



SUSTAINABILITY REPORT 2017

MISSION

We deliver limestone-based products to numerous industries, and our solutions contribute to clean air and water as well as the productivity of agricultural land.

VISION

Engaged personnel delivering profitable growth at home and on new markets.

VALUES

Openness, Fairness, Modesty, Trust and respect guide us in all our operations.

STRATEGY

Our strategic focus areas are

- **Good and safe workplace**
- **Secured reserves**
- **Expansion cases**
- **Unified processes**

CONTENT

Management statement	
Mission, vision, values & strategy	2
View of our CEO	3
Organisational profile	
Our locations	4
Company in brief	5
Code of Conduct	6
Governance	7
Products and services	9
Market situation	11
Sustainability strategy	
Sustainability to us	13
Our stakeholders	15
Lifecycle of a quarry	16
Material issues of importance	17
UN Sustainable Development Goals	18
Materiality and risks	19
Nine sustainability focus areas	
1 Climate impact	21
2 Responsibility for land, water and biodiversity	23
3 Resource consciousness and circular solutions	25
4 Society engagement and community development	27
5 Ethical behaviour	29
6 Good place to work	31
7 Safe place to work	33
8 Economic stability and profitable growth	35
9 Quality of all activities	37
Data	
Key Performance Indicator table	38
Reporting practice	39
GRI content index	40
Contacts	43



VIEW OF OUR CEO

Society is facing some significant risks with escalating climate change and pressure on vital resources impacting life and societal development. The UN goals on sustainability have a considerable impact in making companies adjust to these changing prerequisites.

Nordkalk wishes to contribute by limiting the negative impacts derived from our operations through an increased focus on sustainability, continuous improvement and by using the best available methods and techniques. In addition, we contribute by providing limestone-based products and solutions for cleaner air, water and soil, as well as the raw materials necessary for many industries to take on the important green transition.

Nordkalk aims at long-term profitable business in a responsible manner in balance with our stakeholders and society at large. We are committed to a high standard of business ethics and integrity, as described in our Code of Conduct, which applies to all our employees. We comply with applicable laws and legal requirements. We strive to outperform environmental legislation and demands. Our internal processes and instructions, together with the policies and procedures of our owner, Rettig Group, specify how we operate in daily business.

During 2017, we have reviewed and updated our sustainability strategy, policies and goals for the future. We are now in the process of implementing this work, to start measuring new KPI's so that we can report in full accordance with the GRI Standards within the coming years.

Our nine focus areas of sustainability, including critical projects, have been integrated into the monthly review by the management team. Further steps in improving our Sustainability Report will be taken during 2018. This Sustainability Report is therefore drawn up inspired by the GRI Standards, but is not yet in full accordance.

Sustainability is relevant for our business, our customers, investors and other stakeholders and they are also interested in our sustainability work. We will improve our sustainability practices and reporting continuously and make it a natural and practical part of our daily work and way of thinking, especially within the senior management.

We always strive to be better today than yesterday, and even better tomorrow than today.

Hannu Hautala
CEO, Nordkalk Corporation

OUR LOCATIONS

FOUR REGIONS OF OPERATIONS

- NEE = North East Europe
- SCD = Scandinavia
- CE = Central Europe
- Turkey

- QUARRY
- GRINDING
- KILN
- SLAKING
- SALES/OFFICE
- GRANULATION PLANT
- OWN HARBOUR/DEPOT



COMPANY IN BRIEF



10 COUNTRIES



30+ LOCATIONS



22 SITES WITH MINING



1000 EMPLOYEES



304 M€
TURNOVER

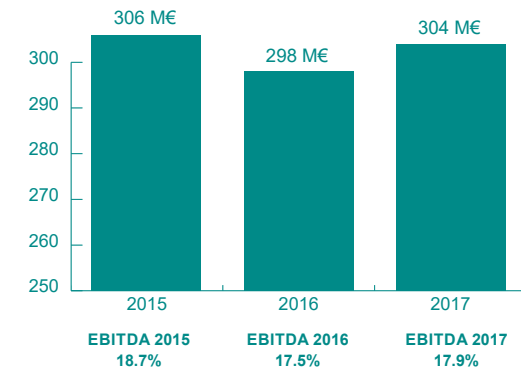
Nordkalk is the leading company providing limestone-based products and solutions in Northern Europe. We deliver essential raw materials to numerous industries such as the pulp, paper, metals, mining, construction and chemicals industry. Our solutions contribute to clean air and water as well as the productivity of agricultural land.

Nordkalk has operations in 10 countries at more than 30 locations around the Baltic Sea and in Central Europe; Estonia, Finland, Germany, Lithuania, Norway, Poland, Russia, Sweden, Turkey and Ukraine. The operation is organised in four regions; North East Europe (NEE), Scandinavia (SCD), Central Europe (CE) and Turkey, see map. The company headquarters are located in Pargas, Finland.

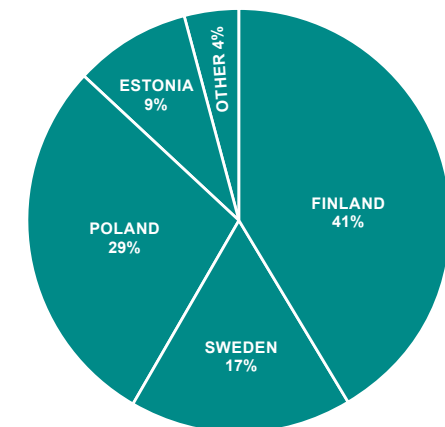
Nordkalk has a total of approximately 1 000 employees, of which 80% are male and 20% are female, 64.7% are blue collar jobs and 35.7% white collar jobs. 1.8% work part time and the rest full time. The turnover for 2017 amounted to 304 M€ and EBITDA to 54.3 M€. The share capital in 2017 was 1000 k€ and total loans & borrowings were 129 422 k€.

Nordkalk is a wholly-owned portfolio company of Rettig Group. Rettig Group is a Finnish family-owned investment company that creates value for generations. The company aims for sustainable and long-term value growth through risk diversification and a strong balance sheet. Rettig Group Ltd acquired full ownership of Nordkalk in 2010 and thus owns 100% of the shares of Nordkalk.

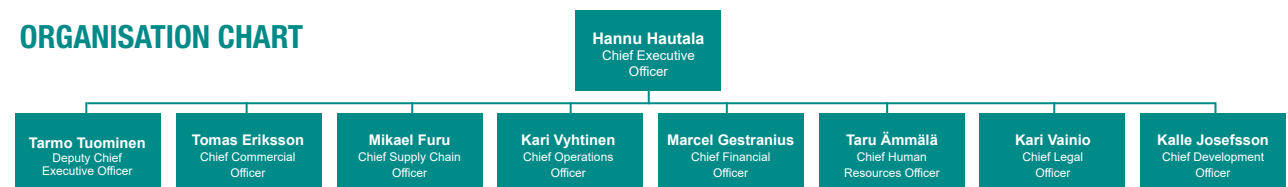
TURNOVER AND EBITDA 2015-2017



EMPLOYEES PER COUNTRY 2017



ORGANISATION CHART



CODE OF CONDUCT

The aim of the Nordkalk Group's companies (hereinafter Nordkalk) is to pursue long term profitable business in an ethical and responsible manner by continually improving our processes, products and services while taking into account i.e. economic, human, social and environmental aspects. Our values – Openness, Fairness, Modesty, Trust and respect – guide our operations. Nordkalk is committed to sustainability and to high standard of business ethics and integrity. The Nordkalk Code of Conduct (hereinafter Code), applies to everyone in Nordkalk.

LEGAL COMPLIANCE

We comply with the laws of the applicable legal system(s) including legal requirements and local rules. We adhere to our internal Rettig policies and internal Nordkalk processes and instructions. We refrain from any dealings with our competitors or other actors that could be harmful to our customer's interests. Irrespective of position, no one at Nordkalk has the right to expect or allow illegal activities.

HUMAN RIGHTS

We support the United Nations' Universal Declaration of Human Rights and treat people with respect, and give them all equal opportunities for personal growth and professional development, regardless of their gender, age, race, ethnicity, disabilities, nationality, sexual orientation, religious beliefs, political affiliations, marital or economic status, or position within the company. We comply with recognised international labour standards as defined by International Labour organisation (ILO) and UN Global Compact covering human rights, labour, the environment and anticorruption. We do not under any circumstances accept child or forced labour at any of our operations or activities. We do not tolerate corruption or bribery.

HUMAN RESOURCES

We take responsibility for our own and our colleague's health and safety by following our internal health and safety process. We are continually improving the health, safety and security of our employees, visitors and other people impacted by our operations. We report safety observations and share best practice proactively within the company. We encourage our employees to engage in their own personal and professional development and growth. The employees shall always be aware of their role and authority in the company. All employees with managerial duties are required to actively and purposefully promote a leadership culture that is in accordance with our values and the spirit of this Code.

ENVIRONMENT

We use natural resources such as stone, water and energy in the production and therefore our activities inevitably affect the environment. We endeavour to limit the negative impacts on the environment derived from our activities by using the best available methods and techniques. By means of continual improvement we strive to minimise our negative impact on soil, water, air and biodiversity.

We also strive at reducing noise, dust and vibration generated from our activities. We comply with environmental legislation and strive to outperform the demands set by the legislation. We place a high value on the relationship with people and the local communities where we act and where our activity has an impact and strive to have good communication with the communities and local and national authorities.

Our aim is to be able to use hundred percentages of the mined raw materials, including limestone and by-products. We strive to develop and promote the use of our environmental products and applications.

OUR ASSETS

We treat Nordkalk's assets with care and respect. We maintain the physical security of our facilities and ensure all visitors are appropriately authorised. We safeguard the company's confidential and proprietary information, and share it with people outside the organisation only when an approved confidentiality agreement is in place. We take all sensible steps to protect our computer systems and ensure our passwords are secure and up-to-date. We are aware at all times that Nordkalk's tangible and intangible assets belong to the company, not to individuals, regardless of their position.

OUR CUSTOMERS

Our success depends on the success of our customers. Understanding our customers' businesses and needs enables us to incorporate their input into our operations and products. We always treat our customers with great respect and humbleness and strive to continually improve our relationship with our customers. We deliver the right product, quality and service at the agreed time.

REPORT A CONCERN

All Nordkalk employees must comply with this Code. We want our employees and stakeholders to feel free to report any concerns they might have about possible violations of this Code. Employees can report the concerns to their own manager or to Nordkalk's Legal function using the whistle-blowing reporting tool.

APPROVAL

This Code is approved by the Nordkalk Management Team. The Code is reviewed regularly and updated when necessary, most recently on 7 March 2018. It is distributed to the personnel and is also available to Nordkalk's stakeholders.

MANAGEMENT SYSTEM

Our management system is a tool for good leadership and for directing actions towards known, shared and planned targets, with the aim of continuously improving our performance. It ensures customer satisfaction as well as the steering of 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), 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 four times a year to ensure the effectiveness of our management system and that objectives and targets are used to manage our processes in order to fulfil our strategy and meet the needs and requirements of our customers and interested parties.

GOVERNANCE

CORPORATE STRATEGY AND TARGETS

A strategic three-year plan for 2017-2020 has been set by the Nordkalk Management Team (NKMT) and approved by the Board of Directors. In addition, the NKMT works according to an annual plan. As part of our continuous improvement and management system we define annual targets for Nordkalk's main processes. The corporate targets are the basis for functions and units to define their own targets. The outcome of the corporate targets is followed up monthly and the results are shared quarterly.

DECISION MAKING

The governing bodies of Nordkalk are the Board of Directors, Chief Executive Officer (CEO) and also the Nordkalk Management Team (NKMT), which operates under the authority of the CEO. The CEO reports to the Board of Directors. All sustainability decisions for economic, environmental and social issues are made by the Nordkalk Management Team and KPIs are followed up on a monthly basis. Each sustainability focus area is dedicated to one member of the NKMT. A sustainability team, with one nominated person for each focus area, prepares the issues and keeps day-to-day operations rolling.

PRECAUTIONARY PRINCIPLE

Our aim is to continuously improve our operations, products and processes, while taking the social, economic and environmental aspects of our operations into consideration. 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 derived from our activities by using the best available methods and techniques and by applying the precautionary principle regarding people and the environment.

CONCERNS ABOUT ETHICS

Nordkalk's Code of Conduct, and Rettig Management Policies and Procedures, apply to everyone at Nord-

kalk and describes the ethical principles that underpin how we conduct business. An e-learning tool has been developed and a survey was conducted among personnel to assure compliance with the code. Whistle blowing, a procedure to enable personnel to expose any kind of information or activity that is deemed illegal, unethical or not acceptable within the organisation, was also introduced during 2017.

RESPONSIBLE SUPPLY CHAIN

Nordkalk has a large variety of suppliers. Logistic, energy, equipment and subcontractors are the most common. 143 suppliers have been identified as critical to us. Energy, Shipping and Equipment are usually global, while land transports and subcontractors are hired by local companies.

All purchasing for Nordkalk Group is performed in compliance with Nordkalk's purchasing process. New suppliers are evaluated on reliability, ethical and financial performance before the tender process can begin. All strategic suppliers and suppliers that Nordkalk has agreements with must comply with and sign Nordkalk's Supplier Code of Conduct as a part of the purchase agreement. We expect all of our suppliers to work in the spirit of Nordkalk's values.

Our logistics chain is effective, fast and reliable and our products are transported by ships, trucks and trains. For about 60% of our total volume, we handle the transport solutions. We use many industrial harbours and our terminal network covers our whole area of operations in Northern Europe. The vessels used are designed especially for transporting quicklime. Thanks to their closed loading and discharging arrangements, work can proceed in any weather conditions. We have many contract transport companies offering the best possible equipment for transporting lime and we take care of both trailer and container transports around Europe.

LIMESTONE APPLICATIONS

CONSTRUCTION

Limestone is the most widely used building material in the world. It is used in the construction of roads, concrete and other building materials.

AGRICULTURE

Lime is a vital part of achieving sustainable and more productive agriculture, both with livestock and farming.

ENVIRONMENT

Limestone-based products are used in many different environmental applications. From water treatment of drinking water, purification of waste water and neutralisation of industrial waste waters as well as for flue gas cleaning.

INDUSTRY

Limestone-based products are often a necessary raw material in the manufacture of other products in industry. The function of the limestone is to clean, neutralise and fill, and it is used in the manufacture of paper and cardboard, steel, glass, sugar, paint, filler, plastic, rubber and much more.



LIMESTONE IMPROVES OUR 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** – Treatment of drinking water, process waters and waste waters
- **AIR** – Treatment of flue gases from power plants and waste incineration plants
- **SOIL** – Improve crops and prevent phosphor leaching into our rivers and lakes. Neutralise acidic soils and upgrade clay soils to usable infrastructure construction land.



PRODUCTS AND SERVICES

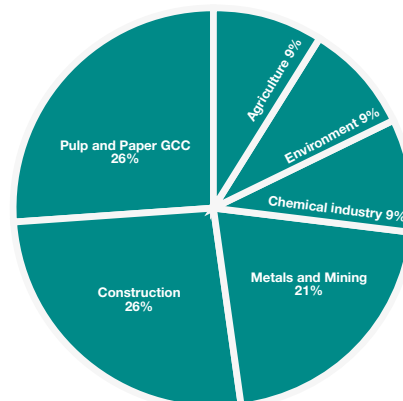
LIME OR LIMESTONE-BASED PRODUCTS

Nordkalk's main products are limestone, crushed and ground limestone, concentrated calcite, quicklime and slaked 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 for 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 , slaked 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. The importance of these types of cleantech solutions, which decrease environmental impacts, is growing.

SALES PER APPLICATION 2017



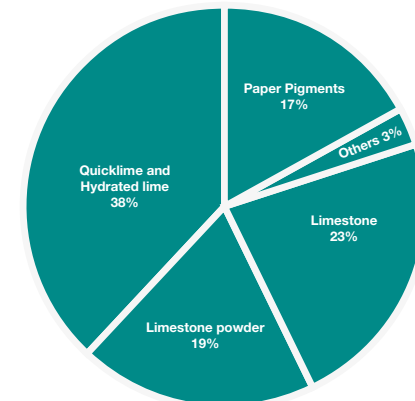
THE IMPORTANCE OF LIMESTONE IN SOCIETY IS SIGNIFICANT

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. Every day we use products that could not have been made without limestone-based products. Several of our base industries are dependent on limestone in their production; the steel industry, paper industry and construction industry.

Limestone is used in the production of sugar, steel, glass, plastics, paints and paper. It is used as a raw material in building materials, bricks, plaster and cement. It is used for ground stabilisation in road constructions and is a key ingredient in asphalt. Lime fertilisers improve the soil on farm's and in gardens and are included in fodder for poultry and livestock.

The function of lime is to purify, fill and neutralise and the products are often used for improving environmental performance.

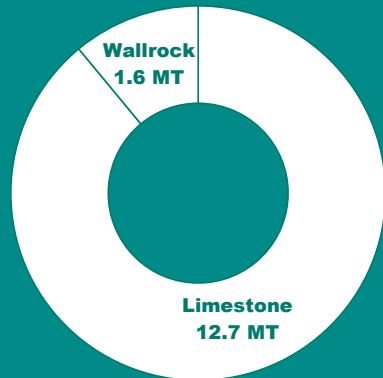
SALES PER PRODUCT 2017





THE ESKIBALIKLI LIMESTONE QUARRY IN NORTH-WESTERN TURKEY IS NORDKALK'S LATEST JOINT VENTURE.

QUARRIED VOLUMES MTON



CUSTOMER SURVEY

During March - May 2017, Nordkalk carried out a customer satisfaction survey by telephone and email. The survey was carried out by an external research consulting firm, based on 148 responses in four segments and five countries.

According to the customer satisfaction survey, Nordkalk's customers are very satisfied with our performance. 88% of the respondents were either very satisfied or satisfied with Nordkalk, and the same number of respondents were willing to recommend the company to others.

Nordkalk's strengths, according to the survey, are customer service and reliability, with a mixed result, positive and negative, for product quality. Based on the results, Nordkalk has created an improvement plan to further increase customer satisfaction.

MARKET SITUATION

Nordkalk's turnover increased in 2017 in comparison to the previous year. The biggest contributor to the positive turn was Poland in Nordkalk's region Central Europe (CE), while market conditions in the region Scandinavia (SCD) remained challenging.

In the North East Europe (NEE) region, the Finnish economy picked up after a long recession. Nordkalk's sales grew in the customer segment Construction, which reflects increased activity in both infrastructure and house building. Sales to the mining industry increased, as was also the case for the paper pigment GCC, produced by the subsidiary Suomen Karbonaatti Oy. Demand in Agriculture was low because wet conditions made spreading lime on the fields impossible.

In SCD, Nordkalk's second largest market, turnover ended slightly lower than on 2016. The Chemical industry and Construction developed well, while deliveries to Agriculture were clearly lower than in 2016.

In CE, all customer segments performed well. One of the success factors was Nordkalk AtriGran, a granulated product for agriculture and horticulture launched in 2016.

In order to ensure profitable growth, Nordkalk's strategy was renewed in the spring of 2017. The strategic focus areas are good and safe workplace, secured reserves, expansion cases and unified processes.

BUSINESS EXPANSION CASES

Nordkalk is actively looking for growth opportunities, both in existing markets and in new geographical areas. In August 2017, Nordkalk announced expansion to Turkey, where it has founded a local joint venture, Nordeka

Maden A.Ş. The joint venture operates Eskibalikli limestone quarry in north-western Turkey. Nordkalk is building a new crushing plant in Eskibalikli, and a pre-study was started to evaluate building of a lime kiln, which will further grow the business.

In Poland, Nordkalk is planning to expand granule production in the following years, by building a plant in Wolica, where the company has a quarry and a grinding mill. Several other business expansion cases were evaluated in Central Europe, where new service models were discussed with industrial customers.

OUTLOOK 2018

Nordkalk's turnover is estimated to grow in 2018. In the NEE region, tightening competition and favourable economic situation will affect sales prices and demand. Moderate growth is expected in SCD. In CE, stable development is predicted to continue, with growth especially in the segment Agriculture and Environment. Sales in Turkey are expected to grow considerably, especially in the second half of the year with a new production line in use.

MARKET TRENDS

Limestone-based products are needed in several industries and the variety of customer segments evens out economic fluctuations.

Increasing environmental awareness and tightening regulation on emissions and waste have a positive impact on demand for limestone-based cleaning solutions. In the paper industry, demand for printing paper has decreased over the past few years, while the need for pulp-based packaging materials is increasing, and entirely new materials are being innovated in the pulp industry.



NINE FOCUS AREAS ON SUSTAINABILITY

- Climate impact
- Responsibility for land, water and biodiversity
- Resource consciousness and circular solutions
- Society engagement and community development
- Ethical behaviour
- Good place to work
- Safe place to work
- Economic stability and profitable growth
- Quality of all activities

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

The Brundtland Report,
World Commission on Environment (1992)

SUSTAINABILITY TO US

During 2017, Nordkalk reviewed and updated its sustainability strategy, policies and goals for the future. In the process, we identified and prioritised all the sustainable aspects of our business from a stakeholder perspective. We focussed on issues that might have a negative and/or positive impact on our stakeholders as well as on our business. We analysed the main risks and developed a sustainability strategy that will guide all of us at Nordkalk to create a sustainable business.

The sustainability strategy points out nine important focus areas in our business. Each focus area consists of several material issues with goals and activities for the continued development work. Read more about the focus areas from page 21 and forward.

We are now in the process of implementing this work and are starting up measurements of the new key performance indicators for future reporting. The strategy process is the basis for this year's GRI-inspired sustainability report, whereas the report from previous years used a more limited approach. However, some of our new KPIs are just about to be introduced, which is why those results can not be reported this year.

Sustainability and a strong sense of responsibility and ethics have been a part of our business for a long time, based on the heritage of an owner family that has set high standards for decades, to create value for future generations. Focusing on environmental performance and improvements, Nordkalk has developed its operations in a sustainable manner over the years. Environmental reports have been published by Nordkalk for more than 20 years, evolving towards the more comprehensive sustainability report of today.

With our new sustainability strategy and priorities, we wish to highlight this work for our internal and external

stakeholders, as we continue to aim for a long-term profitable business in a responsible manner, in balance with our stakeholders and society at large.

This is not a one time project, but an increasingly important part of our daily work, and will therefore be continuously developed in the spirit of our sustainability statement below:

WE MAKE AN EFFORT FOR CLEANER AIR, WATER AND SOIL

- We can have a positive impact on the quality of air, water and soil, by improving customers' cleaning processes with innovative limestone-based products and solutions, by constantly improving our own operations, and by creating value beyond our business through engagement in partnerships and projects.
- We meet society's challenges as our challenges. We proactively exceed the expectations from our owners, customers and society, through responsible, profitable business and ethical behaviour.
- We strive for a balance between environmental, social and economic expectations, a high degree of transparency and strong engagement. As we strengthen our brand, relations and business, we also commit to increasing value and opportunities for society and the local communities we operate in.
- Our continuous sustainable development is structured in nine focus areas. Each one of them with commitments, long-term goals and guiding principles on how to act.

Our long-term horizon on corporate sustainability is in correspondence with UN Sustainable Development Goals (2030). Read more on page 18.



Stakeholder group	Main channels	Main issues
Owner, employees, customers	Board meetings, capital market days, personnel surveys, union meetings, intranet, development discussions, TV-screens on-site, personnel meetings, website, customer events, fairs, customer surveys, customer audits, customer support, procurements	Business development, strategy, finance, operations, processes, rules and regulations, health and safety, personnel wellbeing, products and solutions, customer support, agreements
Media, general public	Press releases, articles, open houses, neighbour meetings, website, social media, exhibitions, newsletters, seminars	Necessity of limestone in society, products and solutions, permits, sustainability issues
Authorities, NGOs, politicians	Dialogue meetings, supervisory meetings, notifications, press releases, referrals, networks (energy, environment, quality, health & safety, communication), court proceedings	Rules, regulations and compliance, business conditions, permit processes, environmental monitoring

STAKEHOLDER GROUPS

- Owner
- Employees
- Entrepreneurs
- Trade unions
- Industry organisations
- Industry colleagues
- Customers
- Suppliers
- Government
- Authorities
- Local communities
- General public
- Politicians
- Media
- NGOs

KEY STAKEHOLDER GROUPS



OUR STAKEHOLDERS

A basis for the sustainability strategy is the identification, analysis and classification of different stakeholder groups. This has been carried out through a couple of different steps.

After listing all possible stakeholders, the stakeholders' different interests and perspectives were evaluated to gain an understanding of which material issues matter most to them. The assessment was based on how they are impacted by our business, as well as on how they potentially impact our business.

The information was gained from existing stakeholder interactions through many different active channels like customer and supplier audits, consultations with authorities, neighbour meetings, legal processes, interactions with business organisations and industry colleagues as well as through desk analysis and benchmarking.

As a result of the stakeholder analysis, the stakeholders were prioritised and grouped, based on which continuing stakeholder dialogue will be conducted. No additional stakeholder dialogue concerning the sustainability strategy has taken place as yet.

STAKEHOLDER ENGAGEMENT

Customer and supplier audits have become an increasingly important part of stakeholder dialogue in recent years, especially concerning sustainability issues. Our customers carry out sustainability audits through self-evaluation

forms or by visiting our facilities and taking part in the operations on-site. The process and number of audits performed by Nordkalk on our suppliers has also been developed. Nordkalk has a separate Supplier Code of Conduct, which applies to all our suppliers. Compliance is secured through agreements, safety rules and regulations, dialogue and supplier audits.

A close dialogue with partners, suppliers and customers is also an obvious and important part of developing products and solutions that meet the extensive requirements regarding sustainable development.

Nordkalk plays an active role in industry organisations in main production countries, to discuss operating conditions with our industry colleagues. 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.

Nordkalk also co-operates closely with the local trade unions. They discuss the development of local jobs and their conditions, and employees' salaries and agreements.

Nordkalk's business requires extensive permit processes in order to meet all the environmental and social requirements. During these processes, extensive consultations and stakeholder dialogues are performed with authorities, NGOs, neighbours as well as local politicians.

MAIN MEMBERSHIPS IN INDUSTRY ASSOCIATIONS

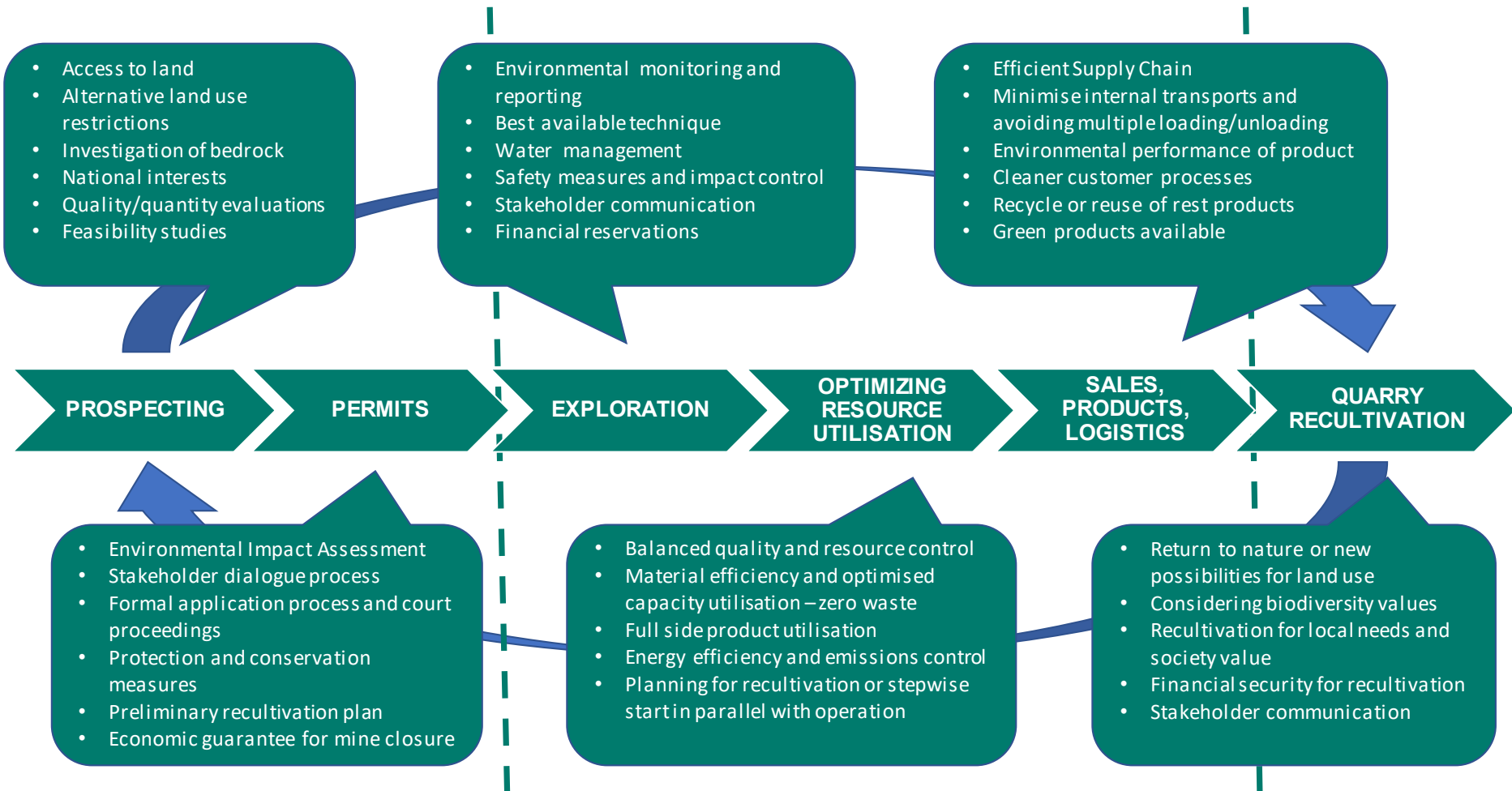
International	Finland	Sweden	Poland	Estonia
Eula - European Lime Association	FinnMin - The Finnish Mining Association	Swedish Lime Association	Polish Lime Association	Association of Construction Material Producers of Estonia
ILA - International Lime Association	CFCI - The Confederation of Finnish Construction Industries RT	SweMin - Swedish Association of Mines, Mineral and Metal Producers	Polish Association of Aggregates Producers	Estonian Association of Mining Enterprises
IMA Europe - Industrial Minerals Association			Polish Asphalt Pavement Association	

LIFECYCLE OF A QUARRY

Start-up phase

Operational phase

Closure phase



MATERIAL ISSUES OF IMPORTANCE TO NORDKALK AND OUR STAKEHOLDERS

- Energy
- Emissions
- Transports
- Land use and quarry restoration
- Water management and effluents
- Biodiversity
- Material and waste management
- Recycle, reuse in value chain
- Green solutions and products
- Local dialogue and support
- External water projects
- Partnership and projects beyond our current business
- Industrial relations and public affairs
- Responsible supply chain
- Business ethics and anti-corruption
- Human rights
- Employee engagement and development
- Labor practice, diversity & equality
- Occupational health and safety
- Economic performance and growth
- Sustainable leadership
- Customer satisfaction
- Secure limestone reserves
- Corporate governance
- Transparency in reporting
- Continuous improvements
- Capacity utilisation

MATERIAL ISSUES OF IMPORTANCE

Our list of identified material issues has been developed by looking from several different perspectives.

GLOBAL AND LOCAL ISSUES

First, we built a comprehensive understanding of the most important sustainability issues in society, and how they play out in the local contexts where Nordkalk is active. This was done through desktop research and consultation with credible sources. We studied broad frameworks, such as the UN Sustainable Development Goals and applicable legislation, to identify issues that are also affected in different ways by Nordkalk's business.

STATE OF THE INDUSTRY

Secondly, we translated the issues into the industry context where we operate. We benchmarked some of the leading companies in the industry globally. In this work, it has been important to look at the whole value chain of the limestone business. As a raw materials industry we have very long time frames from prospecting new areas for mining to the restoration of the quarries after they are fully broken out, as well as the environmental aspects during the exploration phase.

BENEFICIAL USE OF THE PRODUCTS

Another important aspect was how the products are used by our customers, since our products are used in many critical environmental applications and cleaning processes.

INTERNATIONAL CODES AND STANDARDS

There are many different standards developed globally within corporate sustainability and several global bodies are working towards uniform standards and codes that can be applied across geographies and sectors.

For Nordkalk it has been important to look into the most relevant requirements and structure provided by codes and frameworks, including the Global Compact, the OECD guidelines for multinational enterprises, ISO 26000, and the Global Reporting Initiative.

STAKEHOLDER CONCERNS

A vital part of the materiality analysis has been the stakeholder perspective and what issues concern them the most.

The list of material issues was used as a basis for assessment by the different stakeholder groups and by the business. Each material issue carries different risks and opportunities for different stakeholders, and the importance can therefore be weighted. By ranking each material issue based on the different stakeholders' priorities, and then weighing them together, the result is a chart showing the priorities for all the material issues from both a stakeholder and business perspective.

The ranking was based on our knowledge and understanding of the preferences of our different stakeholders from previous work.

UN SUSTAINABLE DEVELOPMENT GOALS



MATERIAL ISSUES MAPPING AGAINST THE GLOBAL GOALS IN OUR FOCUS AREAS

Climate Impact
Goal: 3, 7, 9, 11, 12, 13

Responsibility for land, water and biodiversity
Goal: 6, 14, 15

Resource consciousness and circular solutions
Goal: 6, 7, 8, 12, 13

Society engagement and community development
Goal: 6, 9, 11, 17

Ethical behavior
Goal: 1, 3, 4, 5, 6, 8, 10, 16, 17

Good place to work
Goal: 4, 5, 8

Safe place to work
Goal: 3

Economic stability and profitable growth
Goal: 4, 8, 15, 17

Quality of all activities
Goal: 4, 8, 9, 17



Responsible supply chain



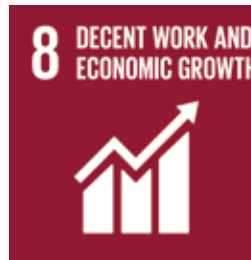
Energy, Emissions, Transports, Material and waste management, Recycle, reuse in value chain, Green solutions and products



Emissions, Responsible supply chain, Human rights, Occupational health and safety



Transports, Industrial relations and public affairs, Continuous improvements, Capacity utilisation



Green solutions and products, Business ethics and anti-corruption, Human rights, Employee engagement and development, Labor practice, diversity & equality, Economic performance and growth, Customer satisfaction, Secure limestone reserves, Corporate governance, Capacity utilisation



Human rights, Labor practice, diversity & equality, Sustainable leadership, Transparency in reporting



Responsible supply chain



Energy, Emissions, Transports, Material and waste management, Recycle and reuse in value chain



Ethics and anti-corruption



Human rights, Labor practice, diversity & equality



Transports, Local dialogue and support



Land use and quarry restoration, Biodiversity



Land use and quarry restoration, Biodiversity, Secure limestone reserves



Water management and effluents, Green solutions and products, External water projects, Responsible supply chain



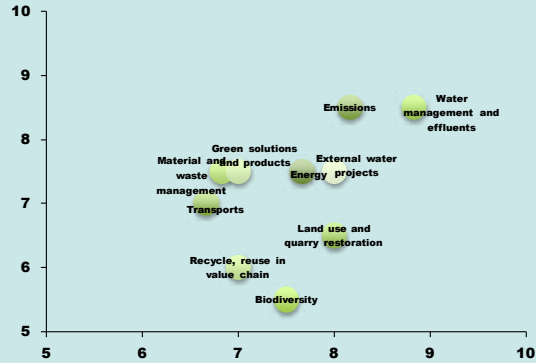
Emissions, Transports, Material and waste management, Recycle and reuse in value chain, Green solutions and products



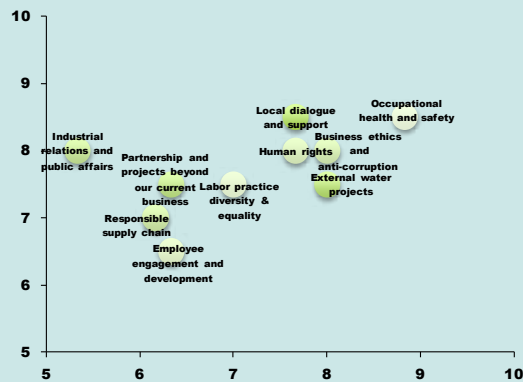
Partnerships and projects beyond our current business, Industrial relations and public affairs, Responsible supply chain, Sustainable leadership, Customer satisfaction, Transparency in reporting

MATERIALITY AND RISK

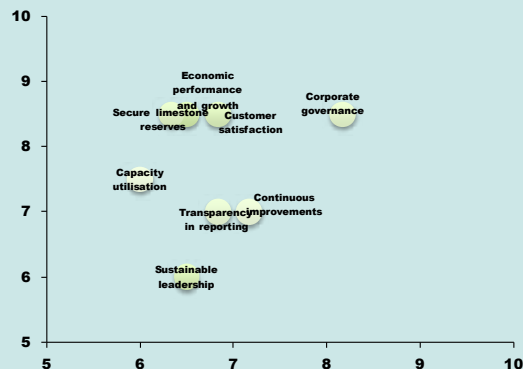
Material Issues - Environment



Material Issues - Social



Material Issues - Economic



RISKS

In the process of establishing our critical material issues, risks to our business and/or to our stakeholders has been a factor in prioritising the material issues of concern.

MANAGING RISKS

Mining is a process industry with risks for people and for the environment. These risks have to be managed at all times. We have a strong practice of developing risk analysis for all parts of the business and developing rules and activities to mitigate those risks. The risks are dealt with directly in the operations and all employees are responsible for reporting safety observations with risk for people or environment.

Our sustainability risks are being evaluated for each material issue and focus area. Risk analysis for our processes are also performed according to the management system requirements. Risk management is therefore a natural part in all our sustainability focus areas.

RESPONSIBLE BUSINESS

We have thus provided appropriate responses to our list of material issues, in order to meet the requirements and expectations of our different stakeholder groups; long-term targets, key performance indicators and goals. Some of the material issues needs to be analysed in more details, before deciding on long-term KPIs, and will therefore be added to the list in the coming years.

We aggregated the material issues into nine focus areas. For each focus area, we have established a long-term guiding principle on how to act, as well as commitments from our Management Team, in order to solidify a strategy which benefits stakeholders and the company, not only in the short-term perspective.

MATERIAL ISSUES IN THE VALUE CHAIN

Different material issues are more important than others in the various stages of the value chain. In order to get an overview, we have presented some of the most common sustainability issues in the value chain illustration. It gives a good understanding of where focus of our efforts are, and what issues are important in the stakeholder dialogue in the phases of start-up, exploration and closing of the mine. See the value chain illustration on page 16.

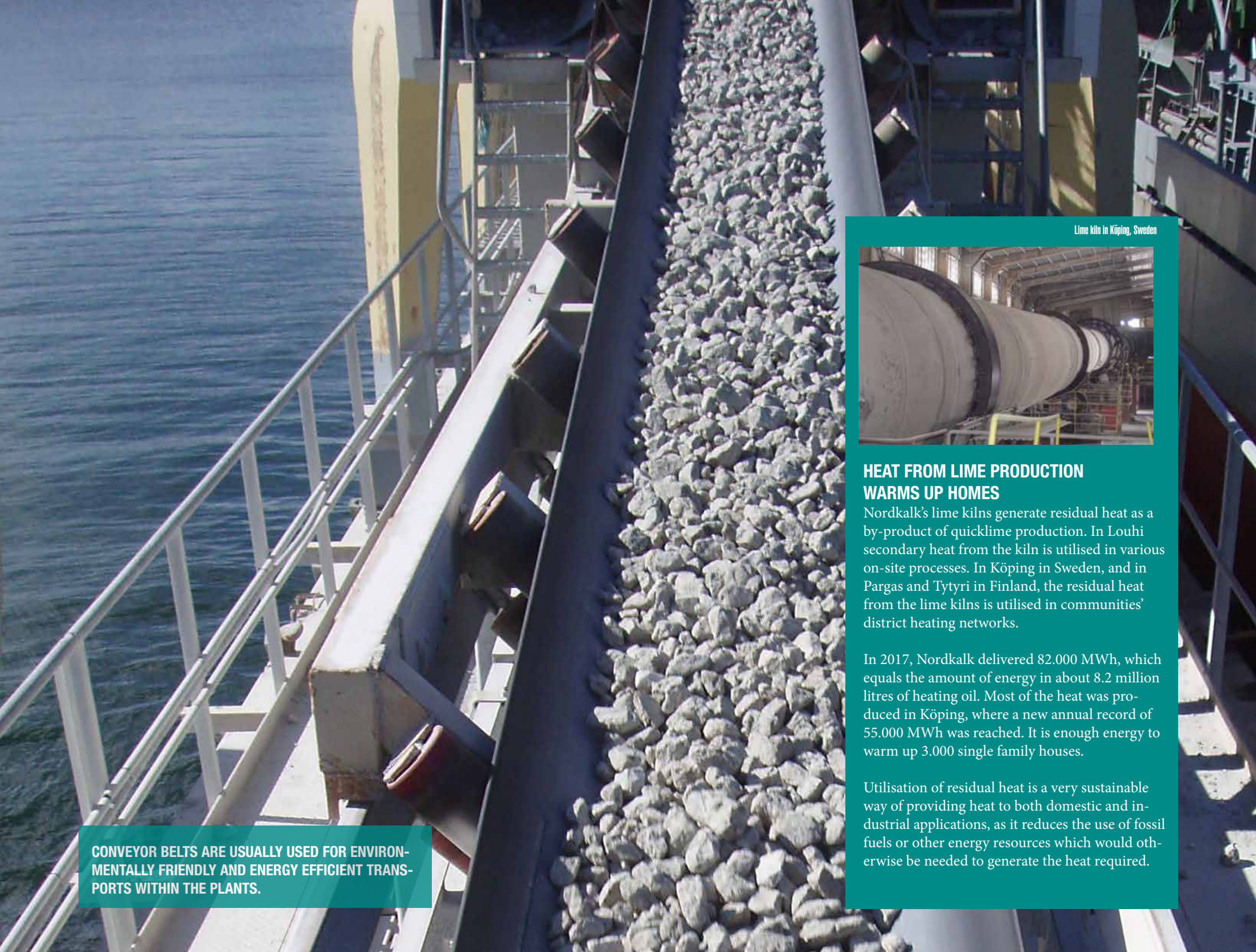
MEETING THE UN GLOBAL GOALS

The UN Sustainable Development Goals were introduced in 2015 based on one of the largest global consensus processes ever carried out. The goals have been ratified by practically all countries and consequently form an important framework for how the global community will work towards common societal goals of importance for humanity.

The goals are also very important to Nordkalk. We can see how the goals are increasingly being used by our different stakeholders, both private and public, and they provide a common language around long-term sustainability.

We have analysed where we can contribute to reaching the goals. We have projected the goals onto our material issues within each focus area, to achieve a good understanding of in which part of the business we can have the biggest impact and which of our actions contribute to the different global goals.

Through this process, we have created a tool that we can use in our dialogue with our stakeholders, and our internal discussions on how we can co-operate to achieve an even bigger positive impact on the goals.



CONVEYOR BELTS ARE USUALLY USED FOR ENVIRONMENTALLY FRIENDLY AND ENERGY EFFICIENT TRANSPORTS WITHIN THE PLANTS.

Lime kiln in Köping, Sweden



HEAT FROM LIME PRODUCTION WARMS UP HOMES

Nordkalk's lime kilns generate residual heat as a by-product of quicklime production. In Louhi secondary heat from the kiln is utilised in various on-site processes. In Köping in Sweden, and in Pargas and Tytyri in Finland, the residual heat from the lime kilns is utilised in communities' district heating networks.

In 2017, Nordkalk delivered 82.000 MWh, which equals the amount of energy in about 8.2 million litres of heating oil. Most of the heat was produced in Köping, where a new annual record of 55.000 MWh was reached. It is enough energy to warm up 3.000 single family houses.

Utilisation of residual heat is a very sustainable way of providing heat to both domestic and industrial applications, as it reduces the use of fossil fuels or other energy resources which would otherwise be needed to generate the heat required.

1

MATERIAL ISSUES

- Energy
- Emissions
- Transports

WE COMMIT

- To lowering emissions to air by improving our energy efficiency and monitoring our completed energy efficiency actions against the annual target.
- To reporting our CO₂ emission performance and aiming to continuously reduce emissions per tonnes of quicklime.
- To investing a minimum of 10% of our investment budget (3-year rolling average) into better environmental technologies and to increasing the automated monitoring of the emissions.
- To choosing low-emission alternatives for logistics – transports by sea or rail when possible. Aiming at a higher payload and alternative fuels in truck transports.

CLIMATE IMPACT

Nordkalk has for a long time been working actively with issues related to energy efficiency and climate impacts. In Finland, Nordkalk has been participating in the Energy Efficiency Agreements since our first agreement in 1999. During 2017, Nordkalk joined the latest agreement which covers the years 2017 - 2025 (<http://www.energiatehokkuussopimukset2017-2025.fi/en/>). In addition to the benefits gained for energy efficiency work and the reduced consumption of resources, participating in the agreement also contributes to reaching the Finnish national energy efficiency target.

Continuous improvement of energy efficiency and optimisation of the fuel mix in our production processes are the key tools in the work to reduce the CO₂ emissions originating from our operations. All Nordkalk lime kilns are covered by the EU Emission Trading System, which will soon enter Phase 4. Phase 4 of the EU ETS covers the years 2021 - 2030 and will play a significant role in helping the EU to fulfil its commitment under the Paris Agreement and the EU 2030 climate & energy framework.

Nordkalk has, during recent years, decreased emissions to air by investing in new abatement equipment at many of its production plants. For example, in Finland, the dust emissions were cut when new baghouse filters were installed at the Pargas and Tytyri lime kilns. In Köping, Sweden, new equipment that reduces the NO_x emissions from the kiln has been commissioned.

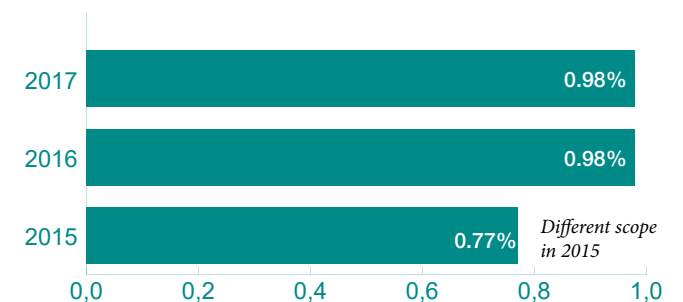
The lime industry is and will continue to be energy intensive, but we still see possibilities in continuously improving our performance, both when it comes to energy efficiency and emissions to air.

BOUNDARIES

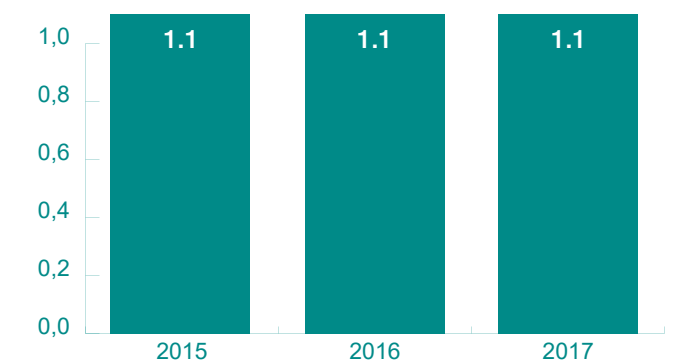
Certain physical and chemical boundaries limit what level of improvement is theoretically possible to achieve.

For example, the production of quicklime will always require a lot of energy due to the endothermic nature of the process. Lime burning also always produce significant amounts of process CO₂ originating from the calcination reaction.

IMPROVED ENERGY EFFICIENCY %



EMISSIONS TO AIR (CO₂) TONNES/TONNES QUICKLIME



**THE KLINTHAGEN QUARRY ON NORTHERN GOTLAND
WHERE NORDKALK HAS APPLIED FOR AN EXPANSION
OF THE QUARRY.**



APOLLO AND LARGE BLUE BUTTERFLY PROJECT

In connection with Nordkalk's latest limestone quarry permit application for a new quarry area on Gotland, the EIA study found two rare butterflies, the Apollo (*Parnassius apollo*) and Large Blue (*Maculinea arion*), at the planned quarry.

Nordkalk developed a special protection and conservation programme aiming to increase the natural areas of the two rare butterfly species at a suitable overgrown nature area close to the quarry. A detailed plan on how to trim bushes and trees to create the right habitat conditions for the butterflies and their host plants and host ants was developed, with help from experienced ecological experts.

This project is the first of its kind in the Swedish mining industry that applies protection and conservation measures according to the Habitat Directive (Council Directive 92/43/EEC), based on a Swedish Environmental Court decision. The court decision stated that such an approach was considered to comply with the Habitats Directive's overall aim of biological diversity and restoration work.

2

MATERIAL ISSUES

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

WE COMMIT

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

RESPONSIBILITY FOR LAND, WATER AND BIODIVERSITY

It is in line with the Nordkalk Operating Policy to focus on recultivation planning during the operational phase, as well as to pay attention to water management issues. These issues have been on the agenda for a long time. The plans get more detailed as the mine closure approaches, but in most cases, the final closure still lies many years ahead. National legislation or permit conditions may not result in any direct demand for the time being, but in line with our Nordkalk principles, we work on the plans continuously. Nordkalk follows the principles of the IFRS accounting standard, which states that preservation must be carried out during the entire life span of a quarry operation.

Water management in limestone quarry operations is characterised by the fact that limestone is a pure natural resource which is, in fact, used in cleaning applications. In any case, we must know that the water flows into our quarries and the effluent streams are controlled properly. The level of details in the water management plans varies depending on the size of the operation and the environmental conditions. To date, we are still in the process of preparing the first versions of the plans for many sites. Today, Nordkalk supplies fresh water from one mine site for local municipal use. The utilisation of available reserves of water in quarry operations is a future possibility at other sites as well.

Biodiversity values are common to the sites, as many plants, and in some cases rare ones, prosper on limestone ground. This is a typical aspect studied in permits and EIA process. Nordkalk collects all the available biodiversity information in a uniform and structured manner.

BOUNDARIES

Based on the IFRS principle, we carry out continuous conservation throughout the entire operations phase in order to prepare for the final mine closure.

Parallel activities to the mining are established at some locations (museum, research site, race track etc.). The challenge is to secure the ongoing mining operation and to secure access to the natural resource which was the original aim of the operations. At some locations, we operate very close to settlements or urban conditions. The community has expanded into the existing mining operations. It is a challenge to ensure mining rights within the area planning process.

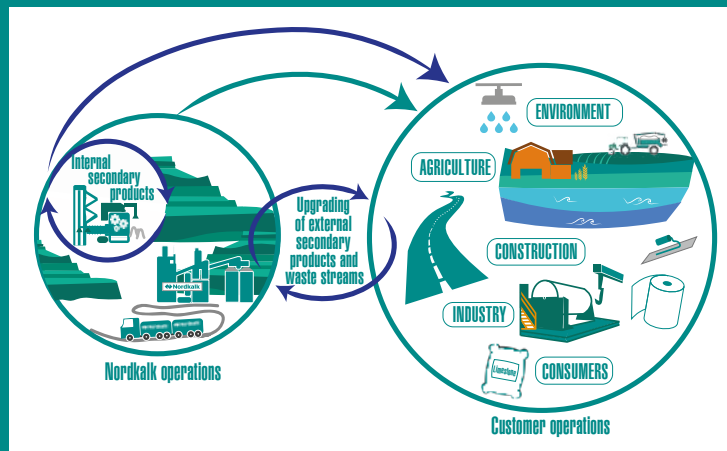
Biodiversity value may also be created thanks to mining activities. Rare plants may start to grow on sites with fresh ground and the higher pH environment is favourable for certain species. Wild animals are often attracted by the quarry environment. Animal life may also be studied while operations are still ongoing. Water bodies created post-mining often attract animals.

NUMBER OF UPDATED WATER AND RECULTIVATION PLANS

2017	Number	Out of site
Recultivation plans	7	25
Water management plans	13	27

RECYCLING AND REUSE IN THE VALUE CHAIN

Materials and side streams, which on their own would be treated as waste and put on a landfill, but which by means of product development and processing can be upgraded to high value sellable products.



NEW USES FOR PARGAS WALL ROCK

Pargas quarry generates two kinds of wall rock, one of which is used mainly for concrete and asphalt production. The other type of stone is suitable for subbase layers in infrastructure projects. New uses that increase material efficiency have been found for this stone type. Lately, it has been used in different offshore infrastructure projects like building breakwaters and ferry quays. In 2017, Pargas stone was used in the Finnish archipelago, and even in Latvia, where three wall rock products were used in building a breakwater: the underwater concrete caissons were built using 8/16 stone, after which they were filled with larger 90/250 stones. The caissons were then cladded on the sides with huge 500 - 2.500 kg chunks. Both wall rock types from Pargas quarry are standardised according to EU standards.

3

MATERIAL ISSUES

- Material and waste management
- Recycle and reuse in value chain
- Green solutions and products

WE COMMIT

- To improving the material efficiency in our operations, thus extending the lifetime of our valuable natural limestone resources and reducing waste with a 100% material efficiency target.
- To fully utilising all internal side streams, whether limestone-based, wall rock, energy or water.
- To improving the utilisation of customer-related side streams wherever possible.
- To supporting and developing lime-catalysed solutions for efficient reuse of organic residues and nutrients.
- To developing circular solutions to improve fertility of arable land and to reduce eutrophication of water courses.
- To developing products with no or low carbon footprints.

RESOURCE CONSCIOUSNESS AND CIRCULAR SOLUTIONS

Resource consciousness has lately become a clear focus area in all Nordkalk operations. The need to utilise quarried raw materials as efficiently as possible has been clearly understood and accepted. Thus, the company has gradually succeeded in improving the material efficiency of its operations to a very good level. The efforts are often also supported by direct cost savings when less material needs to be transported to landfill.

During the past years resource consciousness and material efficiency has been supported by intense efforts to increase the productification and use of different internal, as well as customer-related, side streams. In 2017, such products comprised almost 15% of the total sales volume, equalling about 5% of the net revenue, thus replacing the need for virgin raw materials. Further product development within the area creates a huge opportunity for Nordkalk in the future, when the circular economy will be a strong driver on the market.

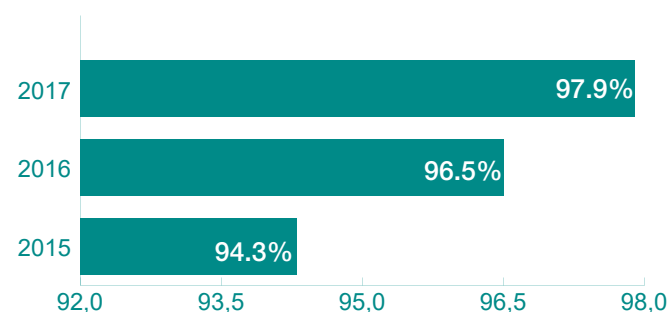
Besides the above-mentioned circular solutions, Nordkalk also delivers residual heat from several lime kilns to be used in district heating networks, and clean groundwater from one mine to be utilised as drinking water by the surrounding municipality.

A business based on side streams and the utilisation of waste as raw materials, however, also faces some severe challenges. The most important issues are linked to raw material availability and quality and also to legal approval processes.

BOUNDARIES

Legally binding directives (EU, national levels) will be the most important factor in setting boundaries for the future development of recycling and reuse of side streams and waste materials. Efforts to maximise the use of such raw materials for circular solutions are restricted by the need to secure the cleanness of circulated products on a precautionary basis. Additional limitations are caused by unpredictable availability of useful side streams as raw material sources for circular products. Such side streams are not produced for a specific need, but instead generated as a non-wanted secondary material (or even waste) from the main production process.

MATERIAL EFFICIENCY 2017



The total material efficiency in Nordkalk in 2017 was 97.9%, which is a very high figure and depends mostly on the utilisation of old material from heap in Miedzianka. Material was washed and screened and upgraded to saleable product. A minor part of this volume was taken to end storage and recultivation in the quarry.



ASBESTOS MEASUREMENTS IN LAPPEENRANTA TO EASE PEOPLE'S MINDS

Lappeenranta quarry will be expanded in the direction of the nearest residential area. The expansion area is in the north-western corner of the quarry, with several old buildings no longer in use. In 2016, a project was started to demolish dozens of buildings, to give room for the expanding quarry. Some of the buildings were known to have been built with materials containing asbestos. This made some of the people in the neighbourhood worried for their health, fearing that the demolition work could release asbestos dust and fibres into the air, even though the work was done by a licensed asbestos removal contractor.

To lessen people's fears, dust samples were collected in the residential area during a period of ten months. Also, to minimise the dusting, wind and weather conditions were taken into consideration when performing the demolition work. When the dust samples were analysed, the results showed no asbestos in the residential area. According to one of the neighbours, the asbestos measurements and other actions taken to avoid dusting, were a highly appreciated gesture, strengthening their trust in Nordkalk as their big industrial neighbour.

STUDENTS FROM A UNIVERSITY IN POLAND CONDUCT FIELD STUDIES IN MIEDZIANKA QUARRY.

4

MATERIAL ISSUES

- Local dialogue and support
- External water projects
- Partnerships and projects beyond current business
- Industrial relations and public affairs

WE COMMIT

- To being a good neighbour and corporate citizen, engaging in efforts that benefit the local communities and society at large.
- To acting in an open, transparent and responsible way.
- To providing jobs and services to local communities, such as district heat and clean water, and supporting local activities.
- To engaging in environmental projects contributing to clean air and water, and productivity of agricultural land, on a local, national and global level.
- To constantly developing our communication with various stakeholders to enable dialogue.

SOCIETY ENGAGEMENT AND COMMUNITY DEVELOPMENT

Local engagement is an important part of corporate sustainability. For Nordkalk's business it is also important to receive social acceptance for our operations. Nordkalk engages in local communities where we operate in many different ways to create useful value for society in dialogue with neighbours and authorities.

Open houses for the general public is one way to increase awareness of the value of limestone in society and everyday life, as well as creating dialogue with neighbours. We are involved in various shared projects and sponsor activities locally. Many of our plants contribute to society by delivering district heat and clean drinking water for example. Co-operation with schools and young entrepreneurs is another example.

On a national and global level, we engage in larger scale projects in line with our mission to achieve cleaner air, water and soil. Different actions for a cleaner Baltic sea or a research and development project to stop phosphor leakage into our waterways are further examples.

To increase the information about our business and to be as transparent as possible, we have developed our presence on social media during 2017. We now have multiple Facebook sites, Instagram, LinkedIn and Twitter accounts besides our website. This work will continue during 2018.

Another area of societal engagement is through co-operation and participation in different networks in our line of business. The networks usually function as a platform for sharing best practices and ideas for self-regulation.



MINER FROM MIEDZIANKA VISITS LOCAL SCHOOLS ON MINERS' DAY

Celebrating Miners' Day – Barbórka – on December 4th is a wonderful old tradition in Poland. It is St. Barbara's Day, who is recognized as the patron saint of miners. To maintain the tradition, a miner from Miedzianka, Mr. Józef Słoma, who is also experienced in working underground, visited two schools in neighbouring villages to introduce children to the world of mining.

Mr. Słoma, specially dressed for the occasion in a mining uniform, explained the meaning of specific elements of his outfit. For instance, the colour of the feather on top of his hat indicates the miner's position in the company. The green feather is reserved for the top-level management, white - for quarry operation supervisors, black - for miners and red for the mining orchestra.

There were plenty of questions regarding working in the mine and the history of the quarry. Children showed particular interest in the possibility of digging for gold or diamonds in Miedzianka, so Mr. Słoma, explained to them that limestone extracted by Nordkalk is an essential part of our everyday life and worth much more than gold.

RETTIG®

Management Policies and Procedures Main Manual 2017

RETTIG POLICIES, NORDKALK PROCESSES AND THE COMPANY CODE OF CONDUCT WILL ALL BE TRANSFERRED TO THE PERSONNEL THROUGH A NEW E-LEARNING PLATFORM.

5

MATERIAL ISSUES

- Responsible supply chain
- Business ethics and anti-corruption
- Human rights

WE COMMIT

- To a high standard of business ethics and integrity, and respecting human rights.
- To running our operations according to law and applicable regulations, Rettig Group policies and the Nordkalk Code of Conduct.
- To treating people with respect, and giving them equal opportunities.
- To treating our suppliers fairly and with respect. Our rules are transparent and based on the Supplier Code of Conduct, and compliance with them is audited in a systematic way.

ETHICAL BEHAVIOUR

Nordkalk's owner, Rettig Group, has formulated a set of policies to guide the actions of its employees and directors, as well as their relations with third parties. These jointly determine the underpinnings of the ethics and integrity of Nordkalk, as a fully-owned subsidiary of Rettig Group. In addition, Nordkalk has its own Code of Conduct (see page 6) and Supplier Code of Conduct to provide guidance on how to act according to our values – Openness, Fairness, Modesty, Trust and respect.

The Business Ethics Policy is one of Rettig Management Policies and Procedures, which are to be followed by everyone working at the company. As its main purpose, the policy states that:

“It is our policy to operate within the letter and the spirit of all laws applicable to the Rettig Group Companies’ businesses, and to conduct our business affairs in a fair, impartial, sustainable and ethical manner. Ethical conduct is characterized by honesty, integrity and freedom from deception and we will maintain the highest ethical standards based on transparency in all activities in which the company and its employees are involved.

In addition, Rettig stresses the importance of taking responsibility for each other's health and safety. The policies are applicable to all aspects of the operations of the Rettig Group Companies in every country and location as well as to all employees, including officers.”

Acting with a high level of integrity and rejecting corruption are Nordkalk's cornerstones for maintaining the confidence and credibility of its stakeholders.

Nordkalk has decided to publish the Supplier Code of Conduct in order to assure that also suppliers adhere to a high level of business ethics, and that they work in the spirit of Nordkalk's values.

Nordkalk has not yet identified all of its impacts on human rights and is in the process of evaluating human rights issues and impacts concerning its business. Therefore, Nordkalk will report in more detail about human rights in future Sustainability Reports.



WHISTLE-BLOWING PROCEDURE

A whistle-blowing procedure was introduced in March 2017 as a part of the renewal of Rettig's policy on business ethics. Nordkalk's employees now have the possibility to use the whistle-blowing procedure if non-compliance with laws, regulations or Rettig policies are suspected. Such cases can be, for example, discrimination cases, non-compliance with antitrust laws or receiving improper gifts. Anyone reporting a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Nordkalk will not retaliate against any employee or director who in good faith reports a suspected violation or concern regarding compliance. The reports are handled in Nordkalk in confidentiality by the Legal Function and reported directly to Rettig's Group CFO and Group General Counsel for investigation and possible actions and responses.

NUMBER OF COMPLAINTS FROM THE WHISTLE-BLOWING SYSTEM

2015	2016	2017
-	-	0



OUR PERSONNEL PARTICIPATE IN WELL-BEING ACTIVITIES TO ENSURE A POSITIVE TEAM SPIRIT AND BALANCE BETWEEN WORK AND LEISURE.

6

MATERIAL ISSUES

- Employee engagement and development
- Labour practice, diversity & equality

WE COMMIT

- To being a very good place to work at, with engaged personnel.
- To developing the well-being and competence of our personnel.
- To encouraging open communication.
- To establishing a good leadership culture, taking diversity into account.
- To following-up personnel satisfaction on a yearly basis.

GOOD PLACE TO WORK

PERSONNEL SURVEY

Nordkalk develops job satisfaction on different function and company levels in order to reach its strategical targets. As part of the company strategy, an employee satisfaction survey will be conducted three years in a row. The first survey took place in 2017. Based on the survey, 318 corrective measures were defined. The survey is a key instrument for deeper analysis in order to improve our wellbeing at work.

DEVELOPMENT DISCUSSIONS

Development discussions are held yearly as a tool to ensure open communication and good leadership culture. We encourage engagement, initiative and treat each other with trust and respect.

LABOUR PRACTICE

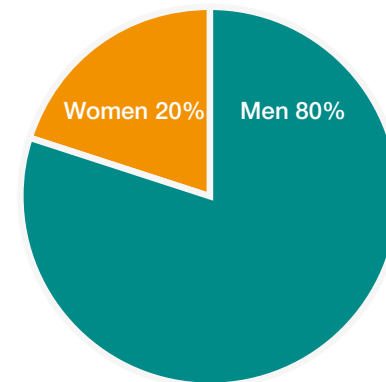
Nordkalk complies with international labour standards defined by ILO and the UN Global Compact covering human rights, labour, the environment and anticorruption. We do not under any circumstances accept child or forced labour at any of our operations or activities. Nordkalk will not tolerate any discrimination of any form on the basis of an individual's ethnicity, religion, gender or age. Among the personnel, 59% are covered by collective agreements (Sweden, Finland, Norway).

WELLBEING AT WORK

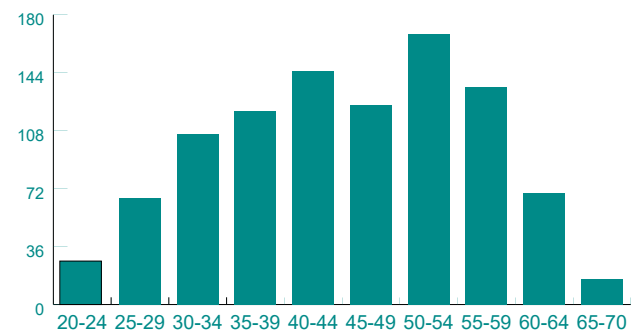
Implemented development ideas included increased communication of the management's decisions through a summary of the Management Team meetings on the company intranet, and decreasing unnecessary bureaucracy. The company encourages an active lifestyle by supporting participation in different public sports events but also by organising sports activities like bowling, horseback riding and disc golf for the personnel.

A smoke-free workplace is an operating model that piloted in Finland at the beginning of 2017. The model will be implemented in all Nordkalk countries.

PERSONNEL PER GENDER 2017 %



PERSONNEL PER AGE 2017



EMPLOYEE TURNOVER

Year	2015	2016	2017
Employee Turnover	8.31%	8.52%	8.64%



HEALTH AND SAFETY IS OUR NUMBER ONE PRIORITY, USING APPROPRIATE SAFETY EQUIPMENT, METHODS AND ADHERENCE TO OUR SAFETY REGULATIONS ARE VITAL TO OUR PERSONNEL AS WELL AS THE SUBCONTRACTORS WORKING AT OUR SITES.

7

MATERIAL ISSUES

- Occupational health and safety

WE COMMIT

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



SAFE PLACE TO WORK

Our commitment to health and safety (H&S) is our highest priority, an integral part of all our activities applies to both our employees and our subcontractors. Nordkalk has had OHSAS 18001 certification since 2012 in the whole company. We have zero tolerance for drugs and alcohol, and no smoking within our premises. Our long-term target in H&S is zero accidents, but we still have work to do to become a safe place to work at, with zero accidents for personnel and anyone on our premises. We have a midway LTA1 rate target of less than 2 by the end of 2020.

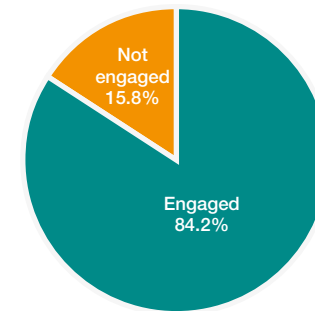
We believe that all risks arising from work can be managed through foresight and careful behaviour. We therefore demand a commitment from everybody working on our premises to actively contribute to safe behaviour. Together we can improve workplace safety for everyone!

Our employees are active in safety matters and open towards improvements. The continuously increasing number of safety observations is a good example of their engagement. Some examples of our activities and processes for sharing information and learning from others are H&S monthly reports, an annual Safety Week, safety committees for H&S discussions between management and personnel representatives, safety alerts sent out to inform employees about accidents or serious near-misses, a shared H&S guide, campaigns, a tool for the chemical register and related data sheets. We participate in EuLA's (European Lime Association) Safety Task Force and in regional industry organisations' H&S activities. We work in close co-operation with our contractors in safety matters.

In 2017, H&S reporting was unified and a common tool was adopted for the whole company. Communication about accidents and severe near-misses was speeded up. The 5S programme was introduced for organising the workplace to increase safety, enhance productivity and to promote standardised working. The annual Safety Week

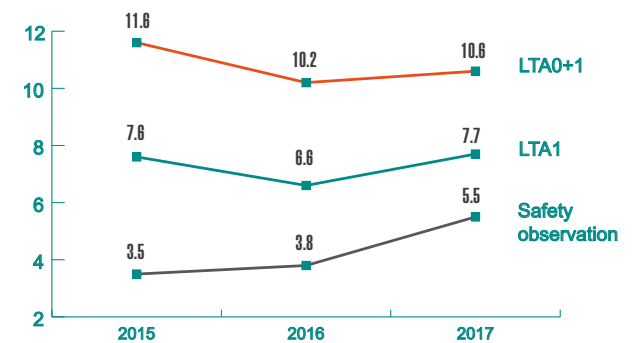
attracted more participants, to more activities, than ever before. Despite the activities and engagement, the number of accidents remained the same as in the previous year.

EMPLOYEES ENGAGED IN SAFETYWORK %



All statistics are based on own employees including subsidiaries (with the exception of JV NorFraKalk). The number of safety observations increased by 49%, showing the right attitude, a high level of awareness of safety issues, and a positive trend in engagement.

ACCIDENT RATE AND SAFETY OBSERVATIONS



In 2017, the accident frequency rate LTA1, stood at 7.7 and did not reach the target of 5.5. LTA1 is defined as an accident leading to an absence of at least one day; the number of occupational accidents per million working hours of own employees. The total accident rate (LTA0+LTA1) in 2017 was 10.6. The number of lost working days due to occupational accidents decreased by 29% in 2017, reflecting fewer severe accidents. Safety observations per employee.



TO US, GROWTH IS NOT ONLY ABOUT EXPANDING OUR BUSINESS AND SECURING RESERVES FOR OUR CUSTOMERS, BUT DOING IT IN A RESPONSIBLE AND SUSTAINABLE MANNER FOR THE BENEFIT OF FUTURE GENERATIONS.

8

MATERIAL ISSUES

- Economic performance and growth
- Sustainable leadership
- Secure limestone reserves
- Customer satisfaction

WE COMMIT

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

ECONOMIC STABILITY AND PROFITABLE GROWTH

Economic stability is key in any business, but increasingly so in a business with extremely long-term asset investments. This is by no means new to Nordkalk. The long-term position has to be strengthened, however, by a more genuine focus on sustainable leadership.

The processes of securing reserves, and of customer satisfaction are increasingly connected to sustainable leadership. Our stakeholders review us holistically, and our focus and strength regarding stakeholder relations and sustainability will determine our success. Nordkalk's business is based on access to limestone. It is important for the whole of society, because limestone is necessary in a large variety of industrial uses and construction, in environmental care and in agriculture.

In 2017, Nordkalk extracted 14.3 million tonnes of stone. This represents a small percentage of the company's known reserves, but since mining requires big investments and long-term planning, securing of reserves must be done well in advance.

In addition to acquiring new reserves through business expansion cases, Nordkalk aims to use its existing deposits as efficiently as possible. In 2017, expansion of the extraction area was under way at the Lappeenranta and Pargas sites in Finland, and in Karinu in Estonia. Preparations for expansion were continued in Miedzianka and Sławno in Poland, and at Ignaberga in Sweden.

Nordkalk has paid wages to its workforce and different kind of taxes and fees to all levels of government. The competitive situation is currently challenging for Nordkalk.

The customer satisfaction index is at a good level. Claim handling, reporting of the corrected actions and closing the claim need to be improved. To speed up the claim handling process, each person and organisation needs to commit to achieving the goal. The risk in slow claim handling is that the customer feels that Nordkalk is neglecting their problems. Opportunities lie in more satisfied customers, fewer reasons for claims and increased sales.

EXPANSION OF MIEDZIANKA QUARRY

In 2017, Nordkalk started preparations for launching extraction at the Ostrówka and Ołowianka deposits in the Miedzianka area, Poland. A Local Area Development Plan has to be approved by the community. Extraction at the Ołowianka deposit was stopped in the 1970s and plans are now being resumed. Extraction from the Ostrówka deposit will be extended to include a new plot.

Meetings with neighbours took place at the end of 2017 to communicate our plans for expansion and listen to people's opinions. Local authorities attended to present the benefits of Nordkalk's activity for the community (taxes, workplaces, sponsorship etc.). As a result, some actions were taken to minimise the negative impacts of the operations, i.e. maintaining roads and building pavements. Nordkalk will also build a playground for children, an outdoor gym and renovate the building of a village centre to fulfil the close co-operation with local authorities and serve as an example of good practice.





OUR CERTIFICATES IN QUALITY, HEALTH AND SAFETY AND THE ENVIRONMENT VERIFY THAT WE WORK ACCORDING TO ISO STANDARDS AND OUR MANAGEMENT SYSTEM, BUT WE DON'T STOP THERE. OUR PROCESS FOR CONTINUOUS IMPROVEMENT ENSURES OUR FOCUS ON BECOMING EVEN BETTER.

9

MATERIAL ISSUES

- Corporate governance
- Continuous improvements
- Capacity utilisation
- Transparency in reporting

WE COMMIT

- To improving efficiency, reducing unnecessary work, reducing mistakes and costs.
- To applying the continuous improvement process.
- To harmonising and unify our business processes.
- To implementing modern technology such as digital solutions.
- To making our daily life at work run more smoothly than before.



CERTIFIED IN QUALITY, ENVIRONMENT AND HEALTH AND SAFETY

Nordkalk operations are certified according to ISO 14001, ISO 9001 and OHSAS 18001.

UNIFIED PROCESSES

In 2017, the work with unifying and simplifying processes was continued. Major changes were started in the ICT architecture, in order to enable common databases for the processes. Unification of Nordkalk's product palette and brands continued as well, ensuring flexibility and fast service for customers.

CORPORATE GOVERNANCE

Nordkalk's unified processes improve efficiency and guarantee good governance and compliance within the company and is in many cases a prerequisite for transparency. Read more about governance at Nordkalk on page 7.

CAPACITY UTILISATION

For many years, Nordkalk has measured the capacity utilisation of its kilns in order to improve it. A need for a broader definition is now topical, so that a common way can be found of measuring and reporting the optimisation of production besides kilns.

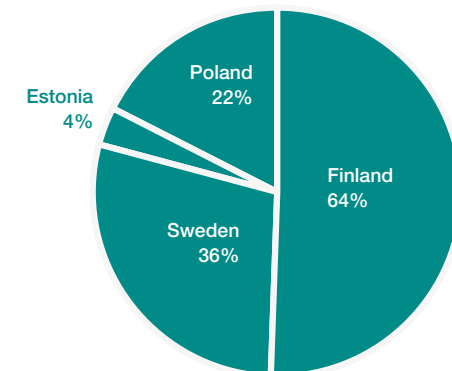
CONTINUOUS IMPROVEMENT PROCESS

The Continuous Improvement Process (CIP), has been an excellent tool for improving our efficiency and finding ways to do things better. This has all been possible thanks

QUALITY OF ALL ACTIVITIES

to our personnel, who have been open-minded and eager to support the company with good improvement ideas. During 2017, 126 improvement suggestions came from our CIP process. Good ideas and success stories are shared and rewarded. In 2018 a review of the system will take place in order to improve it further.

NUMBER OF CIP SUGGESTIONS PER COUNTRY %



IMPROVEMENTS OF OUR ICT SYSTEMS

In 2017, Nordkalk started a total renewal of the company's ICT infrastructure, centralising the main ICT infrastructure domains and services under one external service provider. Also, an O365 platform was adopted within the company, in addition to corporate-wide telecommunication services. A modern ICT infrastructure is more secure. In addition, it contributes to optimised logistics and reduced energy consumption and travelling costs. It also improves well-being and equality among personnel by providing the same tools and services for everybody.

KEY PERFORMANCE INDICATOR TABLE

FOCUS AREA/KPI	ACTUAL 2015	ACTUAL 2016	ACTUAL 2017	GOAL 2017	GOAL 2018	KPI CALCULATION
CLIMATE IMPACT						
Improved energy efficiency, %	0.77	0.98	0.98	0.75% / a	0.75% / a	Annual energy saving impact from energy efficiency actions implemented during subject year. 2015 different scope.
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	CO ₂ emissions / tonne quicklime
RESPONSIBILITY FOR LAND, WATER AND BIODIVERSITY						
Number of updated recultivation plans			7/25	Unified One Nordkalk format	100% documented plans for each quarry site	Number of up to date plans as share of total sites
Number of updated water management plans			13/27	Unified One Nordkalk format	100% documented plans for each quarry site	Number of up to date plans as share of total sites
RESOURCE CONSIOUNESS AND CIRCULAR SOLUTIONS						
Material efficiency (%)	94.3	96.6	97.9	≥ 96%	> 97%	Total raw material quarried - all volumes put to heap / Total raw material quarried
Average price of recycled products (€/ton)			6.39 €/tonne	Not a goal in 2017.	+ 5% compared to 2017	NR (€) / volume (tonnes) of products based on recycled side streams.
SOCIETY ENGAGEMENT AND COMMUNITY DEVELOPEMENT						
Social acceptance plan for each Nordkalk region and plant					1 plan/region	Number of plants with social acceptance plan
Memberships in associations					Update list of critical memberships. Improve engagement.	Number of business critical memberships.
ETHICAL BEHAVIOR						
Supplier audits		22	21	Update list of critical suppliers for whole Supply Chain, perform 25 audits.	50% audited from critical suppliers list (143 suppliers 2017)	Number/percentage audited critical suppliers. Critical suppliers updated yearly. Audit all critical suppliers within two years (yearly target 50%).
Number of complaints from the Whistle Blowing system			0	0	0	
GOOD PLACE TO WORK						
Personal survey/People Power Index			Satisfactory	Satisfactory	Satisfactory +	Result in survey compared to People Power Index from Survey company
Employee turnover	8.31	8.52	8.64	No increase in employee turnover	No increase in employee turnover	Number of new employees and employees leaving the company yearly
SAFE PLACE TO WORK						
Safety first, reduced work related accident rate, LTA1	7.6	6.6	7.7	≤5.5	≤5	Number of accidents (LTA1, own personnel) / million working hours, Year 2017-> (incl SKOY, KPAB)
Safety first, reduced total work related accident rate, LTA0 +LTA1	11.6	10.2	10.6	Not a goal in 2017.	≤12	Number of accidents (LTA0+LTA1, own personnel) / million working hours, Year 2017-> (incl SKOY, KPAB)
ECONOMIC STABILITY AND LONGTERM GROWTH						
EBITDA, %	18.7%	17.5%	17.9%	profitable growth	profitable growth	EBITDA %: result before interest, taxes, depreciation and amortisation / Turnover
Turnover	306 m€	298 m€	304 m€	profitable growth	profitable growth	
Improve customer claims closing withing 2 months			27%	Not a goal in 2017.	< 20%	Percentual part (%) of the reported claims, which are not closed within 2 months, time period previous 12 months
Share of annual consumed reserve			3.2%	Not a goal in 2017.	< 5%	Consumed annual share of available reserve (permitted and accessible)
QUALITY IN ALL ACTIVITIES						
Number of initiatives in Continuous Improvement Process			126	Number of initiatives in CIP in 2017	Number of initiatives in CIP bigger than last year	Target is to increase the number of initiatives in Continuous Improvement Process yearly



REPORTING PRACTICE

Auditor's Limited Assurance Report on Nordkalk's Sustainability Report

To Nordkalk Corporation

Introduction

We have been engaged by the Executive Management and the Chief Executive Officer of Nordkalk Corporation to undertake a limited assurance engagement of Nordkalk's Sustainability Report for the year 2017.

Responsibilities of the Executive Management for Nordkalk's Sustainability Report

The Executive Management are responsible for the preparation of the Nordkalk Sustainability Report in accordance with the applicable criteria, as explained on page 39 in the Sustainability Report, that are the parts of the *Sustainability Reporting Guidelines* (published by The Global Reporting Initiative (GRI)) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on Nordkalk's Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information, issued by IFAC. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of Nordkalk's Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) 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. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of Nordkalk's Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that Nordkalk's Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, 31st May 2018

KPMG AB

Patrik Anderbro
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

Nordkalk Sustainability Report 2017 comprises of Nordkalk Corporation and its fully-owned subsidiaries. Where so mentioned, also partly-owned subsidiaries are included in the reported information. The Sustainability Report is a separate report from the annual report. Nordkalk Corporation is included in the Annual Report of our owner Rettig Group.

This report is conducted inspired by the GRI Standards but do not fully comply with them. The reporting period is 1 January 2017 - 31 December 2017 and reporting takes place annually. Previous report for 2016, where published on our website nordkalk.com on 6 July 2017, but with a different approach. It is unnecessary to restate the information given in previous reports. The ten reporting principles have been used as far as possible.

During 2017, Nordkalk reviewed and updated its sustainability strategy, policies and set goals for the future. We are now in the process of implementing this work, starting measurements of new KPI's to be able to report in full accordance with the GRI Standards in the future.

Nordkalk Sustainability Report 2017 is available as a printed version, a digital version (pdf) to download from our website: www.nordkalk.com/sustainability, and some of the information has been published on the website. Any questions regarding the report should be made to the contacts for each focus area found at the end of this report.

The report has been reviewed in its entirety by KPMG.

GRI CONTENT INDEX

Disclosure	Name	Page	Compliance
102-1	Name of the organization	5	■
102-2	Activities, brands, products, and services	8, 9	■
102-3	Location of headquarters	5	■
102-4	Location of operations	4, 5	■
102-5	Ownership and legal form	5, 7	■
102-6	Markets served	4, 5, 11	■
102-7	Scale of the organization	4, 5	■
102-8	Information on employees and other workers	5, 31, 33	■
102-9	Supply chain	7, 16, 29	■
102-10	Significant changes to the organization and its supply chain	10, 11, 35	■
102-11	Precautionary Principle or approach	7	■
102-13	Membership of associations	15	■
102-14	Statement from senior decision-maker	3	■
102-15	Key impacts, risks, and opportunities	17, 18, 19, 21-37	■
102-16	Values, principles, standards, and norms of behavior (code of conduct)	2, 6, 7, 29	■
102-17	Mechanisms for advice and concerns about ethics	6, 7, 29	■
102-18	Governance structure	7	■
102-20	Executive-level responsibility for economic, environmental, and social topics	7	■
102-21	Consulting stakeholders on economic, environmental, and social topics	14, 15, 16, 17, 27	■
102-26	Role of highest governance body in setting purpose, values, and strategy	7	■
102-32	Highest governance body's role in sustainability reporting	3, 7	■
102-40	List of stakeholder groups	15	■
102-41	Collective bargaining agreements	31	■
102-42	Identifying and selecting stakeholders	13, 14, 15	■
102-43	Approach to stakeholder engagement	13, 14, 15, 27	■
102-44	Key topics and concerns raised	17	■
102-46	Defining report content and topic Boundaries	21-37, 39	■
102-47	List of material topics	17	■
102-48	Restatements of information	39	■
102-49	Changes in reporting	3, 13, 39	■
102-50	Reporting period (for info provided)	39	■
102-51	Date of most recent report	39	■
102-52	Reporting cycle (annual)	39	■
102-53	Contact point for questions regarding the report (resp. persons)	43	■
102-54	Claims of reporting in accordance with the GRI Standards	3, 13, 39	■
102-55	GRI content index	40, 41	■
102-56	External assurance	39	■

GRI CONTENT INDEX

Disclosure	Name	Page	Compliance
201-1	Direct economic value generated and distributed	5, 35, 38	■
203-1	Infrastructure investments and services supported	10, 11, 35	■
205-1	Operations assessed for risks related to corruption	6, 7, 29	■
205-2	Communication and training about anti-corruption policies and procedures	6, 7, 29	■
301-1	Materials used by weight or volume	11, 24, 25, 38	■
301-2	Recycled input materials used	24, 25, 38	■
301-3	Reclaimed products and their packaging materials	20	■
302-4	Reduction of energy consumption	21, 38	■
305-1	Direct (Scope 1) GHG emissions	21, 38	■
401-1	New employee hires and employee turnover	31, 38	■
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	33, 38	■
403-4	Health and safety topics covered in formal agreements with trade unions	33	■
413-1	Operations with local community engagement, impact assessments, and development programs	26, 27	■

- Full compliance
- Partly compliance



SUSTAINABILITY CONTACTS

Questions regarding this sustainability report or our sustainability work, please contact responsible person for respective focus area stated below:

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Nordkalk is the leading company providing limestone-based products and solutions in Northern Europe. We deliver essential raw material to numerous industries such as the pulp, paper, metals, mining, construction and chemicals industry. Our solutions contribute to clean air and water as well as the productivity of agricultural land.

www.nordkalk.com

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