

Document name: **Terrafame hankintapolitiikka (ID 55742)**

Document ID: 55742

Department: Kaupallinen

Area: 0000 YHTEISET

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## Procurement policy

Terrafame enhances low-carbon mobility by delivering responsibly produced battery chemicals to the global battery industry. One of the world's largest production lines for chemicals used in electric car batteries is located on Terrafame's industrial site. The plant is capable of producing nickel sulphate for around one million electric cars per year. The carbon footprint of the nickel sulphate produced by Terrafame is among the smallest in the industry.

Terrafame's integrated, unique and energy-efficient production process from the mine to battery chemicals is located on a single industrial site. It provides customers with a transparent, traceable and truly European battery chemical supply chain.

Terrafame's operations are guided by the company's strategy and Code of Conduct (CoC) and an operating culture based on its values: safety, commitment and efficiency.

### Policy application and goals

The procurement policy applies to all of Terrafame's operations, from mining to customer deliveries, and to all operations supporting these core processes. All of Terrafame's employees on its production and support functions comply with the company's procurement policy.

The objective of the policy is to outline uniform operating methods and key principles to perform procurement transactions.

### Principles of sourcing

The majority of Terrafame's purchasing consist of the procurement of chemicals, fuel, energy, services, maintenance materials and consumables. The company's procurement and sourcing activities are systematic and long-term.

The procurement policy is based on Terrafame's sustainability principles, strategy, values and guidelines. Procurement is carried out in a professionally, ecologically, socially and economically sustainable and responsible manner. We aim for safe, sustainable, reliable and cost-effective procurement, taking into account the entire procurement lifecycle and processes. The procurement policy ensures that procurement activities and personnel have clear objectives and mandates to achieve the objectives set by the company's management.

### Division of responsibilities in procurement

The implementation of the procurement policy shall be performed by the appointed persons responsible for procurement within the processes and approval limits set by the company's management. The technical experts of each procurement category participate in the procurement process in cooperation with the person in charge of procurement category, taking into account their own areas of special expertise. Persons

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designated as responsible for procurement category shall be responsible for issuing procurement contracts in writing.

Procurement is subject to competitive tendering whenever possible. For example in production-critical procurement, the aim is on long-term cooperation with selected partner companies. Procurement shall be carried out in accordance with the approval processes carried out in Terrafame's procurement systems. Purchase orders are always subject to approval in the procurement systems. A purchase order is based on a purchase request. In the procurement system a purchase request is generated manually or automatically. Only persons authorised in procurement may place purchase orders in the procurement systems. Purchase orders are submitted to suppliers by persons authorised in procurement.

## Supplier selection and monitoring

Purchases are made only from approved suppliers. New suppliers' background information is checked during the supplier approval process. When selecting a new supplier, alternative suppliers are also to be identified. When selecting a supplier, safety and quality factors are also assessed, if necessary. Terrafame strives for long-term supplier cooperation, in which the development of the safety and quality of operations is continuous and an absolute prerequisite for the continuity of cooperation. Long-term procurement contracts can guarantee partners the opportunity to invest in safe, high-quality and cost-effective operations.

Suppliers' performance, compliance with obligations and quality are assessed on a regular basis. We develop cooperation with key suppliers through regular follow-up meetings. We regularly evaluate key suppliers through supplier assessments and audits.

## Contract and supplier management

Terrafame's most significant purchasing is managed in a category-oriented manner. The persons in charge of procurement categories are responsible for the planning and defining of the procurement categories, request for quotations, competitive tendering, procurement development, and contractual wording and supplier management. A category-based working method ensures the utilisation of technical and commercial know-how behind procurement decisions.

## Sustainability and ethical practices

Terrafame does not cooperate and contract with the sanctioned suppliers and countries. Terrafame aims to be a reliable business partner to various stakeholders. Regardless of the size of the procurement, good governance, such as the principles of transparency, impartiality and non-discrimination, are to be adhered to in procurement. Sustainable and ethical practices are set to create long-term value for all parties involved. Partner companies are required to comply with Terrafame's Code of Conduct (CoC).

## Approval and interpretation

Terrafame Ltd's Board of Directors approved this procurement policy on 22 March 2023. The CEO of Terrafame is responsible for implementing the policy. The Chief Commercial Officer, who is a member of the Management Team, is responsible for policy interpretation and for monitoring policy application. The practical application of the policy is supported by Terrafame's certified management systems (ISO 9001, ISO 14001, ISO 45001) and detailed guidelines on safety, the environment and quality.