paint the first and the last stairs with yellow paint. The idea was to make them more visible and to clearly remind people of a possible place of risk.





Engaged 88%
Not engaged 12%

Safety observations per person (average)





For profit

Nordkalk's approach to economic sustainability is demonstrated by our long-term financial targets involving profitable growth and securing limestone reserves long into the future. We emphasise sustainability perspective in all decisions and actions.



FOCUS AREAS

FA9

Economic value created for stakeholders

MATERIAL TOPICS

- Economic performance and growth
- Secure limestone reserves

STRATEGIC OBJECTIVES

- Profitable growth
- < 5% of total permitted reserves consumed yearly

OUR SUCCESS IN 2020

- > EBITDA%: 27.2%
- Turnover 276 MEUR
- > < 5% consumed



FOR PROFIT | FA9 Economic value created for stakeholders

Material topics

- Economic performance and growth
- Secure limestone reserves

We commit to

- long-term profitable growth, thus creating value for generations of stakeholders
- securing limestone reserves well into the future
- being a long-term, loyal partner to our customers
- providing local jobs and taxes
- being transparent in our reporting practices
- emphasising sustainability in all decisions and actions.

Economic value created for stakeholders

Economic stability is a key in any business, and specially so in a business with extremely long-term assets investments. Nordkalk management annually evaluates the global megatrends that impact our business. Sustainability related risks are addressed in routine risk management processes.

Nordkalk follows all applicable accounting and financial reporting rules. Accurate and objective records and reports support our business decisions and help us meet our responsibilities towards stakeholders. Nordkalk is committed to be a responsible, compliant tax payer in each country where it operates. We strive for transparency in our operations and fairness in our tax practices, and we do not engage in aggressive tax planning. Our tax management has a proactive approach.

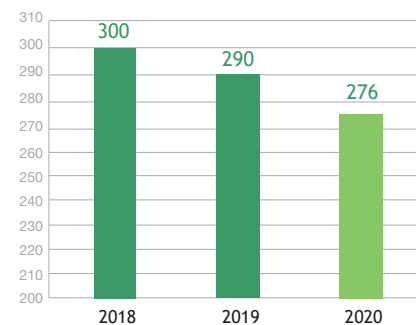
Finance function headed by the Chief Financial Officer coordinates the financial management and control, maintains common instructions for financial reporting and controls centrally the reporting platforms. The application and interpretation of accounting standards for group-wide purposes is done by Finance and those principles are documented in the Rettig Accounting Policy and reporting manual, guiding the work of all units. The Board of Directors and its Audit Committee follow Nordkalk's internal

control and risk management systems and efficiency of the control measures. Nordkalk's monthly financial reviews are the key mechanism when measuring the effectiveness of operations and the development of the company versus the set financial targets. Financial performance and outlook are reviewed monthly on all organisational levels.

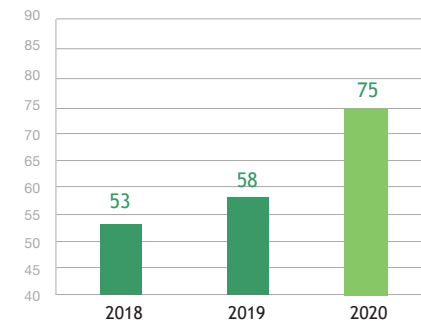
Good economic performance establishes a platform for the other aspects of sustainability

Nordkalk's objective is to achieve profitable growth and create long-term value for generations of stakeholders. Achieving this depends on our ability to satisfy the expectations of multiple stakeholders and securing limestone reserves well into future. These include being a long-term and loyal partner to customers, building long-term partnerships with suppliers, providing local jobs and pay taxes to communities in which we operate. Good economic performance establishes a platform for the other aspects of sustainability.

Turnover 2018-2020, MEUR



EBITDA 2018-2020, MEUR



ECONOMIC VALUE GENERATED (MEUR)	2019	2020
Turnover	290,0	275,9
Other income	10,0	18,3
Total Economic value generated	300,0	294,2
ECONOMIC VALUE DISTRIBUTED	2019	2020
Employee wages and benefits	45,4	41,3
Suppliers; purchased goods, materials and services	204,2	182,4
Payments to Shareholders	19,5	29,3
Payments to Lenders	6,9	5,1
Payments to Government	3,0	4,7
Business development (=investments)	17,8	12,2
Total Economic value Distributed	296,8	274,8
ECONOMIC VALUE RETAINED	3,3	19,3

FOR PROFIT | FA9 Economic value created for stakeholders

Secure limestone reserves

Securing access to limestone is fundamental to Nordkalk's business. In 2020, we extracted 12.6 million tonnes of limestone. This represents less than 5% of the company's total reserves, which we aim to secure for a minimum of 20 years per site.

Securing the limestone reserve is a key objective in our strategic planning. In line with the management approach the actions and the responsibility of securing the local reserves at the active operations sites is taken by the Business Regions. In addition we have an active M&A plan and growth strategy which also includes the aim of resulting in an expanded raw-materials base.

Nordkalk has adopted the United Nations Framework Classification (UNFC) methodology to evaluate the availability of our mineral reserves and resources. There is a bridging system between the UNFC classification and the widely used CRIRSCO-based mineral reserves standards. The advantage of the UNFC classification, and the reason it suits Nordkalk, is its three-dimensional approach: The mineral assets are evaluated based on i) the environmental and socio-economic status, ii) the technical feasibility dimension and iii) the geological level

of confidence. The parameter of access to land and the permit issues are often crucial and ruling in Nordkalk's case. The main classes of mineral assets are called Commercial (reserves) and Potential Commercial (resources).

In accordance with the terms of the permit, the two small open pits in Bunge, Gotland Sweden, dating from 2006, will now be re-cultivated. This will be done in mutual understanding with the County Board as prescribed in the permit. A joint case review was carried out by Nordkalk and the County Board in November 2019. A plan for the rehabilitation actions was submitted to the County Board in 2020 and the actions were aiming at being finalized during the year. The confirmation of the action plan is pending at the County Board. Existing fences around the open pits were maintained and repaired during the year.

Exploration drilling projects and permit processes aiming at securing the reserves are run on a continuous basis. In 2020, such active development projects were ongoing in Miedzianka and Slawno, Poland, in Ukraine and on Gotland island, Sweden. In addition to the drilling investigations geophysical exploration was done at the Polish sites in Miedzianka and Slawno. In the Klinthagen case on Gotland island, an appeal process was handled in the Land and Environment Court of Appeal. The ruling was given just before the publication of this report and will be studied carefully by Nordkalk. In Mustio, Finland, an appeal process in the case of a changed environmental permit was coming to a conclusion. Nordkalk is now allowed to quarry a doubled annual volume compared to the previous permit.





CASE

NICO improvement programme exceeded expectations

During 2019-20, a thorough improvement and savings programme was carried through at Nordkalk. As the financial result shows, the programme was a big success and exceeded expectations. How was it done?

The target was clear from the very beginning: to make Nordkalk a best-in-class company, in all of its activities. This would require a new way of thinking and working, a transformation - as described by the internal programme name NICO, standing for New, Inspiring, Cooperative and Open. It was also clear to all that NICO was a priority, which would require remarkable efforts from many individuals, who were taking care of their usual tasks at the same time.

The programme was implemented through five workstreams: Production, Procurement, Commercial, Administration and NWC (Net Working Capital), each led by the director responsible for the process or function. A Transformation Management Office was established to drive the change and follow up the results on monthly basis. Only a handful of people were working full-time for the

programme, but everybody was working partly for it.

During the first year, a consulting company helped to formulate the targets and timetables, based on extensive analyses of Nordkalk and its business environment. The stream leaders challenged the line organisations to find and define improvements that were needed to reach the targets. The personnel were engaged by visible follow-up of the improvement initiatives.

A total of 399 initiatives, including 2969 milestones or “check points”, were carried through during the two years. Some of them were simple ones, such as staggering lunch breaks in production to keep the vehicle flow even in the quarry. Many of the improvements had been planned for years - the programme made the needed investment possible, which is paying back in form of remarkable savings.

NICO was a structural change: after the first year, the organisation was simplified, and the number of personnel reduced by 16 per cent. After this diffi-



cult change, a new, efficient, cost-conscious, and structured organisation has emerged, building on co-operation and pride for Nordkalk and its products.



Key Performance Indicators

FOCUS AREA/KPI	ACTUAL 2018	ACTUAL 2019	ACTUAL 2020	GOAL 2020	GOAL 2021	LONG-TERM TARGETS	KPI CALCULATION
FA 1, HANDPRINT							
Environmental handprint				Definitions, rough calculations	Fine tuning	Growth	
FA 2, CLIMATE IMPACT							
Energy efficiency: Improved energy efficiency, %	1.12	1.23	1.03	0.75 % / a	> 1.0% / a	Fossil-free operations by 2045	Annual energy saving impact from energy efficiency actions implemented during the reporting period.
Emissions: Specific CO ₂ emissions for kiln processes	1.1 tonne	1.1 tonne	1.1 tonne	Decrease in the long term	Decrease in the long term		CO2 emissions/ tonne quicklime
FA 3, RESPONSIBILITY FOR LAND, WATER AND BIODIVERSITY							
Land use, quarry restoration	22/23	22/26	26/26	100% review and update of recultivation plans	Continuous rehabilitation actions	Minimise harmful impacts	Plans reviewed and/or considered to be up to date. Turkey included.
Water and effluents: Water management	21/23	22/26	26/26	100% review and update of water management plans	No significant spills/Increased use of mine waters for the benefit of local communities		Plans reviewed and/or considered to be up to date. Turkey included.
Biodiversity: Active biodiversity projects	5/5	5/5	4/4	One active project per main country (Finland, Poland, Sweden, Estonia)	One active project per main country (Finland, Poland, Sweden, Estonia)		Active projects.
FA 4, RESOURCE CONSCIOUSNESS AND CIRCULAR SOLUTIONS							
Material efficiency (%)	98.5	101.2	92.3	> 97 %	> 97 %	Material efficiency 100%	Total raw material quarried - all volumes put to heap / Total raw material quarried. Material utilised from heap explain the outcome exceeding 100%. Turkey included.
FA 5, GOOD PLACE TO LIVE							
Local dialogue and engagement: Social acceptance plans	3/3	3/4	4/4	Social acceptance plans in place for all main countries (Finland, Poland, Sweden, Estonia)	Social acceptance plans in place for all main countries (Finland, Poland, Sweden, Estonia)	Social acceptance	Number of social acceptance plans.
Impacts to local communities and safety of neighbours: Local complaints closed (%)	-	80	79	Closed complaints	All reported complaints (100%) are investigated and closed		Closed complaints vs. total complaints



Key Performance Indicators

FOCUS AREA/KPI	ACTUAL 2018	ACTUAL 2019	ACTUAL 2020	GOAL 2020	GOAL 2021	LONG-TERM TARGETS	KPI CALCULATION
FA 6, ETHICAL BEHAVIOUR							
Business ethics, anti-corruption: Number of complaints from whistleblowing system and resolved cases.	-	1 out of 2 cases resolved	1 out of 1 cases resolved	All reported misconduct cases are investigated and resolved within a reasonable time from when the case was first reported.	All reported misconduct cases are investigated and resolved within a reasonable time from when the case was first reported.	Continuous improvement through training, risk mitigation and efficiency	Number of cases from the whistleblowing system/resolved cases
Responsible supply chain	-	-	Responsible supply chain operating model defined.	Target definition under review to improve and make more specific.	100% of new suppliers comply with Supplier Code on Conduct		
FA 7, GOOD PLACE TO WORK							
Employee engagement and development	Satisfactory (A)	Satisfactory + (A+)	Satisfactory (A)	Satisfactory + (A+)	Satisfactory + (A+)	Improvement in employee engagement. No discrimination.	Overall personnel survey result compared to the benchmark
Development discussions	-	-	100% of white collars	Development discussions coverage 100%	Development discussions coverage 100%		As documented in HR systems
Labour practice and human rights	-	-	-	-	All known discrimination cases solved		Number of known cases vs. solved cases
FA 8, SAFE PLACE TO WORK							
Occupational safety (reduced work related accident rate, LTA1)	8.9	6.9	8.3	≤5	≤5	Zero accidents	Number of accidents (LTA1, own personnel) / million working hours per year (incl SKOY and KPAB).
Employees engaged in safety work, %	92	90	88	100%	100%		% of employees that have made 1 or more observations.
FA 9, ECONOMIC VALUE CREATED FOR STAKEHOLDERS							
Economic performance and growth. EBITDA, %	17.8%	20.0%	27.2%	Profitable growth	Profitable growth	Profitable growth	EBITDA %: Result before interest, taxes, depreciation and amortization / Turnover.
Economic performance and growth. Turnover	300 MEUR	290 MEUR	276 MEUR	Profitable growth	Profitable growth		Turnover
Secure limestone reserves	4.1%	4.7%	4.6%	< 5 %	< 5 %	< 5% annually consumed of total permitted reserves	Consumed annual share of available reserve (permitted and accessible)

Water withdrawal/discharge in 2020, focusing on the major sites.

	Water withdrawal Measured or estimated as the discharge volume (ML) megaliters	Water consumption Nature waters (ML) megaliters	Water supply for local communities in 2020 (ML) megaliters
Finland	2 789 Pargas, Lappeenranta	483 Lappeenranta	608 Tytyri
Sweden	2 793 Storugns, Forsby, Ignaberga	300 Ignaberga	In progress
Poland	11 816 Miedzianka	63 Miedzianka	Pre-planning
Estonia	2 292 Karinu, Kurevere, Vasalemma		
Turkey	Dry operation		

The frame of Nordkalk's relation to water as a natural resource is volume-wise ruled by the water inflow to the quarries and mines. This volume can be considered to be a withdrawal but an unintentional one. Everything, which is running into the void will also be pumped out, or discharged. The discharged waters are uncontaminated as the limestone is a pure and natural

material. Water discharge is measured by flow measurements at some sites but not in all cases. The alternative evaluation of the discharge volumes is based on run time of pumps and the known pump capacity. Water discharge volumes are roughly in relation to the quarry dimensions. The Miedzianka quarry represents almost half of the total annual mining at Nordkalk.

Active biodiversity projects

		Size of habitat areas protected or restored	Outcome of the measure	Partnerships with third parties	Standards, metho- dologies, and assumptions used
Finland	Liming project for a rare ghost orchid in Lappeenranta.	78 m2 of treated area within the Mäntylänmäki protected area.	Number of plants decreased compared to 2019. Monitoring will continue until 2023.	✓	Circular treatment plots as planned and established by an external researcher.
Sweden	Preparing a favorable environment for the Apollo and Big Blue butterflies at the Storugns, Klinthagen site.	21 ha.	The Apollo could be found tenfold in 2020 in the treated area. Situation with the Big Blue is uncertain all over the island of Gotland due to a very dry summer in 2018.	✓	Transects method.
Poland	Relocating pea vetch plants in Poland, see detailed description on page 37.	10 species of this IUCN listed (least concern) plant was located and moved to a new location.	All 10 plants coped well with the transfer, though final results will not be known until the plants are recounted in the spring.	✓	
Estonia	Monitoring of various bird habitats in the inactive quarry Kamariku close to the Rakke factory.	Total quarry area 123 ha.	No work is done at the site during the birds' nesting period from 1 May to 15 July.	✓	Recultivation actions of the quarry site will continue step by step.

Personnel in figures

New employee hires during 2020, by age group, gender and country.

		<20	20-29	30-39	40-49	50-59	59>	Women	Men
Finland	14	0%	7,2%	21,4%	35,7%	35,7%	0%	14,3%	85,7%
Poland	11	0%	36,4%	36,4%	9,1%	18,1%	0%	36,4%	63,6%
Sweden	14	7,1%	35,8%	28,6%	7,1%	14,3%	7,1%	14,3%	85,7%
Estonia	7	0%	28,6%	0%	14,3%	57,1%	0%	42,9%	57,1%
Others	0%	0%	0%	0%	0%	0%	0%	0%	0%

Employee turnover, by age group, gender and country.

		<20	20-29	30-39	40-49	50-59	59>	Women	Men
Finland	56	0%	1,8%	7,1%	23,2%	42,9%	25%	26,8%	73,2%
Poland	9	0%	33,35%	11,1%	11,1%	11,1%	33,35%	11,1%	88,9%
Sweden	19	0%	10,5%	15,8%	15,8%	36,8%	21,1%	15,8%	84,2%
Estonia	12	8,35%	8,35%	8,3%	25%	8,3%	41,7%	33,3%	66,7%
Others	1	0%	0%	100%	0%	0%	0%	0%	100%

Employees by employment contract, by country.

Finland		315
	Permanent	97,5%
	Temporary	2,5%
Poland		267
	Permanent	97,4%
	Temporary	2,6%
Sweden		142
	Permanent	100%
	Temporary	0%
Estonia		76
	Permanent	100%
	Temporary	0%
Others		17
	Permanent	100%
	Temporary	0%

Employees by employment type or contract, by gender.

Women		150			
	Full-time	98,70%	Permanent	96%	
	Part-time	1,3%	Temporary	4%	
Men		667			
	Full-time	98,6%	Permanent	98,7%	
	Part-time	1,4%	Temporary	1,3%	

GRI Content Index

	GRI 102 General disclosure	Pages	Comments
Organizational profile			
102-1	Name of the organization	4	
102-2	Activities, brands, products, and services	5-6	
102-3	Location of headquarters	4	
102-4	Location of operations	5	
102-5	Ownership and legal form	4, 13	
102-6	Markets served	5	
102-7	Scale of the organization	5	Total Equity: EUR 108,0 million, Interest bearing Net Debt: EUR 71,6 million.
102-8	Information on employees and other workers	50, 52-56, 73	
102-9	Supply chain	50-51	
102-10	Significant changes to the organization and its supply chain	No significant changes	
102-11	Precautionary Principle or approach	13	
102-12	External initiatives	22-23	
102-13	Membership of associations	18, 23	
Strategy			
102-14	Statement from senior decision-maker	3	
102-15	Key impacts, risks and opportunities	14, 18-19	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	12-14	
102-17	Mechanisms for advice and concerns about ethics	13, 50	
Governance structure			
102-18	Governance structure	12-14	
102-20	Executive-level responsibility for economic, environmental, and social topics	15	
102-26	Role of highest governance body in setting purpose, values, and strategy	10	

GRI Content Index

Stakeholder engagement			
102-40	List of stakeholder groups	16-17	
102-41	Collective bargaining agreements	53	
102-42	Identifying and selecting stakeholders	16-17, 45	
102-43	Approach to stakeholder engagement	16-17, 45	
102-44	Key topics and concerns raised	16-17, 45-47	
Reporting practice			
102-45	Entities included in the consolidated financial statements	13, 80	
102-46	Defining report content and topic boundaries	18-19, 80	
102-47	List of material topics	18-19	
102-48	Restatements of information	80	Indicated in KPI table
102-49	Changes in reporting	Indicated in GRI Index as NEW	
102-50	Reporting period	80	
102-51	Date of most recent report	80	
102-52	Reporting cycle	80	
102-53	Contact point for questions regarding the report	80	
102-54	Claims of reporting in accordance with the GRI Standards	80	
102-55	GRI content index	74-79	
102-56	External assurance	81	
FOR THE PLANET			
FA2	Climate impact		
	GRI 103: Management approach		
103-1	Explanation of the material topic and its Boundary	30-33	
103-2	The management approach and its components	30-33	
103-3	Evaluation of the management approach	30-33	

GRI Content Index

GRI 305: Emissions			
NK1	Own indicator: Specific CO2 emissions for kiln processes	30-33, 70-71	NEW This indicator is based on materiality. Kiln processes cover more than 90% of our Scope 1 emissions.
GRI 302: Energy			
302-4	Reduction of energy consumption	30-33, 70-71	
FA3	Responsibility for land, water and biodiversity		
GRI 103: Management approach			
103-1	Explanation of the material topic and its Boundary	34-37	
103-2	The management approach and its components	34-37	
103-3	Evaluation of the management approach	34-37	
NEW GRI 303: Water and effluents (2018)			
303-1	Interactions with water as a shared resource	34-37, 70-72	NEW Possible water related impacts are monitored according to the regulations given in the permits
303-2	Management of water discharge-related impacts	34-37, 70-72	NEW No standards beyond regulatory conditions given in the permits were applied
303-3	Water withdrawal	34-37, 70-72	NEW Withdrawal of nature water cannot be measured and the sources of different waters cannot be separated. See discharge.
303-4	Water discharge	34-37, 70-72	NEW All the water which is running into the quarries /mines must be discharged. In cases where there are lack of actual flow measurements, the volumes are estimated based on the capacity of the pumps. Data available from main sites.
303-5	Water consumption	34-37, 70-72	NEW Data available only from Lappeenranta, Tytyri and Miedzianka. Used water is circulated as far as possible.
GRI 304: Biodiversity			
304-3	Habitats protected or restored	34-37, 70-72	
FA4	Resource consciousness and circular solutions		
GRI 103: Management approach			
103-1	Explanation of the material topic and its Boundary	38-41	
103-2	The management approach and its components	38-41	
103-3	Evaluation of the management approach	38-41	

GRI Content Index

GRI 301: Materials			
NK2	Own indicator: Material efficiency (%)	38-41, 70-71	This indicator describes our material efficiency. Existing indicators are not suitable for extracting industry.
FOR THE PEOPLE			
FA5	Good place to live GRI 103: Management approach		
103-1	Explanation of the material topic and its Boundary	44-47	
103-2	The management approach and its components	44-47	
103-3	Evaluation of the management approach	44-47	
GRI 413: Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	44-47, 70-71	Covering biggest sites in main countries
413-2	Operations with significant actual and potential negative impacts on local communities	5, 44-47, 70-71	NEW
GRI 307: Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	46	NEW No incidents
FA6	Ethical behaviour GRI 103: Management approach		
103-1	Explanation of the material topic and its Boundary	48-51	
103-2	The management approach and its components	48-51	
103-3	Evaluation of the management approach	48-51	

GRI Content Index

GRI 205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	49	No incidents
RI 206: Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	49	No incidents
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers	50	NEW Significant locations of operations = main operating countries (Finland, Poland, Sweden, Estonia), local = domestic
FA7	Good place to work		
GRI 103: Management approach			
103-1	Explanation of the material topic and its Boundary	52-57	
103-2	The management approach and its components	52-57	
103-3	Evaluation of the management approach	52-57	
GRI 401: Employment			
NK4	Own indicator: PeoplePower Index	52-57, 70-71	NEW This indicator describes our employee engagement.
401-1	New employee hires and employee turnover	55, 73	NEW
GRI 404: Training and education			
404-3	Percentage of employees receiving regular performance and career development reviews	52-57, 70-71	NEW Due to ongoing competence mapping programme, blue collar employees yearly development discussions were postponed to Q1/2021. Only white collar employees included in 2020.
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	56	NEW
FA8	Safe place to work		
GRI 103: Management approach			
103-1	Explanation of the material topic and its Boundary	58-63	
103-2	The management approach and its components	58-63	
103-3	Evaluation of the management approach	58-63	

GRI Content Index

NEW GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	58-63	NEW
403-2	Hazard identification, risk assessment, and incident investigation	58-63	NEW
403-3	Occupational health services	58-63	NEW Occupational health services cover all workers who are employees.
403-4	Worker participation, consultation, and communication on occupational health and safety	58-63	NEW
403-5	Worker training on occupational health and safety	58-63	NEW
403-6	Promotion of worker health	58-63	NEW
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58-63	NEW
403-8	Workers covered by an occupational health and safety management system	58-63	NEW Occupational health and safety management systems cover all workers who are employees.
403-9	Work-related injuries	58-63, 70-71	NEW Disclosed according to Nordkalk definitions (LTA0+1, LTA1, and safety observations). Subcontractors' working hours are not available.

FOR PROFIT

FA9	Economic value created for stakeholders GRI 103: Management approach		
103-1	Explanation of the material topic and its Boundary	66-69	
103-2	The management approach and its components	66-69	
103-3	Evaluation of the management approach	66-69	
GRI 201: Economic performance			
201-1	Direct economic value generated and distributed	67, 70-71	NEW

Reporting practice

The Nordkalk 2020 Sustainability Report has been prepared in accordance with the GRI Standards: Core option. This Sustainability Report is a separate report from the Annual Report. Nordkalk Corporation is included in the Annual Report of our owner Rettig Group.

In this report, the financial, personnel and health and safety data covers Nordkalk's consolidated entities. The rest of the data covers the entities included in the Nordkalk's Management System. See page 16 for closer details. Any exceptions to this are mentioned in the KPI table on pages 70-71.

The reporting period is 1 January 2020 - 31 December 2020 and reporting takes place annually. The previous report for 2019 was published on our website www.nordkalk.com/sustainability on 9 March 2020.

In our reporting we focus on the most material sustainability aspects of our operations in accordance with

our Sustainability Programme. The material topics have been determined based on the most significant impacts of our operations, company strategy and stakeholder expectations from environmental, social and economic perspectives.

For more information about the updated materiality assessment, see section Our stakeholders of this report (pages 16-18). The reporting is linked to the wider context of sustainable development through the UN sustainable development goals (SDGs), see page 22 of this report.

The information provided in previous reports does not need to be restated. The ten reporting principles have been used as far as possible.

Nordkalk's sustainability team is responsible for annual sustainability reporting. The Nordkalk Management team (NKMT) has reviewed the report and ensured that all the material aspects are covered. The Board of Directors has approved the Sustainability Report 2020.

The Nordkalk 2020 Sustainability Report is available as a digital version (pdf), which can be downloaded from our website: www.nordkalk.com/sustainability. The report will also be provided in printed format.

Any questions regarding the report should be made to:

Sustainability Director Håkan Pihl,
phone +358 (0)20 753 7169,
hakan.pihl@nordkalk.com

or Chief Communications and People Officer Hanne Mäkelä,
phone + 358 (0)20 753 7109,
hanne.makela@nordkalk.com.

This report has been reviewed in its entirety by an independent third party (KPMG).

Want this report digitally?

Please, download:
nordkalk.com/sustainability





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Independent Assurance Report to the Management of Nordkalk Corporation

We have been engaged by the Management of Nordkalk Corporation (hereafter "Nordkalk") to provide limited assurance on corporate sustainability indicators presented in Nordkalk's Sustainability Report 2020 (hereafter "Corporate Sustainability Information") for the year ended 31 Dec 2020.

Another third party has audited Nordkalk's CO₂ emissions which thus are not within the scope of KPMG's assurance engagement.

Management's responsibilities

The Management of Nordkalk is responsible for the preparation and presentation of the Corporate Sustainability Information in accordance with the reporting criteria, i.e. *GRI Sustainability Reporting Standards*, and the information and assertions contained within it. The Management is also responsible for determining Nordkalk's objectives with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Corporate Sustainability Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Corporate Sustainability Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Corporate Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Corporate Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:



- Interviewed the members of Nordkalk's senior management and relevant staff responsible for providing the Corporate Sustainability Information;
- Assessed the application of the *GRI Sustainability Reporting Standards* reporting principles in the presentation of the Corporate Sustainability Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Corporate Sustainability Information;
- Reviewed the presented Corporate Sustainability Information and assessed its quality and reporting boundary definitions;
- Assessed of the Corporate Sustainability Information's data accuracy and completeness through a review of the original documents and systems on a sample basis and;
- Conducted a site session to review the Corporate Sustainability Information on two of Nordkalk's sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the *GRI Sustainability Reporting Standards*.

Helsinki, 1 March 2021

KPMG Oy Ab

Tomas Otterström
Partner, Advisory



Introduction

For the planet

For the people

For profit

Data and reporting practice

Nordkalk

www.nordkalk.com