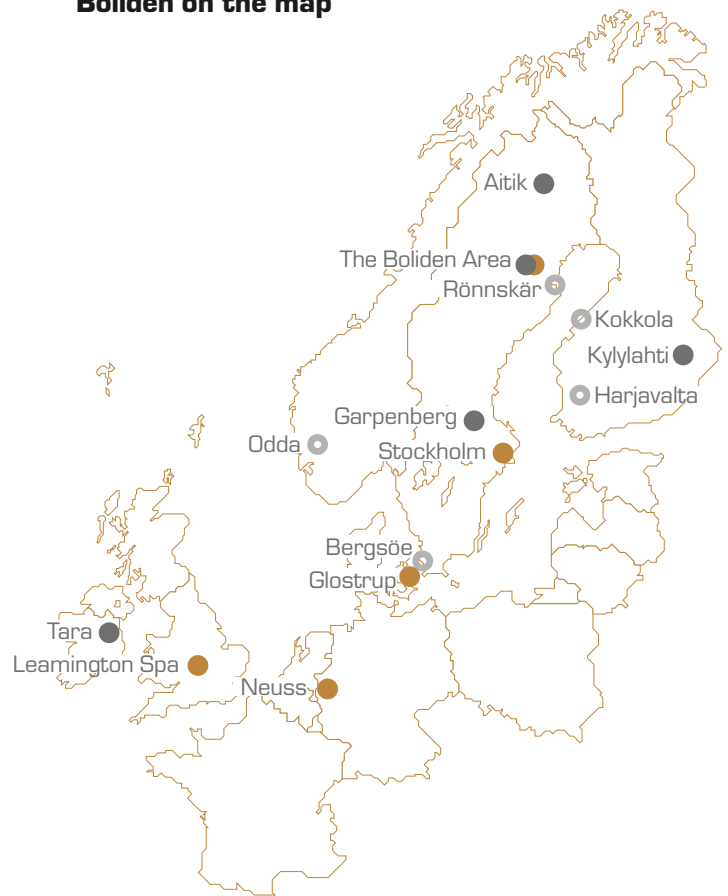


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## Boliden on the map



### ● Mining areas

**Tara** – zinc and lead

**Garpenberg** – zinc, silver, lead, gold, and copper

**The Boliden Area** – zinc, copper, gold, silver, tellurium, and lead

**Aitik** – copper, gold, and silver

**Kylylahti** – copper, zinc, and gold

### ● Smelters

**Odda** – zinc, aluminium fluoride, and sulphuric acid

**Bergsöe** – lead alloys

**Rönnskär** – copper, gold, silver, lead, zinc clinker, and sulphuric acid

**Harjavalta** – copper, gold, silver, sulphuric acid, and nickel matte

**Kokkola** – zinc, silver concentrate, and sulphuric acid

### ● Offices

**Stockholm** – Head Office and Boliden Smelters

**Boliden** – Boliden Mines

**Neuss** – Marketing Office

**Leamington Spa** – Marketing Office

**Glostrup** – Marketing Office

Boliden is a metals company with a commitment to sustainable development. Our roots are Nordic, but our business is global. The company's core competence is within the fields of exploration, mining, smelting and metals recycling. Boliden has approximately 4,900 employees and an annual turnover of approximately SEK 37 billion. Its share is listed on NASDAQ Stockholm, segment Large Cap.



**Boliden's 2014 Annual Report** is published in Swedish and an English translation. The Annual Report comprises the Directors' Report on pages 6–20, 26–51 and 96, financial reports on pages 64–95, and elements of Boliden's Sustainability Report on pages 21–25 and pages 52–62.

The Annual Report describes Boliden's financial performance and its work on sustainability issues. Sustainability is an integral part of Boliden's operations. The way in which relevant sustainability issues are managed and handled exerts a very considerable influence on the company's profitability, risk, and value generation ability.



**The GRI Report, together with the complete GRI Index** has been audited by means of an external limited assurance engagement. As of 2014, Boliden reports its sustainability work in accordance with the Global Reporting Initiative's (GRI) updated guidelines, G4. The scope of the report is shown on pages 52–63 of the Annual Report, where references are also made to complementary information available on Boliden's website.

For further information on measurement methodology, definitions and other guidelines, please contact Boliden's Information Department on tel. +46 8 610 16 30.

[www.boliden.com](http://www.boliden.com)



# Boliden in 2014

“Base metals such as copper and zinc are vital to the development of modern societies. Through the metals we produce, Boliden helps improve the global standard of living while, at the same time, generating value for our owners.”

*Lennart Evrell, President and CEO*

## Important events

- The expansion of the zinc-silver mine at Garpenberg was inaugurated and production commenced. Full capacity of 2.5 million tonnes per year will be achieved by the end of 2015.
- The facility for extracting silver from zinc concentrate at Kokkola was inaugurated and production began.
- The Finnish copper mine, Kylylahti, was acquired, along with exploration rights in the Outokumpu field.
- An investment of SEK 600 million to enable the first steps to be taken in the expansion of the Aitik mine to an annual production capacity of 45 million tonnes was approved.
- The expansion of the Odda zinc smelter to an annual production capacity of 200 Ktonnes of zinc was approved. The facility expects to achieve its new capacity level in the latter half of 2017.
- Refinancing of syndicated credit facility for EUR 850 million, issue of six-year bond loan for SEK 500 million, and raising of a seven-year loan for SEK 570 million with the Swedish Export Credit Corporation.

Key data	2014	2013
Revenues, SEK m	<b>36,891</b>	34,409
Operating costs, excl. depreciation, SEK m	<b>10,933</b>	10,304
Depreciation, SEK m	<b>3,277</b>	2,829
Operating profit excl. revaluation of process inventory, SEK m	<b>2,605</b>	2,271
Operating profit, SEK m	<b>2,759</b>	1,803
Earnings per share, SEK	<b>6.94</b>	4.72
Free cash flow, SEK m	<b>1,583</b>	-1,466
Investments, SEK m	<b>4,222</b>	4,974
Capital employed, SEK m	<b>35,087</b>	34,451
Return on capital employed, %	<b>8</b>	5
Number of employees, FTE	<b>4,881</b>	4,815

Production, Mines	2014	2013
Zinc, tonnes	<b>294,150</b>	271,674
Copper, tonnes	<b>78,427</b>	79,302
Lead, tonnes	<b>60,765</b>	48,365
Gold, kg	<b>4,379</b>	3,849
Gold, troy oz.	<b>140,789</b>	123,759
Silver, kg	<b>323,325</b>	261,804
Silver, troy oz., '000	<b>10,395</b>	8,417
Tellurium, kg	<b>30,917</b>	24,457

Production, Smelters	2014	2013
Zinc, tonnes	<b>467,624</b>	455,130
Copper, tonnes	<b>347,345</b>	324,745
Lead, tonnes	<b>24,734</b>	24,039
Lead alloys, tonnes	<b>43,974</b>	44,674
Gold, kg	<b>17,368</b>	16,177
Gold, troy oz.	<b>558,382</b>	520,094
Silver, kg <sup>1)</sup>	<b>626,767</b>	537,941
Silver, troy oz., '000 <sup>1)</sup>	<b>20,151</b>	17,294
Aluminium fluoride, tonnes	<b>35,270</b>	34,333
Sulphuric acid, Ktonnes	<b>1,659</b>	1,564

## Comments

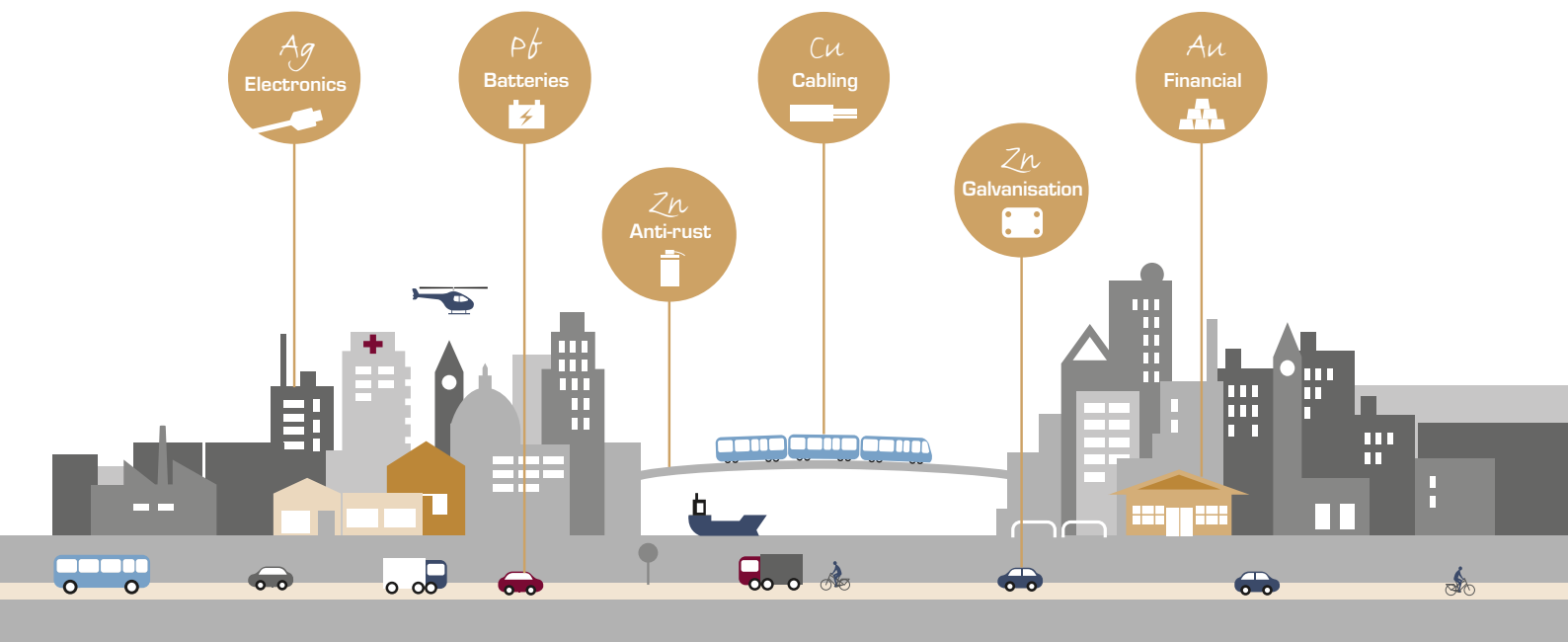
- Revenues increased by 7 per cent as a result of a stronger US dollar, a higher zinc price and increased copper sales volumes.
- The operating profit excl. revaluation of process inventory increased by 15 per cent. The increase was primarily due to a stronger US dollar and increased production, mainly within Business Area Mines.
- Free cash flow totalled SEK 1,583 million (SEK -1,466 m). The improvement was due to higher profit, lower working capital tied up and lower investments.
- Increased mined production, with the exception of copper. Smelters' production of copper, zinc and precious metals increased while the production of lead and lead alloys remained relatively stable.

<sup>1)</sup> Kokkola's production of silver in concentrate is included in the production figures as of 2014.

## Awards

- Niklas Karlsson, Section Manager, Maintenance, at Boliden Garpenberg, was awarded SvelMin's (the Swedish Association of Mines, Minerals and Metal Producers) 2014 Work Environment Prize.
- Boliden's 2013 Annual Report took first place in the international Annual Report of Annual Reports 2014 ranking that compared some 400 annual reports from different companies.
- Kent Hedin, Production Manager at Boliden Garpenberg, was awarded Atlas Copco's 2014 Rock Engineering Award for his work in developing more efficient methods for rock excavation and reducing the risk of rock falls, thereby creating safer working areas.

# Metals for modern life



## 90 years' experience

On 10th December 1924, one of the biggest gold ore deposits of its time was discovered at Fågelmýran, in the Swedish province of Västerbotten. The discovery gave rise to both the community and the company known as Boliden, and the 90 years since then have seen Boliden establish a competitive position in the fields of exploration, mining operations, concentration, smelting and recycling operations.

## Five mines and five smelters

Boliden's five mining areas, which are home to a total of nine mines, extract zinc-, copper-, lead-, gold-, and silver-bearing ores, while the Kankberg mine in the Boliden Area also produces tellurium. Productivity at the Aitik copper mine and the zinc-silver Garpenberg mine is amongst the highest in the world.

Boliden's five smelters produce pure metals, customised alloys and a number of by-products. The raw material comprises metal concentrates from external mines and the Group's own mines, plus secondary raw materials such as metal and electronic materials and scrap car batteries. The Rönnskär smelter is the world's leading recycler of electronic scrap, while the Bergsöe smelter is one of the biggest lead recycling smelters in Europe.

## Industrial customers in Europe

The majority of Boliden's metals are sold to industrial customers in northern Europe. Steelworks, which use zinc to galvanise steel for subsequent use in infrastructure, and the construction and automotive industries, are the main customers for Boliden's zinc. Manufacturers of wire rod and copper rod, which is used in the construction and automotive industries, make up the majority of Boliden's copper customers, along with manufacturers of electric and electronic components. Boliden's lead is primarily used by battery manufacturers, while the most important customers for Boliden's gold and silver are the electronics and jewellery industries and the financial sector.

## Value generation

It is important, for investors, shareholders and society alike, that Boliden conducts efficient operations that are sustainable in the long-term. The past ten years have seen Boliden invest almost SEK 36 billion with the aim of maintaining its operational strength and efficiency of its mines and smelters, in the form of, for example, upgrades and the implementation of new technology that also results in improved environmental performance. Substantial investments have also been made in pro-

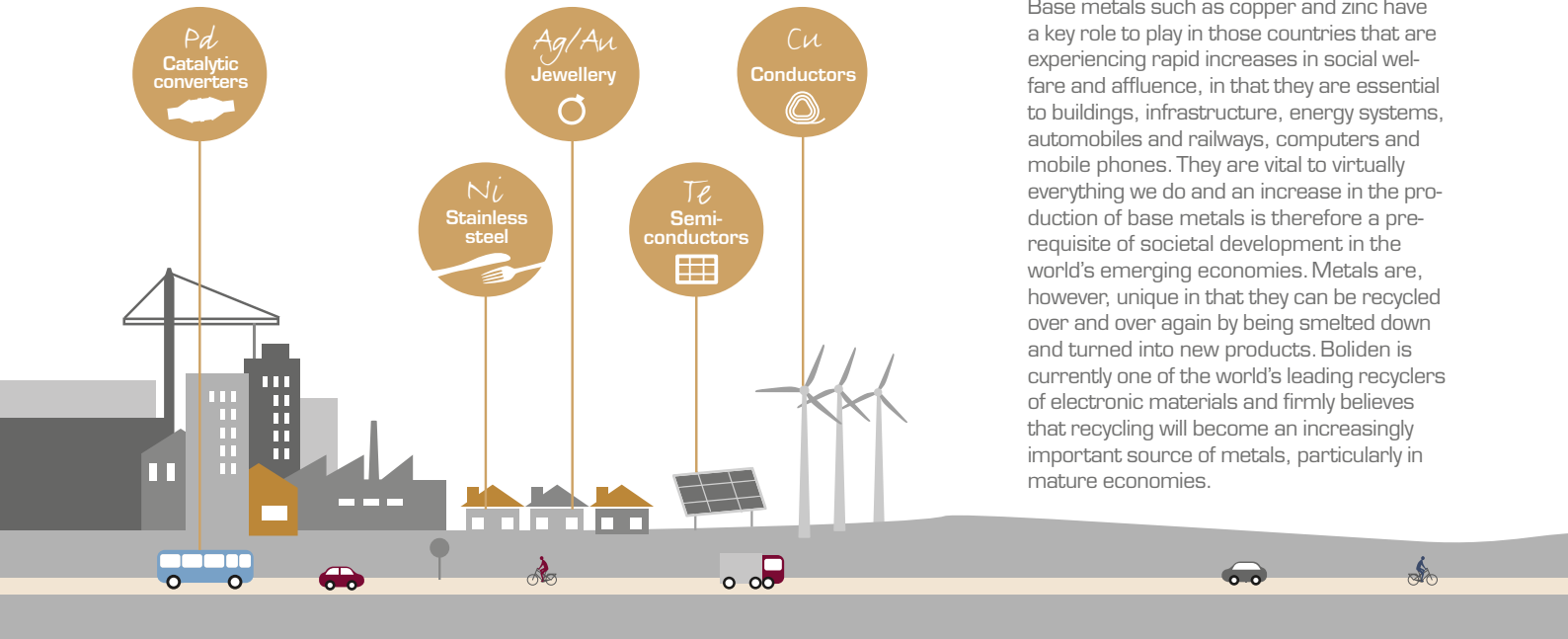
jects designed to increase production and extend lifespans in existing facilities, but also with a view to starting new operations. These investments have been financed through internal cash flows.

The total return on the Boliden share has outperformed that of the international mining index, Euromoney Global Mining, in SEK over the most recent ten-, five-, and three-year periods. This enhances Boliden's ability to attract the capital and expertise it needs for continued growth. Boliden's total return in 2014 was higher than that of both the international mining index and the OMX Stockholm 30.

## A long tradition of corporate responsibility

Boliden's vision is to be a world class metals company. By this, Boliden means that it shall be an industry-leader in terms of customer satisfaction, efficiency, and responsibility. Boliden has also clearly stated its ambition to be the first sustainable link in the metals' value chain.

Boliden's existence and development, ever since the company was founded in 1924, has relied on its ability to generate value for and to grow hand-in-hand with the communities in which its operations are based. The relationship between the company and the local communities must



Metals are an ever-present and vital component of society. There are virtually no products that either contain no metal or where metal has not been used in their production. Base metals such as copper and zinc have a key role to play in those countries that are experiencing rapid increases in social welfare and affluence, in that they are essential to buildings, infrastructure, energy systems, automobiles and railways, computers and mobile phones. They are vital to virtually everything we do and an increase in the production of base metals is therefore a prerequisite of societal development in the world's emerging economies. Metals are, however, unique in that they can be recycled over and over again by being smelted down and turned into new products. Boliden is currently one of the world's leading recyclers of electronic materials and firmly believes that recycling will become an increasingly important source of metals, particularly in mature economies.

be characterised by respect and consideration for different interests and rights. The relationship with its neighbours and the local communities is particularly significant for a company such as Boliden in that Boliden is a major employer in many of the communities in which the company operates, and hence contributes to economic growth and fundamental societal services.

Mega-trends such as climate change, resource shortages, digitalisation, urbanisation, and demographic changes all affect Boliden's operations. The past two years have also seen a particularly lively debate in Boliden's operating regions on the subject of the overall conditions for the mining industry and its impact on communities and the environment. For Boliden, which is characterised by a long-term approach and stability, it has become particularly important to convey clearly the values that the company holds and the ways in which the company differs from other operators.

### Strategy and focus

Boliden developed its strategy for Corporate Responsibility (CR) in 2013 and 2014 by engaging in systematic dialogues with prioritised stakeholders, refining its analyses of the most important sustain-

ability issues, and formulating new sustainability goals.

The guiding light of the CR strategy is a vision of an accident-free workplace, of zero environmental accidents, and zero tolerance for corruption. The strategy also emphasises the importance of leadership development and dialogue.

### Dialogue on prioritised sustainability issues

A more extensive programme of stakeholder dialogue was initiated in 2014 in order to analyse and confirm Boliden's prioritised sustainability issues. The following stakeholder groups were initially invited:

- Employees
- Customers
- Neighbours
- Investors
- Authorities

The stakeholders confirmed Boliden's priorities, but also suggested ways in which Boliden can develop these prioritised issues and provide greater transparency in its sustainability work. Boliden is seen as a role model, but can do more to further promote corporate responsibility amongst customers and suppliers. The stakeholder dialogues formed part of Boliden's materiality analysis and have

contributed to the development of Boliden's reporting in accordance with the GRI's latest guidelines, G4.

### Prioritised sustainability issues

Identifying and focusing on the most important and relevant challenges in the context of our sustainability work is an ongoing process. The common denominator for the areas that Boliden has chosen to prioritise is that they have both a direct impact on Boliden's success and a significant impact on Boliden's stakeholders. The most important sustainability issues and starting points for the company's sustainability goals for 2013–2018 are:

- Create a safe work environment and healthy employees
- Secure the future talent pool
- Build diversity and establish a better gender balance
- Minimise our impact on the soil, the air and the water
- Make efficient use of resources
- Work with reclamation and nature conservation

Find out more about Boliden's sustainability goals, work and results on page 21 and pages 52–63 and in Boliden's 2014 GRI Report, which is available on Boliden's website.

# President's Statement

Boliden has, in recent years, invested in increased efficiency, expansions and acquisitions, and thereby increased metal production both from mines and from recycled materials. The market outlook for the next few years suggests weaker growth in the global economy but Boliden, with its broad metals mix and production by both mines and smelters, is well-positioned to handle the market's fluctuations.

## An eventful year

2014 was an eventful year for Boliden. The Aitik copper-gold mine produced 39 million tonnes of ore – the goal we had previously set for the year was 36 million tonnes – and a decision to invest in a further expansion that will increase the annual production rate to 45 million tonnes of ore by 2017 was approved. The expansion investments at the Garpenberg zinc-silver mine entered their final phase with the first concentrate delivered from the new concentrator in March. The plan is to reach an annual production level of 2.5 million tonnes of ore by the end of 2015. The investment projects at Aitik and Garpenberg have not only increased capacity, they have resulted in improvements in logistics, metallurgy and automation, making the two mines the most productive mines in the world in their respective spheres.\*

The Harjavalta and Odda smelters set new production records during the year, thanks to investments in eliminating bottlenecks and long-term efforts to increase process efficiency and improve flexibility. The success of previous improvement programmes, coupled with a positive outlook on the zinc market, resulted in the decision to invest in a new expansion project at the Odda smelter. The year was rounded off with the inauguration of a new silver extraction facility at the Kokkola zinc smelter.

In parallel with these expansion projects, we have been working hard on measures designed to increase operational efficiency and cut costs – measures which have yielded very pleasing results in a number of cases, at the Tara zinc mine and the Rönnskär copper smelter for example. We have also developed our corporate responsibility (CR) strategy, placing considerable emphasis on safer workplaces and an improved environmental performance. In spite of these efforts, however, two serious accidents did occur, neither of which, fortunately, resulted in any personal injuries or environmental damage. The first of these accidents was an underground fire at the Tara mine in Ireland. The second was a breakdown in a leaching tank at the Kokkola smelter in Finland. Boliden takes these incidents very seriously and Group-wide risk reviews have been launched.

2014 also saw Boliden's acquisition of the Finnish copper mine, Kylylahti, and extensive exploration rights in the Outokumpu field in eastern Finland. The acquisition offers synergies in terms of our mining operations, metallurgy and exploration work, largely thanks to Boliden's expertise and experience of

similar geologies in the Skellefte field. Finland's geology is as interesting as that of Sweden in terms of base metals, and Finland also has deep-rooted traditions in the mining and metals industry. Boliden was already a major player in the Finnish basic industries sector, thanks to its acquisition of the Kokkola and Harjavalta smelters in 2003, and the addition of Kylylahti strengthens this position still further.

## Market trends and challenges

In 2014, almost half of the world's population lived in towns and cities, and the trend towards increased urbanisation is continuing. Boliden's metals – copper and zinc – are fundamental to meeting the growing need for infrastructure, automobiles, trains, housing, washing machines and mobile phones. The industrialised world also needs large amounts of metals to effect a transition to renewable energy sources and more efficient energy systems, in modern communication methods and information

technology, in electric cars, and in the development of all types of sustainability improvement systems. A unique aspect of metals is that they can be recycled any number of times, and Boliden's strategy is based on the fact that much more of the mature economies' metal requirements could be met through recycling – an approach that uses the metals

needed to replace old cars, phones or energy systems, rather than to increase the number of units per head of population. The populations of emerging economies, however, do not have an old phone or car to hand in for recycling. They are buying their first such devices and it is, therefore, vital from a global perspective, to combine primary metal production with metal recycling. We call this two-pronged approach "mining and urban mining".

The growth in demand for base metals has been stable for several decades now, but the industry is characterised by periodic sharp fluctuations in pricing. The industry is capital-intensive, changes in production capacity have long lead times, and relatively small surpluses or deficits in the global market trigger strong price reactions. The recent fall in metal prices is due to a combination of lower global growth rates, the expansion of several existing mines and the opening of many new ones.

The trend indicates a post-2016 shortfall in zinc concentrate, and this is expected to result in a better price trend than for many other metals. As for copper, the existing surplus on the mining side is expected to last for a number of years. Overall,

**“ All the major projects we have conducted in recent years are the result of cutting-edge expertise and market-leading technology, coupled with a systematic methodology for conducting projects with standardised processes. ”**

\* Wood Mackenzie Jan 2015

current market conditions are bringing about a downturn in mines' profitability but may well benefit smelters.

### Operating profit

Boliden posted an operating profit for 2014 of SEK 2,759 million as a result of higher volumes within both Mines and Smelters, higher zinc prices, better treatment and refining charges, and a favourable exchange rate climate. The Group's combined costs rose, year on year, due to higher production volumes. Boliden's increased focus on procurement has resulted in moderate cost increases, volume effects excluded.

Our exploration efforts have generated increases in mineral reserves and extended our mines' lifespans, while simultaneously enabling lower grade ores to be extracted profitably. These successes, coupled with the investments we have made, have enabled Boliden to develop into a company that reports steady years of profit, rather than a company that posts individual high profit years.

### How Boliden works

Ongoing improvement work seldom gives rise to huge headlines, but for a raw materials company in an investment-heavy sector, high productivity and low costs are the key to success.

Boliden's strategy is founded on improvement work structured and implemented in accordance with the New Boliden Way – our model for leadership and operations management. The work is based on all employees being well-informed and participating in our efforts to cut costs, stabilise processes, and cut out anything and everything that does not help boost our competitiveness. The work focuses on starting by making inexpensive, simple changes and then moving on to bigger and often more complex projects. Small investments often target the eradication of bottlenecks that are relatively easy to eliminate. The P100 project carried out at the Odda smelter between 2011 and 2013 is a good example of an important bottleneck elimination that yielded big returns. Odda has performed well since the project was concluded and in 2014, the return on capital employed at the smelter exceeded 15 per cent, and this led, in turn, to the decision to invest a further NOK 350 million in a new bottleneck elimination project. Boliden is continuing to work with similar efficiency enhancing and remedial action programmes at other units, including the Rönnskär copper smelter and the Tara zinc mine. Rönnskär expects to make per annum improvements in the operating profit of SEK 275 million by 2017, taking 2013 as the base year, by cutting costs and investing in increased process stability. At Tara, a remedial action programme over the past two years has resulted in a reduction in the workforce from 700 to under 600.

The initial profitability of very large investments is often low, but they do bring about numerous smaller but extremely profitable bottleneck investments in their wake. Aitik 36, which was inaugurated in 2010, was Boliden's biggest ever project, and after a few years of fine-tuning, the concentrator's capacity is now higher than anticipated and we are currently making a number of small investments and improvements that will increase production there further still.

The newly inaugurated Garpenberg expansion is Boliden's second biggest ever investment and has proved to be an extremely

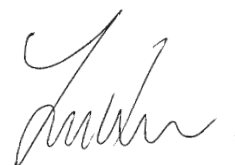
successful project that will help boost Boliden's profits for many years to come.

### The next 90 years

We celebrated Boliden's 90th anniversary in a number of different ways in 2014. We have come a long way from where Boliden started – the rich gold deposit discovered in Fågelmýran in Västerbotten in 1924. The Group now comprises nine mines in five mining areas and five smelters. Two of the mines – Aitik and Garpenberg – are world leaders in terms of productivity, and the Rönnskär smelter is the world's leading recycler of electronic materials. All the major projects we have conducted in recent years – Aitik 36, Rönnskär, Kankberg and Garpenberg – have been completed according to plan and most were also within budget. They are all the result of cutting-edge expertise and market-leading technology, coupled with a systematic methodology for conducting massive projects with standardised processes.

Base metals such as copper and zinc have a key part to play in today's society. For a capital-intensive company with long lead times, operating in a volatile sector, it is vital to have a stable base and maintain a steady course. Boliden's current position is not about coincidences and chance: it is the result of advance planning, taking a long-term view, and the contributions of an extremely dedicated workforce. This is the spirit in which we will continue to work and we look forward to yet another interesting and challenging year.

Stockholm, February 2015



Lennart Evrell  
President & CEO



# The Boliden share

The Boliden share is listed on the NASDAQ Stockholm Exchange in the Large Cap segment. The share price rose by 27 per cent during the year and consequently outperformed both the Stockholm Stock Exchange and the sector index.

## Trading in the Boliden share

A total of 1.3 billion Boliden shares with a total value of SEK 137 billion were traded in all marketplaces in 2014.

NASDAQ Stockholm accounted for 53 per cent of the trading in the Boliden share. Trading in the Boliden share on the NASDAQ Stockholm rose in 2014, with a total of 657 million (587 m) shares traded at a value of SEK 70 billion (SEK 58 b). An average of 2.6 million (2.3 m) shares were traded per trading day on the NASDAQ Stockholm. The Boliden share accounted for 2.1 per cent (2.0%) of the total number of shares traded on the NASDAQ Stockholm.

The largest marketplace after NASDAQ Stockholm was BATS Chi-X Europe, which accounted for 33 per cent of the trading in the share.

## Price trend and dividend

The price of the Boliden share rose by 27 per cent, in contrast to the Euromoney Global Mining Index in SEK, which fell by 3 per cent. The OMX Stockholm 30 index rose by 10 per cent. The price trend

during the year has primarily benefitted from the trend in zinc prices and TC/RC and from favourable exchange rates.

At the end of 2014, the Boliden share was quoted at SEK 125.50 (SEK 98.45) on the NASDAQ Stockholm, corresponding to a market capitalisation of SEK 34.3 billion (SEK 26.9 b). In common with other raw materials companies, the variation in the value of the Boliden share is, on average, greater than for the broad stock market indices. The beta value of the Boliden share over the last five years against OMXSPI is 1.50.

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 2.25 (SEK 1.75) per share be paid for 2014. The proposed dividend corresponds to 32.4 per cent (37.0%) of the net earnings per share and a dividend yield of 1.8 per cent (1.8%), calculated on the basis of the share price at the end of the year.

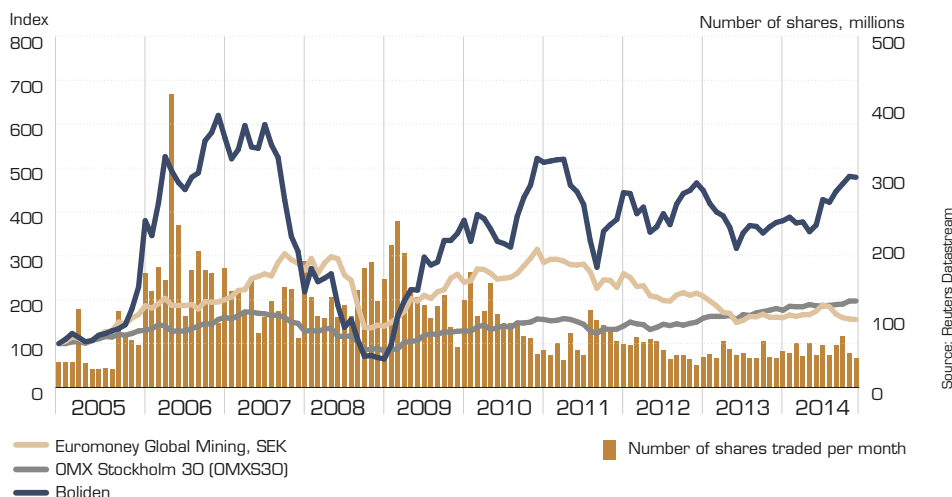
The Boliden share's total return (the sum of the dividend paid and the price trend) over the most recent 10-year period was, on average, 20 per cent per annum.

## Share capital

There are a total of 273,511,169 Boliden shares. Every share has a nominal value of SEK 2.12 and the share capital totals SEK 578,914,338. Boliden's share capital comprises a single class of share in which every share has the same voting power and grants the same entitlement to dividends. The Boliden Articles of Association contain no provisions restricting the right to transfer shares or any limitations with regard to the number of votes that a shareholder can exercise at General Meetings of the company's shareholders. Boliden does not hold any of its own shares, nor has it issued any shares in 2014.

Boliden is unaware of any agreement between shareholders that may entail restrictions on the right to transfer shares in the company. Boliden is not party to any significant agreement affected by any public buyout offer. Boliden has no shareholders who, either directly or indirectly, represent at least one tenth of the total number of votes for all shares.

## Share price, sector index and OMX



**Share price, sector index and NASDAQ Stockholm.** The share price rose by 27 per cent during the year and consequently outperformed both the Euromoney Global Mining sector index in SEK, which fell by 3 per cent, and the OMX Stockholm 30 total index, which rose by 10 per cent.



## Ownership structure

Boliden had 77,965 (90,963) registered shareholders on 31st December 2014.

Approximately 59 per cent (41%) of the shares were owned by foreign shareholders. The ten biggest single shareholders represent 25 per cent of the share capital.

Boliden's employees hold shares, via profit sharing foundations, for which voting rights cannot be directly exercised. The foundations held 338,613 (700,113) shares at the end of the year.

The table to the right shows Boliden's ownership structure on 31st December 2014.

## Shareholder information on the website

Boliden's website, [www.boliden.com](http://www.boliden.com), provides information on Boliden, the performance of the Boliden share, metal prices and currencies, and financial reports, a list of the analysts who monitor Boliden, and details of how to contact Boliden. Presentations of Interim Reports and capital market days are also available on the website.

### Distribution of Boliden shares on 31st December 2014

Shareholding	Number of shareholders	Number of shares	Holding, %	Votes, %
1 – 500	60,614	9,354,308	3.4	3.4
501 – 1 000	8,806	7,532,063	2.8	2.8
1 001 – 5 000	6,836	15,497,857	5.7	5.7
5 001 – 10 000	737	5,605,399	2.1	2.1
10 001 – 50 000	576	12,993,192	4.8	4.8
50 001 – 100 000	124	9,092,109	3.3	3.3
100 001 –	272	213,436,241	78.0	78.0
<b>Total</b>	<b>77,965</b>	<b>273,511,169</b>	<b>100.0</b>	<b>100.0</b>

Source: SIS Ågarservice

### Boliden's 10 biggest owners on 31st December 2014

Percentage of capital and votes, %	
Norges Bank Investment Management	6.5
BlackRock Inc.	5.0
SHB fonder	2.8
Swedbank Robur fonder	2.8
AFA Försäkring	1.8
Söderbloms Factoringtjänst AB	1.7
Fidelity fonder	1.4
Danske Invest fonder (Sweden)	1.2
Seatown Master Fund	1.1
Första AP Fonden	0.9
<b>Total</b>	<b>25.2</b>

Source: SIS Ågarservice

### The share in brief

Marketplace	NASDAQ Stockholm
Short name	BOL
ISIN code	SE 0000869646
ICB code	1700
Highest price paid, 2014	SEK 129.90
Lowest price paid, 2014	SEK 90.70
Closing price, 2014	SEK 125.50
Market capitalisation, 31st Dec. 2014	SEK 34.3 billion
Turnover rate, 2014	237%
Number of shares	273,511,169
Beta value (5 years)	1.50

Source: NASDAQ Stockholm

### Annual total shareholder return on 31st December 2014

	1 yr.	3 yr.	5 yr.	10 yr.
Boliden	30%	11%	10%	20%
OMX Stockholm 30	14%	18%	13%	11%
Euromoney Global Mining, SEK	0%	-10%	-8%	7%

The average total shareholder return on the Boliden share over the past 10 years was 20 per cent per annum and 535 per cent for the period as a whole. Boliden's annual total shareholder return has outperformed the international mining index in all of the one-, three-, five-, and ten-year periods. The annual total shareholder return has, furthermore, outperformed the OMX Stockholm 30 index during the one- and ten-year periods, but was outperformed by that index during the three- and five-year periods.

Source: Reuters Datastream

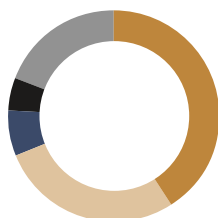
## Trading in different marketplaces



NASDAQ Stockholm	53%
BATS Chi-X Europe	33%
Boat	6%
Turquoise	3%
LSE	2%
Other	3%

Source: Fidessa

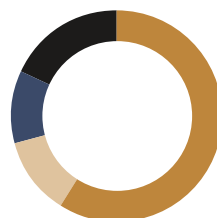
## Ownership by country



Sweden	41%
USA	28%
Norway	7%
UK	5%
Other	19%

Source: SIS Ågarservice

## Ownership by category



Foreign companies	59%
Swedish institutional investors	12%
Swedish equity funds	11%
Swedish private persons incl. close companies	18%

Source: SIS Ågarservice

## Trading in different marketplaces.

Stock market trading accounts for 60 per cent of all trade in the shares that make up the OMXS30 index. The corresponding figure for the Boliden share is 67 per cent.

## Ownership by country.

The percentage of foreign-owned shares increased during the year and totalled approximately 59 per cent at the end of the year.

# Strategy

A photograph of a worker in profile, facing left, at a mining or industrial site. The worker is wearing a yellow hard hat with a headlamp, safety glasses, and large orange protective gloves. He is holding a long, black, flexible tool or cable that extends upwards. The background is a blurred industrial environment with metal structures and equipment.

Boliden endeavours to maintain a leading position among medium-sized metals companies by operating competitive mines and smelters and by being the natural choice for business partners.

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	Boliden's market position	16
	Competitiveness	17
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Janne Narkilahti, Process Operator at Boliden's zinc smelter, Kokkola, in the process of lifting a 4,000 kg zinc jumbo (left). Boliden produced 468,000 tonnes of zinc metal in 2014.

More than half of the zinc used globally goes to galvanisation – protection of steel against corrosion. A thin coating of zinc on steel is enough to fight rust for over 50 years. Zinc for steel galvanisation, die-casting or use in the brass

industry can be alloyed with aluminium, nickel, magnesium and copper.

Boliden's products include zinc ingots and jumbos that meet the quality requirements for Special High Grade (SHG) with a minimum of 99.995 per cent purity. The end-users of zinc are in the automotive and construction industries, such as in the construction of this new building.

# Market and pricing trends

Global demand for metals is driven by the population growth and urbanisation that goes hand-in-hand with economic growth and increasing prosperity in more and more parts of the world. Housing and infrastructure investments – both of which require base metals – are increasing. The average trend on base metal prices varied from one metal to another during the year, with zinc prices rising, while copper, gold, silver and lead prices fell. Treatment and refining charges for copper and zinc rose in 2014.

The demand for metals grows most rapidly in countries where the GDP per capita rises in the interval from USD 5,000 to USD 15,000 as societies develop from agricultural to industrial economies. Approximately one third of the world's population lives in countries where the per capita GDP is within this range.<sup>1)</sup> A high percentage still lives in countries with a per capita GDP of less than USD 5,000 and hence offer substantial potential for a sharp growth in demand for metals in future.

Demand for metals in mature economies is relatively constant, and still accounts for a significant percentage of the global demand for metals.

## Market trends in 2014

Global GDP is estimated to have risen by 3.3 per cent in 2014 in a growth rate on a par with the previous year. Growth levels in mature economies were 1.8 per cent (1.4%), while in developing countries, growth levels were 4.4 per cent (4.7%). Growth levels in the EU and the USA rose to 1.4 per cent (0.2%) and 2.4 per cent (2.2%), respectively. China's growth rate is calculated to have been slightly lower than in 2013, down from 7.8 per cent to 7.4 per cent.

Demand for Boliden's main metals, zinc and copper, is driven primarily by trends in the construction industry, with the emphasis on infrastructural projects, the transport sector and industrial activity levels. China is the biggest market for base metals.

## Industrial activity

The combined global industrial activity level is held to have been high during the first six months of the year, but to have decreased slightly in the latter six months. European industrial activity levels rose during the first half of the year, but levelled off during the latter half, while in the USA, the rate of increase remained high throughout the year. Growth levels continued to be high in China in comparison with the previous year, but did slow down slightly during the year.

## The construction market

Construction investments are adjudged to have risen on a global scale in comparison with the previous year. Activity levels in the European construction market rose from a low level. The recovery by the USA's construction sector was in its third year, still from a low level. Infrastructural investments in mature economies have remained at a low level. Construction activity levels in China remained high, but the rate of growth in construction-related investments was lower than during the previous year. Real



estate development increased, but the number of new construction projects launched was lower than in 2013, with a downward pressure on property prices in the major cities.

## The automotive market

Automotive production increased globally, but the growth rate was slightly lower than in the previous year. Automotive production in Europe increased in comparison with 2013 as a whole, but remained unchanged in the latter half of the year in comparison with the corresponding period in 2013. Production in the USA increased for the fifth year in succession, albeit at a slower rate than in 2013.

## Metal prices

Copper, zinc and lead prices are set daily on the London Metal Exchange (LME), while gold and silver prices are set daily by the London Bullion Market Association (LBMA), which is a collaborative organisation for parties trading in the market.

## Concentrate market trends

The balance between the supply of concentrate from the world's mines and the smelters' demand for mined concentrate determines the prices and terms between mines and smelters. Smelters' income is derived from treatment and refining charges, the metals that can be extracted in excess of the amount paid by the smelters to the mines, and other by-products. When concentrate is widely available across the market, treatment and refining charges normally rise, while the reverse applies when concentrate is in short supply.

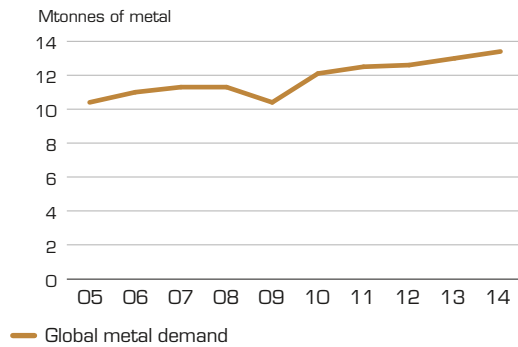
## Metal premiums' trend

Boliden's main metals – zinc and copper – are primarily sold to industrial customers in Europe. The regional balance between the demand for metals and smelter capacity, coupled with shipping costs and terms of payment, determine the level of metal premiums, which comprise local surcharges on the metal prices set on the LME.

<sup>1)</sup> International Monetary Fund, October 2014.

# Zinc

## Demand trend



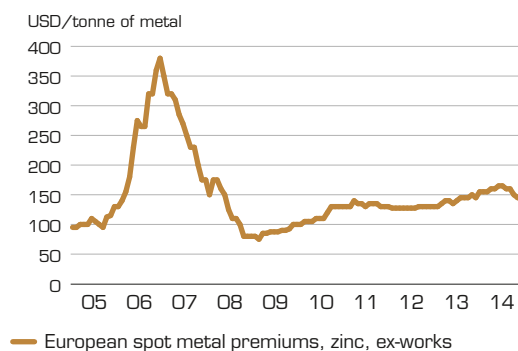
Source: CRU, Jan. 2015

## Price trend



Source: Thomson Reuters

## European spot metal premiums



Source: CRU, Jan. 2015

## Treatment charges (TC)



Source: CRU, Jan. 2015

## The zinc market

The average price of zinc on the LME rose by 13 per cent in comparison with 2013. The price was stable during the spring, rising in the summer to a peak of almost USD 2,400/tonne. The price subsequently fell slightly, and by the end of the year, it was USD 2,167/tonne, corresponding to a year on year price rise of 4 per cent.

Global demand for zinc increased by approximately 3 per cent in 2014 to just under 13.4 million tonnes. Demand in China increased by 4 per cent to 6.0 million tonnes, corresponding to approximately 45 per cent (45%) of global consumption. Demand elsewhere in the world increased by just under 2 per cent. Mature economies saw a strong growth in demand during the first six months of the year but lower growth during the latter half of the year due to lower levels of industrial activity.

Global production of zinc metal by zinc smelters totalled approximately 13.2 million tonnes, corresponding to a year on year increase of just under 3 per cent and due, in the main, to an 8 per cent increase in production in China. China's share of global production increased to 43 per cent (40%). Production levels in mature economies were on a par with levels in 2013, while in developing countries (with the exception of China), levels fell by just under 3 per cent, largely due to the 9 per cent fall in production in India, where concentrate supply was limited by sharply falling levels of mined production.

Global mined production of zinc concentrate remained on a par with levels in 2013. China reported moderate growth in production in 2014 after several years of high levels of production growth. Production in the rest of the world collectively fell slightly. Production did increase slightly in Europe and North America, and remained unchanged in South America, but fell sharply in Asia, with the exception of China, primarily due to substantially lower production levels in India.

## European metal premiums

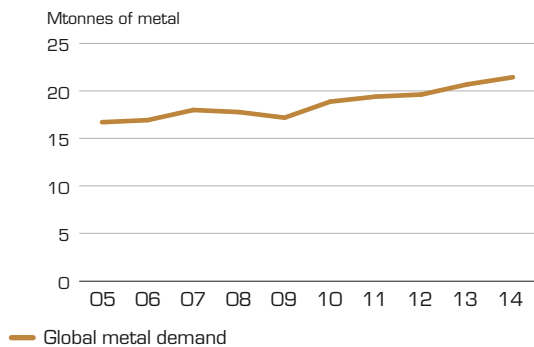
The European contract premiums for zinc remained on a par with those in 2013. The European spot market premiums increased to approximately USD 157 (USD 142) per tonne of metal, but fell slightly towards the end of the year.

## Treatment charges

Smelters' demand for concentrate outstripped mined production, but the spot market treatment charges rose in 2014 due to the presence of inventories in the market. The annual treatment charge negotiations in 2014 resulted in benchmark contracts with a higher price level than in the previous year and the price sharing clauses that apply between zinc mines and smelters resulted in the realised treatment charges rising by a total of 12 per cent in comparison with 2013 as a whole. The margin between realised treatment charges in benchmark contracts and spot market treatment charges shrank in 2014, particularly in Europe.

# Copper

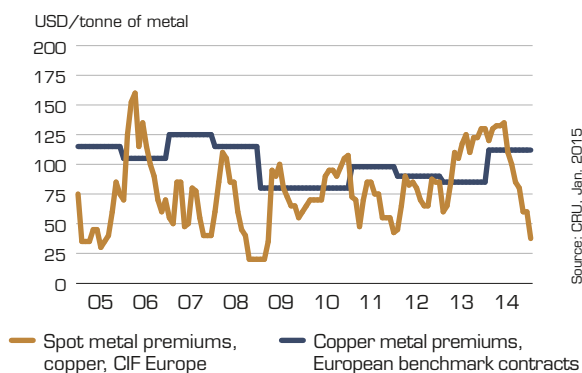
## Demand trend



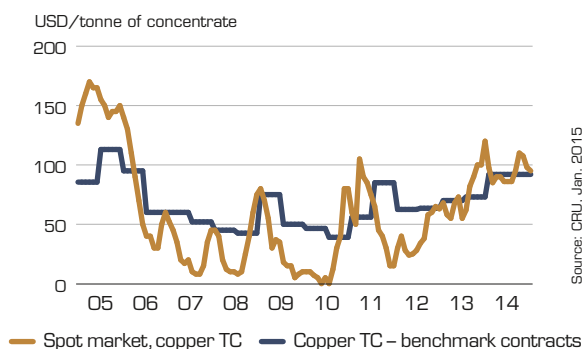
## Price trend



## European metal premiums



## Treatment charges (TC)



## The copper market

The average price of copper on the LME fell by 6 per cent in 2014, year on year. The price fell sharply at the beginning of the year but recovered by the halfway point of the year, only to fall once again, and by the end of 2014, the price was USD 6,359 per tonne, corresponding to a 14 per cent fall, year on year.

Global demand for copper increased by just under 4 per cent, year on year, to approximately 21.4 million tonnes. Demand in China increased by 5.5 per cent, and by just over 2 per cent in the rest of the world. The growth in demand in mature economies was high during the first nine months but low in the fourth quarter due to lower industrial activity growth rates. Demand in China totalled approximately 9.5 million tonnes and accounted for 44 per cent (44%) of global demand.

Global production of copper metal by smelters and refineries increased by approximately 5 per cent, year on year, and totalled approximately 21.6 million tonnes. Production increased in all regions with the exception of South and Central America, where production levels fell slightly. Production in China increased by 10 per cent and totalled approximately 6.8 million tonnes of copper in 2014. China's share of global production was just under 32 per cent (30%).

Global mined production of copper concentrate increased by just under 2 per cent, year on year. The launch of new mining projects proceeded more slowly than anticipated and Indonesia introduced duties on raw material exports at the beginning of the year. Several mining projects were launched in South America, resulting in an increase in production of just over 3 per cent. The rate of increase was, however, lower than anticipated due to production disruptions. Production in Asia remained unchanged, including a fall of approximately 21 per cent in Indonesia in the wake of the country's introduction of export taxes on raw materials.

## European metal premiums

European contract premiums for copper rose in comparison with 2013 due to copper metal being in short supply in Europe in the run-up to 2014. European spot market premiums remained high in the spring, but then fell quickly as market availability of the metal increased.

## Treatment and refining charges

Levels of concentrate production by the mines was on a par with levels of smelter production during the year, but it is thought that market stockpiles existed that were unavailable at the beginning of the year. Spot market treatment charges fell slightly in the spring but rose once more during the fourth quarter as the availability of mined concentrate increased. Spot price levels at the end of the year were slightly higher than in the benchmark yearly and half-yearly contracts. The benchmark contracts negotiated for 2014 totalled approximately USD 92 (USD 70) per tonne of concentrate in treatment charges and USc 9.20 (USc 7.00) per pound in refining charges.

New benchmark contracts for 2015 were set at approximately USD 107 per tonne at the end of the year.

## Lead

The average LME price of lead fell by 2 per cent in 2014, and by the end of the year, had reached USD 1,853 per tonne, corresponding to a fall of 16 per cent in comparison with the end of 2013.

Approximately half of the world's demand for lead is met through metal recycling and changes in the mined production of lead have less of an effect on the market balance than is the case for other base metals.

Global demand for lead metal increased by just over 2 per cent to 11.1 million tonnes. Demand in China increased by just over 3 per cent, and by just over 1 per cent elsewhere in the world. The demand for lead for automotive batteries, both for new cars and for the replacement market, increased.

The supply of mined lead metal concentrate tracks, to some extent, the mined production of zinc as lead is a by-product metal for many zinc mines. Global mined production increased by approximately 1 per cent in comparison with 2013 and there was a small surplus of concentrate.

### Price trend



## Gold and silver

The average price of gold fell by 10 per cent in 2014 and by the end of the year, the price was USD 1,199 per troy ounce, which was on a par with the corresponding period in the previous year. Gold has long been an important asset class among financial investors and is often regarded as a lower risk option in conjunction with a weak global economy and geopolitical uncertainty. Interest in gold as an investment alternative declined in both 2013 and 2014.

The price of silver was, on average, 20 per cent lower than in 2013 and by the end of the year, the price was USD 16 per troy ounce, corresponding to a year on year fall of 18 per cent. The supply of silver from mines and metal recycling has, for many years, exceeded demand from the manufacturing and jewellery industries, but prior to 2012, the surplus was taken up by financial investors. The subsequent decline in interest on the part of financial investors has resulted in a fall in the price of silver between 2012 and 2014.

### Price trend

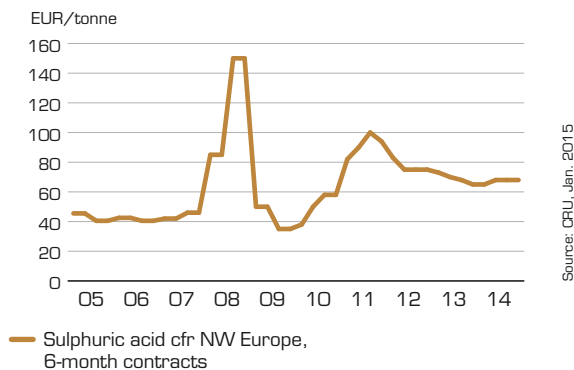


## By-products

Sulphuric acid is a by-product of the smelting process (primarily at copper smelters) and is mainly used in the fertiliser, pulp/paper, mining and petrochemical industries. Sulphuric acid must be stored in special tanks and it is vital, therefore, that smelters have an outlet for their sulphuric acid production and that there is a balance between demand for metal and sulphuric acid.

Demand for sulphuric acid in northern Europe was stable during the year in Boliden's key customer segments and the average prices were on a par with those seen last year. The average prices on the northern European contract market were also on a par with last year's levels, according to the analysis company, CRU, at EUR 67 (EUR 69) per tonne.

### Price trend - sulphuric acid

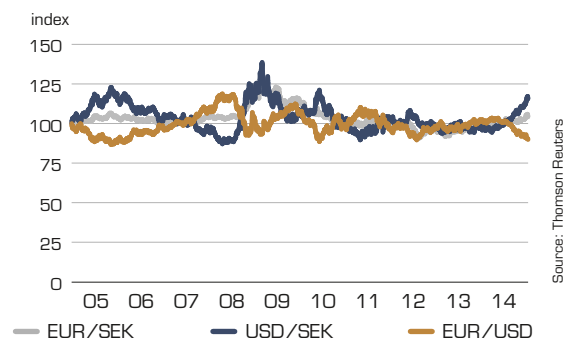


## Exchange rates

Boliden's revenues and costs for raw materials purchases are largely in USD, while its other costs are mainly in SEK, EUR and NOK, and the USD exchange rate consequently has a significant effect on the Group's operating profit. The Swedish krona continued to strengthen slightly against the US dollar during the first quarter of 2014, but then weakened substantially in the wake of the ECB's launch of new stimulus packages in early May. A softer approach on the part of the ECB as the US economy's performance strengthened, coupled with less vigorous stimulus measures, resulted in a strengthening by the US dollar. The US economy's outperformance of the European one resulted in a fall in the EUR/USD exchange rate of 12 per cent during the year from 1.38 to 1.21.

The Swedish Riksbank's interest policy was considerably more expansive than the market had expected during the year, and the policy rate was cut from 0.75 per cent to 0.00 per cent. The USD/SEK exchange rate, which was 6.48 at the beginning of the year, had risen to 7.81 by the end of 2014. The euro strengthened against the Swedish krona by 7.0 per cent from the level at the beginning of the year to 9.47 and the US dollar was an average of 5.0 per cent stronger against the Swedish krona and remained unchanged against the euro.

### Exchange rate trend



# Income model

The metals market comprises two sub-markets, namely the market for concentrates (raw materials), where mines and smelters are the market players, and the market for finished metals, where smelters and metal buyers are the market players. Boliden operates in both of these markets.

All sales of metal concentrate between Boliden's mines and smelters are made on market terms. Boliden's mines and smelters benefit from a number of synergies when it comes to metallurgy and marketing, e.g. improvements to the ways in which plans and investments are adapted in line with future market trends and with natural changes in the mines' metal mixes. There are numerous similarities between concentration and smelting processes and the cooperation between smelters and mines helps develop Boliden's technical expertise. Supplying the company's smelters with the company's own raw materials also offers advantages in the form of lower transport costs, more reliable deliveries and revenues, and a reduced need for stockpiling.

## The mines' gross profit

The bases for the mines' gross profit are the value of the metal concentrates produced. Boliden's concentrates primarily contain copper, zinc, lead, gold and silver and their value is determined on the basis

of the established metal prices and the amount of payable metals that they contain. The metal price is determined by the market price on the London Metal Exchange (LME) for base metals and the London Bullion Market Association (LBMA) for precious metals. Deductions for treatment and refining charges (TC/RC) and impurities (penalty charges) are made from the payable metal value of the concentrates and it is these factors, together with the metal prices, that determine the prices paid and charged by the mines and smelters. The payability in terms of the metal content, TC/RC levels, and impurities is determined via negotiations between mines and smelters and is determined by the global balance between mined production and smelters' demand for raw materials.

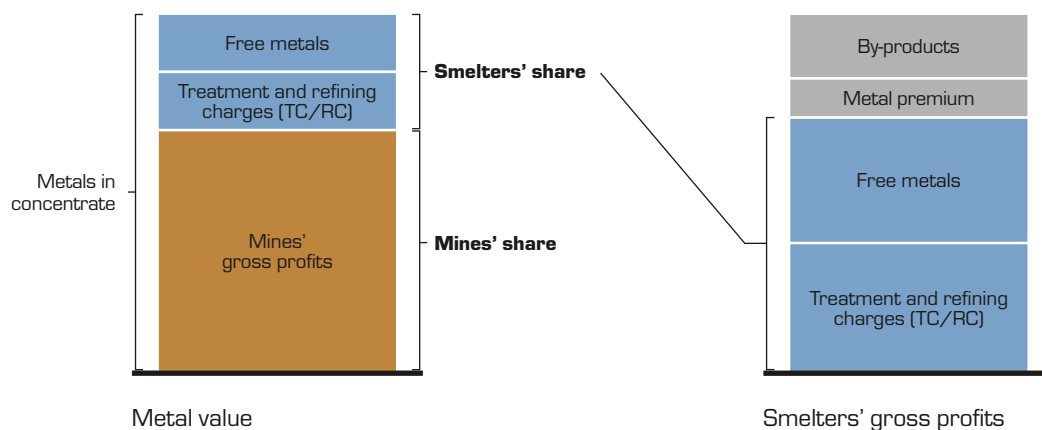
## The smelters' gross profit

The smelters' gross profit comprises treatment and refining charges and remuneration for impurities. The gross profit also includes what is known as free metals and

which corresponds to the difference between the amount of metal actually extracted and payable metal content in the concentrates supplied by the mines and for which the smelter has paid. A metal premium is usually charged in conjunction with the sale of finished metals and the premium is, consequently, also part of the gross profit. The premium is determined by regional supply and demand and includes such factors as transportation, special alloys and payment terms. Boliden sells most of its metals directly to industrial customers at a premium under contracts negotiated on an annual basis. These customer relationships are important to Boliden because they not only ensure more reliable demand, but help establish a stable cash flow.

The smelters' gross profit is also affected by the sale of by-products extracted during processing. The biggest by-product is sulphuric acid, but aluminium fluoride, sulphur dioxide, copper sulphate, nickel sulphate, cadmium and selenium are other important by-products.

## How the metal value is divided between mines and smelters (not to scale)







#### The base metals market's income components

LME price	A
The concentrate's payable metal content	B
Treatment charge (TC), metal concentrate	C
Refining charge (RC), payable metal content	D
Fees for impurities in the metal concentrates (penalty charges)	E
Extractable metal (recovery)	F
Income from the extraction of by-products in the smelting concentrate	G
Metal premiums	H

#### Mines' gross profit

Metal concentrates	A * B
Deductions for treatment and refining charges and impurities	– (C + D + E)

#### Smelters' gross profit

Treatment and refining charges and impurities	C + D + E
Free metals	(F–B) * A
Extraction of by-products	G
Value of metal premiums	F * H

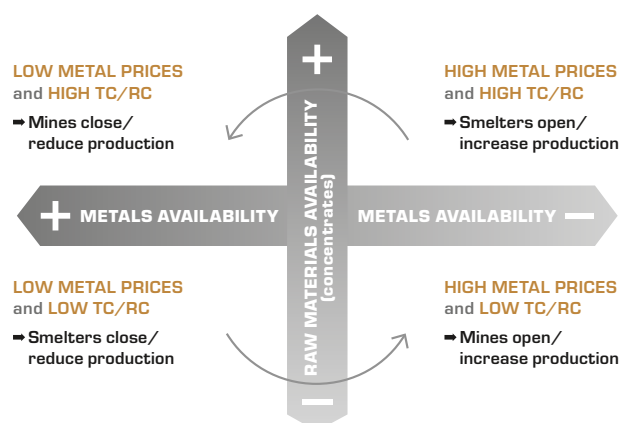
#### The metals market's cyclic pattern

The metal markets' price cycle is determined by the balance between the global supply of metals and global metal demand. Global mined production has, for many years now, limited supply, but the last two years have seen the opening of several new copper mines and the expansion of several others. A number of new smelters have also been built, particularly in China, but capacity utilisation levels have been lower than normal in recent years due to poor profitability. This balance affects both the price level on the metal exchanges where base metals are traded and the treatment and refining charges that form the basis for the pricing structure between the smelters and the mines.

Mines have a limited lifespan and the supply will consequently decline if new mines are not made operational. An increase in mine capacity requires assumptions with regard to satisfactorily high future prices in order to ensure that the mining companies' profitability requirements are met. When metal prices fall, the mining companies' incentives to develop new mines decline and a number of mines with high cash costs will be closed, at least temporarily. This results in limitations on mined production which halts the fall in metal prices, but means that treatment and refining charges fall and the smelters' profitability is threatened. This results, in turn, in production cuts or the closure of smelters, which leads to improved terms for the remaining smelters. A reduction or stagnation in metal supply results, in the long-term, in rising market prices for metals.

When the demand for metal then rises as the economic climate improves, metal prices and treatment charges rise. And after a period with higher metal prices and growing profitability, the mining companies will decide once again to expand mine capacity.

#### The metals market's cyclic pattern



# Market position

Boliden is one of the world’s biggest zinc mining and smelting companies and is Europe’s leading copper and nickel company. Boliden also enjoys world-leading positions in the recycling of electronic materials and of lead from batteries. Boliden’s position and expertise generate healthy preconditions for achieving our goal of being one of the best companies in the metals industry.

Boliden is the world’s fifth largest zinc mining company and the sixth largest zinc smelting company. Tara and Garpenberg are large zinc mines by international standards, while the Boliden Area is a smaller zinc producer. The Swedish mines, Garpenberg and the Boliden Area, also have income from several other metals, such as silver, gold, lead and copper, while Tara in Ireland has limited revenues from by-product metals. The Kokkola zinc smelter is a major zinc producer, while the Odda zinc smelter is a smaller plant.

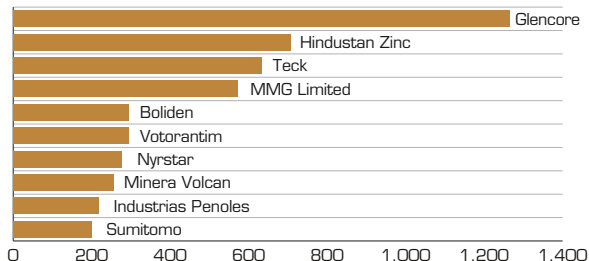
Boliden is smaller mining operator when it comes to copper, but is a significant producer of copper metal in Europe. The Aitik mine is a large copper mine, but low grades limit copper metal

production. Aitik has a high productivity level and also earns income from gold and silver. The Kylylahti mine is a small mine with high grades. The Rönnskär copper smelter is not only a major copper producer, but a world-leader in the field of electronic recycling. The Harjavalta smelter is a small operator when it comes to copper, but has the biggest nickel smelting capacity in western Europe.

Boliden is the eleventh biggest lead mining company in the world, but is a medium-sized lead smelting company in terms of primary lead. Boliden does, however, enjoy a prominent position in the European secondary lead market.

## The ten biggest zinc mining operators

Metal production 2014, Ktonnes

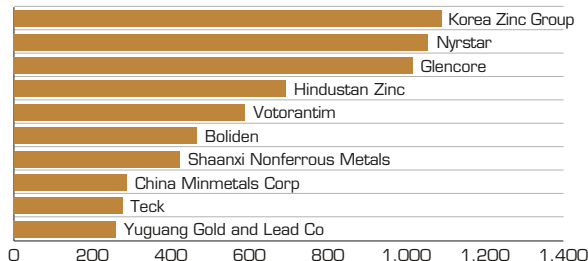


Boliden is one of the world’s ten biggest zinc mining operators.

Source: Wood Mackenzie, Dec. 2014

## The ten biggest zinc smelting operators

Metal production 2014, Ktonnes

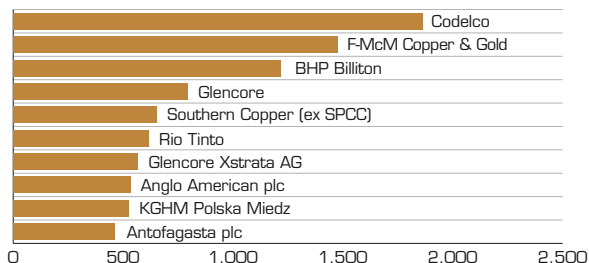


Boliden is one of the world’s ten biggest zinc smelting operators.

Source: Wood Mackenzie, Dec. 2014

## The ten biggest copper mining operators

Metal production 2014, Ktonnes

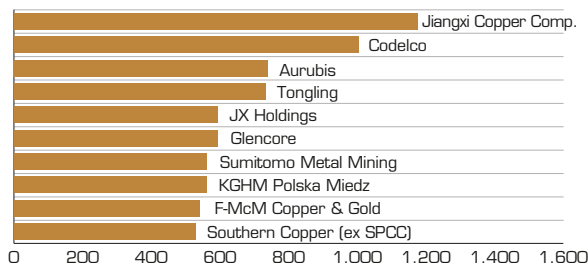


Boliden, with a production of approximately 80 Ktonnes, is Europe’s third largest copper producer. Globally, Boliden is a smaller operator.

Source: Wood Mackenzie, Dec. 2014

## The ten biggest copper smelting operators

Metal production 2014, Ktonnes



Boliden, with a production of approximately 350 Ktonnes is Europe’s third biggest player. Globally, Boliden is a smaller copper smelting operator.

Source: Wood Mackenzie, Dec. 2014

# Competitiveness

The prices of Boliden's metals are set on the global market and competitive costs are, therefore, critical to the company's long-term success. Cash cost is a commonly used metric in the mining industry that enables comparisons of the world's mines. Smelters can also be compared by means of a metric known as cash margin.

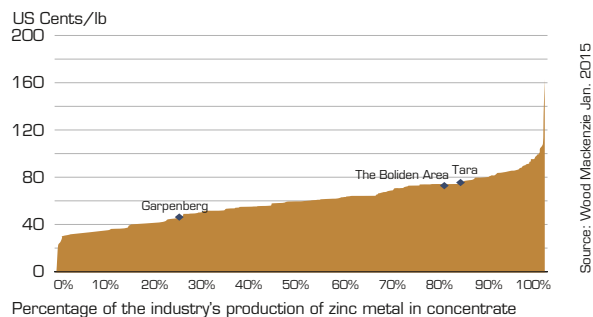
Mines' competitiveness is best shown by comparisons of what is known as their cash cost. A mine's cash cost comprises operating costs, treatment and refining charges, less revenues from by-product metals. The LME price minus a mine's cash cost gives a good idea of the mine's gross profit at different metal prices. Mines with weak competitiveness often have little or no income

from by-product metals, or low productivity, while competitive mines often have substantial income from by-product metals and a good operating cost level. Smelters' competitiveness depends on their cost level, their capacity to extract several metals from raw materials, to handle complex raw materials, and on strong customer relationships.

## Cash cost in the mining industry

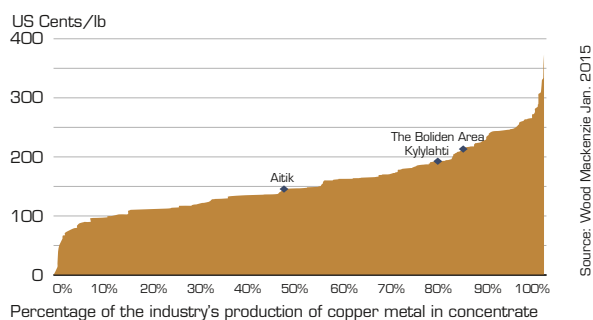
The graphs below show global cash cost curves for zinc and copper mines, with Boliden's mines highlighted. The curves are based on the estimates and assumptions of the research company, Wood Mackenzie. Boliden's own cash cost per mine data may differ from those of Wood Mackenzie due to differences in the basic input data. See page 113 for a description of the cash cost concept.

### Zinc – cash cost C1 composite costing



Wood Mackenzie's global cash cost compilation is used to compare mines' cost position. The cash costs at Garpenberg, Tara and in the Boliden Area are, based on this compilation, 48, 78 and 76 USc/lb. of metal, respectively. Garpenberg and the Boliden Area's figures are, in accordance with Wood Mackenzie's definitions, calculated using pro rata costing, while Tara's are calculated using normal costing.

### Copper – cash cost C1 composite costing

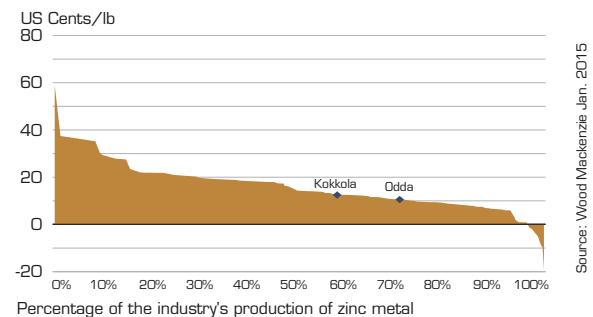


Wood Mackenzie's summary indicates that Aitik, Kylylahti and the Boliden Area have cash costs of 145, 190, and 221 USc/lb, respectively. The calculations for Aitik and Kylylahti are performed in accordance with normal costing, while those for the Boliden Area are performed in accordance with pro rata costing. Kylylahti's cash cost is based on Boliden's own estimates.

## Cash margins for smelters

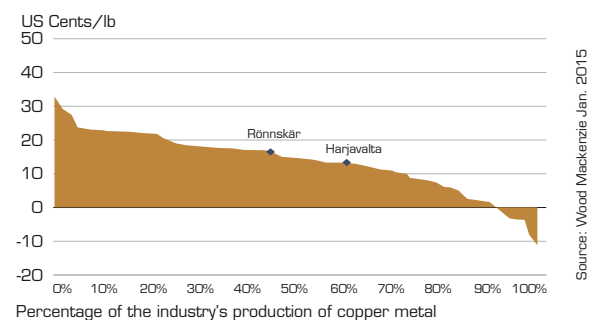
The graphs below show global cash margin curves for zinc and copper smelters, with Boliden's smelters highlighted. The curves are based on the estimates and assumptions of the analysis company, Wood Mackenzie. See page 113 for a description of the cash margin concept.

### Zinc – cash margin for smelters



Wood Mackenzie's global summary is used to compare smelters' margins. Based on this summary, Kokkola and Odda have cash margins of USc 12/lb of metal and USc 10/lb of metal, respectively.

### Copper – cash margin for smelters



According to Wood Mackenzie's summary, Harjavalta and Rönnskär have cash margins of USc 13/lb of metal and USc 17/lb of metal, respectively.

# Strategic orientation

Efficient and stable processes, financial strength and respect for people and the environment are the cornerstones of Boliden's long-term profitability and growth. Boliden's expertise within mines and smelters is central to the value creation, both in the day-to-day operations and in new projects.

## Mission

Boliden produces metals that make modern life work. Metals are vital to society's development. Boliden produces base and precious metals through exploration, mining operations, smelting operations, and recycling. No effort is spared, throughout Boliden's value chain, to live up to society's demands for safety, environmental consideration, and good ethical conduct.

## Vision

Boliden shall be a world class metals company. This means that Boliden shall be among the leading companies in the industry in terms of customer satisfaction, efficiency and responsibility. Boliden operates in a raw materials market in which the trade in metal concentrates and finished metals is global, while the customer base is regional. High levels of productivity and cost-effective production are critical to success in this volatile sector.

## Strategy

Boliden strives to be in a leading position among medium-sized metals companies by creating competitive mines and smelters and by being the natural choice for business partners. The primary focus for Boliden's mining operations is the creation of growth through increased exploration and investments in organic growth, coupled with improved productivity. For the smelters, meanwhile, the focus is on increasing profitability by reducing costs, improving process stability, and improving the ability to process complex raw materials.

Boliden's strategy can be summarised in terms of the following areas:

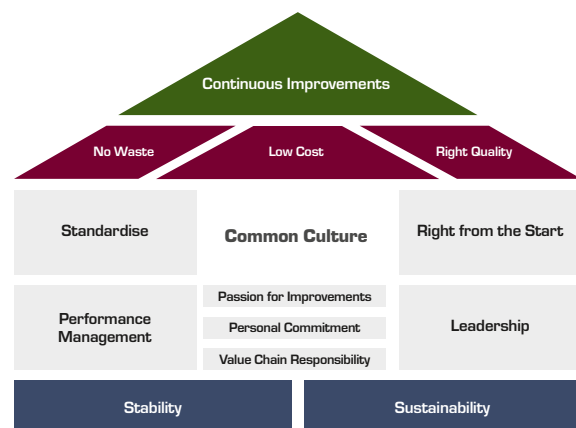
1. Stable and resource-efficient operations.
2. Elimination of production bottlenecks.
3. Expansion investments in in-house projects.
4. Acquisitions of producing mines and mine projects.

### Stable and resource-efficient operations

The New Boliden Way (NBW) constitutes the Group's overall methodology for developing productivity, stability and quality. NBW describes how Boliden will develop into a world class metals company, respected for its ability to generate added value for its customers, shareholders and other stakeholders. NBW is integrated into the day-to-day operations in order to ensure high standards and a level of competitiveness that stands up well to international comparison in every aspect of the operations. The aim of NBW is to implement value creation, as well as attitudes and actions that will promote a spirit of continuous improvement in every aspect of our operations, supported by the unwavering commitment of every single Boliden employee.

Stability and sustainability are the cornerstones of NBW and the basis of Boliden's development. Boliden's values – passion for improvements, personal commitment and value chain responsibility – are shared by everyone within the company and act as guidelines for our development as a company. Recurring processes shall be based on standards and act as the cornerstones for continuous improvements. The improvement work is driven both by personal leadership and good example.

### Who we are



Ultimately, NBW is all about Boliden's future competitive advantages and has helped Boliden make extensive improvements and advances in efficiency in the past few years.

### Elimination of production bottlenecks

Increased stability and productivity at existing plants boost growth by enabling higher volumes to be produced without the need for major investments. The elimination of production bottlenecks can free up spare capacity throughout the value chain and normally leads to high levels of value generation. Examples may include increased automation that results in improved machine availability, or minor investments in technology that reduce the time spent on servicing and maintenance and reduce the risk of unexpected production stoppages.

### Expansion investments in in-house projects

Boliden has, in addition to its work on enhancing efficiency, been investing substantial resources in various growth projects for a number of years now. These investments have taken the form both of numerous expansion investments in existing mines and facilities and of

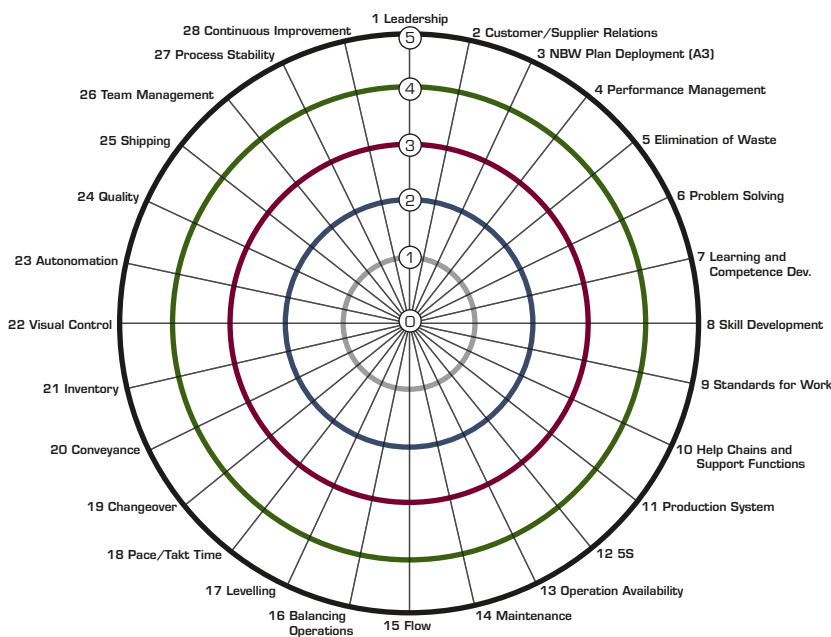
increased investment in exploration. The augmented capacity at Garpenberg and the new silver extraction facility at Kokkola have both come on line in 2014. Decisions have also been taken to increase ore production at Aitik to 45 Mtonnes per annum and zinc production at the Odda smelter to 200 Ktonnes per annum.

### Acquisition of producing mines and mine projects

Boliden is constantly evaluating potential acquisition opportunities. This involves both operational mines and new mine projects. Any potential acquisition must enable Boliden to generate additional value through its knowledge and expertise within the sphere of exploration, mining operations, concentration techniques and metallurgy. Boliden has participated in numerous acquisition discussions over the years but previously the acquisition prices have been too high to meet Boliden's yield requirements and the company has, rather than acquiring mines or

mine projects, utilised its financial and personnel resources to invest in organic growth because the investment calculations have proved more favourable.

The Kylylahti mine in eastern Finland and exploration rights in the Outokumpu and Kuhmo fields were acquired in 2014. The areas offer good geological potential and Boliden adjudges its capacity for increasing the value of the assets by exploiting our expertise to be good. Boliden is a significant smelting company in Finland and is now, as a result of the acquisition, a mining company there as well.



### How we do it

The spider diagram illustrates the elements that make up a complete implementation of NBW. It is also a tool for measuring the operations' current level in the overall implementation process. The implementation of improvements is broken down into 28 areas that allow each unit to choose those components that make the biggest contribution to improvements by the unit in question.

# Goals and goal fulfilment

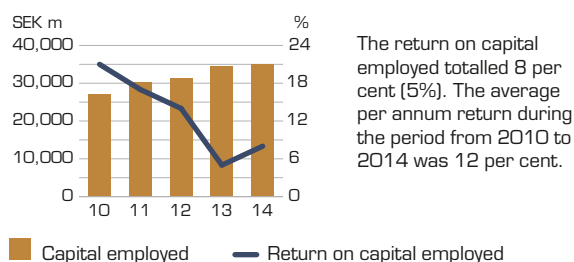
Boliden's overall goal is to focus on profitability throughout its operations in order to generate value for its shareholders while, at the same time, acting responsibly in relation to both people and the environment.

Boliden operates in a cyclic and capital-intensive industry in which long-term value creation is achieved through improvements in productivity, strict cost control and investments in profitable new production. Stable processes and financial

stability are prerequisites of sustainable growth and long-term value creation. Boliden communicates and follows up on both financial and sustainability goals.

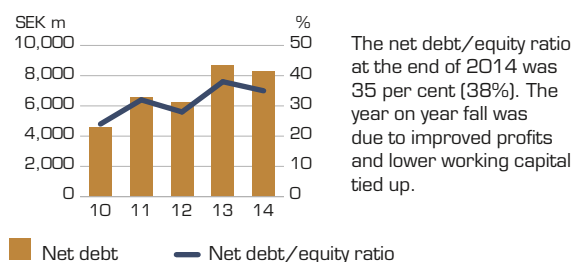
## Financial goals

### Returns



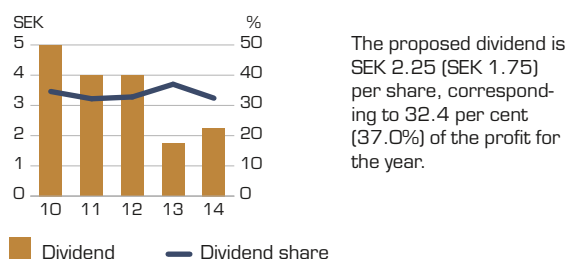
The investments Boliden makes shall generate a high return and shall be made in line with Boliden's strategy and available resources. The projects' internal interest rates shall be higher than Boliden's weighted average cost of capital (WACC), adjusted for a risk surcharge. The WACC before tax is currently nominally set at 12 per cent, which corresponds to 10 per cent in real terms. Calculations for major and long-term projects are normally conducted in real terms. They are based on forecast interest rates, metal prices, exchange rates, inflation and other relevant assumptions drawn from internal analyses and external assessments.

### Net debt/equity ratio



The net debt/equity ratio in an economic upturn shall be no higher than 20 per cent. The aim is to maintain a reasonable financial ability to act in a recession.

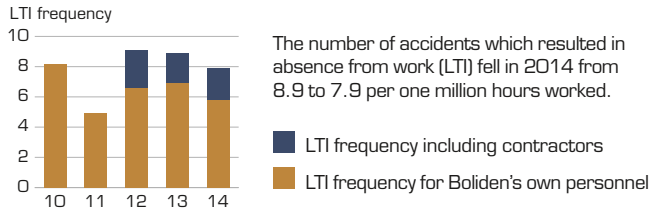
### Dividend



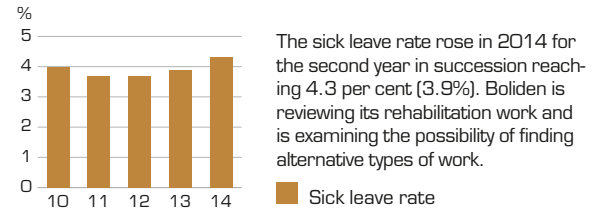
Boliden's dividend policy states that the dividend shall correspond to approximately one third of the net profit. The dividend share during the period from 2010 to 2014 totals 33.9 per cent of the aggregate net profit for the period.

## Sustainability goals – Social

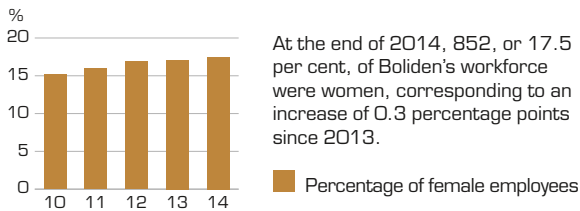
### Zero accidents resulting in absence from work (LTI)<sup>1)</sup> every month at all units



### A sick leave rate that does not exceed 3.0 per cent by 2018



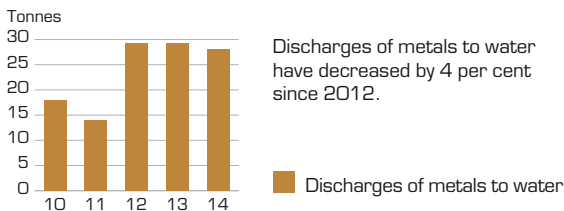
### Female employees shall comprise at least 20 per cent of the workforce by 2018



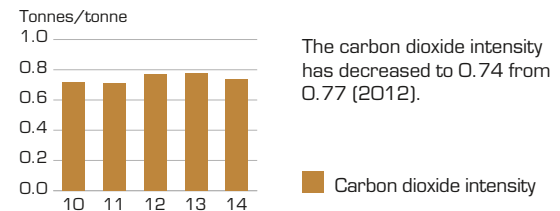
<sup>1)</sup> The accident frequency is reported, starting in 2012, for Boliden's own personnel including contractors. The accident frequency is measured as the number of accidents/one million hours worked. An accident is defined as an accident that occurs at work and which results in absence from work on the following day or for a longer period of time.

## Sustainability goals – Environmental

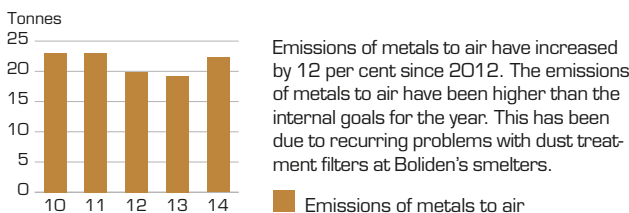
### Discharges of metals<sup>2,3)</sup> to water shall be reduced by 25 per cent by 2018



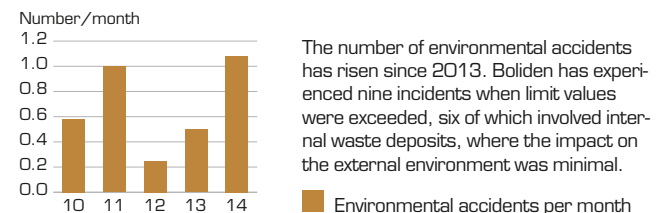
### Carbon dioxide intensity shall be stabilised at ≤0.77 tonnes of CO<sub>2</sub> per tonne of metal produced by 2018



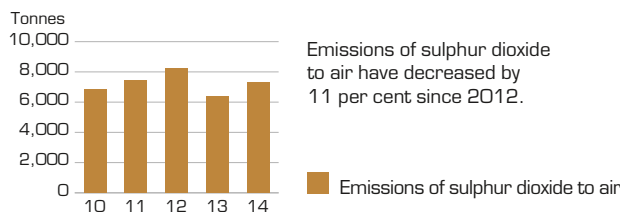
### Emissions of metals<sup>4)</sup> to air shall be reduced by 10 per cent by 2018



### Zero environmental accidents per month



### Emissions of sulphur dioxide<sup>3)</sup> to air shall be reduced by 10 per cent by 2018



Boliden has formulated a number of environmental goals for 2018, using 2012 as the base year. Additional comments on the results are provided in the section Sustainable development on pages 54–62.

<sup>2)</sup> Copper, zinc, lead, nickel, cadmium and mercury. From 2012, analyses also include arsenic and antimony.  
<sup>3)</sup> New measuring points have been added since 2012.  
<sup>4)</sup> Copper, zinc, lead, nickel, cadmium and mercury. From 2012, analyses also include mercury.

# Operations

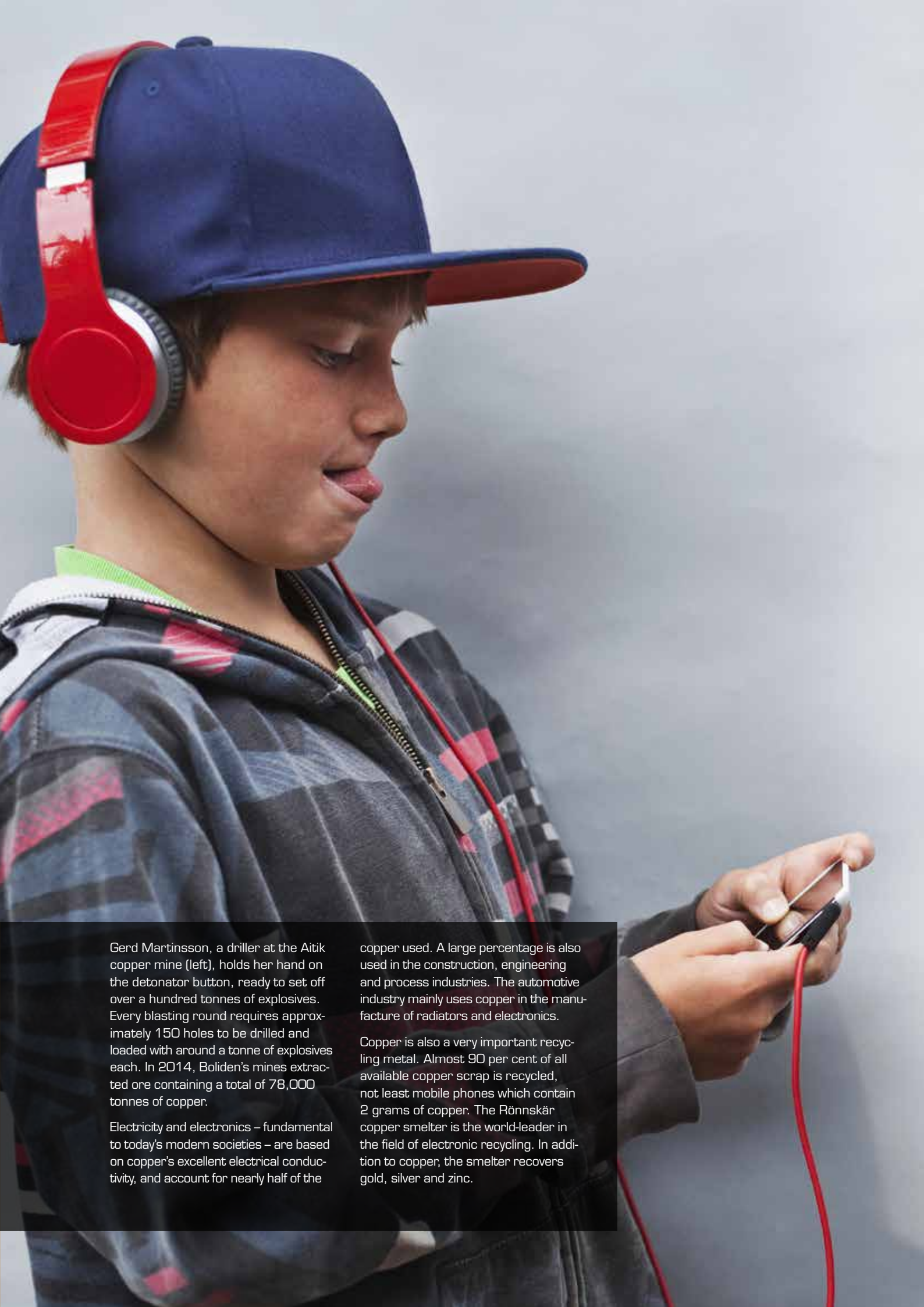


Boliden's operations are conducted in two Business Areas, Mines and Smelters, in Sweden, Finland, Ireland and Norway. The metals and by-products produced by Boliden are mainly sold to industrial customers in Europe.

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Gerd Martinsson, a driller at the Aitik copper mine (left), holds her hand on the detonator button, ready to set off over a hundred tonnes of explosives. Every blasting round requires approximately 150 holes to be drilled and loaded with around a tonne of explosives each. In 2014, Boliden's mines extracted ore containing a total of 78,000 tonnes of copper.

Electricity and electronics – fundamental to today's modern societies – are based on copper's excellent electrical conductivity, and account for nearly half of the

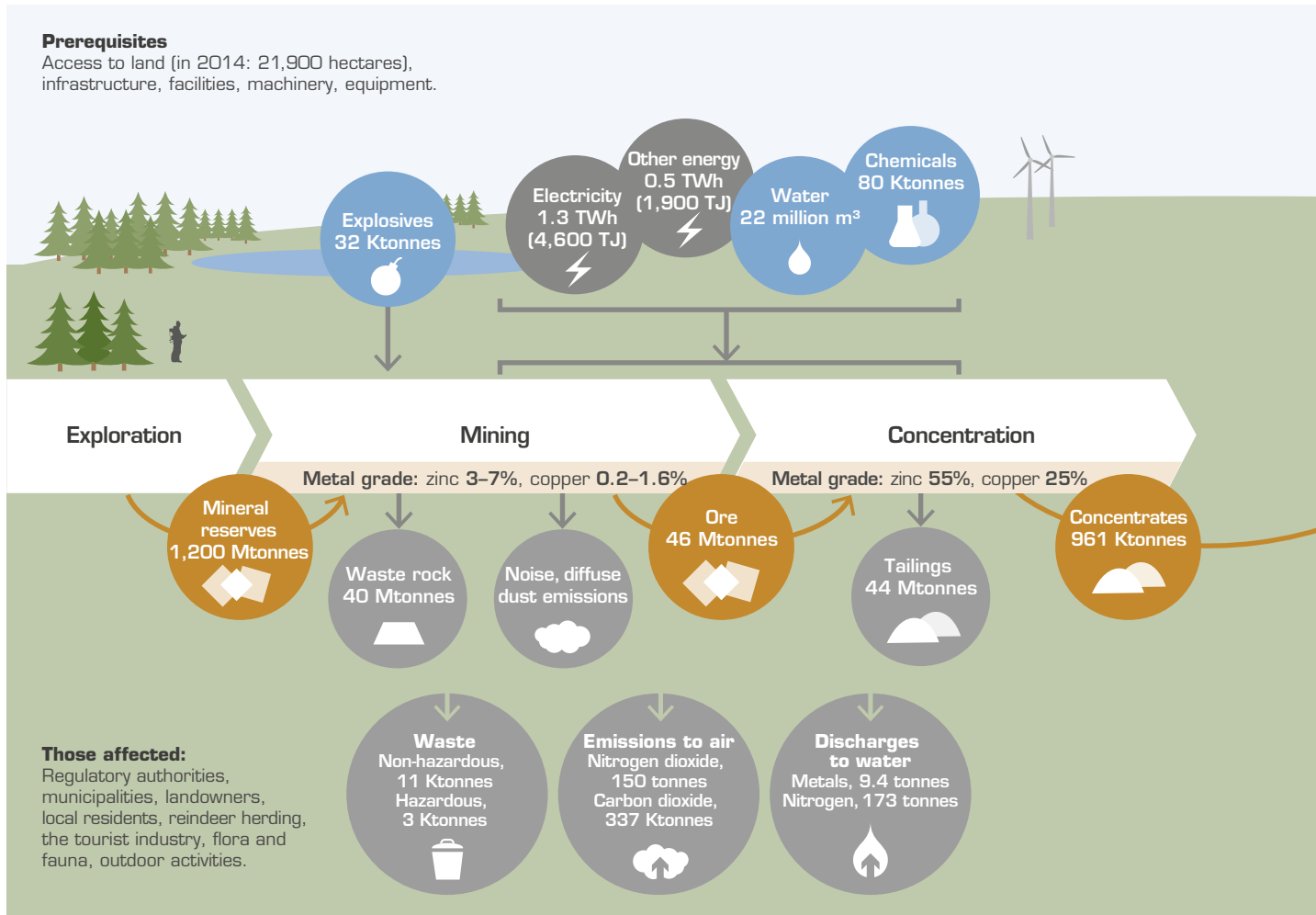
copper used. A large percentage is also used in the construction, engineering and process industries. The automotive industry mainly uses copper in the manufacture of radiators and electronics.

Copper is also a very important recycling metal. Almost 90 per cent of all available copper scrap is recycled, not least mobile phones which contain 2 grams of copper. The Rönnskär copper smelter is the world-leader in the field of electronic recycling. In addition to copper, the smelter recovers gold, silver and zinc.

# This is Boliden – from deposit to customer

Boliden’s value chain stretches from exploration to the sale of pure metals. Acting responsibly in relation to people, the environment and society is a central element in every link of the chain.

## Mines



### Exploration

Meeting the demand for metals and securing Boliden’s long-term growth requires extractable ore reserves, today and tomorrow. Exploration – the search for mineral deposits – is conducted both in the vicinity of existing mines and in new areas. Boliden’s exploration focuses on deposits that contain zinc, copper and precious metals. Maintaining a good dialogue and close cooperation with local residents, land owners and other stakeholders is of great importance, not least in order to ensure a good basis for the subsequent opening of a mine.

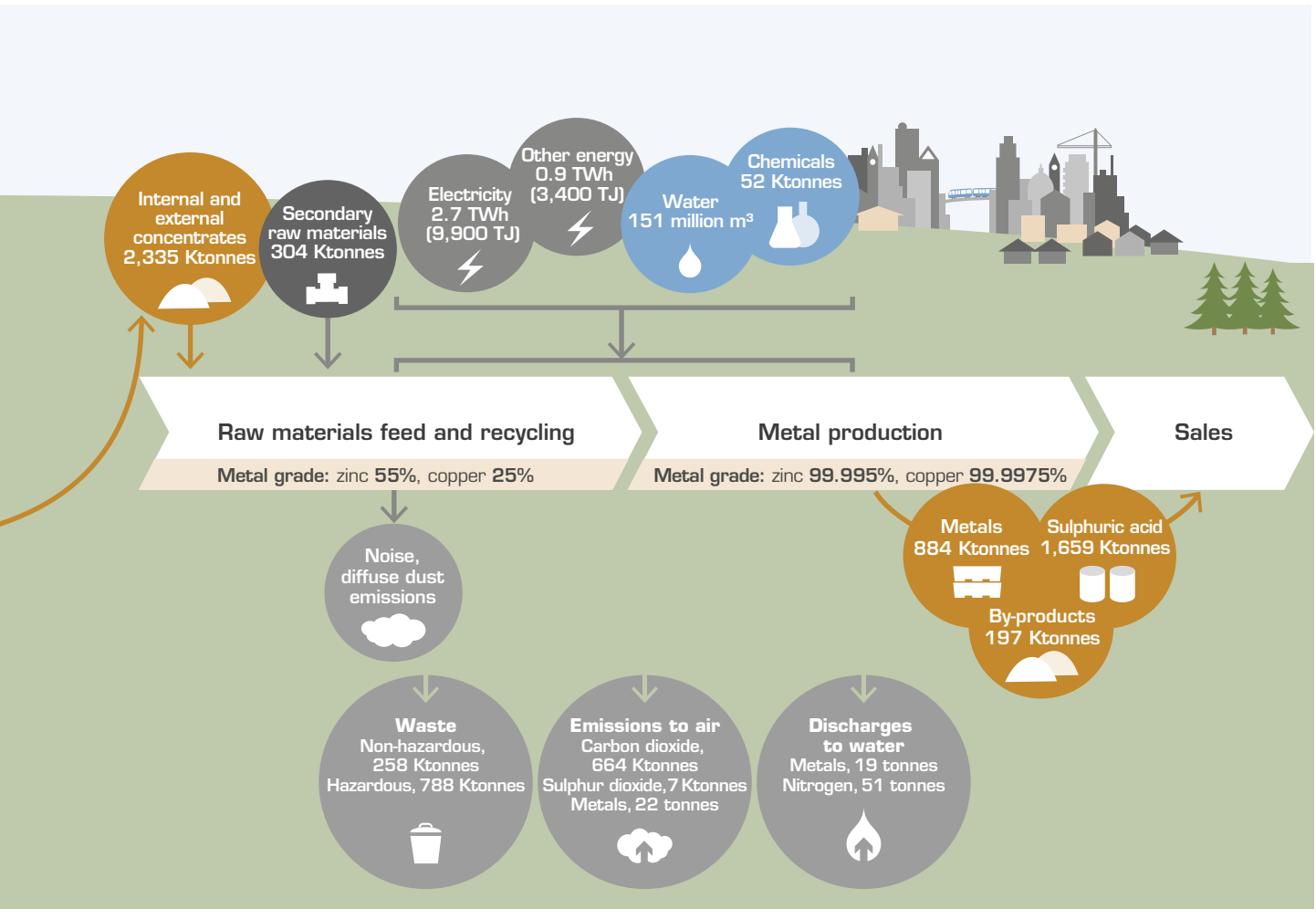
### Mining and concentration

Our in-house expertise in mine design, mining technology, and extraction methods coupled with a high degree of technology development, means that several of Boliden’s mines have achieved world class productivity. Boliden extracts ores from open-pit mines as well as underground mines.

The ores extracted are transported to concentrators in the respective mining area, where they are processed into metal concentrates. The majority of zinc and copper concentrates are further refined into metals at Boliden’s smelters. A certain volume of concentrates is sold to external customers.

Boliden’s mining operations play a key role in local development by providing employment opportunities, increased purchasing power and a basis for societal services. At the same time, mining operations impact the environment by bringing about changes in the landscape, causing emissions and discharges of metals to air and water as well as generating noise and dust. To Boliden, the safety of the company’s personnel and of others who are affected to varying degrees of its operations is always a top priority. Boliden has adopted a zero tolerance vision for workplace and environmental accidents and strives for a continuous reduction of the operations’ environmental impact.

## Smelters



### Raw materials feed, recycling and metal production

Boliden's five smelters possess a high degree of process-technological expertise, flexible smelting processes and an ability to produce high-quality metals from complex mined concentrates and secondary raw materials.

The smelters are supplied with concentrates from the Group's own mines and with concentrates and secondary raw materials from external suppliers. Handling large material flows, high temperatures and substances that, if handled wrongly, can be hazardous to health means that work on creating a safe work environment and a strong

safety culture is a top priority. The goal is to have zero workplace and environmental accidents and a continuous reduction of the operations' environmental impact.

The smelters produce zinc ingots, copper cathodes, lead ingots and gold and silver granules, along with a number of by-products such as sulphuric acid, zinc clinker, aluminium fluoride, liquid sulphur dioxide, palladium concentrate, and small quantities of a number of other metals.

### Sales

The majority of Boliden's metals and other products are sold to industrial customers in Europe. Zinc is supplied to steel companies, amongst others, while copper is supplied to manufacturers of wire rod, copper rods and copper alloys. The automotive and construction industries are important end-consumers of base metals. Many of Boliden's by-products are sold as raw materials to other industries.

# This is exploration

Exploration is the prerequisite of long-term mining operations and growth. Boliden has cutting-edge expertise in exploration and is a European industry-leader in this field.

## Boliden's exploration areas

Boliden's exploration is primarily conducted in existing mining areas – what is known as mine-site exploration – and focuses on ores that contain zinc, copper and precious metals. Boliden also conducts field exploration in order to identify deposits in new areas in Sweden, Finland and Ireland.

### Ireland

1. Tara – Zn, Pb

### Sweden

2. Aitik and Norrbotten – Cu, Au, Mo  
Salmijärvi, Liikavaara, Laver
3. The Skellefte field – Zn, Cu, Pb, Au  
Kristineberg, Maurliden, Maurliden Östra,  
Renström, Kankberg
4. Along the western mountain range – Zn, Pb
5. Garpenberg and Bergslagen – Zn, Pb

### Finland

6. The Outokumpu field and Kuhmo – Cu, Zn, Ag, Au, Ni



## Boliden's exploration

Exploration involves identifying, prioritising and investigating areas in order to locate mineral deposits. Mineral reserves and mineral resources are the basis of a mining company's operations. Successful exploration means that mineral reserves and resources increase at a higher rate than mined production and thereby generate the conditions for long-term growth. Boliden focuses primarily on identifying ores that contain zinc, copper and precious metals, such as gold and silver.

Exploration can be divided into field exploration, which involves searching new areas, and mine-site exploration in the vicinity of already operational mines and the acquisition of exploration projects from other companies.

Boliden's strategy in recent years has been to prioritise mine-site exploration, principally because it has been very successful, but also because the lead time from deposit identification to production is shorter and the geological conditions are favourable. Mine-site exploration is being conducted in all of Boliden's mining areas, including the newly-acquired Finnish mine, Kylylahti. Exploration successes have gradually lengthened the lifespan of the majority of Boliden's mining areas, such as Garpenberg,

where successful exploration work resulted in the identification of completely new ore bodies, resulting in substantial increases in mineral resources and mineral reserves that enabled Garpenberg's expansion and extended the mine's lifespan.

The scale of field exploration has increased over the years and involves securing the company's long-term survival with the help of completely new ore deposits. Extensive exploration in the Boliden Area has indicated new mineralisations at greater depths and in the vicinity of the ores currently being mined. A new international exploration department was also set up in 2014. Boliden carries out field exploration in Sweden, Ireland and Finland using its own resources, and via partnerships in Finland and on Greenland.

Exploration is associated with uncertainties and risk, not least due to the time factor. Between five and ten years may often pass between the initial investigations and a decision being taken to open a mine.

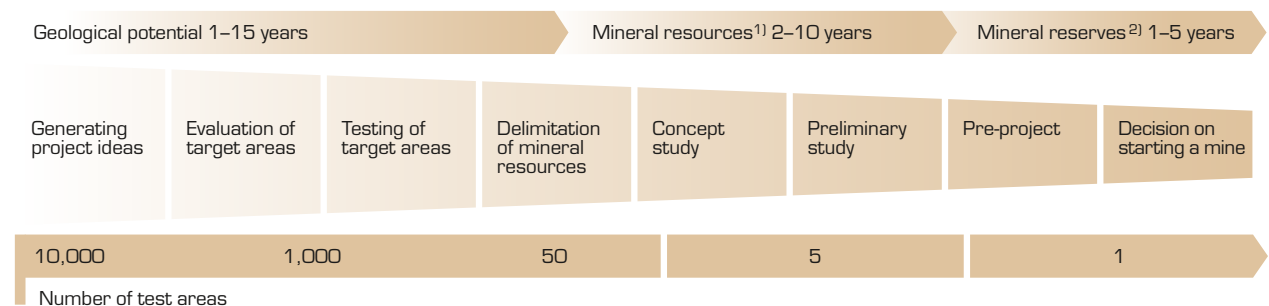
121,770 m of test drilling was carried out in 2014. The cost of the exploration activities totalled SEK 279 million (SEK 298 m).

For more information on Boliden's mineral reserves and mineral resources, see pages 109–112.



Mine geologists at Boliden's newly acquired copper mine, Kylylahti, examine results of recent test drillings. Boliden also acquired copper/nickel deposits in the Outokumpu field in eastern Finland in conjunction with its purchase of Kylylahti.

## From exploration to mine

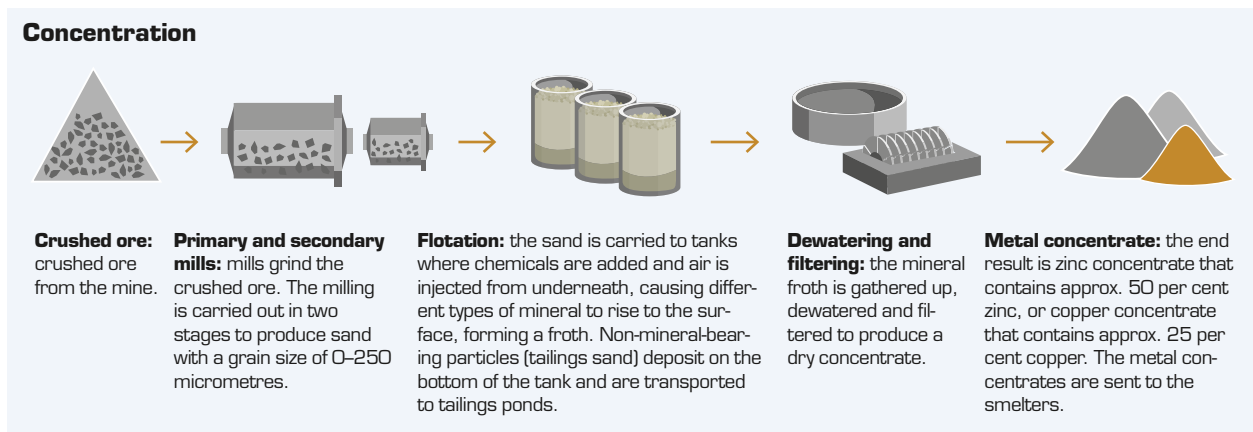
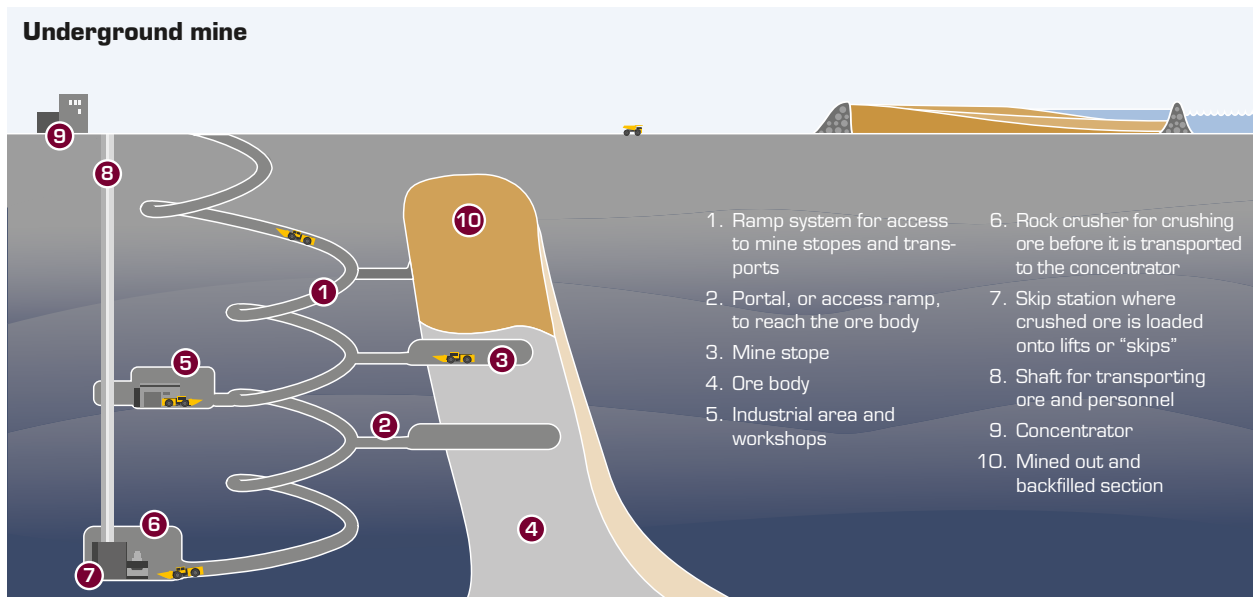
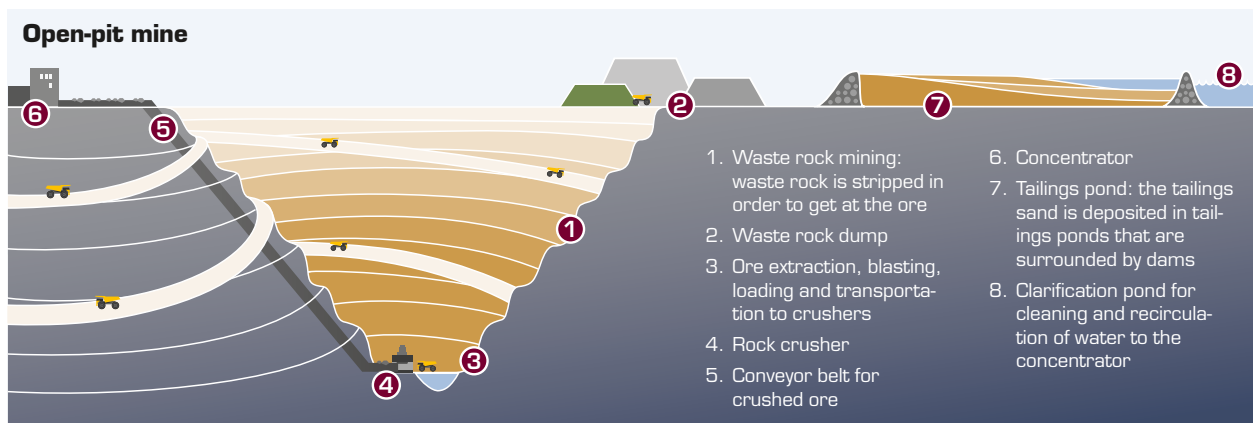


<sup>1)</sup> Mineral resources are those parts of an indicated deposit that may be commercially extractable but which do not qualify for classification as a mineral reserve due to insufficient knowledge.

<sup>2)</sup> Mineral reserves are those parts of an indicated deposit that can be reliably mined and processed in accordance with the company's profitability requirements.

# How mines work

Boliden has both open-pit mines and underground mines. The geometry and composition of the ore body determine how it is mined and which concentration processes are used. The ore is ground to a fine sand in the concentrator and metal-bearing elements are then separated out from waste rock using a variety of different concentration methods. These are followed by dewatering and filtration, and the concentrates are then shipped to the smelters.

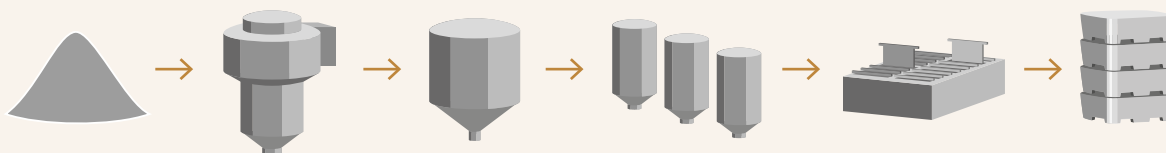


# How smelters work

Boliden's smelters refine mined concentrates and secondary materials into pure metals. The metals are separated out with the aid of high temperature reactions or by means of leaching.

## Zinc smelters

The zinc process comprises five main stages including roasting, leaching, purification and electrowinning, before the finished zinc is smelted and cast into ingots. Zinc smelters are extremely energy-intensive.



**Metal concentrate**  
Metal concentrate from mines usually comprises approximately 50 per cent zinc.

**Roasting**  
The concentrate is roasted in a furnace in order to remove the sulphur. The result is what is known as calcine, which comprises approximately 60 per cent zinc. The so-called direct leaching method enables the roasting stage to be eliminated.

**Leaching**  
The calcine is leached with sulphuric acid in order to precipitate out and filter off the iron content. The result is a zinc sulphate solution with small amounts of impurities.

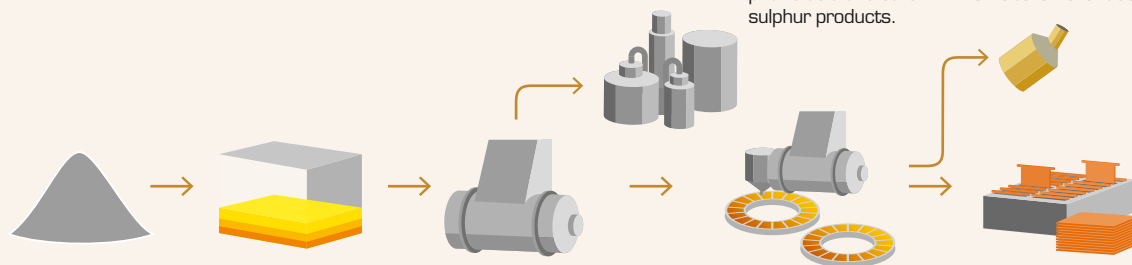
**Purification**  
The zinc sulphate solution is purified in three stages to remove any copper, cobalt, nickel and cadmium, after which it contains approximately 150 grams of zinc per litre of solution.

**Electrowinning**  
The zinc is precipitated out of the solution by means of electrowinning. The result is zinc cathodes with a zinc content of 99.995 per cent.

**Casting**  
The zinc is then cast to form zinc ingots and sold as pure zinc or alloyed to form zinc alloys in line with specific customer requirements.

## Copper smelters

Copper smelters use a range of different processes specially designed to handle different types of copper concentrate. One common denominator for all of these processes is that high temperature operations such as smelting and converting make up a large part of the refining process.



**Metal concentrate**  
Metal concentrate from mines usually comprises approximately 25 per cent copper.

**Smelting**  
The smelting takes place in different types of furnaces, depending on the raw material and the process technology. An upper layer of slag and a lower one of copper matte, which has a copper content of approximately 55 per cent, form in the furnace.

**Converting**  
The copper matte is tapped into a converter where iron and other impurities, together with sulphur, are separated out. The converter is also charged with metal scrap and, where appropriate, black copper, which is an intermediate product in the recycling of electronic materials. The result after converting is known as blister copper, and contains 97–98 per cent copper.

**Sulphuric acid plant**  
Process gases, primarily sulphur dioxide, are ducted away to the sulphur products plant for the production of sulphuric acid and other sulphur products.

**Precious metals plant**  
Gold, silver, palladium and platinum are extracted from the processes and account for a significant percentage of the copper smelters' revenues.

**Anode furnace and casting plant**  
The blister copper is further processed in an anode furnace to reduce the oxygen content. This increases the purity level to 98–99 per cent and the copper is then cast to form anodes.

**Electrolytic refining**  
The anodes are placed in tanks with steel cathode plates. In the subsequent electrolytic refining process, the copper is transferred from the anodes to the cathodes, which achieve a copper content of 99.9975 per cent. The cathodes are stripped from the steel plates and washed, after which they are ready for delivery.

# How to interpret Boliden's figures

Boliden's results are reported under two Business Areas, namely Mines and Smelters. Transactions between the Business Areas are settled at market price. This presentation provides a brief summary of Boliden's accounts and profit performance at Group and Business Area level.

## MINES

① **Revenues** are affected by metal prices, exchange rates, TC/RC and concentrate quality as well as any strategic metal price and exchange rate hedging.

**2014** Revenues increased by 12 per cent as a result of higher volumes and a stronger US dollar.

② **The operating profit** is affected not only by the parameters above, but also by production volumes, metal grades, the metal recovery during the concentration process, and the operating costs.

**2014** The operating profit fell by 19 per cent. The decrease was due to lower metal prices and higher TC/RC terms, increased costs and depreciation. This was in part offset by positive exchange rate effects as a result of a stronger US dollar and increased production.

## SMELTERS

③ **Revenues** are affected by metal prices and metal premiums, which are paid over and above the LME prices. The smelters' sales of a number of by-products are also an important part of the revenues.

**2014** Revenues increased by 7 per cent as a result of a stronger US dollar, higher zinc prices and higher copper sales volumes.

④ **The gross profit** is the difference between what the smelters pay for the raw materials and the sales revenues and comprises metal premiums, TC/RC and income from free metals and by-products, as well as any strategic metal price and exchange rate hedging.

**2014** The gross profit excluding smelters' process inventories increased by 14 per cent as a result of improved TC/RC levels and metal premiums and positive exchange rate trends.

⑤ **The operating profit** comprises the gross profit minus the operating costs. The most important cost items for the smelters are those in connection with energy, personnel and external services, which are largely affected by maintenance of the facilities. The operating profit is shown both including and excluding the revaluation of the smelters' process inventories. Excluding the effect of process inventory revaluation provides a better picture of the underlying trend.

**2014** The operating profit excluding revaluation of process inventories increased by 124 per cent as a consequence of higher gross profit and lower costs in local currencies, which in turn are primarily the result of cost-cutting measures at Rönnskär.

## ⑥ OTHER and ELIMINATIONS

Includes Group staff functions and Group-wide functions, differences in certain accounting principles between the Business Areas and the Group, and the elimination of profits on intra-Group sales.

The Group, SEK m	2014	2013
Revenues	36,891	34,409
Operating profit excl. revaluation of process inventory	2,605	2,271
Operating profit	2,759	1,803

Business Area Mines, SEK m	2014	2013
① Revenues	9,318	8,303
② Operating profit	1,299	1,598

Business Area Smelters, SEK m	2014	2013
③ Revenues	35,894	33,410
④ Gross profit excl. revaluation of process inventory	7,869	6,908
⑤ Operating profit excl. revaluation of process inventory	1,518	679
⑤ Operating profit	1,672	210

⑥ Other and Eliminations, SEK m	2014	2013
Revenues	-8,321	-7,305
Operating profit, internal profit eliminations	-65	110
Operating profit, other	-147	-115

See page 66 for complete Income Statements.



# The Group

## Revenues and operating profit

The new facilities at Garpenberg and Kokkola were brought on line and production ramped up in 2014. Increased production stability was still in focus and an action programme designed to improve the process balance at Rönnskär and to cut the plant's costs was implemented. The Kylylahti copper mine and exploration rights in eastern Finland were acquired during the year.

Boliden's revenues totalled SEK 36,891 million (SEK 34,409 m). The increase was due to a stronger US dollar, higher zinc prices and higher copper sales volumes.

The operating profit totalled SEK 2,759 million (SEK 1,803 m), and the operating profit excluding revaluation of process inventory was SEK 2,605 million (SEK 2,271 m).

The operating profit for Mines totalled SEK 1,299 million (SEK 1,598 m), while for Smelters, the operating profit excluding revaluation of process inventory was SEK 1,518 million (SEK 679 m).

The operating profit was positively affected by higher volumes in both Business Areas. The volume effect from Mines of SEK 495 million was primarily due to the expansion of Garpenberg, higher grades and milled ore tonnage in the Boliden Area and the acquisition of Kylylahti. The volume effect for Smelters was SEK 37 million. Odda's production levels were high and stable, with all of the plant's leaching tanks operational during the latter half of the year. Maintenance shutdowns at Smelters impacted the operating profit to the tune of SEK -205 million (SEK -330 m).

Lower average prices for all metals with the exception of zinc had a collective negative effect on the profit of SEK -23 million, while improved TC/RC terms and metal premiums had a positive effect on the profit of SEK 153 million and SEK 144 million, respectively. The US dollar strengthened against the Swedish krona, and this, coupled with other exchange rate fluctuations, affected the profit to the tune of SEK 827 million.

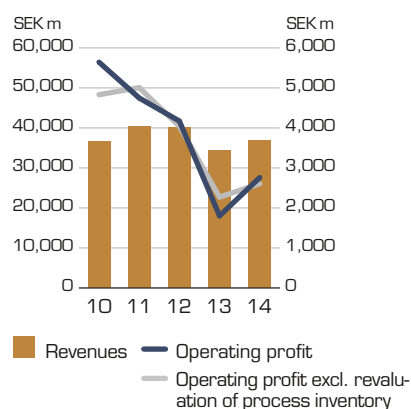
Operating profit	2014	2013
Revenues, SEK m	36,891	34,409
Operating costs before depreciation, SEK m	10,933	10,304
Depreciation, SEK m	3,277	2,829
Operating profit, excl. revaluation of process inventory, SEK m	2,605	2,271
Operating profit, SEK m	2,759	1,803

Profit analysis, SEK m	2014	2013
Operating profit	2,759	1,803
Revaluation of process inventory	154	-469
Operating profit excl. revaluation of process inventory	2,605	2,271
Change		333

Analysis of change	
Volume effect	532
Prices and terms	892
<i>Metal prices and terms</i>	-23
<i>By-products, prices and terms</i>	-28
<i>Realised metal price and currency hedging*</i>	-181
<i>TC/RC terms</i>	153
<i>Metal premiums</i>	144
<i>Exchange rate effects</i>	827
Costs (local currencies)	-294
Depreciation (local currencies)	-412
Internal profits	-175
Items affecting comparability	-171
Other	-37
Change	333

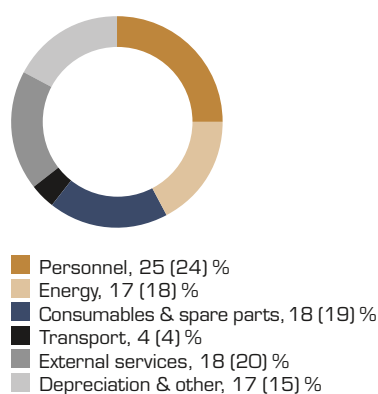
*Operating profit for respective period	2014	2013
Realised metal price and currency hedging	47	227

## Revenues and operating profit



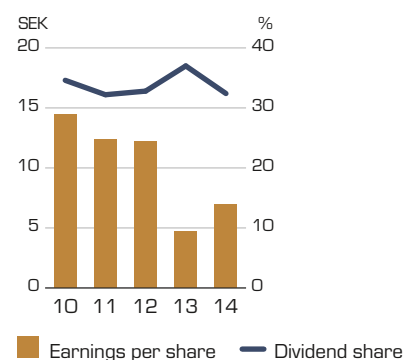
The operating profit excluding revaluation of process inventory increased, primarily as a result of a stronger US dollar and higher production levels, mainly within Business Area Mines.

## Breakdown of operating costs



Operating costs including depreciation increased in local currencies by approximately 7 per cent.

## Earnings per share and dividend share



Earnings per share totalled SEK 6.94 (SEK 4.72) and a dividend of SEK 2.25 is proposed, corresponding to a dividend share of 32.4 per cent.

The Group's operating expenses, excluding depreciation, totalled SEK 10,933 million (SEK 10,304 m), corresponding in local currencies to an increase of 4 per cent. Adjusted for the positive non-recurring effect totalling SEK 171 million at Tara in 2013, and for Kylylahti, costs increased by 2 per cent in local currencies. The action programme at Rönnskär resulted in a total improvement in the profit of approximately SEK 150 million, with lower costs and an improved process balance accounting for approximately SEK 100 million and approximately SEK 50 million of this total, respectively. By 2017, the programme is expected to yield a total improvement in the profit of SEK 275 million per annum in comparison with 2013.

Depreciation increased, primarily due to the new facility at Garpenberg being brought on line and to higher levels of depreciation at Aitik.

The difference in the adjustment of the internal profit totalled SEK –175 million and was primarily attributable to higher zinc stock volumes.

Items affecting comparability comprise non-recurring items attributable to Tara in 2013. There were no items affecting comparability in 2014.

The net financial items for the year totalled SEK –288 million (SEK –222 m) and the profit after financial items was SEK 2,471 million (SEK 1,581 m). Interest capitalisation for the expansion project at Garpenberg ceased, which had a negative effect on reported interest expenses.

The reported tax for the year totalled SEK –572 million (SEK –288 m), corresponding to an average tax rate of 23 per cent. The net profit for the year totalled SEK 1,899 million (SEK 1,294 m), corresponding to earnings per share of SEK 6.94 (SEK 4.72).

## Investments

Investments for the year totalled SEK 4,222 million (SEK 4,974 m). The Kylylahti copper mine and exploration rights in Finland were acquired during the year. The operations acquired have been consolidated into Business Area Mines,

as of 1st October. Apart from Kylylahti, the biggest investments were the expansion project at Garpenberg and the facility for extracting silver from zinc concentrate at Kokkola.

Investments, SEK m	2014	2013
Investments in Mines	3,450	3,763
Investments in Smelters	768	1,200
Investments, Other	4	12
Total investments	4,222	4,974

## Increased future reclamation costs

The expansion of the Aitik mine to 45 Mtonnes of ore per annum and the associated extension of the mine's lifespan to 2040 lead to increased future reclamation costs. The reclamation reserve and the fixed assets have been raised by SEK 358 million, largely as a result of the expansion decision. The amount has no effect on the profit or cash flow for 2014 and is not included in Boliden's definitions of investments. As the mine's lifespan also increases to 2040 annual depreciation is only marginally affected.

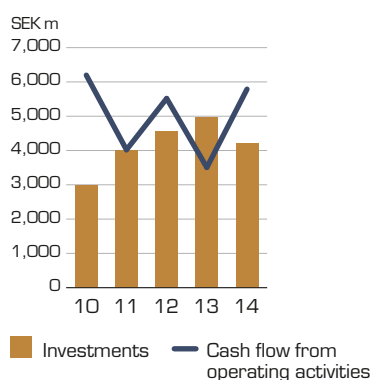
## Cash flow

The cash flow from operating activities before changes in working capital totalled SEK 5,301 million (SEK 4,052 m) in 2014. Tax paid for the year totalled SEK 242 million (SEK 303 m). The reduction in working capital increased the cash flow by SEK 488 million (SEK –546 m).

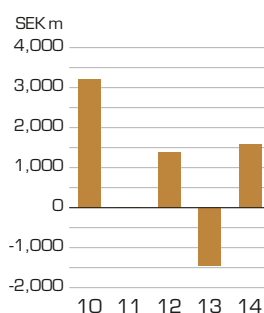
The free cash flow totalled SEK 1,583 million (SEK –1,466 m). The improvement was due to a higher profit, lower working capital tied up, and lower investment levels.

Cash flow, SEK m	2014	2013
Cash flow from operating activities before changes in working capital	5,301	4,052
Changes in working capital	488	–546
Cash flow from operating activities	5,789	3,505
Cash flow from investment activities	–4,206	–4,971
Free cash flow (before financing)	1,583	–1,466

## Investments and cash flow from operating activities



## Free cash flow



## Cash flow from operating activities and investments, respectively.

Cash flow from operating activities before investments increased due to a higher profit and lower working capital tied up.

**Free cash flow.** Free cash flow increased by SEK 3,049 million.

### Financial position

On 31st December 2014, Boliden's net debt totalled SEK 8,283 million (SEK 8,673 m). Shareholders' equity totalled SEK 23,974 million (SEK 23,075 m), including net market valuation of currency, interest and raw materials derivatives totalling SEK 63 million (SEK 267 m) after fiscal effects. The positive cash flow for the year resulted in a fall in the net debt/equity ratio to 35 per cent (38%) by the end of 2014.

The average term of Boliden's total granted loan facilities was 3.4 years (2.6 yrs.) at the end of the year. The average interest level in the debt portfolio on 31st December was 1.6 per cent (1.8%) and the average fixed interest term was 0.8 years (0.7 yrs.). The interest term was extended on an ongoing basis throughout the year with the aid of interest swaps.

At the end of the year, Boliden's current liquidity totalled SEK 5,847 million (SEK 6,356 m), comprising liquid assets and unutilised binding credit facilities with terms of over one year. The change in current liquidity is due to refinancing carried out in 2014 that resulted in lower credit facility levels. For further information on Boliden's debt portfolio, see Note 26 on page 92.

Capital structure and return	2014	2013
Balance Sheet total, SEK m	43,865	41,841
Capital employed, SEK m	35,087	34,451
Shareholders' equity, SEK m	23,974	23,075
Net debt, SEK m	8,283	8,673
Return on capital employed, %	8	5
Return on shareholders' equity, %	8	6
Equity/assets ratio, %	55	55
Net debt/equity ratio, %	35	38

### The Parent Company

The Parent Company conducts limited operations on what is, for fiscal purposes, commission from Boliden Mineral AB and has no employees. The Income Statements, Balance Sheets and Statements of Cash Flow for the Parent Company are shown on page 70.

### Principles for remuneration to the President and other senior executives

The remuneration paid by Boliden to senior executives shall comprise a fixed salary, variable remuneration, pension benefits and other benefits. Remuneration to senior executives is described in Note 3 on pages 78–79.

The variable remuneration component shall be linked to the Group's profitability and the individual in question's sphere of responsibility and shall primarily comprise one or more financial parameters. The maximum variable remuneration shall be 60 per cent of the fixed annual salary for the President and 40–50 per cent of the same for other senior executives. 10 percentage points of this shall be conditional upon Boliden shares being purchased for the gross sum before tax. Senior executives are, in common with all Boliden Group employees, also part of a profit-sharing system. Senior executives have a defined contribution pension solution and a retirement age of 65. The Board does not intend to propose any changes to these guidelines to the Annual General Meeting to be held in May 2015.

# Mines

Boliden Mines comprises nine mines in five mining areas: Aitik, the Boliden Area and Garpenberg in Sweden, Kylylahti in Finland and the Tara mine in Ireland. The Business Area also includes responsibility for exploration, technological development, the environment/reclamation, and sales of mined concentrates.



*“2014 saw an increase in mining capacity following the start-up of the new facilities at Garpenberg and the acquisition of the Finnish mine, Kylylahti. Boliden Mines continues the work on improved productivity through investments in automation and mine design.”*

Jan Moström,  
President, Boliden Mines



## Revenues and operating profit

The majority of Mines' sales are made to the Group's smelters, with a smaller percentage sold to external smelters. All sales are made on market terms.

Revenues increased by 12 per cent to SEK 9,318 million (SEK 8,303 m), of which external sales totalled SEK 920 million (SEK 834 m). Mines' operating profit fell to SEK 1,299 million (SEK 1,598 m). Lower average prices for all metals with the exception of zinc, together with higher TC/RC terms, higher costs and an increase in depreciation, collectively had a negative effect on the operating profit. This negative effect was compensated for, in part, by positive exchange rate effects from a stronger US dollar and higher production levels.

The operating profit for both the Boliden Area and Garpenberg increased, as a result of higher production levels of metal in concentrates. Aitik's operating profit fell due to lower metal prices and copper grades, and an increase in depreciation. Excluding items affecting comparability, Tara's operating profit increased due to higher metal prices, which compensated for lower production levels. Kylylahti, which was acquired during the year, was consolidated on 1st October.

Mines' operating costs before depreciation increased by 10 per cent to SEK 5,417 million (SEK 4,924 m), corresponding to an increase in local currencies of 9 per cent. Adjusted for the positive non-recurring effect at Tara in 2013, and for Kylylahti, costs increased by 4 per cent in local currencies. The increase was principally due to higher volumes and to the new facility at Garpenberg being brought on line.

Depreciation increased, year on year, to SEK 2,264 million (SEK 1,917 m), corresponding to an increase of 18 per cent. The increase was related to the depreciation of the new facility at Garpenberg and to higher depreciation levels at Aitik.

## Production

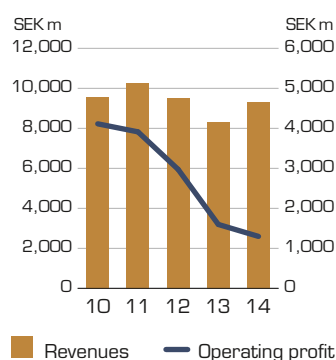
The milled ore tonnage increased at all Swedish mines. Metal production also increased with the exception of copper production.

The milled ore tonnage at Aitik increased by 5 per cent to 39 Mtonnes. Lower grades and recovery rates did, however, result in a fall in copper production. Gold and silver production increased. Plans for 2015 and 2016 are for production to continue in areas with slightly below-average grades for the mineral reserve. The production plan for the year predicts a milled ore tonnage of 40 Mtonnes.

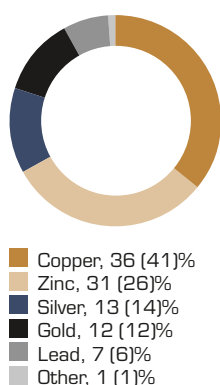
Key data	2014	2013
Revenues, SEK m	9,318	8,303
Operating costs excl. depreciation, SEK m	5,417	4,924
Depreciation, SEK m	2,264	1,917
Operating profit, SEK m	1,299	1,598
Investments, SEK m	3,450	3,763
Capital employed, SEK m	19,615	18,288
Return on capital employed, %	7	9
Average number of employees, FTE	2,559	2,459

Profit analysis, SEK m	2014	2013
Operating profit	1,299	1,598
Change		-298
<b>Analysis of change</b>		
Volume effect		495
Prices and terms		22
Exchange rate effects		474
Costs (local currencies)		-270
Depreciation (local currencies)		-326
Items affecting comparability		-171
Other		-47
Change		-298
<b>Operating profit for respective period</b>		
Realised metal price and currency hedging	47	184

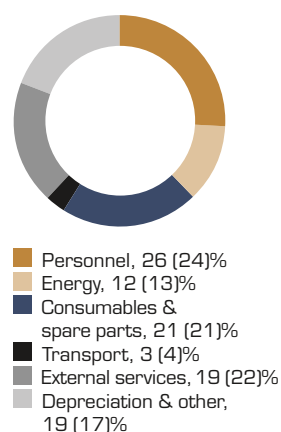
## Revenues and operating profit



## Breakdown of revenue by metal



## Breakdown of operating costs



**Revenues and operating profit.** The fall in operating profit in comparison with 2013 is due to lower metal prices, higher TC/RC terms, higher costs and an increase in depreciation.

**Breakdown of revenue by metal.** The percentage of the revenues increased for zinc, while it decreased for copper.

**Breakdown of operating costs.** Operating costs in local currencies, excluding depreciation, increased by 9 per cent.

The milled ore tonnage in the Boliden Area was 1,862 Ktonnes, corresponding to a year on year increase of 3 per cent. The increase was mainly due to the resetting of one of the ore lines for six weeks last year to concentrate slag from Rönnskär. Increases in the milled ore tonnage and higher grades resulted in production increases for all metals with the exception of copper. Copper production fell due to a decline in the quantities mined at the Maurliden Östra copper mine. The ore mix in the Boliden Area will shift, in the longer term, towards an increased percentage of zinc and gold ore, and a smaller percentage of copper ore.

Production began at the new Garpenberg facility in May, which resulted in an increase in the milled ore tonnage of 49 per cent to 2,224 Ktonnes (1,495 Ktonnes). Zinc production and silver production increased by 41 per cent and 35 per cent, respectively, due to a higher milled ore tonnage. The zinc recovery level fell, year on year, but showed an improvement during the year. The annual milled ore tonnage rate is expected to total 2.5 Mtonnes by the end of 2015.

Kylylahti, which was acquired on 1st October 2014, made a positive contribution to copper production levels.

The milled ore tonnage at Tara fell to 2,287 Ktonnes (2,493 Ktonnes) due to disruptions to production during the year in the form of, amongst others, a fire and a conveyor belt breakdown. These factors, coupled with a lower grade, resulted in a fall

in zinc production. Lead production increased, however, due to a higher grade and recovery rate.

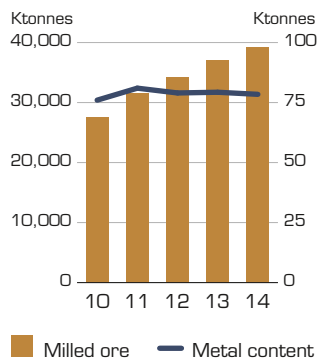
**Investments**

Extensive investments have been made during the year in order to boost both productivity and metal recovery and to thereby improve the mines' competitiveness and extend their lifespans. A total of SEK 3,450 million (SEK 3,763 m) was invested in Boliden Mines, a substantial part of which continued to go to the expansion at Garpenberg. An ongoing programme of investment in technological development and enhanced efficiency is also taking place at all of Boliden's mines. The acquisition of the Finnish copper mine, Kylylahti – an acquisition which is expected to more than comply with the requirements of Boliden's strategy for growth – was consolidated into Boliden Mines on 1st October. The investment totalled SEK 718 million.

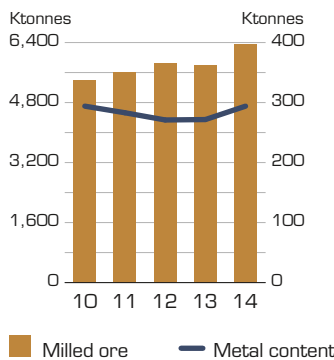
**Garpenberg expansion enters final phase**

The expansion at Garpenberg entered its final phase in 2014. Production began at the new concentrator in May, and the project as a whole was inaugurated in August. The investment is, overall, Boliden's second biggest ever, totalling SEK 3,900 million, and Garpenberg is now one of the world's most modern and efficient underground mines.

**Copper production**



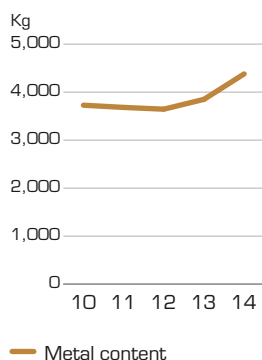
**Zinc production**



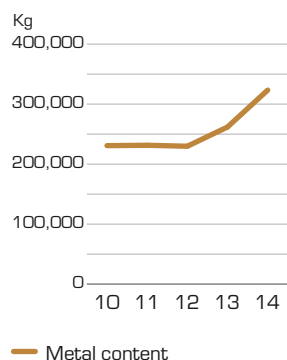
**Copper production.** Copper production fell slightly in spite of higher milled tonnage. The fall was due to a lower grade and recovery rate at Aitik, and changes in the ore mix in the Boliden Area. The newly acquired mine, Kylylahti, made a positive contribution to copper production.

**Zinc production.** Higher milled ore tonnage, primarily at Garpenberg, resulted in higher levels of zinc production.

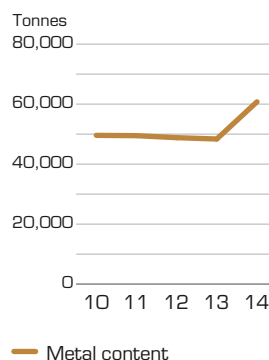
**Gold production**



**Silver production**



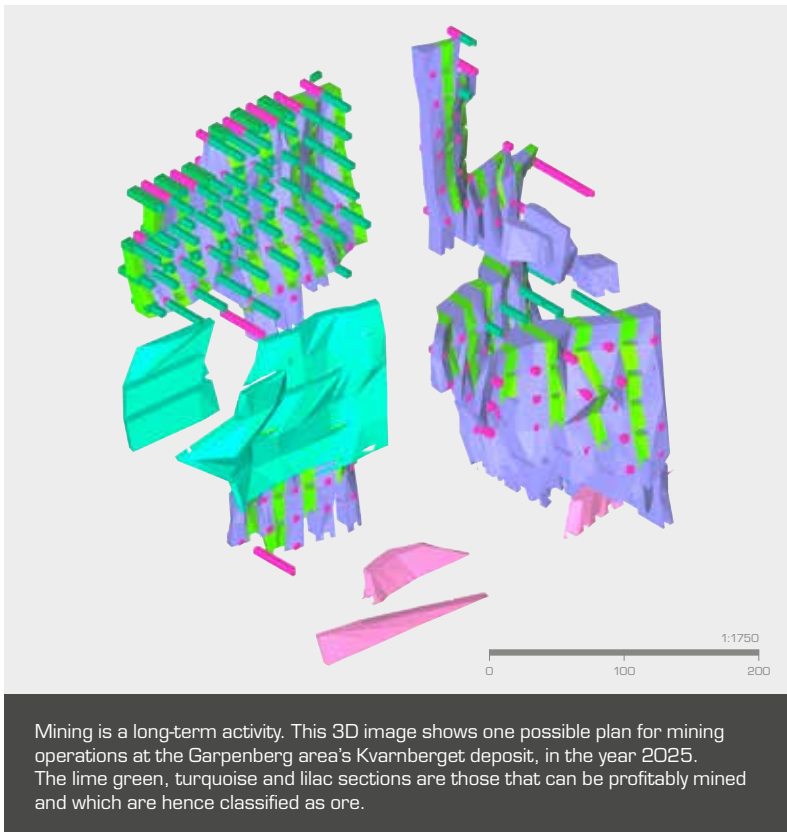
**Lead production**



**Gold production.** Gold production increased both in the Boliden Area and at Garpenberg. A lower grade at Aitik resulted in stable gold levels, the higher milled tonnage notwithstanding.

**Silver production.** The main reason for the increase in silver production is the higher milled tonnage at Garpenberg.

**Lead production.** Production increased primarily due to higher levels of milled tonnage at Garpenberg.



### Additional investments in Aitik

In May, Boliden's Board of Directors approved a decision to invest SEK 600 million in an expansion of Aitik to an annual production rate of 45 Mtonnes. In October, the Land and Environment Court granted a permit for the increase in production at Aitik. This permit has been appealed to the Swedish Land and Environment Court of Appeal. For further information, see page 38. Changes to the reclamation reserve will be implemented in conjunction with the expansion, see Note 24 on page 91.

### Exploration

Boliden conducts an ongoing and extensive programme of exploration work in both existing mining areas and elsewhere. The total cost of the company's exploration activities in 2014 was approximately SEK 279 million (SEK 298 m).

An application for an exploitation concession for the copper deposit at Laver was submitted during the year. An exploitation concession entails, amongst other things, securing the exclusive rights to mine ore within the concession area for a period of 25 years. Laver, which is similar in character to Aitik – large volumes with low grades of copper, gold and silver – is one of Boliden's early phase development projects.

For further information on Boliden's exploration, mineral reserves and mineral resources, see pages 24 and 109–112.

### Focus areas

Environmental issues and accident prevention are top priority areas at Boliden's mines. The accident rate has been falling for a number of years now, but the level is still too high. Work on strengthening the safety culture continues in the form of training programmes and active leadership.

The investments in mining operations are in line with Boliden's strategic orientation.

In-house technological development is key to continued increases in the efficiency of the mining operations. A structure and a working model for project planning which enables efficient use to be made of resources, has been created within NBW and is now yielding clear results in the form both of organic growth and more efficient production.

There are three main orientations to Boliden's technological development work – metallurgy, which affects the concentrating activities, mine automation, which relates to process control underground, and environmental technology, which is designed to minimise the operations' environmental impact.

### Metallurgy for better recovery

The development of new leaching techniques is the focus in metallurgy, and the ultimate objective is to be able to extract all of the metal present in the ore and convert

it into payable products. Examples of this kind of in-house developed process include the gold and tellurium extraction at Kankberg, while another ongoing project involves impure copper concentrates. Some of Boliden's deposits produce copper concentrate with high levels of antimony, which makes the concentrate less attractive. The ambition is to identify a method of leaching out the antimony in order to enable Boliden to deliver a higher quality product to the smelters.

### Increased automation

The technological development work being carried out with the aim of increasing automation levels in the mines is helping bring about continuous improvements in productivity and resulting in both better time utilisation and shorter lead times. The trend is towards autonomous machines where the processes are controlled by means of wireless data transfer from advanced control rooms and with the aid of smart mobile phones. Wireless networks are successively being introduced in all of Boliden's mines, enabling animated mine planning and follow-up work in real time.

### Environmental technology investments

Boliden is on the cutting edge when it comes to investments in environmental technology, with a zero vision for the company's future environmental impact. A number of development projects are being carried out internally, primarily in the fields of new water purification and reclamation techniques, and for the handling of mine waste.

# Five mining areas

Boliden's mines mainly extract complex polymetallic ores that contain several different metals, and which consequently demand more of both the mining techniques and the concentration process. Zinc and copper are the most important metals, but the ores also contain gold, silver, lead and tellurium in payable quantities.

Boliden has developed and refined its mine design, mining techniques, extraction methods and concentration processes over the years, with the help of, amongst other things, increased automation. This trend has been enabled by the company's investments in in-house expertise which has, in turn, contributed to a high level of in-house technological development. This

expertise and technological development are an important reason why several of Boliden's mines achieve such high productivity and cost-effectiveness levels from an international standpoint.

The majority of the zinc concentrates and all of the copper concentrates are processed to produce metals at Boliden's own smelters. Some of the metal concen-

trates are sold to external customers. All of Boliden's mining areas are reclaimed as the extraction work occurs and is completed when operations cease.

See page 28 for a description of how open-pit mines and underground mines work.



## Aitik

### World class productivity

Aitik in Norrbotten is Sweden's biggest and the world's most productive open-pit copper mine, which extracts copper, gold and silver.

Large volumes and high levels of automation ensure high levels of productivity. Favourable waste rock conditions, combined with the by-product metals, gold and silver, ensure that in spite of the ore's low copper grades, the mine's cost position is healthy.

All of the copper concentrate produced at Aitik is delivered to the Rönnskär smelter.

### Development in 2014

The extensive investments in Aitik have been successful. Production in 2014 totalled 39 Mtonnes of milled tonnage.

A decision was taken in May, as the first stage in a development programme, to invest

SEK 600 million in expanding the mine's production to 45 Mtonnes per year. The investments will focus on crushers, improved water pumping, new electrical substation for the electricity supply, and the elimination of bottlenecks. In October, the Land and Environment Court granted a permit for expanded ore extraction and the necessary dam elevations. The ruling, which was implemented on 1st November, has been appealed and will be heard in the Swedish Land and Environment Court of Appeal in 2015.

	2014	2013
Revenues, SEK m	3,427	3,593
Operating profit, SEK m	558	882
Investments, SEK m	1,181	1,143
Milled tonnage, Ktonnes	39,090	37,070
Av. no. of employees, FTE	679	675
Accident frequency	12.0	7.8

## The Boliden Area

### Five mines in a mineral-rich field

Boliden has mined ore in the mineral-rich Skellefte field in Västerbotten at some 30 mines since the 1920s. The area currently comprises the Renström, Kristineberg and Kankberg underground mines and the Mauriliden and Mauriliden Östra open-pit mines. All of the mines in the area, with the exception of Kankberg, produce complex polymetallic ores that contain zinc, copper, lead, gold and silver. The Kankberg mine, which re-opened in 2012, produces gold ore with a high tellurium content.

The mines supply ore to the concentrator at Boliden, which is also home to leaching plants for gold and tellurium production. The Boliden Area's customers comprise Boliden's smelters, European lead smelters (lead concentrate) and Asian tellurium customers.

### Development in 2014

Preparations for an increase in productivity at the Kankberg and Renström mines has continued in 2014. Kristineberg and the Boliden concentrator have, at the same time, been working with measures designed to enhance efficiency and boost productivity, such as metal recovery improvements and organisational changes. The milled tonnage in the Boliden Area in 2014 totalled 1.9 Mtonnes.

	2014	2013
Revenues, SEK m	1,712	1,317
Operating profit, SEK m	188	19
Investments, SEK m	261	364
Milled tonnage, Ktonnes	1,862	1,809
Av. no. of employees, FTE	533	519
Accident frequency	8.6	16.5





## Garpenberg

### World class productivity

The Garpenberg mine is located in central Sweden. Mining of the deposits at Garpenberg began back in the 13th century, making Garpenberg one of the world's oldest mines still operational. Garpenberg produces complex polymetallic ores that contain zinc, silver and lead, along with small quantities of copper and gold. The mine's productivity levels, coupled with the relatively high silver grades, have resulted in an advantageous cost position for the mine. Garpenberg's productivity levels are world class.

The metal concentrates from Garpenberg are delivered to Boliden's smelters and to European lead smelters (lead concentrate).

### Development in 2014

An expansion project that will increase ore



production at Garpenberg from 1.4 million tonnes per year to 2.5 million tonnes annual pace by the end of 2015 has been in progress at Garpenberg since 2011. The start of production, which was scheduled to take place at the end of the second quarter of 2014, was brought forward to the beginning of the quarter. The investment totalled, as planned, SEK 3.9 billion. The milled tonnage at Garpenberg in 2014 totalled 2.2 Mtonnes.

	2014	2013
Revenues, SEK m	2,318	1,675
Operating profit, SEK m	919	776
Investments, SEK m	916	2,045
Milled tonnage, Ktonnes	2,224	1,495
Av. no. of employees, FTE	404	376
Accident frequency	4.0	9.6



## Kylylahti

### Boliden's fifth mining area

In 2014, Boliden acquired the Finnish copper mine, Kylylahti, which is located in the Outokumpu area. The acquisition was consolidated as the Boliden Group's fifth mining area as of the fourth quarter of 2014. The mine, which opened in 2012, produces copper, gold, zinc and silver.

The geological conditions are similar to those in the Boliden Area, which offers synergies in the fields of exploration, mining and metallurgy. The acquisition also included exploration rights in the Outokumpu field, which stretches north west for 30 km from the town of Outokumpu and which has been home to several mines. Boliden believes that considerable potential exists for a number of other deposits in the area.

Kylylahti's existing customers at the time of acquisition already included Boliden's Harjavalta and Kokkola smelters. The mine's current mineral reserves mean that the mine's lifespan extends to 2021.

	Q4 2014
Revenues, SEK m	117
Operating profit, SEK m	7
Investments, SEK m	754
Milled tonnage, Ktonnes	172
Av. no. of employees, FTE	109
Accident frequency	10.1

## Tara

### Europe's largest zinc mine

The Tara mine in Ireland is Europe's biggest zinc mine and the ninth largest zinc mine in the world, and produces not only zinc, but also lead concentrate. Mining operations began in 1977 and the mine was acquired by Boliden in early 2004.

Tara's relative cost position is high, due to high personnel and energy costs and to the absence of by-product metals with any substantial value. Tara has focused, in recent years, on improving its cost position through measures designed to boost productivity and cut costs.

The metal concentrate from Tara is delivered to Boliden's own smelters (zinc) and to European lead smelters (lead concentrate).



### Development in 2014

Tara's production during the year was affected by unplanned production stoppages due, in part, to a fire, and in part to the breakdown of a conveyor belt. The milled tonnage in 2014 totalled 2.3 Mtonnes. A new collective bargaining agreement was reached in the autumn and will result in a 5 per cent cut in the workforce. The implementation of the new organisation began in the autumn.

	2014	2013
Revenues, SEK m	1,743	1,542
Operating profit, SEK m	56	195
Investments, SEK m	313	201
Milled tonnage, Ktonnes	2,287	2,493
Av. no. of employees, FTE	607	667
Accident frequency	6.3	10.0

# Smelters

Boliden Smelters comprises the Kokkola and Odda zinc smelters, the Rönnskär and Harjavalta copper smelters, and the Bergsöe lead smelter. The Business Area also includes purchases and refining of mined concentrates and recycled raw materials, and sales of metals and by-products.



*“Production of all metals increased in 2014 and the Harjavalta and Odda smelters both set new production records. The focus for Boliden Smelters is to increase process efficiency and flexibility with regard to the handling of different raw materials.”*

Kerstin Konradsson,  
President, Boliden Smelters



## Revenues and operating profit

Revenues totalled SEK 35,894 million (SEK 33,410 m) and the gross profit, excluding the revaluation of process inventory, was SEK 7,869 million (SEK 6,908 m). The increase in the gross profit was due to improved TC/RC and metal premiums, and to a positive exchange rate trend. Limited availability of secondary materials had a negative effect on the copper smelters.

The operating profit, excluding the revaluation of process inventory, increased to SEK 1,518 million (SEK 679 m). If the process inventory revaluation effect of SEK 154 million (SEK -469 m) is included in the calculations, the operating profit was SEK 1,672 million (SEK 210 m). The operating profit was affected to the tune of SEK -205 million (SEK -330 m) by maintenance shutdowns, which resulted in both reduced revenues and higher operating costs. The action programme at Rönnskär generated a total improvement in the profit of approximately SEK 150 million, of which lower costs accounted for approximately SEK 100 million and improvements in the

process balance accounted for approximately SEK 50 million.

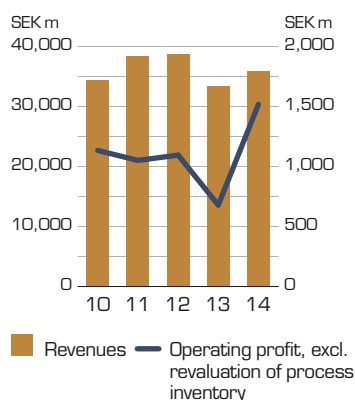
Overall, the programme is expected to yield a per annum improvement in the profit of SEK 275 million on the base year of 2013, starting in 2017. The action programme also resulted in a reduction in metals held in intermediate stocks, which had a positive effect on the cash flow for the year. For further information on the action programme, see page 44.

The operating profit, excluding the revaluation of process inventory, increased year on year at all of the smelters, with the exception of Harjavalta. The profit improvement at Rönnskär was the result of better terms and lower costs. The amount of free metals at Harjavalta fell back to normal levels during the year after being unusually high in 2013. Higher prices and improved terms account for most of the profit improvement at both Kokkola and Odda. Lower costs also helped improve Kokkola's operating profit and higher production levels contributed at Odda. Stable production resulted in an improvement in Bergsöe's profits.

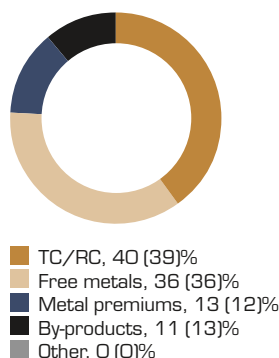
Key data	2014	2013
Revenues, SEK m	35,894	33,410
Gross profit, excl. revaluation of process inventory, SEK m	7,869	6,908
Operating costs, excl. depreciation, SEK m	5,370	5,346
Depreciation, SEK m	1,012	913
Operating profit, excl. revaluation of process inventory, SEK m	1,518	679
Operating profit, SEK m	1,672	210
Investments, SEK m	768	1,200
Capital employed, SEK m	15,592	15,791
Return on capital employed, %	11	1
Number of employees, FTE	2,194	2,232

Operating profit analysis, SEK m	2014	2013
Operating profit	1,672	210
Revaluation of process inventory	154	-469
Operating profit, excl. revaluation of process inventory	1,518	679
Change		839
<b>Analysis of change</b>		
Volume effect		37
Prices and terms		796
Exchange rate effects		353
Costs (local currencies)		90
Depreciation (local currencies)		-85
Other		2
Change		839
<b>Operating profit for respective period</b>		
Realised metal price and currency hedging	-	43

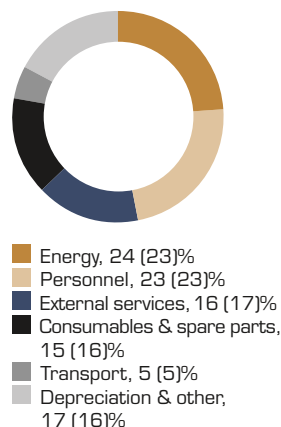
### Revenues and operating profit excl. revaluation of process inventories



### Breakdown of gross profit excl. revaluation of process inventories



### Breakdown of operating costs



**Revenues and operating profit.** The improvement in profit year on year was due to improved TC/RC levels and metal premiums as well as a positive exchange rate trend. Lower costs in local currencies also contributed.

**Breakdown of gross profit.** Treatment charges' share of the gross profit increased slightly, year on year.

**Breakdown of operating costs.** Operating costs in local currencies, excluding depreciation, fell by 2 per cent.

Smelters' operating costs, excluding depreciation, totalled SEK 5,370 million (SEK 5,346 m). Costs decreased in local currencies by 2 per cent due, primarily, to the action programme at Rönnskär. Kokkola's operating costs also fell due to a tank breakdown which resulted in a fall in production but which also meant a reduction in the consumption of energy and consumables. The cost of energy rose at Odda due to exchange rate fluctuations and the loss of sales of surplus electricity. Harjavalta's costs increased due to, amongst other, higher prices for oxygen. A small number of unplanned stoppages resulted in higher costs for Bergsöe.

**Production**

Smelters' production of copper, zinc and precious metals increased, while levels of lead and lead alloy production remained relatively stable. The year's maintenance shutdowns were less comprehensive than last year and proceeded according to plan.

Rönnskär's metal production levels rose. A doubling of the silver capacity of the lead line resulted in higher levels of silver production. Copper and lead concentrate feeds both increased. Electronic material feeds decreased to 82 Ktonnes

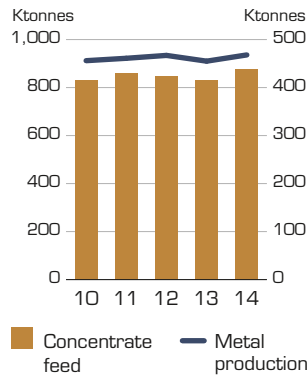
(109 Ktonnes) due to a change in raw materials planning with the aim of improving process stability and to intermittent materials shortages. Rönnskär's processes, which were less stable last year, were gradually stabilised as a result of the smelter's action programme.

Harjavalta's copper production levels remained stable with high levels of raw material feed and record-high copper production. High levels of impurities in the nickel concentrate resulted, however, in lower nickel concentrate feeds. Free metal levels returned to normal after being unusually high in 2013.

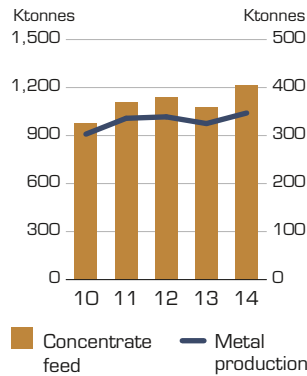
Kokkola's production was negatively affected by a breakdown in one of the hot leaching tanks at the end of July which resulted in the entire hot leaching process being shut down for two months. This led to a fall in feeds and lower levels of zinc production. The effect on the profit of the downturn in production and the repairs in relation to the tank breakdown totalled SEK 50 million. The newly opened silver extraction facility is supplied with materials from the hot leaching process and was, therefore, out of production for most of the third quarter. The facility was restarted in November.

Production levels at Odda were high and stable, with full capacity utilisation from the end of the second quarter after the

**Zinc production**



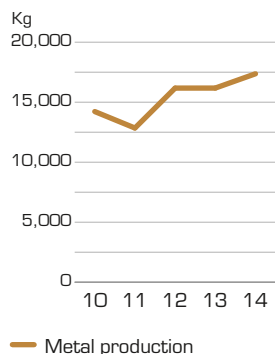
**Copper production**



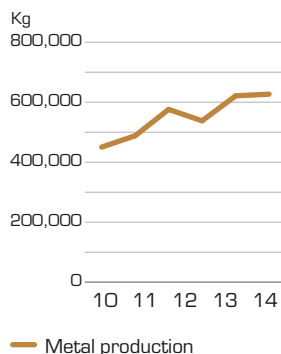
**Zinc production.** Concentrate feed and zinc production increased at Odda year on year, but fell at Kokkola.

**Copper production.** Both concentrate feed and copper production rose at Rönnskär and Harjavalta alike. The secondary material feed decreased, however, at both Rönnskär and Harjavalta.

**Gold production**

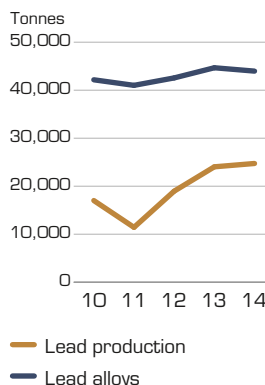


**Silver production<sup>1)</sup>**



<sup>1)</sup> Silver concentrate at Kokkola is included in the production figures shown, as of 2014.

**Lead production**



**Gold production.** Gold production increased in comparison with last year at both Rönnskär and Harjavalta.

**Silver production.** Silver production rose at both Rönnskär and Harjavalta.

**Lead production.** Rönnskär's lead production and Bergsöe's production of lead alloys were relatively stable during the year.

replacement of a leaching tank that broke down in the fourth quarter of 2012. Odda's zinc production increased by 15 per cent and reached a record high.

Bergsöe's production of lead alloys was stable throughout the year, unplanned stoppages notwithstanding.

### Investments

Smelters' investments during the year totalled SEK 768 million (SEK 1,200 m). The investment in silver extraction at Kokkola was completed by the end of the year. Some production did take place in 2014 but the ramping up process was behind schedule.

Smelters is making ongoing investments in the modernisation and upgrading of much of its process equipment. The primary example of which during the year was the upgrading of the nickel electric furnace at Harjavalta, which will enable a longer period of production between maintenance shutdowns. Innovation is one of Boliden's most important tools for growth and enhanced efficiency. In-house technological development is taking place in a number of spheres and Boliden is continuing to work to improve its levels of expertise.

### Odda expansion

Odda has, with the aid of a comprehensive action programme, successfully cut its costs and improved its process stability in recent years, thereby boosting its competitiveness. Boliden is now, in response to the favourable market climate for zinc, investing in additional efficiency-related improvements in order to expand the plant's capacity from its current level of 170 Ktonnes per annum to 200 Ktonnes, and thereby further enhance its competitiveness. Odda expects to achieve this new capacity in the latter half of 2017 and the investment is expected to total NOK 350 million.

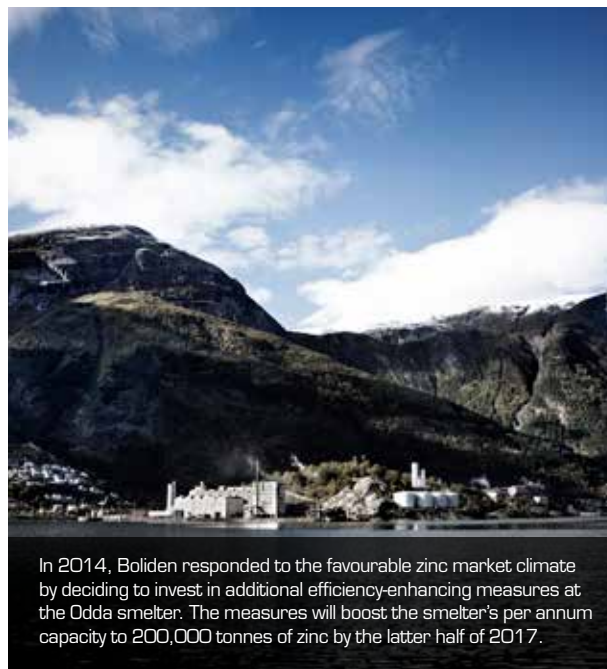
### Environmental investments at Rönnskär

In 2014, the Swedish Land and Environment Court of Appeal granted a new environmental permit for Rönnskär. The terms of the permit will require a number of investments that have already been incorporated into Boliden's plans and will entail total investments of around SEK 1 billion during the period from 2015 to 2018, with the biggest single item being the construction of a deep underground rock storage facility for mercury-bearing material.

### Focus areas

Smelters' efforts to enhance efficiency and promote growth are based on a sustainable and responsible approach to safety, health and the environment. Boliden has a zero tolerance vision with regard both to work-related injuries and environmental damage. Boliden's business partners shall, in common with the Group, operate a structured sustainability work and shall practice good business ethics.

Smelters conducts a programme of improvement work based on these approaches, within three focus areas: improving operational efficiency, increasing flexibility, and maximising the recovery of metals and by-products.



In 2014, Boliden responded to the favourable zinc market climate by deciding to invest in additional efficiency-enhancing measures at the Odda smelter. The measures will boost the smelter's per annum capacity to 200,000 tonnes of zinc by the latter half of 2017.

### Improve productivity

The work on improving productivity is intended to result in increased stability, higher recovery rates and lower costs. Efficient maintenance work, lengthening the periods of time between stoppages, and faster stoppages are all examples of ways in which productivity can be improved.

### Increased flexibility

Increased flexibility is designed to strengthen the smelters' ability to handle impurities in materials and to improve the long-term handling of residual products and waste. Boliden is well equipped to handle complex materials that contain impurities, which is a significant advantage in today's market. The ability to handle waste in an environmentally safe and cost-effective way is also becoming increasingly important. The action programme that has been drawn up and is now being implemented at Rönnskär is specifically designed to handle these types of changes in the raw material and new, more flexible requirements with regard to waste management. See also page 44, Smelters – Rönnskär.

### Maximise production of metals and by-products

Maximising the production of metals and by-products enables a broader product portfolio and diversification in certain key areas. Examples of this kind of expansion of the product portfolio include Harjavalta's development of its business model for nickel and Kokkola's new silver extraction facility. See also pages 44–45, Smelters.

# Five smelters

Boliden's smelters enjoy strong market positions, thanks to their high level of process technology expertise, flexible smelting processes and the ability to produce high quality metals from complex mined concentrates and recycled raw materials. Boliden is the world's biggest operator in the electronic recycling sector.

30 per cent of the copper concentrate used by Boliden's smelters comes from the Group's own mines, with the remaining coming from external concentrate suppliers and in the form of recycled raw materials from external suppliers. The corresponding figure for the zinc smelters' supply of zinc concentrate is approximately 65 per cent.

The zinc smelters primarily produce zinc metal, zinc alloys and sulphuric acid, but Odda also produces aluminium fluor-

ide. The new silver extraction facility at Kokkola came on line during the year.

The copper smelters mainly produce copper, gold and silver, but Rönnskär also produces lead and Harjavalta also produces nickel matte. The copper smelters' processes also produce a number of by-products, such as sulphuric acid, sulphur dioxide, zinc clinker, selenium, copper sulphate, nickel sulphate, copper telluride, and palladium and platinum concentrate.

The Bergsöe lead smelter produces lead alloys from recycled automotive batteries.

The technological development focuses on boosting competitiveness, primarily by means of increased flexibility and maximised production of metals and by-products.

The majority of the smelters' production is sold directly to industrial customers such as wire manufacturers, steelworks and battery manufacturers, primarily in northern Europe.

## Rönnskär

### World leader in electronic scrap recycling

The main products of the copper smelter in Skellefteå are copper, gold, silver and lead, along with by-products such as sulphuric acid and zinc clinker. The smelter processes copper concentrate from Boliden and external concentrate suppliers. The plant's recycling capacity is the highest in the world at 120 Ktonnes per annum.

### Development in 2014

An action programme was initiated to improve the stability of the production process and cut costs. Savings on contractors and consumables purchases were made. Negotiations on reductions in staffing levels have been held. The improvement in the profit in comparison with the base year of 2013 is expected to total SEK 275 million by 2017. The production processes have become more efficient during

the year. Silver extraction capacity in the lead line has been doubled, and an improved optimisation system for raw materials increases the potential for attractive deals in the raw materials market. The Swedish Land and Environment Court of Appeal issued a ruling, approving a new environmental permit. The permit is conditional upon investments and investigations that are already included in the plans for the years ahead.

	2014	2013
Revenues, SEK m	2,417	2,029
Operating profit, SEK m	405	53
Investments, SEK m	147	345
Copper production, Ktonnes	217	206
Av. no. of employees, FTE	829	866
Accident frequency	8.8	6.9



## Harjavalta

### Copper and precious metals

Boliden Harjavalta is located near to the shores of the Baltic Sea in south western Finland. Harjavalta refines copper and nickel concentrate and its main products are copper, nickel matte, gold and silver, along with by-products such as sulphuric acid. The raw material consists of copper concentrate from the Kyllylähti mine and external copper mines in South America, South East Asia, and southern Europe.

### Development in 2014

The volume of free metals returned to normal levels in 2014 after a few years with unusually high volumes. The volumes in 2013 were the result of earlier processing of intermediate stockpiles. Harjavalta's nickel furnace was upgraded and modernised as part of a planned maintenance shutdown.

### New business model for nickel

A new business model for nickel approved in 2014 will come into force from mid-year 2015. Boliden is launching a free-standing business model for nickel smelting operations in which nickel concentrate is bought in from external suppliers and nickel matte is sold to nickel refineries for further processing.

The annual nickel matte production rate is estimated, as before, to total 25 Ktonnes.

	2014	2013
Revenues, SEK m	1,746	1,631
Operating profit, SEK m	279	316
Investments, SEK m	225	246
Copper production, Ktonnes	130	119
Av. no. of employees, FTE	399	391
Accident frequency	5.7	10.7



## Odda

### Zinc for Europe's steel industry

The Odda smelter on the south western coast of Norway produces pure zinc and zinc alloys, as well as aluminium fluoride and sulphuric acid. Approximately 55 per cent of the smelter's raw materials are supplied by Boliden's mines with the remainder coming from European mines etc. Zinc clinker is supplied by Boliden's Rönnskär copper smelter. The raw materials for the production of aluminium fluoride are fluor spar and aluminium hydrate. Odda uses the direct leaching method and conventional roasting techniques.

The majority of the zinc production is exported to the European steel industry. Aluminium fluoride is an additive used in the aluminium industry and the majority of the production is sold within the Nordic region.

### Development in 2014

Production levels during the year were high and stable. An action programme implemented over the past few years has cut costs and improved Odda's competitiveness. Scope for further expansion has been generated and Boliden decided, in 2014, to invest NOK 350 million in increasing capacity to 200 Ktonnes. This will strengthen Odda's position and make maximum use of the zinc smelter's capacity.

	2014	2013
Revenues, SEK m	1,395	1,070
Operating profit, SEK m	209	-26
Investments, SEK m	166	269
Zinc production, Ktonnes	166	143
Av. no. of employees, FTE	282	295
Accident frequency	8.2	7.4

## Kokkola

### Silver production boosts competitiveness

Kokkola in western Finland produces zinc and zinc alloys, sulphuric acid and, since 2014, silver in concentrate. Kokkola is the world's eighth largest zinc smelter with a production capacity of over 300 Ktonnes. The investment in silver production makes Kokkola more competitive, as the world's zinc concentrate is tending to have a higher and higher silver content.

The majority of Kokkola's zinc concentrates come from Boliden's mines in Sweden and Ireland. Approximately 85 per cent of the zinc production is exported, primarily to Europe.

Kokkola uses both the in-house developed direct leaching method and conventional roasting techniques, and has consequently a high flexibility in handling different raw materials.

### Development in 2014

One of Kokkola's six hot leaching tanks broke down at the end of July and the entire hot leaching process was out of operation until early October, which postponed the bringing on line of the new silver extraction production facility, where production was ramped up during the fourth quarter. An installation designed to increase the capacity of one of Kokkola's two roasting lines was carried out during the second quarter.

	2014	2013
Revenues, SEK m	2,004	1,795
Operating profit, SEK m	459	248
Investments, SEK m	216	318
Zinc production, Ktonnes	302	312
Av. no. of employees, FTE	546	545
Accident frequency	12.6	9.3



## Bergsöe

### Contributing to an ecocycle for lead metal

Bergsöe, on the coast of southern Sweden, is one of Europe's biggest recycling facilities for lead batteries. The main products are lead and lead alloys and approximately 60 per cent of the lead production is sold to the battery industry in Europe, with the remainder used for lead sheet and radiation shields, amongst other things.

By recycling approximately 65 Ktonnes of lead scrap from the Nordic region and Europe – the equivalent of approximately four million scrap car batteries – Bergsöe contributes to an ecocycle for lead metal.

### Development in 2014

Battery raw materials continued to be in short supply, as was the case last year, and the price of raw materials increased.



Boliden appealed a ruling issued by the Swedish Land and Environment Court of Appeal in 2013 but were refused permission to take the appeal to the Supreme Court. The ruling will have no effect on Bergsöe's operations in the short term, but will prevent a desired long-term expansion.

Bergsöe has intensified its environmental work during the year in order to reduce so-called diffuse dust generation.

	2014	2013
Revenues, SEK m	783	715
Operating profit, SEK m	45	39
Investments, SEK m	10	12
Prod. of lead alloys, Ktonnes	44	45
Av. no. of employees, FTE	69	69
Accident frequency	0.0	7.0

# Purchasing goods and services

The annual purchasing volume (excl. purchases of concentrates) totals approx. SEK 11.4 billion, with investments accounting for some SEK 2.3 billion of this total. Mines account for approx. 55 per cent of the total purchasing volume, with Smelters accounting for the remaining 45 per cent. Boliden currently has around 5,900 suppliers and 195 account for 80 per cent of the purchasing volume. The inflation of the Group's purchasing prices during the year was effectively zero.

## Prioritised areas

Volume consolidation has yielded good results in 2014, coupled with the exploitation of synergies in the respective Business Areas. The focus has also been on improvements to health, safety and the environment. Boliden will continue to work with the following prioritised areas in the purchasing sphere:

**Generate cost savings** – increase procurement efficiency.

**Operational productivity and efficiency** – reduce internal lead times and improve delivery precision.

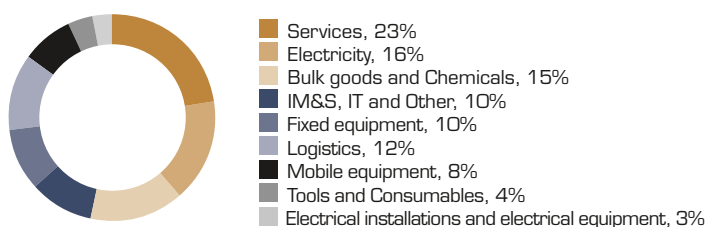
**Contract compliance** – increase the percentage of purchases linked to existing contracts. This increases purchasing efficiency, cuts costs and reduces risks in relation to health, safety and the environment.

## Boliden's purchasing categories, market and pricing trends

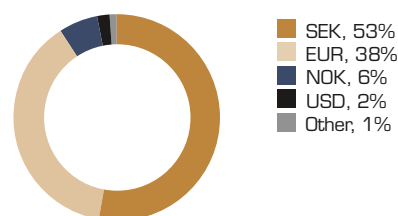
Boliden's purchasing spend is divided into strategic categories which, depending on their nature, are handled at site level, Business Area or Group level.

Category	Description and market trend	Boliden's cost development
<b>Services</b>	The market trend for services purchased by Boliden follows inflation in the country in question. The supplier market is in balance.	Consolidation of the number of suppliers has resulted in a certain amount of price reduction. The pricing trend is otherwise determined by inflation and price indices.
<b>Electricity</b>	Electricity prices in the Nordic region are driven by access to hydroelectricity and nuclear power; electricity transmission capacity between the Nordic countries, Nordic electricity consumption, and taxes and charges.	Boliden has worked to reassign and optimise existing contracts. Market prices have fallen but have had a moderate impact on Boliden's long-term electricity contracts.
<b>Bulk goods and chemicals</b>	This wide-ranging category is driven by fluctuations in local markets, global raw materials indices and currencies (EUR and USD). The market trend has been relatively stable.	There has been a market reduction in the price of petrochemical products and this has resulted in a certain amount of deflation overall within the category. The weakened Swedish krona has had a slight impact.
<b>Fixed installations</b>	The category has few suppliers, but substantial ones. 2014 was characterised by market balance, but also by a certain surplus in individual segments.	Boliden works to establish long-term relationships that focus on productivity and total cost with its suppliers. Some price reductions.
<b>Mobile equipment</b>	Capacity surplus for certain types of machines. Boliden works to establish long-term relationships that focus on productivity and total cost with its suppliers.	Measures to boost competitiveness and low-cost alternatives are part of the strategy. Slight reduction in prices within the category.
<b>Logistics</b>	Satisfying competition. There is some excess capacity in south-bound truck transports in Sweden, which benefits Boliden. Global maritime transports have a certain amount of overcapacity, driven by a decline in the shipping of raw materials for the steel industry.	Regional maritime freight initially experienced a price increase, but this has been compensated for by a fall in fuel prices at the end of the year. Rail and road transport remained largely unchanged.
<b>IT &amp; Telecoms</b>	Costs and service levels are affected by choice of technology, the ability to consolidate the IT landscape, and optimised specifications.	The overall cost trend in 2014 has shown a definite fall due to global price trends.
<b>Indirect materials and services</b>	The category primarily comprises services affected by salary trends on a per country basis. Good market balance and competition.	Costs have largely remained unchanged due to consolidation of volumes, harmonisation of specifications, and secured competition.
<b>Tools &amp; consumables</b>	Regional supplier base and good competition.	Some reduction of prices in 2014.
<b>Electrical installations &amp; equipment</b>	Long-term supplier relationships with an installed base. The market is in balance.	The cost picture has remained unchanged.

## Purchasing volume per category



## Purchasing per currency





# Risk management

Boliden's operations are cyclically sensitive and are exposed to fluctuations in metal prices and exchange rates. The operations have an impact on the surrounding environment and many processes are associated with work environment and safety risks. Boliden works unceasingly to reduce these risks, e.g. through scenario planning based on a range of different market fluctuations.

## Operational risks

Operational risks are managed by the operating units in accordance with the guidelines and instructions adopted for each Business Area and unit.

Risk	Description of risk	Management and comments for the year
<b>Health and safety</b>	Boliden handles large material flows, both below and above ground. Employees and contractors are periodically exposed to heavy machinery and lifting, to high temperatures, and to substances that are hazardous to health. Deviations from established routines or inadequate maintenance can give rise to dangerous situations and the risk of personal injury. The risk of serious accidents that can result in personal injury or fatalities must be respected and ongoing efforts to minimise it are vital. There is also a trend towards an increase in long-term sick leave that can result in a deterioration in the risk situation that can, in turn, result in an increase in ill health and accidents in future.	Boliden has well-established health and safety routines, with a clear zero tolerance vision. The number of accidents resulting in lost time (LTI), including those suffered by contractors, fell, year on year, and totalled 7.9 (8.9). Work on developing a clearer work environment strategy for the period from 2014 to 2018 has been intensified during the year and one of the important focus areas has been the augmentation of routines relating to preventative health and safety work.
<b>Environmental impact</b>	<p><b>Climate impact – the outside world's impact on Boliden</b> Boliden is affected by the rising global temperatures. Climate change in the form of increased precipitation creates the risk of increased discharges of metals and nitrogen to water for Boliden and, hence, a greater risk that mandated environmental limits will be exceeded.</p> <p><b>Carbon dioxide emissions – climate change</b> Boliden's operations result in the emission of greenhouse gases, mainly carbon dioxide. It is difficult, in the short term, to implement transformations that result in reduced emissions without simultaneously reducing production.</p> <p><b>Carbon dioxide emissions – financial impact</b> Boliden's smelters are subject to the EU's Emissions Trading Scheme, EU ETS. This can, potentially, result in increased costs. The mines are also indirectly affected by higher costs as a result of the power sector raising the price of electricity due to higher emissions costs.</p> <p><b>Emissions and discharges of metals</b> Metal emissions and discharges to air and water are a side-effect of the operations. The risk lies in the potential for exceeding limit values or in emissions/discharges that damage the environment.</p> <p><b>Dam safety</b> Tailings ponds account for one of the largest scale risk scenarios, both for Boliden and the mining industry in general. The risks comprise both the environmental impact of dam construction and the risk of a dam failure resulting in the discharge of contaminated water.</p>	<p>Boliden works proactively with continuous monitoring and process optimisation and with the potential for an increase in the capacity of Boliden's water treatment processes.</p> <p>Boliden's goal is to ensure its carbon dioxide intensity, i.e. carbon dioxide emissions per tonne of metal produced, does not increase. This goal will be achieved through a combination of efficient energy usage and new, more efficient technology. Boliden has reduced its carbon dioxide intensity in 2013 and 2014 in comparison with the figures for the base year of 2012.</p> <p>Boliden carries out regular analyses of future emissions costs and seeks, through its industry organisations, to promote transparency and predictability in the Emissions Trading Scheme during not only the current trading period (2013–2020), but also for subsequent periods.</p> <p>Efforts to manage the risk of emissions and discharges of metals are based on risk analyses. Ongoing monitoring and maintenance are carried out in line with the management systems' instructions. Boliden also invests in new technology, and efficiency enhancing measures for its processes and operations. Continuous measurements, follow-up work and reporting are also carried out to ensure that Boliden achieves its emissions and discharges goals.</p> <p>Boliden works proactively to minimise its safety- and environment-related impact on its surroundings and works systematically with in-house monitoring and inspections. Every operating unit with its own dam has a Dam Safety Manager and a Dam Operations Manager. The dams are operated in accordance with the GruvRIDAS dam safety guidelines produced by the Swedish industry organisation for mining and metal companies, SveMin.</p>

Risk	Description of risk	Management and comments for the year
<b>Unplanned stoppages</b>	Boliden's production essentially comprises continuous processes and unplanned stoppages can affect production, emissions and discharges to air and water, and financial results. The stoppages can, in some cases, be long-term ones. Unplanned stoppages can, for example, occur due to technical problems, accidents or strikes.	Boliden carries out preventative maintenance work at all of its production facilities. Major maintenance shutdowns are carried out every year within the smelting operations, while maintenance work is an integral part of the day-to-day operations for the mines. The smelting and mines operations have been working with a range of internal benchmark projects and knowledge exchange between the production facilities for a number of years now, and Boliden has also adopted a zero tolerance vision for accidents in order to help prevent unplanned stoppages.
<b>Talent pool</b>	A significant percentage of Boliden's employees will retire over the next few years. Stiff competition for skilled employees with some experience increases the difficulty of replacement recruitment.	Boliden has an established method of working with succession planning for key positions and has also drawn up plans for skill development and knowledge transfer. Talent Forums are held at all units to ensure that the right expertise is available in the right key positions at the right time. Boliden has an established programme of employer branding work and over the past year, the company has increased the number of visits it makes to universities and trade fairs. Equal opportunities work has resulted in Boliden attracting considerable attention and this, in turn, has enabled us to demonstrate our talent pool work. One example of this is Women at Work – the network for women who are interested in career development.

## Market and commercial risks

Boliden's market and commercial risks are primarily managed within the individual Business Areas and at Group level.

Risk	Description of risk	Management and comments for the year
<b>Metal prices</b>	Changes to metal prices have a significant impact on Boliden's profits and cash flow.	Boliden's policy is not to hedge metal prices, but rather to allow changes to be reflected in the result. There are some exceptions to this, e.g. when mining ore bodies with short residual lifespans or in order to ensure financial effectiveness in conjunction with major investment projects. See also under the "Financial risks" section. Boliden also continuously hedges Smelters' metal price and currency exposure (with the exception of process inventory) in what is known as transaction exposure. See also under the "Financial risks" section.
<b>Treatment and refining charges</b>	Treatment and refining charges make up a large part of the smelters' gross profit and are determined by the supply/demand in the metal concentrates market.	The terms are negotiated annually by the major players in the mining and smelting industries. Boliden generally applies these terms.
<b>Customers</b>	Boliden has a reliance on a small number of large copper customers. Reduced sales to industrial customers in Europe increase the risk of sales via the London Metal Exchange (LME), with slightly lower margins as a result.	Boliden endeavours to reduce the risk by expanding the customer portfolio through targeted sales activities. The number of industrial customers in continental Europe has been expanded further during the year and Boliden also has plans in place that would enable the production to be reorganised to produce LME-quality products in order to reduce its reliance on end-customers.
<b>Raw materials supply</b>	A stable and reliable raw materials supply is important in enabling the smelters to produce at high levels of capacity utilisation and consistent quality. Approximately 70 per cent and 35 per cent, respectively, of the smelters' copper and zinc requirements are met by external suppliers.	Boliden endeavours to conclude long-term agreements with reliable external metal concentrate and recycling materials suppliers.
<b>Energy prices</b>	Energy accounts for approximately 17 per cent of operating costs and changes in energy prices can have a significant effect on profitability.	Boliden has long-term electricity contracts with slow-moving price clauses in Sweden and Norway. In Finland and Ireland, the contract portfolio is shorter term and Boliden is more exposed to market prices. As a consequence, changes in energy prices impact the operating profit. Boliden monitors opportunities to enter into longer term agreements if and when such opportunities arise. Boliden continues to participate in collaborative projects designed to ensure long-term competitive power generation.

## Financial risks

Boliden has a centralised treasury function that is responsible for managing financial risks with the exception of credit risks in accounts receivable. The treasury function is tasked with supporting the management and operating units at Parent Company and Group level. This structure ensures good internal risk monitoring and offers both financial and administrative economies of scale. The treasury function is responsible for identifying and efficiently limiting the Group's financial risks in line with the financial policy adopted by the Board of Directors.

Risk	Description of risk	Management
<b>Exchange rate and metal price risks</b>	<p>The pricing terms for Boliden's products are primarily determined on raw materials exchanges such as the London Metal Exchange (LME) for base metals and the London Bullion Market Association (LBMA) for precious metals, and the currency and money market. Boliden's products are largely priced in USD and fluctuations in the USD/SEK/EUR exchange rates hence have a significant impact on Boliden's profits and cash flow. The Group's exchange rate and metal price exposure covers transaction exposure and translation exposure:</p> <p><b>Transaction exposure:</b> Boliden's transaction exposure comprises both binding undertakings and forecast cash flows.</p> <p><b>Exposure in connection with binding undertakings</b> This exposure arises when Boliden undertakes to participate in a transaction at a fixed value and which is not compensated for by a simultaneous opposite transaction of a corresponding size and nature. The Group buys metals in the form of raw materials which it processes into refined metals, and where the acquisition value of the raw materials as well as the exchange rates may differ from the final sales value. Such differences arise as a result of variations in size, purchasing date, processing and selling. Furthermore, some customers receive fixed prices in different currencies that are sometimes set well in advance of delivery.</p> <p><b>Exposure in conjunction with forecast cash flows</b> This exposure arises due to the fact that a substantial percentage of the Group's future income – primarily that relating to extracted metals and to treatment and refining charges – is affected by fluctuations in metal prices and exchange rates.</p>	<p>The Group's total sensitivity to the factors listed (see sensitivity analysis table below) is calculated on the basis of the quarterly reports detailing the Group companies' planned exposure resulting from metal production, exchange rates and interest. The effects of different market scenarios can be quantified on the basis of the information on sensitivity to market changes, and can then act as source data for the management of financial risks and be reported to the Board of Directors, management, and the market.</p> <p>Transaction exposure in conjunction with binding undertakings is hedged with the exception of the smelters' process inventory. Exposure in conjunction with forecast cash flows is normally not hedged in line with Boliden's policy. See also the "Market and commercial risks" section above.</p> <p>Boliden's policy stipulates that risks from exposure in conjunction with binding undertakings shall be hedged in full, with the exception of the smelters' process inventory. See also the "Market and commercial risks" section above. The Group uses futures contracts to ensure that the sale price and exchange rate correspond to those applicable in conjunction with the purchase of the raw material in question or with the signing of a sales agreement at a fixed price. Hedge accounting is applied to the futures contracts, thereby hedging the fair value in the Income Statement.</p> <p>Boliden continuously calculates the way in which changes in metal and exchange rate markets will affect the Group's future financial position. See the sensitivity analysis of the operating profit table below. Boliden's policy is not to hedge metal prices and exchange rates in relation to the Group's future income under normal commercial conditions. Boliden can, however, in order to limit the risk in certain situations, hedge part of the forecast cash flows. There may be special justification in conjunction with major investments or investments in mines with a short lifespan for limiting the financial risks. The Group can use futures and options contracts to hedge metal prices and/or exchange rates for the cash flows from forecast metal sales. The derivatives are hedge accounted as cash flow hedging under Other comprehensive income. See page 50 for a sensitivity analysis of how the Other comprehensive income result is affected by a change in the value of financial derivatives (cash flow hedging).</p>

### Sensitivity analysis – operating profit, excluding outstanding derivatives

The table below contains an estimation of the effect on the operating profit of changes in market terms for the following year. The effect is calculated on the basis of closing day prices on 31st December 2014 and is based on forecast metal sales. The sensitivity analysis does not take into account the effects of metal price and exchange rate hedging over and above the transaction hedging for binding undertakings, nor does it take into account the effect of the smelter' process inventory revaluation. The analysis does not include assumptions regarding such factors as cost inflation, discrepancies in production trends or macro-economic conditions. The starting point for calculating the effects of a 10 per cent change in metal prices is the so-called "cash price" on the LME or LBMA on 31st December 2014. The corresponding starting point for changes in the value of the US dollar is spot rates on the same date. The effect of changes to treatment and refining charges is based on changes in relation to the average level during the fourth quarter.

### Sensitivity analysis – other comprehensive income, taking into account outstanding derivatives

The table below contains an estimation of the effect on the Other comprehensive income (income and cost items including reclassification adjustments not reported under the profit), before tax, of changes in the value of outstanding derivatives based on the closing day prices on 31st December 2014.

Changes in the value of financial derivatives in respect of binding undertakings and translation exposure have a very limited or no effect on the profit or Other comprehensive income. The table below hence contains the effect of changes in the value of derivatives intended to counter the Group's forecast exposure.

Risk	Description of risk	Management
<b>Exchange rate risk</b>	<i>Translation exposure</i> A translation difference arises when converting net investments in overseas operations into Swedish kronor, in conjunction with exchange rate fluctuations, which affects Other comprehensive income within the Group.	The effect of translation exposure is eliminated with the help of external borrowing and currency futures contracts in accordance with Boliden's financial policy. Other comprehensive income was affected in 2014 by SEK -362 million (SEK -212 m) as a result of hedging in currency futures contracts and borrowing in foreign currencies.
<b>Interest rate risk</b>	Changes in market interest rates affect the Group's profits and cash flows. The rapidity with which a change in interest rate levels affects the Group's net financial items depends on the fixed interest term of the loans.	Boliden's financial policy provides the scope for an average fixed interest term of up to 3 years. The Group's loan portfolio had, on 31st December 2014, an average fixed interest term of 0.8 years (0.7 yrs.). Interest swaps are used to extend the fixed interest term.

**Sensitivity analysis**

SEK m	2014				2013			
	Operating profit	Net financial items	Taxes	Shareholders' equity	Operating profit	Net financial items	Taxes	Shareholders' equity
<b>Change in metal prices, +10%<sup>1)</sup></b>								
Copper	480	8	-107	381	400	7	-90	317
Zinc	620	10	-139	492	485	9	-109	385
Lead	100	2	-22	79	90	2	-20	71
Gold	200	3	-45	159	140	2	-31	111
Silver	155	3	-35	123	140	2	-31	111
<b>Change in exchange rates, +10%</b>								
USD/SEK	1,160	19	-259	920	960	17	-215	762
EUR/USD	560	9	-125	444	385	7	-86	306
USD/NOK	115	2	-26	91	85	1	-19	67
<b>TC/RC, +10%</b>								
TC/RC copper	100	2	-22	79	90	2	-20	71
TC zinc	40	1	-9	32	40	1	-9	32
TC lead	-15	0	3	-12	-10	0	2	-8
<b>Change in market rate, +1%<sup>2)</sup></b>								
		-77	17	-60		-83	18	-65
<b>Translation exposure, net investments in overseas operations, exchange rate +1%<sup>3)</sup></b>								
NOK/SEK				157				-13
EUR/SEK				501				485
<b>Effect of interest, +1%, Gold +10%, USD/SEK +10%<sup>4)</sup></b>								
Interest derivatives, interest swaps				40				41
Metal derivatives, gold futures				-116				-126
Currency derivatives, USD/SEK				-131				-150

<sup>1)</sup> Based on forecast sales for the coming twelve months.

<sup>2)</sup> Based on closing day debt portfolio excluding interest swaps (31/12).

<sup>3)</sup> Based on closing day balances (31/12).

<sup>4)</sup> Based on outstanding derivatives (31/12).

Risk	Description of risk	Management
<b>Refinancing and liquidity risk</b>	The risk that Boliden will be unable to extend existing loans or meet its payment undertakings due to insufficient liquidity.	<p>Boliden limits the refinancing risk by ensuring that its loan liability has a good spread in terms of counterparties, financing sources and durations. Boliden works actively to ensure satisfactory current liquidity by making appropriate use of unutilised credit facilities with market- and operations-adjusted loan durations. The refinancing requirement is reviewed regularly by Boliden's treasury function. The refinancing requirement is dependent, first and foremost, on market trends and investment plans. The loan agreements carry loan covenants which oblige Boliden to comply with certain defined key ratio conditions in order to avoid early repayment. A deterioration in the global economic climate may entail increased risks in respect of profit performance and financial position, including the risk of Boliden coming into conflict with loan terms and conditions. Boliden has complied with all loan covenants in 2014.</p> <p>The average term of total loan facilities was 3.4 years (2.6 yrs.) at the end of the year, which is in accordance with established Group policy. On 31st December 2014, Boliden's payment capacity totalled SEK 5,847 million (SEK 6,356 m) in liquid assets and unutilised binding credit facilities with a term in excess of one year. Boliden has established a cash pool structure that enables it to maintain a central overview of liquidity flows and ensures efficient management of the Group's overall liquidity.</p>

Risk	Description of risk	Management
<b>Credit and counterparty risk</b>	<p><i>Credit risks in financial operations</i> The term, credit and counterparty risk, refers to the risk that a counterparty in a transaction may fail to fulfil their obligation, thus causing the Group to incur a loss. Boliden's financial exposure to counterparty risk mainly occurs when trading in derivative instruments.</p> <p><i>Credit risks in accounts receivable</i> The risk of the Group's customers failing to fulfil their obligations constitutes a credit risk.</p>	<p>In order to limit credit and counterparty risk, only highly creditworthy counterparties are accepted and, wherever possible, the commitment per counterparty is limited. These restrictions are laid down in Boliden's financial policy in the form of a lowest acceptable Standard &amp; Poor's credit rating of A when the transaction is entered into and a maximum investment of liquid assets per counterparty. The treasury function continuously monitors exposure to counterparty risks, and the creditworthiness and counterparty spread of these derivatives is deemed to have been good in 2014. One of Boliden's financial counterparties has an A- credit rating, in a deviation from the minimum permitted rating of A in the financial policy, as approved by the Board of Directors. On 31st December 2014, the credit risk in derivative instruments corresponded to a market value of SEK 406 million (SEK 500 m), which relates to Boliden's receivables from external counterparties.</p> <p>Offsetting of financial assets and liabilities is regulated under ISDA agreements (International Swaps and Derivatives Association) which handles both offsetting between contracted counterparties during day-to-day operations and in conjunction with special circumstances, such as failure to pay. Boliden, during the course of its day-to-day operations, offsets market values in the same currency with a single counterparty that mature at the same time and the excess sum is paid by the party with the biggest liability. In the event of a breach of contract, all outstanding obligations covered by ISDA agreements are terminated in a sum that is paid by the counterparty with the biggest liability.</p> <p>Credit risks are managed through an established credit rating process, active credit monitoring, short credit periods, and daily routines for monitoring payments. The requisite provisions for bad debts are also monitored continuously. The concentration of accounts receivable is otherwise low and the credit periods are short. The quality of the accounts receivable is deemed to be very good. Write-downs of outstanding accounts receivable on 31st December 2014 have only been effected in very limited amounts and have also, historically speaking, been insignificant. See also Note 19 on page 87, Accounts receivable. Credit insurance is also used from time to time.</p>
<b>Risk management and insurance</b>	The risk of damage or injuries that give rise to financial losses.	The objective of the Risk Management function at Boliden is to minimise the total cost of the Group's damage and injury risks. This is achieved both by continuously enhancing the damage and injury prevention and control work conducted within the operations, and by introducing and developing Group-wide insurance solutions.
<b>Financial reporting</b>	The risk of inaccurate financial and operational reporting.	<p>Boliden has an efficient internal control structure. Control functions exist both locally, in individual units, and within Business Areas and at the Head Office. All of the functions work within a Group-wide internal control framework for financial reporting that is based on COSO. The framework's controls are tested annually, both internally and by external auditors. The internal tests have also resulted in the transfer of knowledge and experience between departments and units.</p> <p>The operational reporting is followed up and controlled by the Group's Controller function, which works closely with the local units and Business Areas.</p>

## Other risks

Risk	Description of risk	Management
<b>Legal risks</b>	Boliden conducts extensive operations and may occasionally become involved in disputes and legal proceedings arising in the course of these operations. Boliden's various operations are, furthermore, widely subject to licensing requirements and to wide-ranging environmental and other regulations. The continuation of Boliden's operations is, to a large degree, dependent on the retention of existing licences and the acquisition of new ones.	<p>Boliden continuously monitors legal developments in relevant spheres and implements, follows up on and ensures compliance with laws, regulations and the directives contained in applicable legislation. Boliden is active in the environmental law sphere, amongst others, through its membership of industry and trade associations, in the form of lobbying activities, and by means of presentations and educational measures for decision-makers and other stakeholder groups.</p> <p>Information on legal proceedings and disputes is provided in Note 30 on page 95.</p>
<b>Political risks</b>	Political decisions can have an effect in Sweden and the countries in which Boliden and Boliden's commercial partners operate.	Boliden and industry organisations are actively involved in lobbying work and are often an expert body to which reports are referred for comment ahead of impending political decisions that impact Boliden's operations.
<b>Risks to confidence</b>	Boliden may suffer incidents that adversely affect confidence in the company, when, for example, suppliers, customers and/or employees fail to live up to the environmental, quality, ethical etc. requirements adhered to by Boliden.	<p>Evaluations of customers and suppliers, Boliden's business partners, are conducted within the framework of Boliden's CR work before entering into any partnership. This is done by means, inter alia, of what is known as an EBP (Evaluation of Business Partners) checklist. Customer and supplier audits are also conducted, when necessary, to ensure that the standards maintained by these parties are as high as those within Boliden. Discrepancies can result in termination of the partnership.</p> <p>Boliden has a crisis management group which has routines to handle events that could damage confidence in the company. These include internal and external communication and legal assistance.</p>

# Sustainable development

A close-up photograph of a worker in a gold heat-reflective protective suit. The worker is holding a long, dark metal rod vertically. The background is a blurred industrial environment with warm, orange-toned lighting, suggesting a high-temperature setting like a smelter or refinery.

Boliden's ambition is to be the first sustainable link in the metals' value chain by being amongst the industry leaders when it comes to environmental performance, efficiency and responsibility.

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A process operator at the Harjavalta copper smelter taps off matte, an intermediate product of the smelting process which is then refined to produce thin copper plates with a purity level of at least 99.95 per cent.

Boliden has a responsibility to extract as much as possible from the raw materials we handle and, at the same time, to minimise our impact on people and the environment. Boliden consequently invests continuously in process

improvements and new technology and aims to go beyond that which is required by law and regulations.

One of Boliden's prioritised areas is that of emissions and discharges to air and water, where Boliden's target level is well below the limit values mandated by law. Boliden's goal is for discharges of metals to water and emissions of metals to air to be reduced by 25 per cent and 10 per cent, respectively, between 2012 and 2018.

# Boliden's employees

To generate value, Boliden must offer its employees safe work environments, stimulating work assignments, skill development programmes, opportunities for career development, and a balance between their professional and private lives.

Boliden's prioritised areas from an employee perspective for the period from 2014 to 2018 are to:

- Create a safe work environment with healthy employees
- Secure the future talent pool
- Create diversity and a better gender balance

## Create a safe work environment

Boliden's operations entail risks such as handling substantial material flows, high temperatures and, from time to time, substances that are hazardous to health. A safe work environment is a top priority for Boliden and the Group has adopted a zero tolerance vision for accidents at work. Creating a strong safety culture while simultaneously eliminating risks are the preconditions for achieving this goal. Every individual employee must accept personal responsibility for behaving safely and correctly. Consistent and committed leadership at all levels, committed employees and strong peer pressure that does not tolerate risky behaviour are important cornerstones for improving occupational safety, and a continuous ongoing dialogue on the subjects of health, safety, routines, attitudes and behaviour is, therefore, vital.

91 (112) accidents resulting in personal injury that lead to absence from work occurred during the year. No fatal accidents have occurred within the Boliden Group since 2008.

The accident frequency (LTI) in 2014 was 7.9 (8.9) for Boliden's own employees, including contractors, corresponding to an improvement of 12 per cent year on year. The goal is to reduce the frequency to zero by 2018 and the subsidiary goal for 2015 is 5.3.

Two serious work environment incidents occurred in 2014. An underground concrete spraying rig at Boliden's Tara mine caught fire. The operator driving the rig sounded the alarm and all of the other underground personnel successfully sought safety in the nearest refuge chamber. Those involved suffered no lasting physical injuries. The accident resulted in production being shut down for just over 24 hours to allow for the rescue operation and a comprehensive clear-up programme to be initiated in order to eliminate the risk of similar incidents. The breakdown of a hot leaching tank at Boliden's Kokkola smelter resulted in 370m<sup>3</sup> of hot acid being leaked. Five employees were trapped, close to the process, but suffered no physical injuries. The event resulted in a Group-wide risk review of tanks and cisterns of this and similar types.

## Activities for a safer Boliden

Behaviour Based Safety (BBS) training activities have been held since 2014 as an integral part of the work on the New Boliden Way.

Clear leadership and good role models are important in the creation and maintenance of the safety culture and high levels of safety consciousness that we aim to achieve. Group Safety Walks by the Group management team take place in accordance with an established schedule, with an increased focus on discussing work environment challenges with the personnel and contractors involved.



The BSafe programme aimed at raising awareness of safety and the work associated therewith continued in 2014.

BSafe is a concept developed as part of Boliden's work with visual, clear and standardised information on safety measures, correct behaviour and correct equipment in all workplaces. BSafe is an important component of building a safety culture in which everyone who wears a BSafe badge undertakes to speak out when someone is working in an unsafe way, to halt production if it poses a clear risk of serious personal injury, and to encourage everyone to speak out if they, themselves, are behaving in a risky way.

## Healthy employees

Being healthy is not just good for the individual in question, it also promotes Boliden's success. Reducing the number of people on sick leave is consequently one of Boliden's more important goals, and this importance is expressed in the form of an established programme of proactive health work. Boliden's sick leave rate increased, however, in 2014 to 4.3 per cent (3.9%). Boliden is currently seeking the underlying causes for this increase by, amongst other measures, analysing the factors that have affected the sick leave trends at the various different units.

Boliden offers a wide range of health-promoting activities, such as recurring spine training, exercise tips, free 24/7 access to the company gym, staff canteens that specialise in healthy foods, and our recurring quit smoking campaigns.

Well-being also requires effective rehabilitation activities – something that is particularly important when it comes to reducing long-term sick leave. The goal of our rehabilitation



work is to ensure that employees are able to return to their previous positions, but where this is not possible, Boliden strives to offer a position elsewhere within the operations when appropriate.

### My Opinion – Boliden's employee survey

One of the goals of the New Boliden Way is to create an organisation in which employees have the knowledge, the desire and the opportunity to develop. There are many ways of achieving this goal and the employee survey, My Opinion, offers an opportunity to see where Boliden has succeeded and where we could improve. Boliden conducts the survey every other year, most recently in January 2014. The survey is aimed at all employees and the response frequency in the 2014 survey was 82.5 per cent (86.9%). The results of the My Opinion survey were communicated to all employees in workplace meetings in order to give them the opportunity to suggest improvements and to generate action plans for areas where scope for improvement had been identified.

### Securing tomorrow's talent pool

Boliden's ability to attract, develop and retain employees with the right skill sets and commitment levels are vital for our competitiveness and a top priority. In a time when many of the employees are reaching retirement age, coupled with the fact that fewer and fewer students are studying scientific subjects, the competition for skilled employees is high.

Boliden shall provide a safe work environment that is characterised by professionalism, good developmental opportunities, good leadership and management, and a long-term sustainable approach. Our skill development and recruitment work is based

on Boliden's needs and strategic goals, such as the creation of a diverse workforce, an increase in the number of women working for the Group, and the need to manage the generation shift.

### Talent pools

Boliden, in common with the rest of the sector and much of heavy industry as a whole, is undergoing a generation shift. This, coupled with the fact that the Group's operations are often conducted in regions with a limited recruitment base, demands that Boliden increases its exposure to the next generation of employees. The competition for certain occupational categories, such as mining engineers, geologists, geophysicists, process engineers, environmental engineers, chemists, and experienced miners, is particularly tough. Boliden's operational bases all have their own recruitment plans and are responsible for ensuring their respective talent pools are filled.

Interesting career opportunities that go hand-in-hand with Boliden's business interests are created by encouraging mobility within the Group and prioritising internal recruitment in the talent and managerial pools.

### Employee development

Boliden offers potential for an individual to grow while remaining within the Group and has several skill development programmes designed to generate the preconditions and structures needed for career and skill planning. Talent pools, leadership development programmes and managerial evaluation programmes are all key components in Boliden's success. Special reviews, known as Talent Forums, are held with the management of every production unit in order to ensure that the right skills are brought on board. The introduction of a system for

## Social goals and results for 2014

Area	Indicator	Results, 2014 (2013)	Goal, 2014	Comments on the results
Create a safe work environment and promote good health among employees	LTI frequency <sup>1)</sup>	7.9 (8.9), total 5.8 (7.0), own personnel	< 6.0	The number of accidents is falling, albeit not yet at the rate defined in the reduction model adopted in 2014. Work on strengthening the safety culture will therefore be further intensified by means of a Group-wide survey in Feb.–March 2015. The results will be followed up on and relevant measures implemented at workshops and workplace meetings. Key focus areas are active and committed leadership and work on risk prevention.
	Sick leave %	4.3 per cent (3.9%)	< 3.8 per cent	The sick leave rate increased in 2014. Boliden is reviewing its work on rehabilitation and the potential for reassigning employees on sick leave to other positions. Both short-term and long-term sick leave are followed up on and analysed. Proactive health promotion activities will be intensified in 2015.
Create diversity and a better gender balance	The percentage of female employees	17.5 per cent (17.1%)	> 17.6 per cent	All units have been implementing local equal opportunity plans and conducting series of information days as part of the work on increasing the percentage of female employees.

<sup>1)</sup> LTI frequency – the number of accidents leading to lost time per one million hours worked.



Boliden is working strategically to increase the percentage of female employees and our goal is for women to make up 20 per cent of the workforce by the end of 2018. Birte Moland, a process operator at the Odda zinc smelter, is one of the women who has joined Boliden's network for women's career development.

personnel evaluation and development has resulted, in 2014, in improvements in the talent management sphere and in the ongoing improvement work within the framework of the New Boliden Way.

For further information, please see Boliden's website at [www.boliden.com](http://www.boliden.com)

#### Talent for the future

Efforts to improve awareness of Boliden among students at universities and colleges of further education continued during the year and will, in the long term, help grow the recruitment base. One example of these efforts is Boliden's partnership with the Luleå University of Technology. A systematic programme of work, with well-defined messages and clear priorities in terms of the activities to be carried out and the fora to be visited, are the cornerstones of this work. Measurements and rankings among students and "young professionals" provide relevant information, enabling Boliden to track the way in which it is perceived and what these groups are looking for in a future employer. Surveys have shown, amongst other things, that areas linked to sustainable development are valued highly in these groups, as are a work-life balance, an equal opportunities workplace, and personal development – all opportunities offered by Boliden.

#### Diversity and equal opportunities

Diversity leads to dynamism, creativity and, ultimately, to greater profitability. Boliden endeavours to ensure its workforce is made up of people with different backgrounds, of different ages, and with different experiences.

The metals industry is traditionally male-dominated and although the industry has progressed, e.g. through technological development that has reduced the heavy, manual aspects of the job, Boliden still faces a challenge when it comes to attracting female employees. Boliden's goal is for at least 20 per cent of its workforce to be made up of women by the end of 2018 and if we are to achieve this goal, one in every three recruits must be female. At present, 17.5 per cent (17.1%) of Boliden's employees are women.

Deliberate investments include equal opportunities plans at all units, recurrent training days, and female networks within the Group.

#### Work-life balance

Boliden regards a work environment that offers work-life balance as a prerequisite for successfully attracting and retaining talented employees. This is an important component of ensuring our employees' well-being and their ability to perform.

Some of the countries in which Boliden conducts operations offer economic compensation to employees on parental leave, and employees on parental leave are also kept informed of what is going on and how things are developing at their workplace.

Boliden has received external acknowledgement of its efforts to create a balance between employees' work and private lives – in 2012, the company received the Unionen trade union parent-friendly workplace award and in 2013, it was awarded the Swedish industry's equality prize.

# Boliden's environmental work

Boliden's environmental work shall reduce the operations' environmental impact at every stage in the value chain, from exploration to the delivery of finished metals. We do this by implementing continuous improvement work and through technical development, but also through targeted environmental investments designed to reduce emissions and discharges or to restore the natural environment in areas affected by Boliden's operations.

## Environmental impact throughout Boliden's value chain

The scale of the operations' environmental impact varies along the length of the value chain, see illustration on pages 24–25.

Exploration has no truly significant environmental impact in and of itself, while mining brings about changes in the landscape and causes noise and vibration. Mines and smelters give rise to waste, dust and emissions and discharges of metals to air and water. The operations require energy which gives rise to carbon dioxide emissions, directly or indirectly. The environmental impact is minimised through the use of the best available technology and methodologies.

Boliden's environmental work is systematic and the relevant challenges are identified and selected as part of an ongoing process. The following areas have, as of 2014, been prioritised for the ongoing environmental work:

- Minimising our impact on the soil, air and water
- Efficient use of resources
- Reclamation work and protection of natural values

All of Boliden's mines and smelters work with ISO 14001 certified environmental management systems and Boliden is also currently working to update and certify its energy management systems in accordance with ISO 50001. All of the units, with the exception of Bergsöe and the newly acquired Kylylahti, are already certified and these units are expected to introduce energy management systems in 2015–2016. The smelters are also quality certified in accordance with ISO 9001.

## Boliden shall have zero environmental accidents

Boliden's goal is zero environmental accidents<sup>1)</sup>. Achieving our goal demands efficient systems and stable processes at every stage of the value chain, but also requires a focused programme of work with risk assessments, action plans, routines and advanced technology. Individual attitudes are, perhaps, the most important factor of all and our work on attitudes and behaviour is, therefore, critical to our success.

<sup>1)</sup> A serious accident that causes significant environmental harm and/or results in the limit values prescribed in permits being exceeded.

## Environmental goals and results for 2014

Area	Indicator	Results, 2014 (2013)	Goal, 2014	Comments on the results
Minimise the impact on the soil, air and water	Reduce discharges of metals to water <sup>1), 2)</sup> , tonnes	-4.0 per cent (-0.1%)	Reduction by 0.9 per cent	The year's emissions of metals to air have exceeded the internal goals. This has been caused by recurring problems with the dust filter systems at Boliden's smelters. No limit values for dust emissions have, however, been exceeded.
	Reduce emissions of metals to air <sup>1), 2)</sup> , tonnes	+12 per cent (-3.3%)	Reduction by 2.0 per cent	
	Reduce emissions of sulphur dioxide to air <sup>1), 2)</sup> , tonnes	-11 per cent (-22%)	Reduction by 3.6 per cent	
	Stabilised carbon dioxide intensity <sup>1)</sup> (CO <sub>2</sub> emissions per tonne of metal, calculated per production unit), tonne/tonne	0.74 (0.78)	≤ 0.77	Boliden's production of metals has increased while the CO <sub>2</sub> volume has remained stable. There has thus been a lowering of the carbon dioxide intensity.
	Number of environmental accidents per month	1.1 per month (0.5)	0	Boliden has had nine incidents where limit values have been exceeded and four serious incidents. None of these incidents are thought to have caused lasting harm or to have had any significant environmental impact.

<sup>1)</sup> Base year: 2012

<sup>2)</sup> The number of metals included in the calculation source material for emissions and discharges to air and water has been increased, as of 2012. New point sources have been added, as of 2012, for discharges of metals to water and SO<sub>2</sub> emissions to air. Comparison figures for 2012 and 2013 have, therefore, been corrected from those previously reported. See also pages 21 and 116 for additional explanations.



The reclamation work that will be carried out to restore the area, so that it is once more a natural part of the surrounding landscape, is determined already in conjunction with the planning of a new mine. The illustration shows the water-covered tailings pond in Stekenjökk.

There were 13 (6) environmental accidents in 2014, of which nine involved accidents where limit values were exceeded. Several of the accidents where limit values were exceeded during the year related to internal landfill limits and hence had no impact on the environment outside of the actual industrial area. Both mines and smelters reported short-term discharges of untreated water in conjunction with heavy precipitation in 2014. None of the accidents resulted in lasting damage or any significant environmental impact, but did demonstrate the need for stepped-up action in terms of preparing the operations to handle increasing quantities of precipitation and Boliden's operations will, therefore, introduce systems designed to improve the control and monitoring of water management in 2015.

Boliden's ongoing results in relation to its environmental goals are monitored by the Group's management group on a monthly basis, with the exception of the carbon dioxide goal, which is followed up quarterly. The results are also presented every quarter in the company's Interim Reports.

### Impact on the physical environment

Boliden's operations utilise large areas of land for exploration activities, mining operations, industrial parks, and tailings and clarification ponds. Soil conservation and reclamation of mining areas that are reaching the end of their productive lives are, therefore, an integral part of Boliden's operations and responsibilities. The reclamation work that will be carried out in order to restore the area so that it becomes a natural part of the surrounding landscape again is part of the process right from the start, when a mine is still at the planning stage. Reclamation and conservation are also an integral part of the day-to-day operations and are conducted in parallel with them, e.g. in the form of covering and seeding one part of the mining area while ore is being extracted in another. Boliden's goal is to use the best possible technology and to combine this with continuous monitor-

ing of the work carried out. The specific area's preconditions, such as infiltration, watercourses or groundwater levels are crucial in determining which method to use. Identifying and planning for environmental consequences in this way before a mine even becomes operational ensures that a good environmental performance can be achieved throughout the lifespan of the mine and that reclamation work is conducted on a rolling basis.

Boliden has a direct reclamation responsibility for some 30 active and closed down mining areas and conducts a systematic programme of monitoring and risk analyses for every area. A total of SEK 2,057 million (SEK 1,651 m) had been allocated for the reclamation of mining areas and smelters by the end of 2014.

### Dam safety

Boliden is currently responsible for around 40 dam facilities which have been used, or are being used, to deposit tailings sand or other waste and for water management. Inspections and monitoring are carried out on all of Boliden's dams, both during and after their operational lives. The intervals between and scope of the inspections is determined by the dam's consequence classification. Every operating unit with its own dam has a Dam Safety Manager and a Dam Operations Manager. Boliden endeavours to minimise its impact in the surrounding area, both during construction and use and after the dams' operating lifespans. Boliden's dam safety work since the turn of the millennium has been conducted in accordance with the guidelines for dam safety (GruvRIDAS) issued by the Swedish mining industry association, SveMin, which regulate, amongst other things, the scope of and intervals between inspections and monitoring of the dams.

### Forestry and land management

Boliden owns more than 20,000 hectares of land. Boliden needs the land to carry out its exploration work and thereby expand its operations. Boliden's forestry is FSC (Forest Stewardship Council)

certified in order to promote an environmentally responsible and economically viable approach to forestry, which helps Boliden to ensure that economic, environmental and social responsibility is applied to all aspects of its forestry operations. Boliden also conducts ongoing internal and external audits based on FSC requirements. Boliden endeavours, in conjunction with all forestry-related activities, transportation and other activities in conjunction with our forestry work, to use input goods and consumables that are environmentally friendly and recyclable. Only those substances and techniques that are approved within the framework of FSC, or which have been approved by the Swedish Forest Agency may be used. Boliden has designated approximately 10 per cent of its productive forested land as nature conservation areas, which is considerably more than the amount required for certification.

### Emissions and discharges to air and water

The process of extracting metals generates emissions and discharges and Boliden is responsible for continuously managing and minimising these emissions and discharges and their negative effects. Stable processes that can be run with the fewest possible maintenance shutdowns are important in reducing these emissions and discharges and Boliden is, to this end, continuously investing in process improvements and new technologies. A completely new production facility – mine and concentrator – with a higher degree of automation was brought on line in Garpenberg during the year, helping ensure a higher level of operational reliability and resource efficiency.

Reducing emissions and discharges of metals, nitrogen, sulphur dioxide and carbon dioxide, and reducing diffuse dust emissions to the air in order to maintain good air and water quality have always been high priority areas for Boliden's environmental work, and will continue to be so.

### Discharges to water

The primary environmental impact of discharges to water lies in the risk that the affected bodies of water and their beds are contaminated by foreign substances that may disturb their natural balance.

Boliden's operations use large amounts of water, and reusing the water and returning it to the processes enables Boliden to reduce both its water withdrawal and its discharges.

Boliden's discharges to water nowadays mainly comprise metals and nitrogen. 66 per cent (78%) of the metal discharges come from the smelters' water treatment plants that also treat the rainwater that falls on the industrial park area. Boliden's mines account for the remaining 34 per cent (22%) in the form of discharges from tailings ponds at the mines' concentrators and water treatment plants. Rainwater that falls within the industrial park areas is also treated.

The mining operations account for 77 per cent (70%) of Boliden's nitrogen discharges, which result mainly from the use of explosives. The other 23 per cent (30%) come from the sedimentation tank at the Kokkola zinc smelter.

Water management is critical in maintaining the quality in the water that is discharged into recipients. Heavy precipitation is one of the main risks to Boliden's ability to meet applicable limit levels as the water treatment capacity is not always sufficient to handle the occasional sharp rise in water levels.

### Emissions to air

Boliden's most significant emissions to air comprise both the metal and sulphur dioxide emissions formed by the smelters' process gases and the direct emissions of carbon dioxide from metallurgical processes and transportation. Some diffuse emissions of dust arising from open materials handling, for example, are generated over and above the emissions released into the atmosphere in a controlled way via smokestacks. A programme has been ongoing in 2014 with the objective of drawing up action plans that will increase Boliden's control over and reduce the scale of the company's diffuse emissions at all production units.

The indirect carbon dioxide emissions from the electricity purchased by Boliden account for just under half of the company's total carbon dioxide emissions, based on Boliden's chosen calculation method. One industry-wide phenomenon that has impacted Boliden is the fall, on average, in the metal grades of the ores extracted, which means that the ore requires additional processing, resulting in an increase in energy consumption per tonne of metal produced. Deteriorations in the quality of the smelters' input raw materials result in reduced recovery and, hence, in emission increases per tonne of metal produced.

As part of its efforts to reduce its carbon dioxide emissions, Boliden exploits the surplus heat generated at the smelters. It is estimated that approximately 570 (602) GWh was used internally in 2014 and that 799 (775) GWh was supplied to external users.

The mode of transport used also affects Boliden's carbon dioxide emissions. Most of the transportation within the mine areas uses diesel vehicles, although recent investments in electri-



Boliden performs regular measurements of the emissions and discharges to air, soil and water in the vicinity of existing and closed-down operations.

fied conveyor belts, for example, have reduced the need for fossil fuels. Approximately 70 per cent of the transportation of metal concentrates and other smelting materials is done by ship or rail. The transport of finished metals from the smelters is primarily by ship or rail within Europe, and often involves reloading on to trucks for the final stretch of the journey to the customer.

All of Boliden's smelters are subject to the EU's system for trading in carbon dioxide emissions rights, ETS. The smelters received a preliminary allocation of emission rights for the period from 2013 to 2020 of 3.87 Mtonnes of carbon dioxide, which corresponds to the forecast emissions for that period. Boliden applies transparent reporting of its climate control work and has been recognised for this in the CDP's Climate Disclosure Leadership Index (CDLI) in 2014.

### Energy supply

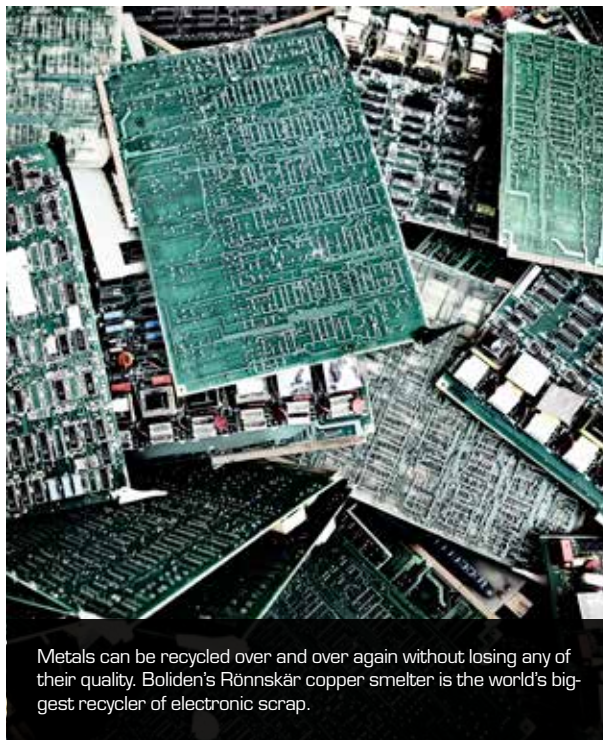
The origins of the electricity Boliden uses is determined by the energy mix provided by the different countries in which the Group operates. Hydroelectricity predominates in Norway, while hydroelectricity and nuclear power are the main sources used in Sweden, and in Finland, a combination of different sources are employed. In Ireland, a higher percentage of the energy used is derived from fossil fuels.

Boliden intends to improve its energy usage efficiency and to break the trend of rising carbon dioxide intensity (the amount of carbon dioxide emitted in relation to the amount of metal produced) that has continued for a number of years now. As an initial step towards this goal, Boliden intends to stabilise its carbon dioxide intensity at 2012 levels, after which it will focus on reducing emissions. Mapping work carried out internally has shown that process optimisations and more efficient recovery of surplus heat are the most cost-effective ways of reducing carbon dioxide emissions, but that substantial potential also exists in the form of replacing fossil fuels with electric propulsion.

### Waste management

Boliden's mines and smelters generate waste comprising waste rock, tailings sand, slag, sludge and dust. Boliden's waste management is not just about minimising and processing end waste, it is also about converting waste into raw materials, in that some of the waste generated can be used as a raw material in another process. The Group's waste products are sent to other companies for extraction in the same way as Boliden receives other companies' waste products for metal extraction, thereby enabling the amount of end waste that has to be sent to landfill to be minimised.

Boliden always attempts to identify internal solutions for recycling waste products or sending them to landfill. Two new rock caverns for storing jarosite waste were constructed in 2014, close to the Odda smelter. In cases where the best solution entails exporting a waste product to another country, the process is subject to the legislation governing the export of waste to landfill sites or for recycling. Boliden also has its own routines for ensuring that waste is handled correctly and safely and will, when necessary, conduct external audits of waste recipient sites.



Metals can be recycled over and over again without losing any of their quality. Boliden's Rönnskär copper smelter is the world's biggest recycler of electronic scrap.

Remuneration for processing waste is not paid until documentation has been provided confirming that the work is completed.

A legal requirement to permanently store process waste with a certain mercury content underground will shortly come into force. Boliden generates mercury-bearing waste, and the Kokkola and Odda smelters already use underground permanent storage facilities for this type of waste. In 2014, the Rönnskär smelter was granted a permit to begin work on the construction of an underground storage facility for waste previously stored within the industrial park area.

### Recycling

Metals can be recycled endlessly without any deterioration in their quality. It is important, therefore, that electronic materials and scrap, such as telephone cables, copper roofs and copper pipes, from the demolition or construction of buildings and infrastructure is reutilised. The Rönnskär smelter is the world's biggest recycler of electronic material, and 45 per cent (50%) of the gold, 25 per cent (30%) of the copper, 20 per cent (30%) of the silver, and 65 per cent (70%) of the zinc produced there comes from recycled materials.

Bergsöe – the only smelter in the Nordic region that recycles lead – is another shining example, producing approximately 50 Ktonnes of lead each year, 100 per cent of which comes from scrap car batteries.

# Evaluation of business partners

For the past couple of years now, Boliden has included sustainability issues in its evaluation of business partners. Thereby a dialogue is established on the ways in which the industry can, at an overall level, bring about improvements in social and environmental responsibility.

## Boliden's suppliers and customers

In 2010, Boliden instituted a process for evaluating its business partners with regard to their approach to business and sustainability – the Evaluation of Business Partners (EBP). The choice of business partner has a significant impact on Boliden's profitability and an indirect impact on sustainability performance and it is important, therefore, that Boliden works together with its partners to develop a high level of sustainability.

Boliden's suppliers can be divided into those who supply metal concentrates and secondary raw materials, and those who supply other input goods and services.

## Evaluation of business partners

Boliden's business partners are evaluated with regard not only to commercial aspects, but from a sustainability viewpoint that is based on the 10 principles of the UN's Global Compact and on ILO and ISO standards. These conventions address such areas as human rights, working conditions, environmental responsibility and systematic environmental work, anti-corruption, and the way in which the business partners follow up on and evaluate their own sustainability work.

In 2014, approximately 100 business partners have completed the self-assessment process, which is a tool designed to evaluate the work in areas that Boliden has identified as being of particular importance. The aim is to develop and improve the sustainability work by all parties. Every departmental manager at Boliden is responsible for ensuring that his or her department's business partners complete the evaluation process.

Audits of business partners are carried out in special cases and any deviations from standards and remedial measures imple-

mented are followed up. Boliden's goal is for all of its business partners to show real commitment to continuous improvement.

## Trading in materials and waste

Boliden complies with national legislation and international guidelines such as the OECD guidelines for trade in materials, waste and hazardous waste, and for some years now, Boliden has been implementing a strict internal policy regarding such transactions. This means that the operator who handles material received from Boliden for processing or permanent storage does not receive payment in full until they can produce documentation demonstrating that the material has been processed. This clause is included in all of Boliden's agreements.

## Conflict minerals

Boliden produces around 15 tonnes of gold every year from mined concentrate and recycling. Boliden's policy is that no concentrate shall be acquired from areas of armed conflict. The secondary raw material is, however, more difficult to control as it may have passed through several links in the supply chain before it reaches Boliden.

The Rönnskär smelter is included in "The London Good Delivery list of Acceptable Refiners". Boliden must, in order to ensure its continued inclusion in the London Bullion Market Association's list of recommended gold producers, ensure that the raw materials chain complies with a number of ethical criteria, and must comply with stringent standards for documentation and transparency.

Activity	Result, 2014	Result, 2013	Comments
Number of self-assessments	149	105	Evaluations take place before contracts are concluded, with follow-ups after 2–5 years.
Responses received	99	62	Self-assessments constitute the basis for an initial risk assessment.
Number of dialogues	42	84	In-depth risk assessment and an opportunity to discuss improvements.
Number of visits	23	26	Following up on any deviations and measures implemented. It is part of Boliden's strategy to assist in the development of individual suppliers.

# Sustainability report in accordance with G4

Boliden values open and accessible communication with regard to the company's sustainability work. Boliden has reported in accordance with the GRI guidelines since 2005, and sustainability information has been integrated into the various sections of the Annual Report since 2012. A separate GRI report is also compiled.

Boliden's Annual Report includes an overall account of the areas defined by the company as the focal areas for its sustainability work. Boliden has also, since 2011, prepared a separate and more detailed GRI report. Together with the Annual Report, this report provides a comprehensive account of Boliden's sustainability work, management and results. The 2014 report is the first to be prepared by Boliden in accordance with the GRI's latest guidelines, G4. Boliden has complemented the materiality analysis initiated when the company's new sustainability goals for the period from 2014 to 2018 were formulated, in order to comply with the requirements imposed by GRI. Additional calibration work has been conducted in 2014 with the aid of internal and external stakeholders. The stakeholder groups that took part

were employees, customers, investors, neighbours, and authorities. The stakeholder dialogues confirmed Boliden's priorities and goals. The analysis and dialogues identified additional aspects as being of importance, over and above those already reported by Boliden. The GRI report is available on Boliden's website and includes Boliden's complete GRI index, a description of the materiality analysis and stakeholder dialogues, and reports on management and selected indicators.

The following table provides an overview of Boliden's material aspects, a reference to applicable GRI indicators, and details of where to find relevant information in the Annual Report and/or the GRI report. For a more detailed report on Boliden's work, processes and results please see the GRI report.

Material aspect	Indicator, as per G4	Annual Report	GRI report
<b>Category: Economic</b>			
Economic results	EC1, EC2, EC3, EC4	20, 32, 47, 88-91	2, 14-15
Market presence	EC6	38-39, 40-45	16
Indirect economic effect	EC8		16
<b>Category: Environmental</b>			
Materials	EN1, EN2	24-25, 60	18
Energy	EN3, EN5, EN6	24-25, 60	19-20
Water	EN8, EN10	24-25, 59	20
Biodiversity	EN11, EN13, MM1	58	21-22
Emissions	EN15, EN 16, EN18, EN19, EN21	24-25, 57, 59, 116	23-24
Effluents and Waste	EN22, EN23, EN24, MM3	24-25, 59	25-26
Compliance	EN29	51	26
Transport	EN30		26-27
Supplier Environmental Assessment	EN32	61	27
Environmental Grievance Mechanisms	EN34		27
<b>Category: Social - Working conditions</b>			
Employment	LA1, LA2	54-56	28-29
Labour/Management Relations	LA4, MM4		29-30
Occupational Health and Safety	LA5, LA6, LA7, LA8	47, 54	30-31
Training and Education	LA9, LA10, LA11	55-56	32
Diversity and Equal Opportunity	LA12	56	33
Equal Remuneration for Women and Men	LA13		33
Supplier Assessment for Labour Practices	LA14	61	34
Labour Practices Grievance Mechanisms	LA16		34

Material aspect	Indicator, as per G4	Annual Report	GRI report
<b>- Human rights</b>			
Non-discrimination	HR3	56	35
Indigenous rights	MM5		35
Assessment	HR9		35
Supplier Human rights Assessment	HR10	61	36
Human rights Grievance Mechanisms	HR12		36
<b>- Society</b>			
Local communities	SO1, MM6, MM7		37
Resettlement	MM9		37
Closure planning	MM 10	91	37
Emergency preparedness	DMA only		38
Anti-corruption	SO4, SO5		38
Anti-competitive behaviour	SO7		39
Compliance	SO8	51	39
<b>- Product responsibility</b>			
Material stewardship	MM11		40
Product and service labelling	PR3, PR5		40



# Auditor's Limited Assurance Report on Boliden AB's Sustainability Report

## To Boliden AB

### Introduction

We have been engaged by Boliden AB to undertake a limited assurance engagement of the Boliden AB's Sustainability Report for the year 2014. The Company has defined the scope of the Sustainability Report in the GRI index on pages 10–13 in the GRI Report.

### Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on pages 6–10 in Boliden's GRI Report, and are the parts of the Sustainability Reporting Guidelines, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed and disclosed. This responsibility also includes the internal controls deemed necessary to prepare a sustainability report that is free from material misstatement, whether due to improprieties or to errors.

### Responsibilities of the auditor

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

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the 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 extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express a reasonable assurance opinion.

Our limited assurance engagement is based on criteria chosen by the Board of Directors and the company management, as defined above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions below.

### Limited Assurance Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria as selected by the Board of Directors and the company management and stated above.

Stockholm 19th February 2015  
Ernst & Young AB

Helene Siberg Wendin  
*Authorized Public Accountant*

Håkan Ulrichs  
*Partner, Climate Change  
and Sustainability Services*

# Financial reporting



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Per Lindsköld, a survey technician in the Boliden Area (left) collects geophysical data with the help of electromagnetic measurement equipment developed in-house by Boliden. This equipment can detect deposits at a depth of 1 km, which is very useful because Boliden's exploration work is often conducted in areas with deep-lying minerals.

The Boliden Area is located in the mineral-rich Skellefte field that has yielded almost 30 separate mines since production began in the 1920s. The mines produce complex ores containing zinc, copper, lead, gold and silver. Many of the metals are used in medical equipment and to protect against X-rays, etc.

# The Group

## Income Statement

Amounts in SEK million	Note	2014	2013
Revenues	2	36,891	34,409
Cost of goods sold	5	-32,905	-31,419
<b>Gross profit</b>		<b>3,986</b>	<b>2,989</b>
Selling expenses	5	-341	-340
Administrative expenses	4, 5	-539	-525
Research and development costs	5	-395	-405
Other operating income	6	102	102
Other operating expenses		-58	-18
Results from participations in associated companies	16	3	2
<b>Operating profit</b>	2-6, 9, 11-14	<b>2,759</b>	<b>1,803</b>
Interest income and other similar items	7	3	31
Interest expenses and other similar items	8	-291	-253
<b>Profit after financial items</b>		<b>2,471</b>	<b>1,581</b>
Taxes	17	-572	-288
<b>Net profit for the year</b>		<b>1,899</b>	<b>1,294</b>
Net profit for the year attributable to:			
The Parent Company's shareholders		1,898	1,291
Minority holdings		2	3
Earnings per share, SEK	22	6.94	4.72
There are no potential shares and hence no dilution effect			
Average number of shares, basic and diluted		273,511,169	273,511,169

## The Consolidated Statement of Comprehensive Income

Amounts in SEK million	Note	2014	2013
<b>Net profit for the year</b>		<b>1,899</b>	<b>1,294</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to the profit/loss</b>			
Cash flow hedging			
Change in market value of derivative instruments		-229	728
Fiscal effect on derivative instruments		50	-160
Transfers to the Income Statement		-33	-200
Tax on transfers to the Income Statement		7	44
		<b>-204</b>	<b>412</b>
Year's translation difference when converting overseas operations		277	168
Result of hedging of net investments in overseas operations		-362	-212
Tax on the net profit for the year from hedging instruments		80	47
		<b>-4</b>	<b>3</b>
<b>Total items that will be reclassified to the profit/loss</b>		<b>-208</b>	<b>415</b>
Items that will not be reclassified to the profit/loss			
Revaluation of defined benefit pension plans		-399	142
Tax attributable to items not reversed to the profit/loss for the period		96	-35
<b>Total items that will not be reclassified to the profit/loss</b>		<b>-303</b>	<b>107</b>
<b>Total other comprehensive income</b>		<b>-510</b>	<b>522</b>
<b>Comprehensive income for the year</b>		<b>1,389</b>	<b>1,816</b>
Comprehensive income for the year attributable to:			
The Parent Company's shareholders		1,387	1,813
Minority holdings		2	3

# The Group

## Balance Sheet

Amounts in SEK million	Note	31-12-2014	31-12-2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	12	<b>3,516</b>	<b>3,130</b>
<b>Tangible fixed assets</b>	13		
Buildings and land		4,677	4,626
Deferred mining costs		6,160	5,132
Machinery and other technical facilities		17,021	16,768
Equipment, tools, fixtures and fittings		288	183
New construction work in progress		476	638
		<b>28,623</b>	<b>27,348</b>
<b>Other fixed assets</b>			
Participations in associated companies	16	19	9
Other shares and participations		26	24
Deferred tax receivables	17	17	68
Long-term receivables		94	98
		<b>156</b>	<b>199</b>
<b>Total fixed assets</b>		<b>32,295</b>	<b>30,677</b>
<b>Current assets</b>			
Inventories	18	7,885	8,031
Accounts receivable	19	1,344	1,048
Tax receivables		92	94
Interest-bearing receivables		3	3
Derivative instruments	27	406	500
Other current receivables	20	976	877
Liquid assets	10	865	611
<b>Total current assets</b>		<b>11,570</b>	<b>11,164</b>
<b>TOTAL ASSETS</b>		<b>43,865</b>	<b>41,841</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	22	579	579
Other capital contributed		5,940	5,941
Translation reserve		-78	-74
Hedging reserve		63	267
Defined benefit pension plans		-745	-442
Profit carried forward		18,209	16,788
<b>Shareholders' equity attributable to the Parent Company's shareholders</b>		<b>23,968</b>	<b>23,059</b>
<b>Minority holdings</b>		<b>7</b>	<b>16</b>
<b>Total shareholders' equity</b>		<b>23,974</b>	<b>23,075</b>
<b>Long-term liabilities</b>			
Provisions for pensions	23	1,468	1,047
Other provisions	24	1,875	1,512
Deferred tax liabilities	17	2,862	2,852
Liabilities to credit institutions	26	4,819	4,346
Other interest-bearing liabilities	26	19	4
<b>Total long-term liabilities</b>		<b>11,043</b>	<b>9,761</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	26	2,845	3,948
Other interest-bearing liabilities	26	0	9
Accounts payable	26	3,764	3,636
Other provisions	24	244	169
Current tax liabilities		77	13
Derivative instruments	27	425	36
Other current liabilities	28	1,493	1,194
<b>Total current liabilities</b>		<b>8,847</b>	<b>9,005</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>43,865</b>	<b>41,841</b>
<b>Pledged assets</b>	30	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	30	<b>2,281</b>	<b>1,608</b>

# The Group

## Changes in shareholders' equity

Amounts in SEK million	Note		Shareholders' equity attributable to the Parent Company's shareholders							
	Share capital	Other capital contrib.	Translation reserve	Hedging reserve	Defined benefit pension plans	Profit carried forward	Total – Boliden's shareholders	Minority holdings	Total shareholders' equity	
	22									
<b>Balance Sheet, 31-12-2012, Restatement<sup>1)</sup></b>	<b>579</b>	<b>5,941</b>	<b>-77</b>	<b>-145</b>	<b>-549</b>	<b>16,591</b>	<b>22,34</b>	<b>14</b>	<b>22,354</b>	
Net profit for the year	-	-	-	-	-	1,291	1,291	3	1,294	
Other comprehensive income	-	-	3	412	107	-	522	-	522	
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>412</b>	<b>107</b>	<b>1,291</b>	<b>1,813</b>	<b>3</b>	<b>1,816</b>	
Dividend to Boliden AB's shareholders	-	-	-	-	-	-1,094	-1,094	-	-1,094	
Dividend to minority interests	-	-	-	-	-	-	-	-1	-1	
<b>Closing balance on Balance Sheet, 31-12-2013</b>	<b>579</b>	<b>5,941</b>	<b>-74</b>	<b>267</b>	<b>-442</b>	<b>16,788</b>	<b>23,059</b>	<b>16</b>	<b>23,075</b>	
<b>Balance Sheet 31-12-2013</b>	<b>579</b>	<b>5,941</b>	<b>-74</b>	<b>267</b>	<b>-442</b>	<b>16,788</b>	<b>23,059</b>	<b>16</b>	<b>23,075</b>	
Net profit for the year	-	-	-	-	-	1,898	1,898	2	1,899	
Other comprehensive income	-	-	-4	-204	-303	-	-510	-	-510	
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-4</b>	<b>-204</b>	<b>-303</b>	<b>1,898</b>	<b>1,387</b>	<b>2</b>	<b>1,389</b>	
Change in minority holding	-	-1	-	-	-	-	-	-10	-10	
Dividend to Boliden AB's shareholders	-	-	-	-	-	-479	-479	-	-479	
Dividend to minority interests	-	-	-	-	-	-	-	-1	-1	
<b>Closing balance on Balance Sheet, 31-12-2014</b>	<b>579</b>	<b>5,94</b>	<b>-78</b>	<b>63</b>	<b>-745</b>	<b>18,209</b>	<b>23,968</b>	<b>7</b>	<b>23,974</b>	

<sup>1)</sup> Figures restated by reason of alterations to accounting standards, see also Note 1 Significant accounting and valuation principles.

### Other capital contributed

Refers to shareholders' equity contributed by the owners. When shares are issued at a premium, an amount corresponding to the amount received in excess of the nominal value of the shares is reported as other capital contributed.

### Translation reserve

The current method is applied to convert the Income Statements and Balance Sheets of overseas subsidiaries. Any exchange rate differences arising are reported under Other comprehensive income. Boliden currency hedges net investments in overseas subsidiaries by adopting the opposite position in the relevant foreign currency. The exchange rate difference on hedging instruments is, after the fiscal effect, reported under Other comprehensive income.

### Hedging reserve

Boliden applies hedge accounting for financial derivatives acquired with a view to hedging part of the forecast currency, metal and interest flows. Changes in the market value of hedging instruments are reported under Other comprehensive income until such time as the underlying flows are reported in the Income Statement.

### Defined benefit pension plans

Revaluations of pension undertakings have been reported under Other comprehensive income since 2013.

### Profit carried forward

Refers to profit earned.

Net debt, SEK m	31-12-2014	31-12-2013
Liabilities to credit institutions	7,664	8,294
Other interest-bearing liabilities	19	13
Pension liabilities	1,468	980
Short-term interest-bearing assets	-3	-3
Short-term investments	0	0
Cash and bank balances	-865	-611
	<b>8,283</b>	<b>8,673</b>

Capital employed, SEK m	31-12-2014	31-12-2013
Intangible assets	3,516	3,130
Tangible assets	28,623	27,348
Participations in assoc. companies	19	9
Other shares and participations	26	24
Inventories	7,885	8,031
Accounts receivable	1,344	1,048
Other receivables	1,476	1,475
Provisions, other than for pensions and tax	-2,119	-1,681
Accounts payable	-3,764	-3,636
Other non-interest-bearing liabilities	-1,918	-1,296
	<b>35,087</b>	<b>34,451</b>

# The Group

## Consolidated Statements of Cash Flow

Amounts in SEK million	Note	2014	2013
	10		
<b>Operating activities</b>			
Profit after financial items		2,471	1,581
Adjustment for items not included in the cash flow:			
Depreciation, amortisation and write-down of assets	12, 13	3,277	2,832
Provisions		-12	-200
Revaluation of process inventory <sup>1)</sup>		-154	-
Translation differences and Other		-39	141
Tax paid		-242	-303
<b>Cash flow from operating activities before changes in working capital</b>		<b>5,301</b>	<b>4,052</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease (+) in inventories		381	216
Increase (-)/Decrease (+) in operating receivables		-425	-177
Increase (+)/Decrease (-) in operating liabilities		533	-580
Other		-	-5
<b>Cash flow from operating activities</b>		<b>5,789</b>	<b>3,505</b>
<b>Investment activities</b>			
Acquisition of operations	11	-718	-
Acquisition of intangible fixed assets	12	-9	-16
Acquisition of tangible fixed assets	13	-3,482	-4,954
Sale of tangible fixed assets		3	-
Acquisition of financial fixed assets		-1	-3
Other		-	2
<b>Cash flow from investment activities</b>		<b>-4,206</b>	<b>-4,971</b>
<b>Free cash flow</b>		<b>1,583</b>	<b>-1,465</b>
<b>Financing activities</b>			
Dividend		-479	-1,095
Loans raised		11,969	12,101
Amortisation of loans		-12,844	-9,946
<b>Cash flow from financing activities</b>		<b>-1,355</b>	<b>1,060</b>
<b>Cash flow for the year</b>		<b>228</b>	<b>-406</b>
<b>Opening liquid assets</b>		<b>611</b>	<b>1,011</b>
<b>Liquid assets acquired</b>		<b>23</b>	<b>-</b>
<b>Exchange rate difference on liquid assets</b>		<b>3</b>	<b>6</b>
<b>Closing liquid assets</b>	10	<b>865</b>	<b>611</b>

<sup>1)</sup> The revaluation of process inventory will, as of Q1 2014, be adjusted under "Adjustments for items not included in the cash flow" rather than, as before, in the Cash flow from changes in working capital.

# The Parent Company

## Income Statements

Amounts in SEK million	Note	2014	2013
Dividends from subsidiaries	15	464	2,442
Write-down of participations in Group companies		-12	-
<b>Profit after financial items</b>		<b>451</b>	<b>2,442</b>
Taxes		-	-
<b>Net profit for the year</b>		<b>451</b>	<b>2,442</b>

The operations of Boliden AB are limited in scale and are conducted on its behalf by Boliden Mineral AB, which means that the profit is reported as part of Boliden Mineral AB.

Boliden AB has no sums to report under Other comprehensive income.

## Balance Sheets

Amounts in SEK million	Note	31-12-2014	31-12-2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Participations in Group companies	15	3,911	3,911
Participations in other companies		5	5
Long-term receivables from Group companies		8,338	8,365
<b>Total fixed assets</b>		<b>12,255</b>	<b>12,282</b>
<i>Current receivables</i>			
Current receivables from Group companies		3,014	3,641
<b>Total current assets</b>		<b>3,014</b>	<b>3,641</b>
<b>TOTAL ASSETS</b>		<b>15,269</b>	<b>15,923</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Shareholders' equity</i>			
Restricted equity			
Share capital		579	579
Statutory reserve		5,252	5,252
		<b>5,831</b>	<b>5,831</b>
<i>Non-restricted equity</i>			
Profit carried forward		5,973	4,009
Net profit for the year		451	2,442
		<b>6,424</b>	<b>6,451</b>
<b>Total shareholders' equity</b>		<b>12,255</b>	<b>12,282</b>
<i>Liabilities</i>			
Long-term liabilities to credit institutions	26	500	-
Short-term liabilities to credit institutions	26	2,514	3,641
<b>Total liabilities</b>		<b>3,014</b>	<b>3,641</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>15,269</b>	<b>15,923</b>
Pledged assets		None	None
Contingent liabilities	30	8,084	8,767

## Changes in shareholders' equity

Amounts in SEK million	Share capital	Statutory reserve	Non-restricted shareholders' equity	Total shareholders' equity
<b>Closing balance on Balance Sheet, 31-12-2012</b>	<b>579</b>	<b>5,252</b>	<b>5,103</b>	<b>10,934</b>
Dividend	-	-	-1,094	-1,094
Net profit for the year	-	-	2,442	2,442
<b>Closing balance on Balance Sheet, 31-12-2013</b>	<b>579</b>	<b>5,252</b>	<b>6,451</b>	<b>12,282</b>
Dividend	-	-	-479	-479
Net profit for the year	-	-	451	451
<b>Closing balance on Balance Sheet, 31-12-2014</b>	<b>579</b>	<b>5,252</b>	<b>6,424</b>	<b>12,255</b>

The statutory reserve includes amounts which, prior to 1st January 2006, were transferred to the share premium reserve. The profit carried forward comprises, together with the net profit for the year, the total non-restricted equity. The non-restricted shareholders' equity in the Parent Company is available for distribution to the shareholders.

## Statements of cash flow

Amounts in SEK million	2014	2013
<b>Operating activities</b>		
Profit after financial items	451	2,442
Adjustments for items not included in the cash flow:		
Write-down of participations in Group companies	12	-
<b>Cash flow from operating activities</b>	<b>464</b>	<b>2,442</b>
<b>Financing activities</b>		
Loans raised	10,214	11,920
Amortisation of loans	-10,840	-9,546
Dividend	-479	-1,094
Loans to Group companies	641	-3,722
<b>Cash flow from financing activities</b>	<b>-464</b>	<b>-2,442</b>
<b>Cash flow for the year</b>	<b>-</b>	<b>-</b>
<b>Opening liquid assets</b>	<b>-</b>	<b>-</b>
<b>Closing liquid assets</b>	<b>-</b>	<b>-</b>



# Notes

All amounts are in SEK million unless otherwise stated. All notes refer to the Group unless otherwise stated.

## Note 01 Significant accounting and valuation principles

### General Accounting Principles

Boliden AB (publ.) Swedish corporate ID no. 556051-4142, is a limited liability company registered in Sweden. The company's registered office is in Stockholm at the address: Klarabergsviadukten 90, SE-101 20 Stockholm. The Boliden share is listed on NASDAQ Stockholm's Large Cap list. On 3rd April 2013, the Boliden share was voluntarily delisted from the Toronto Stock Exchange (TSX) in Canada where the Boliden share previously had a secondary listing. The final trading day for the Boliden share on TSX was 23rd April 2013.

The Company is the Boliden Group's Parent Company, whose principal operations involve the mining and production of metals and operations compatible therewith.

The Consolidated Statements have been compiled in accordance with the EU-approved International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In addition, the Group applies the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary accounting regulations for corporate conglomerates" specifying the supplements to IFRS required pursuant to the stipulations of the Swedish Annual Accounts Act.

The Parent Company's functional currency is the Swedish krona (SEK) and this is also the reporting currency for both the Group and the Parent Company. All amounts in the financial reports are stated in millions of Swedish kronor (SEK m) unless otherwise specified.

Items have been valued at their acquisition value in the consolidated accounts, with the exception of certain financial assets and liabilities (derivative instruments), which have been valued at their fair value, and inventories in those cases where they are hedged at fair value.

The Parent Company's accounting principles follow those of the Group with the exception of the mandatory regulations stipulated in the Swedish Financial Reporting Board's recommendation, RFR 2 "Accounting for legal entities". The Parent Company's accounting principles are specified under the heading, "The Parent Company's accounting principles".

The most important accounting principles that have been applied are described below. These principles have been applied consistently for all years presented, unless otherwise specified.

The Annual Report was approved for publication by the Board of Directors on 11th February 2015. The Balance Sheets and Income Statements are subject to approval by the Annual General Meeting on 5th May 2015.

### New or amended standards and interpretations from IASB and IFRIC pronouncements that came into force in the 2014 calendar year

IFRS 10 Consolidated Financial Statements. Entails the introduction of a single model for determining whether a controlling influence exists for all of a company's investments, including so-called SPE (Special Purpose Entities). A controlling influence exists if the investor 1) is exposed to or is entitled to variable returns from the investment, 2) has the ability to affect the return through its power over the investee, and/or 3) there is a link between the return received and the power over the investee. The standard does not entail any change with regard to the companies included in the Boliden Group.

IFRS 11 Joint arrangements. Divides existing joint ventures into joint operations – the owners are entitled to assets and undertakings for liabilities in the investment – or joint ventures – the owners are entitled to the net assets of the investment. The proportional method shall be used for joint operations while, for joint ventures, the equity method shall be used. The standard entails no change with regard to the consolidation method applied for Boliden.

IFRS 12 Disclosures of Interest in Other Entities. This standard brings together disclosure requirements regarding unconsolidated subsidiary companies, joint arrangements and associated companies in a single standard. The standard does not entail any augmented disclosure requirements for the Group.

No other amendments to standards and interpretations that have come into force have had any effect on Boliden's financial reporting.

IAS 32, Financial instruments: Presentation (revised). The revision of the standard provides a clarifying guideline stating that financial assets and liabilities shall be offset against one another when this reflects the company's anticipated cash flows when settling two or more financial instruments. Boliden has entered into ISDA (International Swaps and Derivatives Association) agreements that regulate offsetting between contracted counterparties during operating activities and in conjunction with circumstances relating to breach of contract or early termination for all of its financial instruments. The amended standard has had no significant effect on Boliden's financial reporting.

IAS 36, Impairment of assets (revision): The amendment provides clarification with regard to disclosures relating to the recoverable amount of non financial assets. Clarification has also been provided with regard to the disclosures to be made when the recoverable amount is shown as the fair value less selling expenses. The amended standard has no effect on Boliden's financial reporting.

IFRIC 21, Levies: Guidance on when to recognise a liability for levies such as taxes or charges accounted for in accordance with IAS 37 (with the exception of income taxes, fines, and other penalties). The clarification means that a liability shall be recognised when an undertaking exists to pay a levy of this kind as a result of a certain event. If the event is ongoing, the liability shall be recognised progressively. The standard is not applicable until the next financial year. It only affects the accounting if an event of the kind described above would not have been recognised as a liability under current regulations, which is only adjudged to be the case in exceptional cases.

### New standards and interpretations that come into force in the 2015 calendar year or thereafter

IFRS 9, Financial instruments: The standard comes into force for financial years beginning in 2018 or thereafter and replaces IAS 39. It is divided into three sections: classification, hedge accounting and impairment. The standard requires the classification of financial assets in accordance with three valuation categories, namely amortised cost, fair value through other comprehensive income, or fair value through the Income Statement. The classification is determined when the asset is first accounted for on the basis of the characteristics of the financial asset and the company's business model. No major changes apply with regard to financial liabilities.

IFRS 9 also includes augmented regulations regarding disclosures in relation to risk management and the effects of hedge accounting. The standard has been complemented with regulations governing the impairment of financial assets, where the model is based on anticipated losses. An overall assessment of the effects on Boliden's accounting will be made at a later date.

IFRS 15, Revenue from Contracts with Customers: The standard comes into force on 1st January 2017 and replaces existing standards and interpretations on revenues. The standard introduces a new revenue recognition model for contracts with customers and shall be applied to all contracts with customers with the exception of insurance contracts, financial instruments and leasing contracts in that separate standards exist in these areas. The new standard also entails new starting points for when revenue shall be recognised and requires new evaluations by the company management that differ from those currently applied.

The principal areas in which existing regulations differ from the new ones are:

- Control-based model for determining when revenue shall be recognised (transfer of risks and benefits is only retained to indicate that control may have been transferred).
  - The valuation of the revenue shall be based on what the vendor expects to receive, rather than on fair value.
  - New rules governing the way in which a contract's goods and services shall be distinguished in the financial reporting.
  - Revised criteria governing how revenue shall be recognised over time.
  - Expenditure for the acquisition and fulfilment of contracts.
  - Significantly augmented disclosure requirements.
- Boliden will probably not be affected to any substantial degree by IFRS 15.

**Note 01** Significant accounting and valuation principles, cont.

The standards and interpretations presented are those that may, in the opinion of the Group, have an effect in future. The Group intends to implement these standards when they become applicable.

**Estimates and assessments**

In order to compile the Financial Statements in accordance with IFRS accounting principles, assessments and assumptions must be made that impact the reported asset and liability amounts and the income and expense amounts, as well as other information provided in the Financial Statements. The estimates and assessments of the Board of Directors and the company's management are based on historical experience and forecast future trends. The actual outcome may differ from these assessments.

**Valuation of inventories**

It is not easy, in the smelters' process inventories and stocks of finished metals, to differentiate between externally purchased material and mined concentrate from the Group's own operations. Assessments of the internally supplied percentage of process inventories and the stocks of finished metals are, therefore, carried out with the aid of an historically based breakdown of the raw materials feed.

**Pension undertakings**

Pension provisions are dependent on the assumptions made in conjunction with the calculations of the amounts. The assumptions refer to discount interest rates, rate of salary increases, future increases in pensions, the number of remaining working years for employees, life expectancy, inflation and other factors, and are reviewed annually. The assumptions are made for every country in which Boliden has defined benefit pension plans. The most significant assumptions, in Boliden's opinion, are with regard to the discount rate, the rate of salary increases, and life expectancy, and Boliden has elected to present sensitivity analyses for these factors. Boliden's assumptions and sensitivity analyses are presented in Note 23 on pages 88–91.

**Legal disputes**

Boliden regularly reviews outstanding legal disputes using internal company legal counsel and, when necessary, with the help of external advisors, in order to assess the need for provisions to be made. See Note 30, Pledged assets and contingent liabilities, on page 95.

**Reclamation costs**

Provisions for reclamations are made on the basis of an assessment of future costs based on current conditions. Provisions are reviewed regularly by internal or external specialists and updates made when necessary when the estimated useful lives, costs, technical preconditions, regulations or other conditions of mine and smelter assets change. Boliden also continuously reviews requirements with regard to closed down mines. See Note 13, Tangible fixed assets, on pages 83–84 and Note 24, Other provisions, on page 91.

**Valuation of fixed assets**

Impairment tests for tangible and intangible assets are based on the company's internal business plan and on assumptions with regard to future trends in metal prices, treatment and refining charges, and exchange rates, amongst other things. Changes in market prices of metals, treatment and refining charges and currencies have a substantial effect on the company's future cash flows and hence on the estimated write-down requirement. Assumptions with regard to price trends for metals, treatment and refining charges and currencies are made by the company management with the help of external experts. The assumptions are reviewed on an annual basis and adjusted when necessary. For further information, see Note 13, Tangible fixed assets, on pages 83–84.

The depreciation period for deferred mining costs, installations and equipment in mines depend on future ore extraction and the lifespan of the mine. The assessment of these aspects is, in turn, heavily dependent on mineral reserves and, consequently, on factors such as anticipated future metal prices. Changes to conditions may entail changes to the rate of depreciation applied in future. Business Area Mines draws up annual production plans for the mines' lifespans.

**Mineral reserves**

Boliden's mineral reserves are divided into two categories, namely probable and proven. The assessment is based on geological measurements and assumptions that are explained in greater detail on pages 109–112.

Boliden's assessment of the size of the mineral reserves affects annual depreciation costs and impairment tests.

**Consolidated Statements**

The Consolidated Statements cover the Parent Company and all companies over which the Parent Company through ownership, directly or indirectly, exercises a controlling influence. The term "controlling influence" refers to companies in which Boliden has the right to formulate financial and operational strategies. This is generally achieved by ensuring that its ownership share, and the share of votes, exceeds 50 per cent. The existence and effect of potential voting rights that can currently be utilised or converted are taken into account when assessing whether the Group is capable of exercising a controlling influence over another company. Subsidiaries are included in the Consolidated Statements as of the point in time at which a controlling influence was attained, while companies that have been sold are included in the Consolidated Statements up to the time when the sale occurred, i.e. up to the point in time when controlling influence ceased to be exercised.

The Consolidated Statements have been compiled in accordance with the acquisition accounting method, which means that the acquisition value of a company comprises the fair value of the payment made (including the fair value of any assets, liabilities and own equity instruments issued). The identifiable assets, liabilities and contingent liabilities acquired are reported at their fair value on the acquisition date. A determination of whether a holding without a controlling influence shall be reported at fair value or at the holding's proportional share of the acquired company's net assets is conducted in conjunction with every acquisition. When required, the subsidiaries' accounts are adjusted to ensure that they follow the same principles applied by other Group companies. All internal transactions between Group companies and intra-Group transactions are eliminated when the Consolidated Statements are compiled.

**Associated companies**

Shareholdings in associated companies, in which the Group has a minimum of 20 per cent and a maximum of 50 per cent of the votes, or otherwise has a significant influence over operational and financial management, are reported in accordance with the equity method. Under the equity method, the consolidated book value of the shares in the associated companies corresponds to the Group's share of the associated companies' shareholders' equity and any residual value from the consolidated surplus values. Shares in associated companies' profits/losses are reported in the Consolidated Income Statement as part of the operating profit and comprise the Group's share in the associated companies' net profits/losses. Shares in profits accumulated after the acquisition of associated companies but not yet realised through dividends constitute part of the Group's equity.

**Conversion of foreign subsidiaries and other overseas operations**

The currency in the primary economic environments in which the subsidiary companies operate is the functional currency. The current method is applied in the conversion of Income Statements and Balance Sheets to the Group's reporting currency. Under the current method, all assets, provisions and liabilities are converted at the rate of exchange applying on the closing day, while all items in the Income Statement are converted at the average exchange rate. Any exchange rate differences arising and accumulated translation differences in respect of the conversion of subsidiaries are reported as Other comprehensive income.

Boliden hedges its net investments in foreign subsidiaries by taking an opposite position (in the form of loans or currency futures) in the relevant foreign currency. Exchange rate differences on hedging measures are reported as Other comprehensive income.

In conjunction with the sale of overseas operations whose functional currency is different from the Group's reporting currency, the accumulated translation differences attributable to the operations are realised in the Consolidated Income Statement, after deductions for any currency hedging activities.

**Financial instruments**

The following financial instruments, i.e. financial assets and liabilities, are recognised in the Balance Sheet: shares, receivables, liquid assets, liabilities and derivatives.

Financial instruments are recognised in the Balance Sheet when the company becomes bound by the instrument's contractual terms (the eco-

conomic approach). Liabilities to credit institutions are, however, not reported until the settlement date. Financial assets are removed from the Balance Sheet when the rights entailed by the agreement are utilised, mature or are transferred to another counterparty. Financial liabilities are removed from the Balance Sheet when the agreement's obligations are fulfilled or if significant aspects of the loan terms are renegotiated.

Financial instruments are reported at the fair value or accrued acquisition value, depending on the initial categorisation under IAS 39. On each reporting occasion, the Group performs an impairment test to determine whether objective indications exist of the need to write down a financial asset or group of assets.

## Valuation principles

### Fair value

The fair value of derivatives is based on listed bid and ask prices on the closing day and on a discounting of estimated cash flows, and includes risk assumptions. Market prices for metals are taken from the trading locations of metal derivatives, i.e. the London Metal Exchange (LME) and the London Bullion Market Association (LBMA). Discount rates are based on current market rates per currency and time to maturity for the financial instrument. Exchange rates are obtained from the Riksbank.

When presenting the fair value of liabilities to credit institutions, the fair value is calculated as discounted agreed amortisations and interest payments at estimated market interest rate levels. The fair value of accounts receivable and accounts payable is deemed to be the same as the reported value due to the short term to maturity, to the fact that provisions are made for bad debts, and to the fact that any penalty interest incurred will be debited.

If changes in value cannot be determined for financial assets or liabilities reported at fair value, they are reported at the acquisition values of the instruments at their time of acquisition, which corresponds to the fair value at the time of acquisition plus transaction costs.

Boliden provides information on all financial assets and liabilities reported at fair value in the Balance Sheet on the basis of a three-level fair value hierarchy. Level one comprises instruments that are listed and traded on an active market where identical instruments are traded. Level two comprises instruments that are not traded on an active market, but where observable market data is used for valuation of the instrument (either directly or indirectly). Level three comprises instruments where the valuation is, to a considerable extent, based on unobservable market data.

The assessments have been conducted on the basis of the circumstances and factors obtaining with regard to the various instruments. Metal futures are classified as level two, in that the discounted prices are based on listed daily prices from the exchanges. Currency futures and interest swaps have also been classified as level two, with reference to the fact that the valuation is based on observable market data. The fair value of liabilities to credit institutions has been classified as level two. Shares and participations that are not listed have been classified as level three. Exceptions to classification on the basis of the fair value hierarchy are made for accounts receivable, liquid assets and accounts payable where the reported value is deemed to constitute a reasonable estimation of the fair value.

### Amortised cost

Amortised cost (accrued acquisition cost) is calculated using the effective interest rate method. This means that any premiums or discounts, as well as expenses or income directly attributable to them, are distributed over the duration of the contract with the aid of the estimated effective interest rate. The effective interest rate is the rate that yields the instrument's acquisition value as a result in conjunction with current value calculation of future cash flows.

### Valuation category

Boliden divides financial instruments into the following valuation categories. See also Note 29 on page 94.

#### Holdings valued at fair value

Derivatives valued at fair value and for which changes in value are reported under net financial items. The derivatives comprise currency futures and are not included in hedge accounting.

#### Loans and accounts receivable

This category includes financial investments, receivables not listed on an active market, and liquid assets. Liquid assets are defined as, in addition to

cash and bank balances, short-term investments with a maximum term of three months at the time of acquisition and which can easily be converted to cash. Liquid assets are only exposed to an insignificant risk of fluctuations in value and are reported at the accrued acquisition value. Receivables are defined as accounts receivable and interest-bearing short-term holdings of securities or other investments which are not classified as fixed assets and which are not attributable to liquid assets. Receivables are reported in the anticipated recoverable amount, i.e. after deductions for bad debts, which are assessed on an individual basis. The anticipated term of accounts receivable and other current receivables is short and the value is, therefore, reported at the nominal amount without discounting in accordance with the accrued acquisition value method.

#### Financial assets available for sale

Assets in this category comprise shares valued at fair value with changes in value recognised under Other comprehensive income. If it is not possible to establish the fair value of such shares, they are reported at their acquisition value, taking into account accumulated write-downs.

#### Derivatives used in hedge accounting

This category comprises derivatives valued at fair value and which form part of fair value hedging, cash flow hedging, and the hedging of net investments in overseas operations. The derivatives comprise metals futures, currency futures, and interest derivatives. See Note 27 on pages 92–93 for details of derivatives used for hedging purposes.

#### Other financial liabilities

Financial liabilities primarily comprise liabilities to credit institutions and accounts payable. The anticipated term of accounts payable is short and the value is, consequently, reported at a nominal amount in accordance with the accrued acquisition value method. Liabilities to credit institutions are initially valued at amounts received, less any set-up fees, and are then valued at the accrued acquisition value. Interest expenses are reported on a rolling basis in the Income Statement with the exception of the part included in the acquisition value for tangible fixed assets. Capitalised set-up fees are reported directly against the loan liability to the extent that the loan agreement's underlying loan guarantee has been utilised, and are periodised in the Income Statement under Other financial expenses over the contractual term of the loan. If a loan agreement is terminated or otherwise ceases to obtain at a point in time prior to the end of the original contractual term, capitalised set-up fees are taken up as income. If a current agreement is renegotiated during the contractual term, any additional fees in connection with the renegotiation are periodised over the remaining contractual term of the loans.

#### Assets and liabilities in foreign currencies

Receivables, liabilities and derivatives in foreign currencies are converted to Swedish kronor at the exchange rate applying on the closing day. Exchange rate differences on operating receivables and operating liabilities are included in the operating profit, while exchange rate differences on financial assets and liabilities, including any profit/loss, are reported under financial items. Exchange rate effects on financial instruments used in cash flow hedging and the hedging of net investments in overseas operations, are reported under Other comprehensive income with the exception of any exchange rate differences on currency swaps in foreign currencies reported under net financial items.

#### Classification and reporting of derivatives used for hedging purposes

See also "Risk management" in the Directors' Report on pages 49–51.

#### Fair value hedging (binding undertaking)

Changes in the value of financial derivatives used to hedge a binding undertaking are reported under the operating profit together with changes in the value of the asset or liability that the hedging is designed to counter. The fair value of the derivatives is reported in the Balance Sheet as other assets and liabilities. Parts of inventories constitute binding undertakings and are reported at market value as inventory value, and changes in the value of derivatives consequently effectively match the changes in value from hedged items in the Income Statement and Balance Sheet.

**Note 01** Significant accounting and valuation principles, cont.**Cash flow hedging (forecast flows)**

Hedge accounting is applied to financial derivatives that refer to the hedging of forecast flows, which means that the effective share of the unrealised market values is reported under Other comprehensive income up to the point in time when the hedged item, such as forecast metal sales, US dollar income, and interest expenses, is realised and thus reported in the Income Statement. Realised profits/losses attributable to metal and currency derivatives are reported under net sales, while the profit/loss on interest derivatives is reported under net financial items. Individual interest swaps and multiple interest swaps – known as portfolio hedging – are both used to hedge future interest payments. Any ineffective part of cash flow hedging is reported under net financial items.

**Hedging of net investments**

Hedge accounting is applied to the profit/loss on hedging in respect of net investments in overseas operations and to cash flow hedging under Other comprehensive income. Any ineffective component of these hedges is reported under net financial items. Associated hedging results are, in conjunction with the sale of overseas operations, reported in the Income Statement, together with the translation effect of the net investment.

**Offsetting financial assets against liabilities**

The offsetting of financial assets and liabilities is regulated by ISDA (International Swaps and Derivatives Association) agreements, which regulate both offsetting between contracted counterparties as part of operating activities and in conjunction with circumstances relating to breach of contract or early termination. In its operating activities, Boliden offsets payments on undertakings with the same maturity date, which are in the same currency, which have the same counterparty, and which are for the same type of instrument. Surplus amounts per instrument and currency only are paid by the party with the biggest outstanding liability. All terminated undertakings comprised by ISDA agreements are, in conjunction with breach of contract or early termination, which may be caused by circumstances not directly linked to neglect by any party, offset in a sum that is paid by the party with the biggest outstanding liability.

**Government contributions and support**

Government support refers to subsidies, grants or premiums designed to provide an economic benefit, or Government support in the form of transfers of resources to the company that may be applied to an undertaking. Government support attributable to assets is reported either by recognising the support as a prepaid income or by reducing the reported value of the asset.

**Revenue recognition**

Sales of metal concentrates, metals and by-products are reported at the time of delivery to the customer in accordance with the terms and conditions of sale, that is to say revenue is recognised whenever significant rights and obligations associated with the title transfer to the purchaser. These sales are reported net after VAT, discounts and exchange rate differences when sales are made in foreign currencies.

Preliminary invoices are issued for the Group's metal concentrates at the time of delivery. Definitive invoices are issued when all component parameters (concentrate quantity, metal content, impurity content, and the metal price for the agreed pricing period – normally the average price on the LME in the month after delivery) have been established.

The Group's metals are invoiced to the customers at the time of delivery. The Group eliminates the price risk in conjunction with the sale and purchase of metals by hedging the imbalance between quantities purchased and sold on a daily basis. The smelters' income comprises treatment and refining charges (TC/RC), free metals, compensation for impurities in the raw materials, and the worth of by-products.

Income from activities outside the sphere of the regular operations is reported as Other operating income.

**Exploration, research and development**

Boliden's R&D primarily comprises exploration. Boliden is also involved, to a limited extent, in developing mining and smelting processes.

Expenses associated with research and development are primarily booked as costs when they arise. When the financial potential for the exploitation of a mine deposit has been confirmed, the expenses are booked as costs up to that date. After that date, the expenses are capitalised as deferred mining

costs, the governing principles of which are described under the Tangible fixed assets heading. Exploration rights acquired in conjunction with operational acquisitions, have been capitalised as intangible assets.

**Intangible fixed assets**

Intangible fixed assets include patents, licenses, similar rights, emission rights, exploration rights acquired in conjunction with operational acquisitions and goodwill, which are booked at their acquisition value less amortisation and any write-downs. Goodwill comprises the amount by which the acquisition value exceeds the fair value of the Group's share of the identifiable net assets of the subsidiary company acquired as well as any contingent liabilities at the time of acquisition. Goodwill is reported in the Balance Sheet at the value given in conjunction with the acquisition, converted, where relevant, at the closing day rate, after deduction for accumulated write-downs. Calculations of the profit or loss on the sale of a unit include any remaining reported goodwill value ascribed to the operations sold.

Goodwill has been assessed as having an indefinite useful life. Goodwill is allocated to the smallest possible unit or group of units that generate cash where separate cash flows can be identified, and an impairment test is performed on the reported value at least once a year to determine whether there is any need for a write-down. Such impairment tests are, however, performed more frequently if there are indications that the value may have fallen during the year.

Other intangible fixed assets, with the exception of emission rights, are amortised over their anticipated useful lives.

**Emission rights**

The Boliden Group participates in the European system for emission rights. Rights are allocated across the European market. One emission right grants entitlement to emit the equivalent of one tonne of carbon dioxide or similar gas and is classified as an intangible asset. Emission rights allocated are valued at the acquisition price of zero, while rights acquired are valued at the purchase price. An intangible asset and a provision in the corresponding amount are reported during the current year in the event of any need arising to purchase additional emission rights. The asset is amortised over the remaining months of the year, thereby distributing the cost in parallel with production. The intangible fixed asset is thereby exhausted and the provision for emissions made is settled. If the liability to deliver emission rights exceeds the remaining emission rights allocation, the liability is revalued at the market value of the number of emission rights required to clear the undertaking on the closing day.

**Tangible fixed assets**

Land, plants and equipment, and capitalised costs associated therewith for development, pre-production measures and future reclamation costs, are booked at the acquisition value less depreciations and any write-downs. Interest expenses attributable to financing development and completion of significant tangible fixed assets are included in the acquisition value. Repair and maintenance expenses are booked as costs, while substantial improvements and replacements are capitalised. Estimated future expenses for the dismantling and removal of a tangible asset and the restoration of a site or area where the tangible asset is located (reclamation costs) are capitalised. Capitalised amounts comprise estimated expenses, calculated at current value, which are simultaneously reported as provisions. Effects of subsequent events that result in costs that exceed the provision are discounted, capitalised as a fixed asset, and increase the provisions, and are written off over the remaining life of the asset.

Deferred mining costs at mines comprise the waste rock excavation required to access the ore body, work relating to infrastructural facilities, roads, tunnels, shafts and inclined drifts, as well as service, electricity and air distribution facilities. Deferred mining costs arising from capacity expansion of the mining operation, the development of new ore bodies, and the preparation of mining areas for future ore production are capitalised. Mining costs arising from waste rock removal from open-pit mines are capitalised as part of an asset when it becomes possible to identify the part of an ore body to which access has been improved.

**Depreciation principles for tangible fixed assets**

Depreciation according to plan is based on the original capitalised values and the estimated economic lifespan. Depreciation of an asset begins when an asset becomes operational, i.e. when it is on site and in the con-

dition required for use in the manner intended by the company management. Fixed assets and capitalised values attributable to waste rock are depreciated per push-back and in conjunction with ore extraction in relation to the anticipated ore extraction for the entire push-back. Fixed assets and capitalised values included in deferred mining costs are depreciated in accordance with a production-based depreciation method that is based on the proven and probable mineral reserves in the respective ore bodies. Depreciation is effected to the estimated residual value. Estimated residual values and production capacity are subject to ongoing review. Fixed assets not directly linked to production capacity are depreciated on the basis of their anticipated useful lives.

Smelters and production plants are depreciated linearly over their anticipated useful lives.

The following depreciation periods are applied to tangible fixed assets including future reclamation costs:

Buildings	20–50 years
Land improvements	20 years
Deferred mining costs and waste rock capitalisation	Concurrently with ore depletion
Capitalised restoration costs	Linearly over the anticipated lifespan
Processing facilities	10–25 years
Machinery	3–10 years
Equipment, tools, fixtures and fittings	3–10 years

Boliden applies component depreciation, which means that larger processing facilities are broken down into component parts with different useful lives and thus different depreciation periods.

### Write-downs

On each reporting occasion, an assessment is performed to determine whether there is any indication that the value of the Group's assets has depreciated or been impaired. Should this be the case, a calculation is performed of the recoverable amount of the asset in question. Goodwill is, together with any intangible assets with an indefinable useful life, subject to annual impairment tests even if there are no indications of a reduction in its value. Impairment tests are, however, performed more frequently if indications exist of a decline in value. The recoverable amount comprises whichever is the higher of the value in use of the asset in the operations and the value that would result if the asset were sold to an independent party, fair value minus selling expenses. The value in use comprises the present value of all incoming and outgoing payments attributable to the asset for the duration of its expected use in the operations, plus the present value of the net sales value at the end of the asset's useful life. If the estimated recoverable amount is lower than the book value, the latter is written down to the former.

Write-downs are reported in the Income Statement. Any write-downs are reversed if changes in the assumptions leading to the original write-down mean that the write-down is no longer warranted. Write-downs that have been performed are not reversed in such a way that the reported value exceeds the amount that would, following deductions for depreciation according to plan, have been reported if no-write down had been performed. Reversals of write-downs performed are reported in the Income Statement. Goodwill write-downs are not reversed. See also the section on Valuation of fixed assets.

### Leasing

A financial leasing agreement is an agreement whereby the financial risks and benefits associated with a title are, in all significant respects, transferred from the lessor to the lessee. Leasing agreements that are not classified as financial leasing agreements are classified as operational leasing agreements.

Assets held in accordance with financial leasing agreements are reported initially as fixed assets in the Consolidated Balance Sheet at whichever is the lower of the market value of the assets or the present value of the future lease payments. The Group's liability in relation to the lessor is reported in the Balance Sheet under the heading of Liabilities to credit institutions, broken down into short- and long-term components.

Lease payments are broken down into interest and amortisation of the liability. The interest is distributed over the leasing period so that an amount corresponding to the fixed interest amount payable on the liability reported in each period is charged to each reporting period. The leased

asset is depreciated according to the same principles as those that apply to other assets of the same type.

The leasing charges for operational leasing agreements are booked as costs on a linear basis over the leasing period.

### Inventories

The Group's inventories primarily comprise mined concentrates, materials tied up in the smelters' production processes, and finished metals. Inventories are valued at whichever is the lower of the acquisition value in accordance with the first-in-first-out principle and the net sale value, taking into account the risk of obsolescence. The acquisition value of inventories of metals from the company's mines and semi-finished and finished products manufactured in house comprises the direct manufacturing costs plus a surcharge for indirect manufacturing costs. Supplies inventories are valued at whichever is the lower of the average acquisition value and the replacement value. When mined concentrates are bought in from external sources and definitive pricing has not yet occurred, the acquisition value is estimated at the closing day price. Fair value hedging is effected in conjunction with the definitive pricing of mined concentrates. The change in the value of hedged items in the inventory value is also reported in conjunction with fair value hedging of mined concentrates.

### Taxes

The tax expense for the period (income) comprises current tax and deferred tax. Taxes are reported in the Consolidated Income Statement under Other comprehensive income and in shareholders' equity.

Current tax is the tax calculated on the taxable profit/loss for each period. The year's taxable profit/loss differs from the year's reported profit/loss before tax in that it has been adjusted for non-taxable and non-deductible items and temporary differences. The Group's current tax liability is calculated in accordance with the taxation rates stipulated or announced on the closing day.

Deferred tax is reported using the Balance Sheet method, under which deferred tax liabilities are reported in the Balance Sheet for all taxable temporary differences between reported and fiscal values of assets and liabilities. Deferred tax receivables are reported in the Balance Sheet in respect of loss carry-forwards and all deductible temporary differences to the extent that it is likely that these amounts can be used to offset future taxable surpluses. The reported value of deferred tax receivables is checked at the end of each accounting period and reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available for its use. Deferred tax is calculated in accordance with the taxation rates that are expected to apply to the period in which the asset is recovered or the liability settled.

Both deferred and current tax receivables and tax liabilities are offset when they relate to income tax levied by the same tax authority.

### Provisions

Provisions are reported when the Group has, or may be considered to have an obligation as a result of events that have occurred and it is likely that disbursements will be required in order to fulfil this obligation. A further prerequisite is that it should be possible to make a reliable estimate of the amount to be paid.

When a significant effect arises due to the point in time at which a provision is made, the provision is valued at the present value of the amount estimated to be required to fulfil the obligation. A discount interest rate before tax that reflects current market evaluations of the time value of money and the risks associated with the provision is applied in conjunction herewith. The increase that is due to time passing is reported as an interest expense. Provisions are broken down into short-term and long-term provisions.

Boliden's provisions primarily, with the exception of pensions (see separate section), refer to reclamation costs that are expected to arise when operations are decommissioned. Provisions are also made for any purchases of emissions rights and for any remuneration payable in conjunction with the termination of employment that may be payable to employees to whom a commitment of termination has been given or to employees who accept voluntary redundancy. The Group reports a provision and a cost in conjunction with termination when Boliden is obligated either to give the employee notice prior to the normal point in time for employment cessation, or to provide remuneration with a view to encouraging early retirement.

**Note 01** Significant accounting and valuation principles, cont.**Contingent liabilities**

A contingent liability is a potential undertaking that derives from events which have occurred and whose incidence is only confirmed by one or more uncertain future events. A contingent liability can also be an existing undertaking that has not been reported in the Balance Sheet because it is unlikely that an outflow of resources will be required or because the size of the undertaking cannot be calculated. See Note 30 on page 95.

**Employee benefits****Pension undertakings**

The Group's companies have a variety of pension systems in accordance with local conditions and practices in the countries in which they operate. They are generally financed through payments made to insurance companies or through the company's own provisions which are determined through periodic actuarial calculations. The Group's provisions for pension undertakings are calculated in accordance with IAS 19, Employee benefits.

For pension systems where the employer is committed to defined contribution systems, the undertaking in relation to the employee ceases when the agreed premiums have been paid. Premiums paid are booked as costs on an ongoing basis.

The undertaking does not cease for pension systems where a defined benefit pension has been contractually agreed, until the agreed pensions have been paid out. Boliden commissions independent actuaries to calculate pension undertakings relating to the defined benefit pension plan arrangements in each country. For information on calculation parameters, see the section entitled "Estimates and assessments – pension undertakings" and Note 23 on pages 88–91.

Revaluations of the defined benefit net pension liability, such as actuarial profits and/or losses and the difference between the return on plan assets and the discount rate, are reported under Other comprehensive income. The financing cost of the net pension liability is calculated using the discount rate for the pension liability. The financing cost, the cost of service during the current period and any previous periods, losses from settlements and costs in connection with special payroll tax are all reported in the Income Statement. Special payroll tax is regarded as part of the total net pension liability.

**Share capital**

Ordinary shares are classified as share capital. Transaction costs in conjunction with a new share issue are reported as a net amount after tax for deduction from the issue proceeds received.

**Buy-back of own shares**

Boliden's holdings of its own shares are reported as a reduction in shareholders' equity. Transaction costs are reported directly against shareholders' equity.

**Dividend**

A dividend payment proposed by the Board of Directors does not reduce the shareholders' equity until it has been approved by the Annual General Meeting.

**Information per segment and geographical market**

Boliden's operations are organised into two segments: Business Area Smelters and Business Area Mines. The Business Areas correspond to Boliden's operating segments in that 1) the Business Area Managers are directly responsible to the CEO, 2) the CEO controls the Group's component parts via two "Business Area Boards", one for each Business Area, through which the financial results in relation to financial goals are evaluated, 3) financial goals and investment plans and overhead budgets for the respective Business Areas are set in the business plan and budget process, 4) decisions on goals and resource allocation for units within the respective Business Areas are made within the respective Business Areas' management groups, and 5) heads of operating units report not to the CEO but to the Business Area Managers.

Business Area Mines comprises the operations of the Swedish mines, Aitik, the Boliden Area and Garpenberg, the Tara mine in Ireland and, as of the fourth quarter of 2014, the Kylylahti mine in Finland. Aitik produces copper concentrate with some gold and silver content. The other Swedish mines produce zinc, copper and lead concentrates with variable gold and silver content. Tara produces zinc and lead concentrates and

Kylylahti produces concentrate that contains copper, gold, zinc and silver. Business Area Mines is also responsible for sales of mined concentrates.

Business Area Smelters comprises the Kokkola and Odda zinc smelters, the Rönnskär and Harjavalta copper smelters, and the Bergsöe lead smelter. The Business Area is responsible for all sales of the smelters' products and handles all raw material flows between the Group's mines, smelters and customers. This includes responsibility for purchases of metal concentrates and recycling materials from external suppliers. The zinc smelters' production primarily comprises zinc metal, but also includes silver concentrate, aluminium fluoride and sulphuric acid. The copper smelters' production primarily comprises copper, gold, silver, lead and sulphuric acid. The copper smelters also recycle metal and electronic scrap and smelt nickel. The Bergsöe lead smelter recycles lead metal, mainly from scrap car batteries.

Transactions between the Business Areas, primarily involving metal concentrates, are settled on an arms' length basis.

Group staff functions and Group-wide functions that are not assigned to Smelters or Mines are reported under the heading Other. Items where the accounting method differs between the Business Areas and the Group are reported under the heading Accounting principles. The market valuation of financial derivative instruments used to manage currency risks, metal price risks and interest risks are, for example, reported under Accounting principles until such time as the underlying flows are reflected in the Income Statement and distributed between the respective segments.

Note 2 contains details of revenues per segment and geographical market, showing the location of external customers, and providing information on major customers. Assets and investments per geographical market are also reported there.

**The Parent Company's accounting principles**

The Parent Company's annual accounts are compiled in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation, RFR2, Accounting for legal entities, and the statements issued by the Swedish Financial Reporting Board. Under RFR2, the Parent Company shall, in the accounts for the legal entity, apply all EU-approved International Financial Reporting Standards (IFRS) and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and while taking into account the connection between reporting and taxation. The recommendation specifies the exceptions and additions to be made in relation to IFRS. The differences between the Group's and the Parent Company's accounting principles are described below.

**Reporting Group contributions and shareholders' contributions**

Group contributions received or made are reported as appropriations. Shareholders' contributions are booked directly against non-restricted equity by the recipient and as an increase in the Participations in Group companies item by the contributor.

**Anticipated dividends**

Anticipated dividends can be reported in those cases where the Parent Company has the sole right to determine the size of the dividend and has ensured that the dividend does not exceed the subsidiary company's dividend payment capacity.

**Financial instruments**

Financial instruments are not valued in the Parent Company in accordance with IAS 39. The valuation is conducted on the basis of the acquisition value (see the Group's accounting principles).

**Subsidiaries**

Participations in subsidiary companies are reported in the Parent Company in accordance with the acquisition value method. Transaction expenses in conjunction with the acquisition of subsidiaries are reported as costs in the consolidated accounts, while in the Parent Company, they are reported as part of the acquisition value.

Determination of the value of subsidiary companies is effected when there are indications of a decline in value.

**Note 02** Information per segment and geographical market

For additional information, please refer to "General accounting principles" for segment reporting on page 78.

**Segment – Business Areas**

31-12-2014	Mines	Smelters	Other	Accounting principles <sup>2)</sup>	Eliminations	The Group
External revenues	920	35,924	0	-	-	36,844
Effect on profit of metal price and currency hedging	47	-	-	-	-	47
Internal revenues	8,351	-30	84	-	-8,405	0
Revenues	9,318	35,894	84	-	-8,405	36,891
Results from participations in associated companies	2	1	-	-	-	3
Operating profit	1,299	1,672	-147	-	-65	2,759
Net financial items						-287
Profit after financial items						2,471
Taxes						-572
<b>Net profit for the year</b>						<b>1,899</b>
Intangible fixed assets	408	3,107	0	-	-	3,516
Tangible fixed assets	20,259	8,273	91	-	-	28,623
Equity shares and other financial fixed assets	7	10	29	-	-	45
Inventories	766	7,286	-	-	-167	7,885
Other receivables	1,081	1,872	404	291	-829	2,820
Assets in capital employed	22,521	20,548	524	291	-996	42,888
Provisions, other than for pensions and tax	1,559	502	58	-	-	2,119
Other liabilities	1,347	4,454	724	-	-843	5,682
Liabilities in capital employed	2,906	4,956	782	-	-843	7,801
<b>Total capital employed</b>	<b>19,615</b>	<b>15,592</b>	<b>-258</b>	<b>291</b>	<b>-153</b>	<b>35,087</b>
Depreciation	2,264	1,012	0	-	-	3,277
Investments <sup>1)</sup>	3,450	768	4	-	-	4,222

31-12-2013	Mines	Smelters	Other	Accounting principles <sup>2)</sup>	Eliminations	The Group
External revenues	834	33,347	0	-	-	34,181
Effect on profit of metal price and currency hedging	184	43	-	-	-	227
Internal revenues	7,286	20	-73	-	-7,232	0
Revenues	8,303	33,410	-73	-	-7,232	34,409
Results from participations in associated companies	2	-	-	-	-	2
Operating profit	1,598	210	-140	25	110	1,803
Net financial items						-222
Profit after financial items						1,581
Taxes						-288
<b>Net profit for the year</b>						<b>1,294</b>
Intangible fixed assets	88	3,042	0	-	-	3,130
Tangible fixed assets	18,883	8,372	93	-	-	27,348
Equity shares and other financial fixed assets	4	1	29	-	-	33
Inventories	941	7,192	-	-	-102	8,031
Other receivables	842	1,636	492	329	-777	2,523
Assets in capital employed	20,758	20,242	614	329	-879	41,064
Provisions, other than for pensions and tax	1,212	437	31	-	-	1,681
Other liabilities	1,257	4,014	367	72	-777	4,932
Liabilities in capital employed	2,469	4,451	398	72	-777	6,612
<b>Total capital employed</b>	<b>18,288</b>	<b>15,791</b>	<b>216</b>	<b>257</b>	<b>-102</b>	<b>34,451</b>
Depreciation	1,917	913	-	-	-	2,829
Investments <sup>1)</sup>	3,763	1,200	12	-	-	4,974

<sup>1)</sup> Excluding capitalised reclamation costs and financial leasing.

<sup>2)</sup> Comprises unrealised market values attributable to cash flow hedging and minor adjustments for other accounting principles only followed up at Group level. The market values of the cash flow hedges are, when realised, reported in the respective segments.

**Note 02** Information per segment and geographical market, cont.

Boliden has three customers within Segment Smelters who account for 15 per cent (16%), 10 per cent (12%) and 9 per cent (10%), respectively, of Boliden's external income. Other customers each represent less than 4 per cent (5%) of Boliden's total external income. Boliden's metals are sold primarily to industrial customers, but are also sold to base metal dealers and international metal stocks, such as the LME.

**Geographical areas**

Sales figures are based on the country in which the customer is located. Assets and investments are reported in the location of the asset.

Revenues	2014	2013
Sweden	5,633	6,161
Nordic region, other	4,360	4,262
Germany	13,386	11,770
UK	6,602	6,918
Europe, other	6,661	5,122
North America	0	5
Other markets	249	171
	<b>36,891</b>	<b>34,409</b>

Assets in capital employed	31-12-2014	31-12-2013
Sweden	35,658	33,635
Finland	3,669	3,729
Norway	1,450	1,504
Ireland	2,094	2,176
Other countries	18	21
	<b>42,889</b>	<b>41,064</b>

Investments in fixed assets <sup>1)</sup>	31-12-2014	31-12-2013
Sweden	2,769	3,939
Finland	974	564
Norway	166	269
Ireland	313	201
Other countries	0	1
	<b>4,222</b>	<b>4,974</b>

<sup>1)</sup> Excluding capitalised restoration costs and financial leasing.

Sales of metals SEK 32,582 million (SEK 30,380 m), sales of concentrates SEK 1,678 million (SEK 1,406 m), and other sales accounted for SEK 2,631 million (SEK 2,623 m) of Boliden's total revenues of SEK 36,891 million (SEK 34,409 m).

**Note 03** Employees and personnel costs

The Parent Company has no employees. The Group management is employed by Boliden Mineral AB.

Average number of employees <sup>1)</sup>	2014	of whom, women	of whom, men	2013	of whom, women	of whom, men
Subsidiaries						
Sweden	2,902	613	2,289	2,888	597	2,291
Finland	1,059	160	899	936	145	791
Norway	282	43	239	295	48	247
Ireland	618	29	589	678	31	647
Other	20	7	13	18	3	15
<b>Total in subsidiaries/Group</b>	<b>4,881</b>	<b>852</b>	<b>4,029</b>	<b>4,815</b>	<b>824</b>	<b>3,991</b>

<sup>1)</sup> Refers to full-time employees.

Percentage of women at Board and Group management level	2014	2013
Board of Directors	27%	27%
Group management	20%	20%

Salaries, other remuneration and social security expenses	2014		2013	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Subsidiaries	2,557	885	2,451	623
<i>of which, pension expenses</i>		-506		-255
<b>Group, total</b>	<b>2,557</b>	<b>885</b>	<b>2,451</b>	<b>623</b>
<i>of which, pension expenses</i>		-506		-255

Salaries and other remuneration broken down by country and between Board Members etc. and other employees	2014		2013	
	Board of Directors, President & other senior executives	Other employees	Board of Directors, President & other senior executives	Other employees
Subsidiaries in Sweden	24	1,415	23	1,382
Subsidiaries abroad				
Finland	4	449	4	400
Norway	2	163	3	169
Ireland	5	483	4	456
Other	1	10	1	9
<b>Group, total</b>	<b>37</b>	<b>2,520</b>	<b>35</b>	<b>2,416</b>



**Profit-sharing system**

A profit-sharing system was introduced for all employees of the Boliden Group in 2007. A profit share is payable when the return on capital employed reaches 10 per cent, and the maximum profit share (SEK 25,000/full-time employee) is payable when the return on capital employed reaches 20 per cent. The annual maximum allocation must never, however, exceed one third of the dividend paid to shareholders. The funds cannot be disbursed to employees for 3 years. An allocation of SEK 0 (SEK 0) per full-time employee has been made for 2014 as the return on capital employed was 8 per cent (5%). The allocation for each year is invested in liquid interest-bearing assets and shares in Boliden.

**Remuneration paid to the Board Members and senior executives**  
**Principles**

Fees as approved by the Annual General Meeting are payable to the Chairman of the Board and to Members of the Board. The President and Employee representatives receive no Directors' fees.

**Remuneration and other benefits paid during the year**

Specification of remuneration paid to the Board Members and senior executives.

SEK	Directors' fees/Basic salary		Variable remuneration		Other benefits		Pension benefits	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Board of Directors</b>								
Anders Ullberg, Chairman	1,325,000	1,200,000						
Marie Berglund	460,000	430,000						
Staffan Bohman <sup>1)</sup>	510,000	480,000						
Ulla Litzén <sup>1)</sup>	610,000	580,000						
Michael G:son Löw	460,000	430,000						
Leif Rönnbäck	535,000	505,000						
Tom Erixon	460,000	430,000						
<b>Group management</b>								
Lennart Evrell, President	7,027,832	6,690,057	0 <sup>3)</sup>	646,272 <sup>4)</sup>	190,768	178,309	2,516,128	2,102,250
Other members of the Group management <sup>2)</sup>	9,482,767	9,404,715	1,152,977 <sup>3)</sup>	620,293 <sup>4)</sup>	417,490	426,212	3,203,516	3,371,356

<sup>1)</sup> These Directors invoice their fees, either wholly or in part, through their own companies, at which point social security contributions are payable. This is cost-neutral for Boliden.

<sup>2)</sup> A total of 4 people in 2013 and 2014.

<sup>3)</sup> The amounts are attributable to 2014 but will be disbursed in 2015.

<sup>4)</sup> The amounts are attributable to 2013 but were disbursed in 2014.

The Directors' fees shown above also include remuneration for work on the Remuneration and Audit Committees.

**Variable remuneration**

The variable remuneration paid to the President in 2014 was based on the Group's return on shareholders' equity and the Group's cost trend.

For other members of the Group management, 20 – 60 per cent of the variable remuneration for 2014 was based on the Group's financial goals and 40 – 80 per cent on their personal spheres of responsibility and individual targets. Other benefits refer primarily to company cars.

**Pensions**

The President has a defined contribution pension plan to which the company allocates 35 per cent of the fixed monthly salary on a rolling basis. The President decides for himself the level of survivor annuity, indemnity for medical treatment or disability, etc. component of his insurance solution. The President's retirement age is 65.

All of the other members of the Group management have defined contribution pension plans to which the company allocates 25–50 per cent of the fixed monthly salary. Extra allocations comprising 20 per cent of the fixed basic salary at 2009 level are made for one of the members of the Group management up to and including 2015. The retirement age is 65.

Remuneration paid to the President and other senior executives comprises the basic salary, variable remuneration, other benefits and pensions. The term "senior executives" refers to those persons who have comprised the Group management during the year. The Group management comprised five persons, including the President, at the end of the year. All members of the Group management are employed in Sweden.

The breakdown between basic salary and variable remuneration shall be in proportion to the executive's responsibilities and authority. The variable remuneration is maximised to 60 per cent of the basic salary for the President, while for other senior executives, it is maximised to 40–50 per cent of the basic salary. 10 percentage points of this is conditional on the purchase of Boliden shares for the gross sum before tax.

Pension benefits and other benefits payable to the President and other senior executives are taken into account when determining fixed and variable remuneration.

**Severance pay**

The President and the company shall give six and twelve months' notice of the termination of the President's position, respectively. If notice is given by the company, severance pay corresponding to twelve months' salary is payable, over and above the notice period pay. Other income shall be offset against the severance pay. No severance pay is payable in the event of notice being given by the President.

Other members of the Group management have notice periods of between three and six months if they give notice themselves. If notice of termination is given by the company, the period of notice is between six and twelve months. In addition, severance pay corresponding to a maximum of twelve months' salary shall be payable. Other income shall be offset against the severance pay. No severance pay is payable in the event of notice being given by the member of the Group management.

**Preparation and decision-making process**

See the 2014 Corporate Governance Report for information.

**Note 04** Auditors' fees and reimbursement of expenses

	2014	2013
<b>Ernst &amp; Young AB</b>		
Audit engagements	5	5
Auditing assignments over and above audit engagements	1	1
Tax consultancy	-	-
Other services	1	1
	<b>7</b>	<b>7</b>

**Note 05** Key expense items

	2014	2013
Raw material costs, incl. inventory changes	19,970	19,557
Personnel costs	3,557	3,207
Energy costs	2,480	2,348
Other external costs	4,896	4,749
Depreciation	3,277	2,829
	<b>34,180</b>	<b>32,689</b>

The specification of key expense items relates to the following Income Statement items: "Cost of goods sold", "Selling expenses", "Administrative expenses" and "Research and development costs".

**Depreciation and amortisation are reported under the following Income Statement items**

	2014	2013
Cost of goods sold	3,257	2,812
Selling expenses	0	1
Administrative expenses	16	14
Research and development costs	3	2
	<b>3,277</b>	<b>2,829</b>

**Note 06** Other operating income

	2014	2013
Payment for sludge deliveries	20	19
Rental income, industrial properties	21	19
Insurance payments	-	20
Other	61	44
	<b>102</b>	<b>102</b>

**Note 07** Interest income and other similar items

	2014	2013
Interest income on liquid assets	2	5
Interest on currency futures	-	25
Other	1	1
	<b>3</b>	<b>31</b>

**Note 08** Interest expenses and other similar items

	2014	2013
Interest on loans at accrued acquisition value	128	105
Interest on currency futures	9	-
Interest on pension provisions	35	47
Ineffectiveness of hedging of net investments	-	-
Ineffectiveness of cash flow hedging	-	-1
Interest on reclamation reserve	37	29
Other financial items	82	72
	<b>291</b>	<b>253</b>

Deductions have been made from interest payments on loans at the accrued acquisition value for interest capitalisation attributable to the Garpenberg expansion in the sum of SEK 20 million (SEK 51 m) for 2014. Boliden's average interest rate in 2014 totalled 1.72 per cent (2.04%), weighted against rolling debt.

**Note 09** Government subsidies

Government subsidies totalling SEK 32 million (SEK 20 m) were received in 2014 and SEK 32 million (SEK 16 m) was reported in the Income Statement. The majority of the subsidies were received in Norway under a CO<sub>2</sub> compensation scheme and for energy efficiency improvement measures.

**Note 10** Supplementary information to the Statements of Cash Flow

The Statements of Cash Flow are drawn up in accordance with the indirect method.

	2014	2013
<b>Interest received</b>		
Interest on currency futures	-	25
	-	<b>25</b>
<b>Interest paid</b>		
Interest on currency futures	-5	-
Interest on external loans	-148	-214
	<b>-153</b>	<b>-214</b>
<b>Liquid assets, as per 31st Dec.</b>		
<i>The following items are included in liquid assets</i>		
Cash and bank balances	865	611
Short-term investments	0	0
	<b>865</b>	<b>611</b>

In the 2013 annual accounts, interest received from currency futures included the exchange rate component of certain currency futures, over and above the interest. This has been adjusted in 2014 and the interest component only is shown in this note. The 2013 comparison year has also been updated.

The interest paid item in the Statement of Cash Flow does not include interest capitalisation of expansion projects and accrued interest expenses, unlike in the Income Statement.

The short-term investments included in liquid assets comprise investments with a term of three months or less at the point of acquisition and which can be easily converted into liquid assets. Liquid assets are only exposed to an insignificant risk of value fluctuation.

**Note 11** Operational acquisitions

On 1st October, Boliden Mineral AB acquired 100 per cent of the shares in Kuhmo Nickel Ltd and its subsidiary companies, including the copper mine in Kylylahti. The purchase price paid comprises a cash payment totalling SEK 718 million.

The acquisition includes not only the mining operations, but also exploration rights for copper and nickel deposits. The conditions in the exploration areas are similar to those in Sweden and there are a number of synergies with Boliden's mining, metallurgical and exploration activities.

The fair value of the exploration rights at the time of acquisition was SEK 177 million after deferred tax. The exploration rights refer to a number of assets classified as measured mineral resources and a number of other assets classified as indicated or inferred mineral resources. The acquisition also includes tangible assets comprising existing mining operation assets.

The Group already owned smelting operations in Finland and the acquisition of the Kylylahti mine will see Boliden establish mining operations in the country, too.

The acquired units' revenues have positively impacted the Group's revenues for the quarter to the tune of SEK 75 million. If the acquisition had occurred on 1st January 2014, the Group's revenues would have been affected to the tune of SEK 493 million.

The Boliden Group's pre-tax profit since the acquisition on 1st October was virtually unaffected by the acquired units' results. If the acquisition had occurred on 1st January 2014, the Group's revenues would have been positively affected to the tune of SEK 83 million.

The Boliden Group's administrative costs include transaction costs of SEK 5 million in respect of the operations acquired.

**Operational acquisition, 1st October 2014**

Cash purchase price paid	718
<b>Total purchase price</b>	<b>718</b>
<b>Identifiable assets acquired and liabilities assumed</b>	<b>Fair value</b>
Intangible and tangible fixed assets	505
Other fixed assets	14
Deferred tax receivables	18
Inventories	29
Accounts receivable and other current receivables	63
Liquid assets	23
Other provisions	-30
Financial leasing liabilities	-18
Other current liabilities	-63
<b>Total identifiable net assets acquired</b>	<b>541</b>
Surplus value, exploration rights	221
Deferred tax on surplus value	-44
<b>Surplus value, net</b>	<b>177</b>
Purchase price paid	-718
Liquid assets in the company acquired	23
Transaction costs	-5
<b>Change in the Group's liquid assets</b>	<b>-700</b>

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**Note 12** Intangible fixed assets

	Capitalised development expenses	Patents, licences and similar rights	Exploration rights	Emission rights	Goodwill	Total intangible fixed assets
<b>Acquisition values</b>						
Opening balance on Balance Sheet, 01-01-2013	34	141	-	-	3,044	3,219
Investments	9	7	-	-	-	16
Sales and retirements	-	-3	-	-	-	-3
Reclassifications	-	4	-	-	-	4
Year's translation differences	-	6	-	-	-36	-30
Closing balance on Balance Sheet, 31-12-2013	43	155	-	-	3,008	3,206
Opening balance on Balance Sheet, 01-01-2014	43	155	-	-	3,008	3,206
Investments	4	5	-	-	-	9
Acquisitions	82	1	221	-	-	303
Sales and retirements	-	-	-	-	-	-
Reclassifications	-	5	-	-	-	5
Year's translation differences	4	12	11	-	71	98
Closing balance on Balance Sheet, 31-12-2014	132	178	232	-	3,079	3,621
<b>Amortisation</b>						
Opening balance on Balance Sheet, 01-01-2013	0	-59	-	-	-	-59
Year's amortisation	-6	-10	-	-	-	-16
Sales and retirements	-	3	-	-	-	3
Year's translation differences	-	-3	-	-	-	-3
Closing balance on Balance Sheet, 31-12-2013	-6	-70	-	-	-	-76
Opening balance on Balance Sheet, 01-01-2014	-6	-70	-	-	-	-76
Year's amortisation	-11	-12	-	-	-	-23
Sales and retirements	-	-	-	-	-	-
Year's translation differences	0	-6	-	-	-	-7
Closing balance on Balance Sheet, 31-12-2014	-17	-88	-	-	-	-106
<b>Closing balance, 2013</b>	<b>37</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>3,008</b>	<b>3,130</b>
<b>Closing balance, 2014</b>	<b>116</b>	<b>90</b>	<b>232</b>	<b>-</b>	<b>3,078</b>	<b>3,516</b>
Amortisation according to plan, included in the operating profit						
2013	-6	-10	-	-	-	-16
2014	-11	-12	-	-	-	-23

**Goodwill**

The Group's goodwill item arose primarily in conjunction with the acquisition of the operations from Outokumpu at the end of December 2003. The goodwill from the 2003 acquisition has been mainly allocated in its entirety to the Group's Smelter segment.

Impairment tests have been carried out in the value of goodwill in the manner described in Note 13 under Impairment tests – Intangible and tangible fixed assets.

**Emission rights**

The Boliden Group reported a surplus of emission rights in 2014 and there was consequently no effect on the Group's financial reports. See Note 1 Significant accounting and valuation principles on page 74 for details of emission rights reporting.

**Exploration rights**

In 2014, Boliden acquired the exploration rights and mining operations of the Kylahti copper mine in Finland. Intangible fixed assets totalling SEK 221 million in exploration rights were acquired through this acquisition. No depreciation of these assets has occurred.

**Note 13** Tangible fixed assets

	Buildings and land	Deferred mining costs	Machinery and other technical facilities	Equipment, tools, fixtures and fittings	New construction & advances on fixed assets	Total tangible fixed assets
<b>Acquisition values</b>						
Closing balance on Balance Sheet, 31-12-2012	7,846	7,823	31,539	1,490	424	49,122
Opening balance on Balance Sheet, 01-01-2013	7,846	7,823	31,539	1,490	424	49,122
Investments	131	1,244	3,183	22	374	4,954
Capitalised reclamation costs	-	-	23	-	-	23
Sales and retirements	-50	-	-619	-10	-	-679
Reclassifications	444	17	-295	-2	-168	-5
Year's translation differences	-12	48	140	-125	9	59
Closing balance on Balance Sheet, 31-12-2013	8,359	9,132	33,970	1,375	638	53,474
Opening balance on Balance Sheet, 01-01-2014	8,359	9,132	33,970	1,375	638	53,474
Investments	115	1,230	1,806	64	267	3,482
Acquisitions	91	151	150	-	34	425
Capitalised reclamation costs	-	-	358	-	-	358
Sales and retirements	-69	-327	-578	-11	-3	-988
Reclassifications	91	291	-1	90	-477	-6
Year's translation differences	133	112	562	-10	17	813
Closing balance on Balance Sheet, 31-12-2014	8,720	10,588	36,267	1,508	476	57,558
<b>Depreciation</b>						
Closing balance on Balance Sheet, 31-12-2012	-3,529	-3,195	-15,988	-1,273	-	-23,984
Opening balance on Balance Sheet, 01-01-2013	-3,529	-3,195	-15,988	-1,273	-	-23,984
Year's depreciation	-263	-778	-1,726	-40	-	-2,809
Sales and retirements	50	-	612	10	-	671
Reclassifications	-	-	-1	1	-	0
Year's translation differences	10	-26	-98	111	-	-4
Closing balance on Balance Sheet, 31-12-2013	-3,733	-3,999	-17,202	-1,192	-	-26,126
Opening balance on Balance Sheet, 01-01-2014	-3,733	-3,999	-17,202	-1,192	-	-26,126
Year's depreciation	-293	-819	-2,081	-46	-	-3,238
Sales and retirements	63	327	556	11	-	957
Reclassifications	0	113	-113	0	-	0
Year's translation differences	-80	-50	-407	6	-	-531
Closing balance on Balance Sheet, 31-12-2014	-4,042	-4,428	-19,246	-1,220	-	-28,935
<b>Closing balance, 2013</b>	<b>4,626</b>	<b>5,132</b>	<b>16,768</b>	<b>183</b>	<b>638</b>	<b>27,348</b>
<b>Closing balance, 2014</b>	<b>4,677</b>	<b>6,160</b>	<b>17,021</b>	<b>288</b>	<b>476</b>	<b>28,623</b>
Depreciation according to plan included in the operating profit						
2013	-263	-778	-1,726	-40	-	-2,809
2014	-293	-819	-2,081	-46	-	-3,238

Capitalised reclamation costs include expenses in relation to the dismantling and removal of assets and the restoration of the sites where the assets are located. Accumulated capitalised reclamation costs total SEK 1,145 million (SEK 787 m). Accumulated depreciation totals SEK -188 million (SEK -139 m). The year's capitalised reclamation costs total SEK 358 million (SEK 23 m) and are primarily attributable to the expansion of the Aitik mine to 45 Mtonnes of ore per annum and the associated extension of mining operations until 2040. The change is reported in accordance with IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities. The year's reclamation costs are not included in the consolidated key ratios for the year's investments, and have no liquid effect on the Group's cash flow.

Depreciation and amortisation of intangible and tangible fixed assets according to plan total SEK 3,261 million in the Balance Sheet and SEK 3,277 million in the Income Statement. The difference is due to the fact that the Income Statement includes net values for sales and retirements.

Investments in tangible fixed assets include financial leasing in the sum of SEK 0 million (SEK 0 m), see also Note 14 Leasing charges. The same principle applies to financial leasing as to the year's capitalised reclamation costs with regard to key ratios and cash flow.

At the end of the year, there were no material, contractual undertakings to acquire tangible fixed assets to report.

**Note 13** Tangible fixed assets, cont.

Interest expenses carried forward included in the residual value according to plan	31-12-2014		31-12-2013	
	Reported value, SEK m	Interest rate, %	Reported value, SEK m	Interest rate, %
Rönnskär's expansion, completed 2000	37	6.8	40	6.8
Odda's expansion, completed 2004	7	4	8	4
Aitik's expansion, completed 2011	195	2.5	208	2.5
Rönnskär, electronic scrap recycling, completed 2012	12	3.15	13	3.15
Garpenberg's expansion, ongoing project	103	1.71	87	2.07

**Impairment tests - Intangible and tangible fixed assets**

Impairment tests are carried out yearly, or throughout the year if an event occurs that may result in an impairment requirement, and are based on the Group's annual budget and strategic planning work.

The planning horizon is the estimated lifespan of each mine and 10 years for smelters. Boliden's operations are characterised by long-term production plans in which every mine has set production plans for the entire estimated lifespan of the mine in question, while a substantial part of the smelters' concentrate supply is regulated by means of long-term delivery agreements. This long-term production planning also enables the use of long-term cash flow forecasts. Additional growth assumptions are not included in extrapolated cash flow forecasts beyond the planning horizon. Any residual value of fixed assets at the end of a mine's lifespan is not taken into account in the discounted cash flow.

The value of discounted cash flows is highly sensitive to metal prices, treatment and refining charges (TC/RC), and exchange rates

(see sensitivity table on page 51 of the Risk management section of the Directors' Report). The present value of estimated future cash flows is based on the budget and planning prices adopted by the Board of Directors. Planning prices for the first year comprise the relevant futures prices on metals and currency markets. The long-term planning prices used in year two and thereafter consist of an anticipated average price over a single business cycle, generally ten years. The long-term planning prices are based on internal and external analyses, primarily with regard to anticipated demand for metals and margin costs for metal producers. The long-term planning prices are compared with average long-term prices from different market players, such as industry analysts and other mining and smelting companies. The Group does not believe that futures prices from base metals markets are good indicators of long-term price trends, in that they are heavily dependent on spot prices. The long-term real planning prices are currently as listed in the table below.

	2014			2013		
	Metal prices	Treatment/refin. charges	Exchange rates	Metal prices	Treatment/refin. charges	Exchange rates
Copper	USD 6,600/t	USD 70/tonne Usc 7.0/lb	USD/SEK 6.50	USD 6,600/t	USD 70/tonne Usc 7.0/lb	USD/SEK 6.70
Zinc	USD 2,300/t	USD 250 base USD 2,300	USD/NOK 5.90	USD 2,300/t	USD 250 base USD 2,300	USD/NOK 5.98
Lead	USD 2,300/t	USD 225	EUR/USD 1.30	USD 2,300/t	USD 225	EUR/USD 1.27
Gold	USD 1,200/tr. oz.			USD 1,200/tr. oz.		
Silver	USD 20.0/tr. oz.			USD 20.0/tr. oz.		

Individual mines or mining areas with centralised concentrating facilities, copper smelters, zinc smelters, Boliden Bergsöe AB and Boliden Commercial AB are classified as cash-generating units. The discounted real cash flows before tax for the respective cash-generating units are compared with the book value of capital employed. The cash flows are discounted with a real discount rate before tax of 10 per cent (10%), which corresponds to the weighted capital cost. The Group's goodwill is allocated to Segment Smelters. The value in use of the Group's assets is held to exceed the reported values and no impairment requirement is consequently deemed to exist.

An increase in the discount rate of one percentage point would not give rise to any write-downs. A lowering of all long-term planning prices

for metals by 10 per cent would not result in any write-down requirements for Segment Smelters or Mines. Nor, if the long-term planning prices for metals remain unchanged, would a 10 per cent weakening of the US dollar against all other currencies occasion a write-down requirement for Segment Smelters or Mines. This presupposes, however, no compensatory movements in metal prices, TC/RC, or the prices of by-products or input goods, which has historically often been the case. A 10 per cent fall in TC/RC for all metals would not result in any write-down requirement in Segment Smelters. For Segment Mines, the same fall would have a positive effect.

**Note 14** Leasing charges

	2014	2013
<b>The Group</b>		
<b>Assets held via operational leasing agreements</b>		
Leasing charges paid during the financial year	18	22
Contracted future leasing charges		
Maturity within one year	18	12
Maturity later than one year, but within five years	24	13
Maturity later than five years	1	1
<b>Assets held via financial leasing agreements</b>		
Machinery and other equipment		
Acquisition value	40	15
Accumulated depreciation	-21	-10
Value, as per Balance Sheet, on 31st December	19	5

The companies with financial leasing agreements are Kylylahti Copper OY and Kokkolan Teollisuusvesi OY. Kylylahti's leasing agreements refer to mining machinery. Kokkolan has an agreement in respect of

the rent of and renewal of a water purification plant's automation system and another in respect of usufruct for active carbon filters for ionized water replacement systems and domestic water supply.

**Note 15** Participations in Group companies

Specification of the Parent Company's and the Group's holdings of participations in Group companies

Subsidiary/Co. Reg. no./Registered office	31-12-2014		Book value
	Shares/participations	Percentage share	
Boliden Limited, 3977366, Toronto, Canada	85,811,638	100	-
Boliden Power Ltd, 700245, Toronto, Canada			-
Ontario Inc, 1393512, Toronto, Canada			-
Boliden BV, 18048775, Drunen, Netherlands			-
Boliden Apirsa S.L under liquidation, ESB-41518028, Aznalcóllar (Seville), Spain			-
Boliden Mineral AB, 556231-6850, Skellefteå	1,650,000	100	3,911
Mineral Holding Sweden AB, 556610-2918, Skellefteå			-
Boliden Harjavalta Oy, 1591739-9, Harjavalta, Finland			-
Boliden Kokkola Oy, 0772004-3, Kokkola, Finland			-
Kokkolan Teollisuusvesi OY, 2558533-2, Kokkola, Finland			-
Boliden Commercial AB, 556158-2205, Stockholm			-
Boliden Commercial UK Ltd, 5723781, Warwickshire, UK			-
Boliden Commercial Deutschland GmbH, 165903, Neuss, Germany			-
Tara Mines Holding Ltd, 60135, Navan, Ireland			-
Boliden Tara Mines Ltd, 33148, Navan, Ireland			-
APC Properties Ltd, 361022, Navan, Ireland			-
Irish Mine Development Ltd, 174811, Navan, Ireland			-
Tara Prospecting Ltd, 34434, Navan, Ireland			-
Tara Exploration and Development Company Ltd, E1292, Navan, Ireland			-
Dowth Investment Holdings Ltd, 338698, Toronto, Canada			-
Motet Investments Ltd, E3093, Navan, Ireland			-
Boliden Odda AS, 911177870, Odda, Norway			-
Boliden Bergsøe AB, 556041-8823, Landskrona			-
Boliden Bergsoe AS, A/S244629, Glostrup, Denmark			-
Boliden International AB, 556040-1399, Skellefteå			-
Kuhmo Nickel Ltd, 05311516, London, UK			-
Kylylahti Copper Oy, 1925412-3, Polvijärvi, Finland			-
Vulcan Exploration BV, 821652345, Amsterdam Zuidoost, Netherlands			-
Kuhmo Metals Oy, 1925450-2, Polvijärvi, Finland			-
Other subsidiaries, dormant or of lesser significance			-

A new service-driven collaboration company by the name of Kokkolan Teollisuusvesi Oy was formed on 31st December 2013 in which Boliden Kokkola holds a 65% proprietary share. In 2014, Balance Sheet values were transferred to this new company from KIP Service OY which, as of 2014, is an associated company. The Parent Company, Boliden AB, has received a dividend totalling SEK 464 million (SEK 2,442 m) from Boliden Mineral AB during the year.

On 1st October 2014, Boliden Mineral AB acquired 100 per cent of the shares in Kuhmo Nickel Ltd and its subsidiary companies, together with the Kylylahti copper mine. For additional information, see Note 11.

**Note 16** Participations in associated companies

	31-12-2014	31-12-2013
Book value at beginning of year	9	8
Participations in associated companies acquired	7	-
Share in associated companies' profits for the year	3	2
<b>Book value at year-end</b>	<b>19</b>	<b>9</b>

	Co. reg. no.	Registered office	Number of participations	Percentage share	Value of equity share in the Group
Indirectly owned					
KIP Service OY	2240650-3	Kokkola	3,280	46	7
Aitik EcoBallast AB	556726-2299	Gällivare	500	50	6
KB Aitik EcoBallast	969731-9748	Gällivare	1,000	50	-
Industrikraft i Sverige AB	556761-5371	Stockholm	20,000	20	5
					<b>19</b>

KIP Service OY was formerly a subsidiary company but is now, as of 2014, an associated company.

**Note 17** Taxes

	2014	2013
<b>Current tax expenses</b>		
Tax expenses for the period	-311	-170
Adjustment of tax attributable to previous years	-15	22
	-326	-148
<b>Deferred tax expenses (-) /tax income (+)</b>		
Deferred tax income/tax expenses in respect of temporary differences	-186	-166
Deferred tax revenue in capitalised loss carry forwards for tax purposes during the year	-	26
Deferred tax expense resulting from the utilisation of previously capitalised fiscal value in loss carry forward deductions	-60	-
	-246	-140
<b>Total reported tax expenses (-) /tax income (+)</b>	<b>-572</b>	<b>-288</b>
<b>Reconciliation of effective tax</b>		
Reported profit before tax	2,471	1,581
Tax according to current taxation rate	-542	-359
Fiscal effect of non-deductible expenses	-17	-6
Fiscal effect of non-taxable income	1	10
Market valuation of deferred tax receivables	1	1
Amended tax rate in Finland	-	48
Amended tax rate in Norway	-	1
Adjustment of tax attributable to previous years	-15	17
<b>Total reported tax expenses</b>	<b>-572</b>	<b>-288</b>

Tax expenses comprise 23.1 per cent (18.2%) of the Group's pre-tax profit. The anticipated tax expense for 2014 of 21.9 per cent (22.7%) has been calculated given the current Group structure and applicable taxation rates in the respective countries.

**Deferred tax receivable/tax liability**

The receivable reported in the Balance Sheet and the provision for deferred tax come from the following assets and liabilities.

	31-12-2014			31-12-2013		
	Deferred tax receivable	Deferred tax liability	Net	Deferred tax receivable	Deferred tax liability	Net
<b>The Group</b>						
Intangible assets	-	-	-	1	-4	-3
Buildings and land	88	-106	-18	32	-106	-74
Machinery and fixtures and fittings	13	-2,588	-2,575	-	-2,413	-2,413
Deferred mining costs	-	-219	-219	-	-173	-173
Other tangible fixed assets	-	-5	-5	-	-5	-5
Inventories	-	-374	-374	-	-356	-356
Long-term liabilities	341	-	341	235	-	235
Current liabilities	-	-18	-18	-	-76	-76
Tax losses carried forward	-	23	23	81	-	81
<b>Total</b>	<b>442</b>	<b>-3,287</b>	<b>-2,845</b>	<b>349</b>	<b>-3,133</b>	<b>-2,784</b>
Offset within companies	-426	426	-	-281	281	-
<b>Total deferred tax receivable/tax liability</b>	<b>17</b>	<b>-2,862</b>	<b>-2,845</b>	<b>68</b>	<b>-2,852</b>	<b>-2,784</b>

**Change in deferred tax in respect of temporary differences and tax losses carried forward**

	Amount at the beginning of the year	Reported in the Income Statement	Reported under Other comprehensive income	Translation difference	Amount at year-end
<b>The Group, 2014</b>					
Intangible assets	-3	3	-	-	-
Buildings and land	-74	58	-	-2	-18
Machinery and fixtures and fittings	-2,413	-147	-	-15	-2,575
Deferred mining costs	-173	-34	-	-12	-219
Other tangible fixed assets	-5	-	-	-	-5
Inventories	-356	-18	-	-	-374
Long-term liabilities	235	-48	144	10	341
Current liabilities	-76	-	58	-	-18
Tax losses carried forward	81	-60	-	2	23
<b>Total</b>	<b>-2,784</b>	<b>-246</b>	<b>-202</b>	<b>-17</b>	<b>-2,845</b>



**Change in deferred tax in respect of temporary differences and tax losses carried forward**

The Group, 2013	Amount at the beginning of the year	Reported in the Income Statement	Reported under Other comprehensive income	Translation difference	Amount at year-end
Intangible assets	-3	-	-	-	-3
Buildings and land	-47	-24	-	-3	-74
Machinery and fixtures and fittings	-2,245	-166	-	-2	-2,413
Deferred mining costs	-172	5	-	-6	-173
Other tangible fixed assets	-6	1	-	-	-5
Inventories	-463	107	-	-	-356
Long-term liabilities	323	-90	1	1	235
Current liabilities	40	-	-116	-	-76
Tax losses carried forward	60	27	-	-6	81
<b>Total</b>	<b>-2,513</b>	<b>-140</b>	<b>-115</b>	<b>-16</b>	<b>-2,784</b>

**Tax losses carried forward**

Deferred tax receivables in respect of tax losses carried forward in Norway have been taken into account in full as the company is of the opinion that Boliden will be able to generate sufficient taxable income in the future to exploit these tax losses carried forward. Unutilised

tax losses carried forward for which a deferred tax receivable has not been reported totalled SEK 93 million (SEK 91 m) in Canada on 31st December 2014, of which SEK 1 million matures in 2015, and the remaining SEK 92 million between 2026 and 2034.

**Note 18** Inventories

	31-12-2014	31-12-2013
Raw materials and consumables	3,527	3,480
Goods under manufacture	3,044	3,039
Finished goods and tradable goods	1,314	1,512
	<b>7,885</b>	<b>8,031</b>

**Note 20** Other current receivables

	31-12-2014	31-12-2013
Other prepaid expenses and accrued income	190	136
VAT recoverable	515	435
Other current receivables	271	306
	<b>976</b>	<b>877</b>

**Note 19** Accounts receivable

On 31st December 2014, accounts receivable to a total value of SEK 7 million (SEK 45 m) were due for payment after more than 30 days, corresponding to 0.5 per cent (4.3%) of the total accounts receivable. The maturity structure is shown in the following table:

	31-12-2014	31-12-2013
Accounts receivable, not due	1,018	733
Due: 0-30 days	319	270
Due: 31-60 days	4	28
Due: 61-90 days	2	1
Due: >90 days	1	16
	<b>1,344</b>	<b>1,048</b>

The majority of the Group's accounts receivable relate to European customers. Accounts receivable in foreign currencies have been valued at the closing day rate. Note 2, Information per business segment and geographical market, on page 78 shows the breakdown of revenues by geographical area.

Accounts receivable are only written down to a minor extent and doubtful receivables total only small amounts. Confirmed bad debt losses are insignificant.

Only 0.0 per cent (2.0) of the total amount of accounts receivable is due from customers in Greece, Italy, Spain and Portugal.

The risk management of these customers is handled by means of a requirement for payment in advance.

For information on the management of credit risks, see the section entitled Credit risks in accounts receivable that forms part of the Risk management section of the Directors' Report on page 51.

**Note 21** Affiliates**Relationships**

The Parent Company's directly owned subsidiaries are reported in Note 15 on page 85, Participations in Group companies, while its participations in associated companies are reported in Note 16, Participations in Associated companies, on page 85. Information regarding the Members of the Board and Group management, and the remuneration paid to the same, is presented in Note 3, Employees and personnel costs, on pages 78-79, and in the Corporate Governance Report on pages 100-108.

**Transactions**

No Member of the Board or senior executive in the Group participates or has participated, directly or indirectly, in any business transactions during the current or previous financial year between themselves and the Group which are or were unusual in nature with regard to their terms. Nor has the Group granted loans, issued guarantees or provided sureties to any of the Members of the Board or senior executives of the company.

**Note 22** Shareholders' equity

Share capital	31-12-2014	31-12-2013
Opening number of shares	273,511,169	273,511,169
Share cancellation	-	-
Bonus issue	-	-
<b>Closing number of shares</b>	<b>273,511,169</b>	<b>273,511,169</b>
Nominal value, SEK	578,914,338	578,914,338
Nominal value per share	2.12	2.12
Shareholders' equity, SEK m	31-12-2014	31-12-2013
Share capital	579	579
Total shareholders' equity	23,974	23,075
Shareholders' equity attributable to the Parent Company's shareholders	23,968	23,059
<b>Shareholders' equity per share, SEK</b>	<b>87.63</b>	<b>84.31</b>
Earnings per share	2014	2013
Profit for the year, SEK m	1,899	1,294
Average number of shares, basic and diluted	273,511,169	273,511,169
Number of own shares held	-	-
<b>Earnings per share, SEK</b>	<b>6.94</b>	<b>4.72</b>

**Shareholders' equity**

The Articles of Association for Boliden AB state that the share capital shall comprise a minimum of SEK 150,000,000 and a maximum of SEK 600,000,000. The share capital comprises a single class of share.

There are no potential shares and hence no dilution effect.

The Annual General Meeting of the Company's shareholders held on 6th May 2014 resolved to pay a dividend of SEK 1.75 (SEK 4) per share, equivalent to a total payment of SEK 478,644,546.

Boliden's Board of Directors will propose to the Annual General Meeting that a dividend of SEK 2.25 (SEK 1.75) per share be paid, equivalent to a total of SEK 615,400,130. Boliden's dividend policy stipulates that approximately one third of the net profit after tax shall be disbursed in the form of dividends.

**Earnings per share**

Earnings per share are calculated by dividing the profit for the period attributable to the Parent Company's shareholders by the average number of shares.

**Asset management**

Boliden's managed assets comprise shareholders' equity. There are no other external capital requirements than those mandated in the Swedish Companies Act.

Boliden monitors its capital structure with the aid of the net debt/equity ratio, amongst other things. The net debt/equity ratio is calculated as the net of interest-bearing provisions and liabilities minus financial assets including liquid assets divided by shareholders' equity.

See page 20 for details of Boliden's dividend policy and net debt goal.

**Note 23** Provisions for pensions and similar undertakings

Boliden has established pension plans in the countries in which the company operates. The pension plans include both defined benefit and defined contribution plans. The defined benefit plans provide the employee with a fixed amount of their final salary in conjunction with retirement. Boliden's defined benefit plans are mainly operated in Sweden and Ireland, with a very small number also operated in Norway. The defined contribution plans comply with local regulations in the respective countries. Boliden has defined contribution plans in Sweden, Ireland, Finland and Norway.

**Sweden**

Boliden's pension undertakings in Sweden are not invested in funds. The pension undertakings are secured through the Swedish PRI/FPG system and through insurance companies. The majority of the pension undertakings for salaried employees are secured through insurances with Alecta and are lifelong retirement pensions. The benefits offered by the lifelong pensions are determined using different percentages for different salary intervals. Alecta has not provided sufficient information for 2014 for the ITP plan (supplementary pensions for salaried employees) to be reported as a defined benefit plan, and it is consequently reported in accordance with UFR 6 as a defined contribution plan. A surplus in Alecta can be allocated to the policyholders and/or those insured. At the end of the year, Alecta's collective consolidation level was 144 per cent (148%). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance undertakings calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond with those of IAS 19. Boliden's pension undertakings account for only a very small percentage of Alecta's insurance undertakings. There are, in addition to the ITP plan, a few previously earned temporary retirement pensions within Boliden.

"Gruvplanen" (GP) is a pension agreement for underground workers. The plan grants underground workers entitlement to receive a pension between the ages of 60 and 65 and between 65 and 70 under certain preconditions based on an average income. The "Gruvplanen" plan was closed to new earners in 2011 and replaced by a defined premium pension plan (GLP). The commitments change from vesting to non-vesting in conjunction with retirement.

**Ireland**

The pension undertaking is secured by the transfer of funds to four defined benefit plans and one defined contribution plan. The defined benefit plans are closed to new employees. The pension plans are controlled by the Irish Pensions Board and Irish Pensions Legislation.

All defined benefit plans are invested in funds. The biggest defined benefit plan and the defined contribution pension plan have Board Members from both the company and the members. Boliden has appointed the Irish Pension Trust to manage the other defined benefit plans.

The financial position of the pension plans is reviewed every three years by an actuary in order to determine the requisite financing level. When a pension plan is deemed to be in deficit, which is currently the case for the four defined benefit plans, a financing proposal must be submitted to the Irish Pension Board in order to demonstrate how the deficit will be cleared. The actuary also ensures that Boliden receives annual reports on the financial position in accordance with accounting requirements. Payments are made to all five plans through a combination of contributions from both Boliden and employees in accordance with employment contracts. No other deposits are made.

The Board of the pension undertakings is responsible for investments in plan assets. The majority of the shares are invested in companies operating in the health care, financial services and raw materials sectors that are based in North America, 51 per cent, and Europe, 41 per cent, and which are measured against sector indices. Some of the shares are invested in index funds. All interest-bearing securities entail investments in government bonds and investments of this kind were made in 2013 in order to reduce the risk and secure the pension liability. The majority of the government bonds (95 per cent) are invested in companies whose registered offices are in Europe. Liquid assets are held in order to facilitate pension disbursements. Investments in real estate are no longer part of the investment strategy and are in the process of being wound up.

**Norway**

The pension undertaking is primarily secured by means of defined contribution pension plans in that Boliden wound up the majority of the defined benefit plans in 2012. The defined benefit plan only comprises the operations manager. Other employees in Norway are covered by a defined contribution plan that covers all employees and a contractual early retirement pension (AFP) with supplementary benefits from the ages of 62 to 67.

**Events during the year**

The present value of Boliden's pension undertakings is higher than the level last year (restated) and the market value of the Group's plan assets has increased by 25 per cent. The change in the present value of pension undertakings derives primarily from the lower discount rates in Sweden and Ireland.

The Group's reported pension liability totals SEK 1,468 million (SEK 1,047 m), which sum includes endowment insurance and similar undertakings totalling SEK 67 million (SEK 66 m) in respect of defined premium pension plans in Sweden.

**Assumptions during the year**

Costs, undertakings and other factors in pension plans are calculated by means of the Projected Unit Credit Method, using the assumptions shown in the table below.

The discount rate is established for every geographical market with reference to the market return on company bonds on the closing day. In Sweden, where there is no functioning market for such bonds, the market return on housing bonds has been used and a premium for a longer term added, based on the duration of the pension undertakings.

The financing cost of the net pension liability is calculated with the aid of the discount rate and is reported under Boliden's net financial items.

Actuarial assumptions (weighted averages)	Sweden		Ireland		Other			
	2014	2013	2014	2013	2014	2013		
Discount rate, %	2.75	3.75	2.1	3.75	4.00	3.90		
Future pay increases, %	3.00	3.00	0.00	0.00	3.75	3.50		
Future pension increases, %	1.50	1.75	0.00	0.00	0.60	0.00		
Life expectancy								
<i>women</i>	90	90	90	88				
<i>men</i>	88	88	88	90				

Specification of provisions for pensions	Sweden		Ireland		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Pension undertaking at the beginning of the year</b>	<b>631</b>	<b>638</b>	<b>339</b>	<b>668</b>	<b>11</b>	<b>10</b>	<b>981</b>	<b>1,317</b>
Restatement, IAS 19	-	-	-	-	-	-	-	-
<b>Pension undertaking at the beginning of the year, restated</b>	<b>631</b>	<b>638</b>	<b>339</b>	<b>668</b>	<b>11</b>	<b>10</b>	<b>981</b>	<b>1,317</b>
Defined benefit plan costs	45	35	42	-154	4	9	91	-110
Revaluations for Other comprehensive income	108	-8	291	-135	-	-	399	-143
Payments and disbursements	-40	-35	-59	-59	-6	-8	-105	-103
Translation differences	-	-	34	18	-	0	34	18
<b>Pension undertaking at the end of the year<sup>1)</sup></b>	<b>744</b>	<b>631</b>	<b>648</b>	<b>339</b>	<b>9</b>	<b>11</b>	<b>1,401</b>	<b>981</b>
Endowment insurance and similar undertakings	67	66	-	-	-	-	67	66
<b>Net debt, as per Balance Sheet<sup>2)</sup></b>	<b>810</b>	<b>697</b>	<b>648</b>	<b>339</b>	<b>9</b>	<b>11</b>	<b>1,468</b>	<b>1,047</b>
<b>Specification of provisions for pensions, as per 31st December</b>								
Pension undertakings invested in funds	-	-	2,599	1,900	1	1	2,600	1,901
Pension undertakings not invested in funds	744	631	-	-	8	11	752	642
<i>of which, special payroll tax</i>	<i>82</i>	<i>67</i>	-	-	-	-	<i>82</i>	<i>67</i>
Fair value of plan assets	-	-	-1,951	-1,561	0	0	-1,951	-1,561
<b>Pension undertakings</b>	<b>744</b>	<b>631</b>	<b>648</b>	<b>339</b>	<b>9</b>	<b>11</b>	<b>1,401</b>	<b>981</b>
Endowment insurance and similar undertakings	67	66	-	-	-	-	67	66
<b>Net debt, as per Balance Sheet</b>	<b>810</b>	<b>697</b>	<b>648</b>	<b>339</b>	<b>9</b>	<b>11</b>	<b>1,468</b>	<b>1,047</b>
<b>Specification of costs</b>								
<b>Cost of defined benefit plans</b>								
Costs in respect of service during the period	28	19	31	34	4	9	63	62
Interest expense on undertaking	22	19	73	73	-	-	95	93
Interest income from plan assets	-	-	-60	-48	-	-	-60	-48
Special payroll tax and other taxes	-5	-5	-	-	-	-	-5	-5
Administrative costs and premiums paid	-	-	6	3	-	-	6	3
Settlements/reductions of pension plans	-	1	-8	-217	0	0	-8	-216
<b>Total cost of defined benefit plans</b>	<b>45</b>	<b>35</b>	<b>42</b>	<b>-154</b>	<b>4</b>	<b>9</b>	<b>91</b>	<b>-110</b>
Cost of defined contribution plans	328	310	-6	2	-	99	322	410
<b>Total pension costs</b>	<b>373</b>	<b>345</b>	<b>37</b>	<b>-153</b>	<b>4</b>	<b>108</b>	<b>414</b>	<b>300</b>

<sup>1)</sup> Undertakings in Sweden include undertakings in accordance with PRI/FGI totalling SEK 375 million (SEK 281 m), undertakings for underground workers totalling SEK 287 million (SEK 284 m), and other undertakings totalling SEK 3 million (SEK 3 m).

<sup>2)</sup> The pension liability reported in the Balance Sheet includes not only the defined benefit pension undertaking and endowment insurance but also special payroll tax in Sweden.

**Note 23** Provisions for pensions and similar undertakings, cont.

	Sweden		Ireland		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Reconciliation of pension undertaking</b>								
Present value of undertakings at the beginning of the year	631	638	1,900	1,953	11	10	2,541	2,602
Cost in respect of service during the current period	28	19	31	34	4	9	63	62
Interest expense on undertaking	22	19	73	73	-	-	95	93
Special payroll tax	-5	-5	-	-	-	-	-5	-5
Fees from plan participants	-	-	18	16	-	-	18	16
Revaluation of defined benefit pension liability of which profit/loss as a result of financial assumptions	108	-8	498	26	-	-	606	18
of which profit/loss as a result of experience-based assumptions	90	-18	600	-7	-	-	690	-25
Disbursements made	18	10	-102	33	-	-	-84	43
Disbursements in conjunction with terminations	-40	-35	-59	-58	-6	-8	-105	-103
Reductions and settlements	1	1	-8	-217	-	-	-7	-216
Translation differences	-	-	147	73	0	0	147	72
<b>Present value of undertakings at the end of the year</b>	<b>744</b>	<b>631</b>	<b>2,599</b>	<b>1,900</b>	<b>9</b>	<b>11</b>	<b>3,352</b>	<b>2,541</b>
<b>Endowment insurance and similar undertakings</b>	<b>67</b>	<b>66</b>					<b>67</b>	<b>66</b>
of which amounts attributable to active employees	426	348	1,515	1,027	4	4	1,945	1,378
of which amounts attributable to holders of paid up policies	167	138	173	120	-	-	340	258
of which amounts attributable to retired employees	218	211	911	752	5	7	1,134	970
<b>Reconciliation of plan assets</b>								
Fair value of plan assets at the beginning of the year	-	-	1,561	1,285	0	0	1,561	1,285
Interest income on plan assets	-	-	60	48	-	-	60	48
Return on plan assets excluding amounts included in net interest items	-	-	209	163	-	-	209	163
Fees from the employer excluding disbursements in conjunction with terminations	-	-	59	61	-	-	59	61
Fees from plan participants	-	-	18	16	-	-	18	16
Disbursements made	-	-	-59	-60	-	-	-59	-60
Administrative costs, taxes and premiums paid	-	-	-8	-3	-	-	-8	-5
Exchange rate fluctuations	-	-	112	50	-	-	112	53
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>	<b>1,951</b>	<b>1,561</b>	<b>0</b>	<b>0</b>	<b>1,951</b>	<b>1,561</b>
<b>Net debt, as per Balance Sheet</b>							<b>1,468</b>	<b>1,047</b>
<b>Specification of plan assets</b>								
Listed shares and participations	-	-	805	833	0	0	805	833
Interest-bearing securities	-	-	1,113	690	-	-	1,113	690
Liquid assets	-	-	29	35	-	-	29	35
Real estate	-	-	3	3	-	-	3	3
Other	-	-	-	-	-	-	-	-
	-	-	<b>1,951</b>	<b>1,561</b>	<b>0</b>	<b>0</b>	<b>1,951</b>	<b>1,561</b>

**Sensitivity analysis of the effect on the defined benefit pension liability (+increase/-decrease in pension liability)**

		Sweden	Ireland	Total
		2014	2014	2014
<b>Significant actuarial assumptions</b>				
Discount rate, %	+0,5	-43	-232	-275
	-0,5	49	233	282
Pay increases, %	+0,5	42	38	80
	-0,5	-35	-	-35
Increased life expectancy, years	Men	+ 1	13	53
	Women	+ 1	-13	4
				-9

The sensitivity analysis has been conducted on the basis of the above-mentioned actuarial changes as Boliden is of the opinion that they can have a substantial impact on the pension liability. It is also likely that changes to these assumptions will be made. The calculations have been performed by means of the analysis of each change

individually and the calculations have not taken into account any interdependence between the assumptions. No sensitivity analysis has been conducted for Norway as the amounts in question are insignificant. Other countries do not have any defined benefit pension liabilities.

Defined benefit pension liability terms	Sweden	Ireland	Other	Total
Benefits scheduled for disbursement within 12 months	39	60	2	101
Benefits scheduled for disbursement within 1-5 years	167	331	4	502
Benefits scheduled for disbursement after 5 years or more	393	465	6	864

The maturity of plan assets in Ireland have reduced anticipated payments after 5 years or more. The weighted average duration of the defined benefit pension liability is 17 years for Sweden and 15 years for Ireland.

**Note 24** Other provisions

	31-12-2014	31-12-2013
Reclamation costs	2,057	1,651
Other	62	30
	<b>2,119</b>	<b>1,681</b>
<b>Of which:</b>		
Long-term	1,875	1,512
Short-term	244	169
	<b>2,119</b>	<b>1,681</b>

**Reclamation costs**

Provisions for reclamation costs are made on the basis of an assessment of future costs based on current technology and other conditions. Provision has been made for the current value of estimated undertakings in accordance with IAS 37 and IFRIC 1. Gradual reclamation is preferable, although most of the reclamation work is carried out after a decision to decommission. In historical terms, Boliden has succeeded in extending the useful life of its mining assets compared with the original plans. Reclamation provisions are reviewed on an ongoing basis. The year's addition to existing provisions is primarily attributable to the expansion of the Aitik mine to 45 Mtonnes of ore per year and the associated extension of the mine's operational lifespan to 2040.

The Group	2014			2013		
	Reclamation costs	Other	Total	Reclamation costs	Other	Total
Book value at beginning of year	1,651	30	1,681	1,618	32	1,650
Additions to existing provisions	433	34	467	68	6	74
Acquisitions	23	3	26			
Reversal of existing provisions	-5	-	-5	-7	-7	-14
Payments	-100	-5	-105	-70	-1	-71
Discount effect for the period	37	-	37	29	-	29
Translation difference	18	0	18	13	0	13
<b>Book value at year-end</b>	<b>2,057</b>	<b>62</b>	<b>2,119</b>	<b>1,651</b>	<b>30</b>	<b>1,681</b>
Anticipated date of outflow of resources:						
Within one year	220	24	244	164	5	169
Between one and two years	230	10	240	156	1	157
Between three and five years	130	1	131	182	0	182
More than five years	1,477	26	1,503	1,148	24	1,172
	<b>2,057</b>	<b>62</b>	<b>2,119</b>	<b>1,651</b>	<b>30</b>	<b>1,681</b>

**Note 25** Risk information

See the section entitled "Risk management" in the Directors' Report on pages 47-51 for a description of Boliden's financial risks. The amounts reported refer to the Group.

**Note 26** Financial liabilities and maturity structure

31-12-2014	Financial liabilities			Maturity structure <sup>2)</sup>						
	SEK m	Currency	Interest <sup>1)</sup> , %	Reported amount	2015	2016	2017	2018	2019	2020+
Syndicated credit facility	EUR	0.80	1,226	10	10	1,230				
Bilateral loans	EUR	1.73	2,621	370	363	705	792	206	328	
Bilateral loans	SEK	2.00	800	9	236	6	6	6	576	
Debenture loan	SEK	2.97	500	15	15	15	15	15	505	
Commercial papers <sup>3)</sup>	SEK	1.54	2,518	2,518						
Leasing, other			19		13	4	2	1		
Accounts payable			3,764	3,764						
Derivative instruments			425	401	15	9				
<b>Total</b>			<b>11,872</b>	<b>7,106</b>	<b>624</b>	<b>1,956</b>	<b>813</b>	<b>227</b>	<b>1,409</b>	

31-12-2013	Financial liabilities			Maturity structure <sup>2)</sup>						
	SEK m	Currency	Interest <sup>1)</sup> , %	Reported amount	2014	2015	2016	2017	2018	2019+
Syndicated credit facility	EUR	1.31	1,431	19	1,440					
Syndicated credit facility	SEK	2.10	222	5	225					
Credit facility	EUR	1.67	760	97	96	94	93	92	352	
Debenture loan	EUR	1.91	2,010	259	256	695	123	655	157	
Debenture loan	SEK	2.16	230	5	5	231				
Commercial papers <sup>3)</sup>	SEK	1.80	3,641	3,657						
Leasing, other			13	5	8	2				
Accounts payable			3,636	3,636						
Derivative instruments			36	33	3					
<b>Total</b>			<b>11,979</b>	<b>7,716</b>	<b>2,033</b>	<b>1,022</b>	<b>216</b>	<b>747</b>	<b>509</b>	

<sup>1)</sup> Weighted interest including interest swaps.

<sup>2)</sup> The duration analysis includes gross flows of loans and interest, including flows from interest swaps.

<sup>3)</sup> Outstanding commercial papers are officially reported under the Group's Parent Company, Boliden AB.

**Loan portfolio**

Boliden has syndicated credit facilities totalling EUR 400 million and EUR 450 million that mature in 2017 and 2019, respectively. The utilised component of the syndicated credit facilities totalled SEK 1,226 million (SEK 1,653 m) on 31st December 2014. Boliden also has a number of utilised long-term loans from Swedish, Nordic and European institutions which, as of 31st December 2014, totalled SEK 3,421 million (SEK 3,000 m) and which mature between 2015 and 2022. Boliden also has an unutilised credit facility of SEK 1,000 million which matures in 2017. A commercial paper for SEK 500 million was also issued in the Swedish capital market during the year and matures in 2020. SEK 2,514 million (SEK 3,641 m) of Boliden's commercial papers programme, with a framework of SEK 4,000 million, remained outstanding on 31st December 2014.

The average term of the loan facilities on 31st December 2014 was 3.4 years (2.6 yrs.) and the debt portfolio's average interest rate was 1.65 per cent (1.76%). The fixed interest term of outstanding loans, including interest swaps entered into, totalled 0.8 years (0.7 yrs.) on 31st December 2014. The above maturity analysis includes interest flows from interest swaps.

Boliden's current liquidity in the form of liquid assets and unutilised credit facilities with a term in excess of one year totalled SEK 6,356 million (SEK 6,356 m) on 31st December 2014.

The above maturity structure for the financial liabilities, including interest payments and accrued interest on derivatives, includes the undiscounted cash flows that derive from the Group's liabilities, based on the contracted remaining durations. Interest maturity, including interest swaps, has been calculated on the basis of the applicable closing interest rates.

**Note 27** Financial derivative instruments

Boliden uses financial derivative instruments to manage currency rate risks, raw material price risks, and interest rate risks arising within its operations.

Outstanding financial derivative instruments, SEK m	31-12-2014		31-12-2013	
	Nominal amount	Fair value	Nominal amount	Fair value
<b>Transaction exposure (binding undertakings)</b>				
Currency futures	-3,763	-12	-5,295	34
Raw material derivatives	1,887	-65	121	93
<b>Transaction exposure (forecast cash flows)</b>				
Currency futures	-1,313	-182	-1,533	52
Raw material derivatives	-1,168	281	-1,277	292
Interest derivatives	-3,497	-19	-5,380	-2
<b>Translation exposure</b>				
Currency futures	-4,896	-22	-1,657	-5
<b>Total</b>		<b>-19</b>		<b>464</b>

Hedge accounting, SEK m	2014	2013
<b>Hedging of fair value</b>		
– Changes in value of hedging instruments in respect of binding undertakings	–879	–564
– Change in value of hedged item	879	564
Ineffectiveness of fair value hedging	–	0
Ineffectiveness of cash flow hedging	–	1
Ineffectiveness of hedging net investments in overseas operations	–	–
<b>Total ineffectiveness</b>	<b>0</b>	<b>1</b>

The effect of effective cash flow hedging with regard to Transaction exposure on the result for 2014 totals SEK 33 million (SEK 200 m), of which SEK 47 million (SEK 227 m) refers to exchange rate and metal price hedging and SEK –14 million (SEK –27 m) to interest swaps.

#### Currency derivatives in respect of forecast exposure – Cash flow hedging

A summary of Boliden's outstanding currency hedging for currency exposure in USD/SEK on 31st December 2014 is shown below. Hedges that refer to forecast exposure between 2016 and 2017

mature in 2015, but the intention is to extend them. Boliden's other currency risks in respect of forecast exposure are, in every significant respect, unhedged. For further information about the Group's transaction exposure, see Risk management on page 49.

Currencies	2015	2016	2017
<b>USD/SEK</b>			
Hedged volume (USD m)	72	70	43
Forward rate, USD/SEK	6.77	6.77	6.77
Market value, SEK m	–74	–73	–45
<b>Total market value, SEK m</b>			<b>–191</b>

#### Raw materials derivatives in respect of forecast exposure – Cash flow hedging

The table below provides a summary of Boliden's outstanding price hedges for gold on 31st December 2014. The hedges that refer to forecast exposure between 2016 and 2017 mature in 2015, but the

intention is to extend them. Boliden's other metal price risks in respect of forecast exposure are, in every significant respect, unhedged. For further information about the Group's transaction exposure, see Risk management on page 51.

Metals	2015	2016	2017
<b>Gold</b>			
Hedged volume (troy oz.)	48,600	47,000	29,000
Forward rate, USD/troy oz.	1,489	1,487	1,490
Market value, SEK m	110	105	66
<b>Total market value, SEK m</b>			<b>281</b>

#### Offsetting of financial assets and liabilities

	31-12-2014	31-12-2013		31-12-2014	31-12-2013
Gross amount for financial assets	486	526	Gross amount for financial liabilities	505	62
Amount offset in Balance Sheet	–81	–26	Amount offset in Balance Sheet	–81	–26
Net asset reported in Balance Sheet	406	500	Net liability reported in Balance Sheet	425	36
Amount comprised by offsetting in conjunction with insolvency, etc.	–292	–33	Amount comprised by offsetting in conjunction with insolvency, etc.	–292	–33
<b>Net asset</b>	<b>114</b>	<b>466</b>	<b>Net liability</b>	<b>133</b>	<b>2</b>

#### Note 28 Other current liabilities

	31-12-2014	31-12-2013
Accrued salaries and social security expenses	589	561
Accrued interest expenses	23	22
Other accrued costs and prepaid income	537	380
Other operating liabilities	344	231
	<b>1,493</b>	<b>1,194</b>

In the 2013 annual accounts, Other accrued costs and prepaid income included certain accrued payroll expenses. This has been adjusted in 2014 and this Note now includes all accrued payroll expenses under the heading of Accrued salaries and social security expenses. The 2013 comparison year has also been updated.

**Note 29** Financial assets and liabilities by valuation category

	<i>Valuation classification</i>	Holdings valued at fair value	Loan receivables and accounts receivable	Financial assets available for sale	Derivatives used in hedge accounting	Financial liabilities valued at amortised cost	Total reported value	Total fair value
<b>31-12-2014</b>								
<b>ASSETS</b>								
<b>Financial fixed assets</b>								
Other shares and participations	3			26			26	26
<b>Current assets</b>								
<b>Current receivables</b>								
Accounts receivable			1,344				1,344	1,344
Interest-bearing receivables			3				3	3
Derivative instruments	2	26			380		406	406
Liquid assets			865				865	865
<b>Total financial assets</b>		<b>26</b>	<b>2,212</b>	<b>26</b>	<b>380</b>	<b>-</b>	<b>2,644</b>	<b>2,644</b>
<b>LIABILITIES</b>								
<b>Long-term liabilities</b>								
Liabilities to credit institutions	2					4,819	4,819	4,830
Other interest-bearing liabilities	2					19	19	19
<b>Current liabilities</b>								
Liabilities to credit institutions	2					2,845	2,845	2,845
Accounts payable						3,764	3,764	3,764
Derivative instruments	2	89			336		425	425
<b>Total financial liabilities</b>		<b>89</b>	<b>-</b>	<b>-</b>	<b>336</b>	<b>11,447</b>	<b>11,872</b>	<b>11,883</b>

Boliden's entire holding of financial instruments reported at fair value in the Balance Sheet is classified as level two in the Fair value hierarchy (see Accounting principles), with the exception of a small amount in other shares and participations that is classified as level three. The fair value of liabilities to credit institutions is calculated as discounted contractually agreed amortisations and interest payments at estimated market interest rates. The interest covenants of existing loan

agreements were, on 31st December 2014, adjudged to be on a par with credit market interest rates, and the fair value therefore corresponds, in every significant respect, with the reported value.

The reported value of accounts receivable and accounts payable is held to be the same as the fair value due to the short term to maturity, to the fact that provision has been made for bad debts, and to the fact that any penalty interest will be debited.

	<i>Valuation classification</i>	Holdings valued at fair value	Loan receivables and accounts receivable	Financial assets available for sale	Derivatives used in hedge accounting	Financial liabilities valued at amortised cost	Total reported value	Total fair value
<b>31-12-2013</b>								
<b>ASSETS</b>								
<b>Financial fixed assets</b>								
Other shares and participations	3			24			24	24
<b>Current assets</b>								
<b>Current receivables</b>								
Accounts receivable			1,048				1,048	1,048
Interest-bearing receivables			3				3	3
Derivative instruments	2	49			451		500	500
Liquid assets			611				611	611
<b>Total financial assets</b>		<b>49</b>	<b>1,662</b>	<b>24</b>	<b>451</b>	<b>-</b>	<b>2,186</b>	<b>2,186</b>
<b>LIABILITIES</b>								
<b>Long-term liabilities</b>								
Liabilities to credit institutions	2					4,346	4,346	4,364
Other interest-bearing liabilities	2					4	4	4
<b>Current liabilities</b>								
Liabilities to credit institutions	2					3,948	3,948	3,948
Other interest-bearing liabilities	2					9	9	9
Accounts payable						3,636	3,636	3,636
Derivative instruments	2	8			28		36	36
<b>Total financial liabilities</b>		<b>8</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>11,943</b>	<b>11,979</b>	<b>11,997</b>



**Note 30** Pledged assets and contingent liabilities

	The Group		Parent Company	
	2014	2013	2014	2013
<b>Pledged assets</b>				
For own liabilities and provisions	None	None	None	None
<b>Contingent liabilities</b>				
Parent Company sureties	–	–	7,951	8,609
Other sureties and guarantees	2,235	1,579	133	158
Pension liabilities	3	3	–	–
Agreed residual values according to leasing contracts	43	26	–	–
	<b>2,281</b>	<b>1,608</b>	<b>8,084</b>	<b>8,767</b>

The Parent Company sureties refer to guarantees issued for subsidiary companies. SEK 8,084 million (SEK 8,767 m) refer to Parent Company sureties for external financial borrowing. Parent Company sureties in the above table have been booked in the amount utilised. Guarantees in respect of unutilised credits total SEK 7,851 million (SEK 9,706 m).

The possibility exists, in addition to the above specifications under the heading of contingent liabilities and the items included in the financial information, that the Group may incur environmentally-related contingent liabilities or contingent liabilities attributable to legal proceedings and claims which cannot be currently calculated but which may, in future, entail costs or investments.

**Legal proceedings***Overview*

Boliden conducts extensive domestic and international operations and is occasionally involved in disputes and legal proceedings arising in the course of these operations. These disputes and legal proceedings are not expected, either individually or collectively, to have any significant negative impact on Boliden's operating profits, profitability or financial position, over and above that detailed below.

**Disputes***Disputes arising from the dam breach accident in Spain*

In April 1998, a dam breach occurred in a tailings pond at the Los Frailes mine in Spain, which was then owned by Boliden's subsidiary,

Boliden Apirsa S.L. ("Apirsa"). Following the dam breach, preliminary investigations in a criminal case were initiated against Apirsa and its representatives. In December 2000, the investigations were closed. The ruling was appealed but finally ratified in November 2001. The criminal proceedings determined that the accident was caused by design and construction errors in the dam, not by Apirsa's operations at the mine. The outcome of the criminal proceedings notwithstanding, the Spanish Ministry of the Environment declared Apirsa liable to pay an amount corresponding to approximately EUR 45 million in clean-up costs, damages and fines. This resulted, in January 2005, in Apirsa initiating insolvency proceedings in order to ensure a coordinated and orderly closure of the company. The receivers in bankruptcy have, within the framework of the insolvency proceedings, requested that Apirsa's parent company, Boliden BV, together with Boliden Mineral AB and Boliden AB, be held liable for Apirsa's shortfall in an amount which, according to the receivers in bankruptcy, totals approximately EUR 141 million, including a yet untested claim of approximately EUR 89 million which the local government (Junta de Andalucía) believes it is owed, as described in greater detail below.

As a result of the dam breach, the local government sued Apirsa, Boliden BV and Boliden AB in a civil court for damages totalling approximately EUR 89 million. The suit was dismissed on formal legal grounds. The ruling was appealed, but the appeal was rejected by a higher court in the autumn of 2003. Since the dismissal of the suit in the civil court, the local government in Andalucía has initiated administrative proceed-

ings against Apirsa, Boliden BV and Boliden AB in respect of the same claim. In these proceedings, the local government has itself enjoined the three companies to pay the amount claimed. Apirsa, Boliden BV and Boliden AB appealed the decision to the Administrative Court and in late 2011, the Supreme Administrative Court ruled that the local government's rulings against and claims against all three of the Boliden companies affected were invalid on formal grounds. The rulings are final and cannot be appealed. In light of the fact that the local government's claims have hence been ruled inadmissible in both civil and administrative courts, the local government has requested a ruling by the Supreme Administrative Court on the correct body in which the matter may be heard. The Supreme Administrative Court has, in accordance with this request, ruled that the matter can be heard in a civil court of law. The local government's suit against the above-mentioned companies will, therefore, be reopened in the court of the first instance in Seville.

The companies that were responsible for the design and construction of the dams and against which Apirsa had previously brought suit and lost have now submitted claims against Apirsa, seeking compensation for their legal costs. Final rulings on these compensation claims will be made by the respective courts of instance. It is currently not possible to assess with any reasonable degree of certainty whether the legal cost claims can be brought against any Boliden company other than Apirsa.

Based on the legal advice and opinions given by the company's Spanish legal counsel, Boliden's overall view is that the company will not suffer any substantial financial damage as a result of the legal proceedings described. The company has made no provision, pending a final ruling.

*Summons arising from the export of metallic residues to Chile in the 1980s*

In October 2013, suit was brought against Boliden claiming damages for the arsenic poisoning suffered by claimants from the Chilean town of Arica to which Boliden exported metallic residues from the Rönnskär smelter between 1984 and 1985 for processing by a Chilean company, Promel. The suit was brought by a Swedish limited partnership, Arica Victims KB. The claim comprises approximately 800 people and is for a combined total of just over SEK 105 million plus interest. Boliden has contested the claim and is of the opinion, overall, that the company will not suffer any substantial financial loss as a result of the legal process described. The company has made no provision, pending a final ruling.

*Dispute arising from the former copper tubing cartel*

In June 2012, Boliden was served with claims in the UK courts by a number of companies in the Travis Perkins corporate group. Travis Perkins claimed to have sustained losses as a consequence of the copper tubing cartel in which Boliden and seven other companies were involved during the period from June 1988 to March 2001, and for which the companies concerned were fined by the European Commission in 2004. The parties have agreed a final mediated settlement during the year and the legal proceedings have been terminated.

*Diesel tax at Aitik*

During the period from April 2009 to October 2012, dyed diesel was incorrectly used at Aitik instead of undyed diesel. The two versions carry different tax rates. When the mistake was discovered in October 2012, Boliden immediately contacted both the supplier, in order to switch to undyed diesel, and the Swedish Tax Agency, in order to inform them of what had happened. The Swedish Tax Agency imposed an energy tax liability totalling SEK 212 million, plus interest, on Boliden, which ruling has now been confirmed by the Administrative Court. Boliden has appealed to the Administrative Court of Appeal and has submitted a request for a reduction in/remission of the tax to the Government on the grounds that tax has been paid in accordance with the legislator's intention. Boliden has paid the energy tax sanction (SEK 156 million after a review of the company's income tax) but has made no provision, pending a final ruling.

**Note 31** Events after 31st December 2014

**The EU Sulphur Directive** The EU Sulphur Directive, which comes into force on 1st January 2015, means that the sulphur content of the fuel used in ships trafficking the Baltic Sea, the North Sea, and the English Channel must be reduced to 0.1 per cent from 1.0 per cent. Boliden calculates that these more stringent requirements will entail an annual cost increase of approximately SEK 100 million, half of which will comprise higher direct costs for the company's own maritime freight and

road freight via ferries, with indirect costs accounting for the other half of the increase.

**Tax On Diesel In Sweden** The increase in the tax on diesel for mining operations in Sweden that comes into force on 1st January 2015 will entail an annual cost increase for Boliden of approximately SEK 40 million.

# Proposed allocation of profits

## The Board's proposed allocation of profits for 2014 and statement in accordance with the Swedish Companies Act, 18:4

Boliden has a dividend policy whereby approximately one third of the profit after tax is to be distributed. The Board of Directors proposes that the Annual General Meeting approve payment of a dividend of SEK 2.25 (SEK 1.75) per share, or a total of SEK 615 million (SEK 479 m), corresponding to 32.4 per cent of the profit after tax for 2014. The Parent Company's non-restricted shareholders' equity totals SEK 6,424 million and the Group's total shareholders' equity is SEK 23,974 million. The non-restricted shareholders' equity in the Parent Company and the Group will total SEK 5,809 million and SEK 23,359 million, respectively, after payment of the proposed dividend to the shareholders. The Board has taken the cyclic nature of the industry and the risks associated with the operations into account in its dividend proposal.

The Annual Accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the Consolidated Accounts have been prepared in accordance with EU-approved International Financial Reporting Standards, IFRS.

The Annual Accounts and the Consolidated Accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations.

The Directors' Report for the Group and the Parent Company give a true and fair overview of the Group's and the Parent Company's operations, position and results and describes the material risks and uncertainties faced by the Parent Company and the companies that make up the Group.

Stockholm, 12th February 2015

Anders Ullberg  
*Chairman*

Marie Berglund  
*Member of the Board*

Staffan Bohman  
*Member of the Board*

Tom Erixon  
*Member of the Board*

Lennart Evrell  
*President & CEO*

Michael G:son Löw  
*Member of the Board*

Ulla Litzén  
*Member of the Board*

Leif Rönnbäck  
*Member of the Board*

Roland Antonsson  
*Employee Representative*

Marie Holmberg  
*Employee Representative*

Kenneth Ståhl  
*Employee Representative*

Our Audit Report was submitted on 19th February 2015

Ernst & Young AB

Helene Siberg Wendin  
*Authorised Public Accountant*

# Auditor's report

To the Annual General Meeting of the shareholders of Boliden AB (publ.), corporate identity number: 556051-4142

## Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Boliden AB (publ.) for 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 6–20, 26–51 and 64–96.

## Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of the annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31st December 2014

and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31st December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of the shareholders adopt the income statement and balance sheet for the parent company and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Boliden AB (publ.) for 2014.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

## Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration, based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act, or the Articles of Association.

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

## Opinions

We recommend to the annual meeting of the shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 19th February 2015

Ernst & Young AB

Helene Siberg Wendin  
Authorised Public Accountant



Boliden's corporate governance is designed to ensure that the shareholders' best interests are safeguarded and that confidence in the company is maintained.

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Large volumes are transported to, from, within and between Boliden's units every year. The biggest vehicles are the ore trucks used at the Aitik copper mine, each one of which can carry over 300 tonnes. Boliden's mined concentrate, raw materials and finished metals are, however, largely transported by sea and rail.

Global metal demand is increasing as more and more countries lift themselves out of poverty. In 2014, just over half of the world's population lived in cities and

forecasts suggest that by 2050, this figure will have risen to 65 per cent.

In 2014, Boliden manufactured 468,000 tonnes of zinc, 347,000 tonnes of copper, 25,000 tonnes of lead, 17 tonnes of gold and 620 tonnes of silver. These metals are vital in the development of new infrastructure and more efficient technology required for energy supplies, digital communication, and transport systems such as buses and trains.

# Corporate Governance Report

Efficient corporate governance is a prerequisite for generating added value for our shareholders and maintaining confidence amongst our stakeholders at large.

A group, essentially comprising Swedish institutional investors, have held their shareholding and been long-term owners in Boliden since we were relisted in Sweden almost 15 years ago, but there is no clear principal owner. This places special demands on the Board as the owners' ambitions must be "interpreted".

We work in an industry that is characterised by high volatility, i.e. rapid and vigorous fluctuations – both up and down – in profits, and this is something that our shareholders must understand. The volatility also makes significant demands on the company's management and Board in terms of their ability to handle these rapid changes without suffering either from hubris when the trend is upwards or dejection when the trend is downwards.

The Board of Directors and the management must, at the same time, successfully handle large and long-term investment projects, such as the upscaling of our Garpenberg operations. The decision to invest almost SEK 4 billion in this project was taken by the Board in January 2011 and the investments in the mine and concentrator were put into use in 2014 and will influence our operations for many years to come. This type of project naturally also entails a large number of risks, which are discussed over a relatively long period of time by the Board before any decision is taken, and are vital in terms of value generation within the company.

## Governance of the Boliden Group

Boliden is a Swedish limited company listed on the NASDAQ Stockholm Stock Exchange (NASDAQ Stockholm). The Boliden Group has approximately 4,900 employees and runs mines and smelters in Sweden, Finland, Norway and Ireland. Boliden's sales offices in Sweden, Denmark, the UK and Germany handle sales and/or marketing of raw materials, metals and by-products. Boliden's corporate governance is based on the Swedish Annual Accounts Act, the Swedish Companies Act, NASDAQ Stockholm's regulations for issuers, the Swedish Code of Corporate Governance, and other applicable legislation and regulations.

In addition to compliance with rules and regulations, Boliden applies internal governance instruments, such as the Group's organisational and operational philosophy, the New Boliden Way, and Boliden's internal control tool, BICS, together with policies in a number of areas such as Boliden's Code of Conduct with which all employees must be familiar and in accordance with which they must conduct themselves. The Group's units also work in accordance with health & safety, environmental, energy, and quality management systems.

## Highlights and events during 2014

Boliden has continued its focus on expansion through organic growth and acquisitions in 2014. The most important events during the year have included:

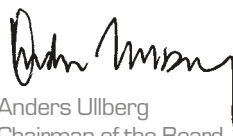
- Issue of 6-year bond loan for SEK 500 million
- Refinancing of syndicated credit facility for EUR 850 million
- Raising of a new 7-year loan for SEK 570 million with the Swedish Export Credit Corporation
- Exploitation concession application for Laver submitted
- SEK 600 million investment approved, enabling the first steps to be taken in an expansion of the Aitik mine to 45 Mtonnes of ore per year
- Settlement of dispute with Travis Perkins, et al, arising from the former copper tubing cartel
- Ongoing action programme designed to stabilise production and cut costs at Rönnskär
- Acquisition of the Kylvlahti mine and associated exploration rights in Finland
- Garpenberg expansion to 2.5 Mtonnes of ore per year inaugurated and production commenced
- Breakdown in leaching tank at Kokkola

One of the prerequisites for value-generating work by the Board is that the Board has a firm grasp on the operations and on events in the outside world. We achieve this by, amongst other things, monthly reports and a well-structured body of material for the Board. We also usually visit two of Boliden's operating facilities each year in order to learn about those operations in real depth and to meet with the local management and employees.

In addition, in order to ensure that we spend sufficient time on the more forward-looking issues, we agree every year on a number of themes that we incorporate into our Board agenda. The Corporate Governance Report details the themes we have addressed during the past year. Some of them are recurring themes, e.g. CSR issues, which we address specifically at our October meeting, and leadership development, which is the focus of our December meeting.

The evaluation of the Board's work that we carried out in 2014 shows that the Board is functioning efficiently. This evaluation forms the basis for the work of the Nomination Committee and it is an important tool for the Board's efforts to ensure continuous improvement in our work.

February 2015



Anders Ullberg  
Chairman of the Board

- NOK 350 million investment approved in increasing capacity at the Odda zinc smelter in Norway from 170 to 200 Ktonnes of zinc per year
- In-house nickel smelting operations, with an annual production rate of 25 Ktonnes of nickel matte, approved

## Shareholders and Annual General Meeting

Boliden's biggest shareholders are Swedish and foreign investment funds and institutions. There were a total of 77,965 (90,963) shareholders at the end of 2014 and the biggest single shareholders were Norges Bank Investment Management, Blackrock Inc, SHB fonder, Swedbank Robur fonder and AFA försäkring. The percentage of foreign ownership increased during the year, reaching approximately 59 per cent (41%) by the end of the year. For further information on the shareholder structure within Boliden, see pages 6–7 of the Annual Report and Boliden's website.

Boliden's shareholders exercise their right of decision by submitting proposals to and participating in and voting on the proposals submitted to the Annual General Meeting and any Extraordinary General Meetings. Shareholders may request that a matter be discussed at the Annual General Meeting by submitting a written request to the Board of Directors at the designated time that is sufficiently in advance of the meeting that the matter can be included in the notice convening the meeting. Shareholders are also welcome to submit enquiries to the Board and the President, Auditors or Committee Chairmen during the General Meeting.

The Annual General Meeting is the company's supreme decision-making body. The duties of the Annual General Meeting include the election of Members of the Board, the Chairman of the Board, the Nomination Committee, the adoption of the Income Statement and Balance Sheet, resolutions on the appropriation of profits and discharge from liability for the Members of the Board and the President of the company, the determination of fees payable to the Members of the Board and to the auditors and the principles governing conditions of employment and remuneration for the President and senior executives, and, where relevant, the amending of Articles of Association and the election of auditors.

## The 2014 Annual General Meeting

The Annual General Meetings are regularly held at one of Boliden's facilities in Sweden in order to give the shareholders an insight into the operations. Shareholders are offered the chance of a guided tour of Boliden's mines, concentrators or smelters in conjunction with some meetings in order to

deepen their knowledge of the operations and to give them an opportunity to meet with Boliden's employees. The 2014 Annual General Meeting was held on 6th May in Boliden and the theme of the meeting was 90 Years of Knowledge. Attendees were given the opportunity, amongst other things, to learn about the way exploration work was conducted at the beginning of the 20th century and how it is now done, to visit the tellurium plant, and to view exhibitions covering such areas as metallurgical progress.

97,924,442 shares were represented at the meeting by 693 shareholders, either in person or through their proxies. The shares represented comprised approximately 36 per cent of the total number of shares. The meeting was attended by all Members of the Board and members of the Group management, and the auditor in charge.

The Meeting resolved, amongst other things, to re-elect all of the Members of the Board and to re-elect Anders Ullberg as the Chairman of the Board. The Meeting further resolved:

- To pay a dividend of SEK 1.75 per share, totalling SEK 479 million, in accordance with the proposal by the Board of Directors;
- That the following persons shall be appointed as members of the Nomination Committee: Hans Ek (SEB Investment Management), Lars-Erik Forsgårdh, Frank Larsson (Handelsbanken Fonder), Anders Oscarsson (AMF) and Anders Ullberg (Chairman of the Board);
- That Directors' fees payable and fees payable to the Committees shall, in accordance with the proposal by the Nomination Committee, comprise a Director's fee of SEK 1,200,000 to the Chairman of the Board, and of SEK 460,000 to Members who are not Boliden employees, that the fees payable to the Chairman of the Audit Committee and to each of the two members of the Audit Committee shall be SEK 150,000 and SEK 75,000, respectively, and that the fees payable to each of the Remuneration Committee's two members shall be SEK 50,000;
- To re-elect Ernst & Young AB as the company's auditors for the period up to and including the next Annual General Meeting, in accordance with the proposal by the Nomination Committee, and that auditors' fees shall be payable in accordance with the approved invoices received.

The Annual General Meeting also resolved to approve the proposed principles for remuneration to the Group management whereby the remuneration shall comprise a fixed salary, any variable remuneration, other benefits and pensions. The variable remuneration shall be maximised at 60 per cent of the fixed salary for the President and maximised at 50 per cent of the fixed salary for other senior executives and shall be based on results in relation to targets set. The variable remuneration shall not entitle to pensionable income. The

resolutions passed by the 2014 Annual General Meeting are included in the Minutes of the Meeting published on Boliden's website, where the minutes of previous Annual General Meetings are also published.

The 2015 Annual General Meeting will be held on 5th May in Garpenberg.

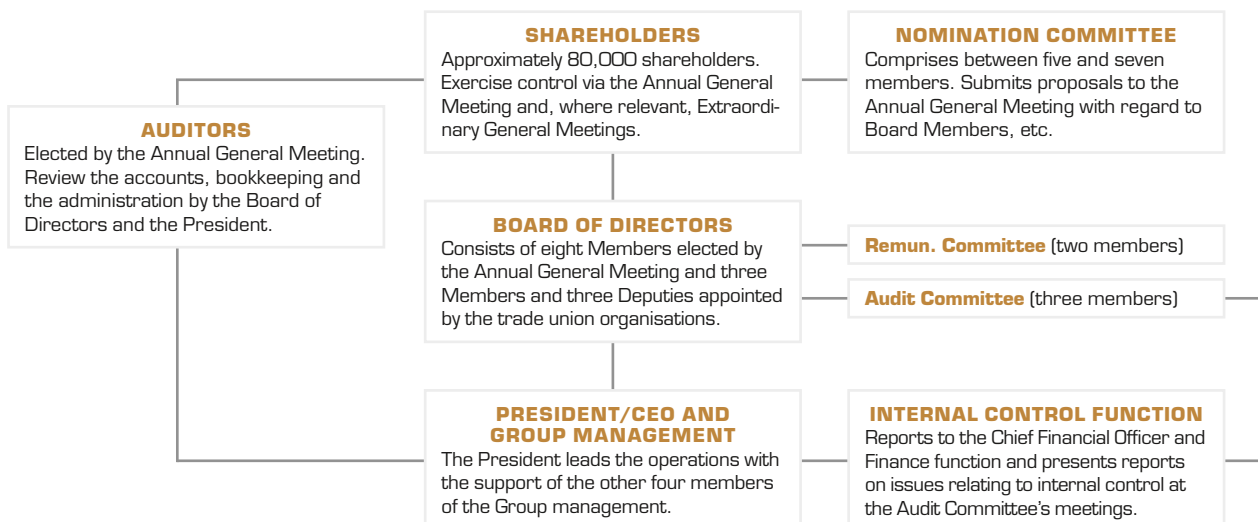
### Nomination Committee

The Nomination Committee represents Boliden's shareholders and is tasked with preparing and presenting proposals for resolutions that Boliden's shareholders vote on at the Annual General Meeting. The proposals relate to, amongst other things, the election of Members of the Board, the Chairman of the Board, fees payable to the Board and its committees, election of and fees payable to the company's auditors, and to the process and the criteria that shall govern the appointment of the members of the Nomination Committee ahead of the next Annual General Meeting.

The focus of the Nomination Committee's work is on ensuring that the company's Board of Directors comprises Members who, collectively, possess the knowledge and experience that corresponds to the standards that Boliden's shareholders require of the company's most senior governing body. The Chairman of the Board accordingly presents the Nomination Committee with the evaluation conducted of the work of the Board and the individual Members during the past year as part of the process of drafting proposals for Board Members. The Company President also presents Boliden's operations and future orientation. The Nomination Committee is also afforded the opportunity to meet the Members of the Board. The Nomination Committee also drafts proposals for the election of auditors. Shareholders can submit proposals to the Nomination Committee in accordance with the instructions presented on Boliden's website.

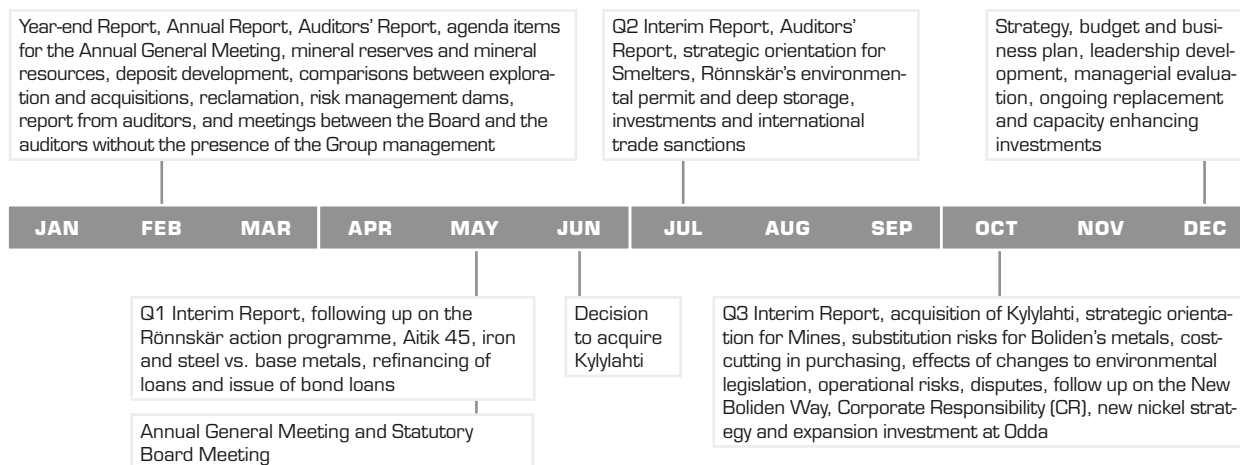
The Annual General Meeting passes resolutions on the principles governing the appointment and duties of the Nomination Committee. The Nomination Committee shall, in accordance with the Instructions for the Nomination Committee, comprise a minimum of five and a maximum of seven members. Five members shall be elected at the Annual General Meeting, of whom three shall represent the biggest shareholders and one the smaller shareholders, and one of whom shall be the Chairman of the Board. The Nomination Committee may, in order better to reflect the shareholder structure in the event of changes in ownership, offer places on the Committee to other larger shareholders. The Nomination Committee appoints its own Chairman and works in the best interests of all shareholders. The members of the Nomination Committee receive no remuneration for their work.

## Boliden's Corporate Governance Structure



## The Board of Directors' work cycle, 2014

**Recurring business:** Sustainability and health & safety issues, operational reviews, investments, cost accounting, theme items.



## The work of the Nomination Committee in 2014

Hans Ek (SEB Investment Management), Lars-Erik Forsgårdh, Frank Larsson (Handelsbanken Fonder), Anders Oscarsson (AMF) and Anders Ullberg (Chairman of the Board) were elected to the Nomination Committee at the 2014 Annual General Meeting. The Nomination Committee has exercised its mandate to invite two new members on to the Committee in order better to reflect Boliden's shareholder structure, namely Anders Algotsson (AFA Försäkring) and Jan Andersson (Swedbank Robur fonder). In November, the Chairman of the Board convened the members of the Committee, at which time, Jan Andersson was appointed Chairman of the Nomination Committee. The current composition of the Nomination Committee is also shown on Boliden's website. The Nomination Committee has met a total of three times impeding the 2015 Annual General Meeting and has also had telephone contacts with and held meetings with both the Members of the Board and the President. These contacts afford the Nomination Committee an excellent opportunity to form an opinion of the way in which the Chairman of the Board and the individual Members of the Board view the work of the Board, of the executive management, and of the way in which they view Boliden's operations and the challenges faced by the company in the next few years.

The Nomination Committee endeavours to ensure an even gender distribution amongst the Board Members and the Nomination Committee also prioritises, in parallel with its efforts to achieve this goal, to ensure a multifaceted and broad composition that covers relevant areas with regard to expertise, experience and background. Boliden's operations, developmental phase and future orientation are important criteria in evaluating skill requirements and analyses aimed at determining the optimum composition of the Board.

One of the main issues addressed by the Nomination Committee in 2014, in addition to the above-mentioned duties such as the evaluation of the composition of the Board and proposals for the impending Annual General Meeting, has been the procurement of a new auditor for Boliden.

The Nomination Committee's proposals for submission to the 2015 Annual General Meeting will be published in the impending notice convening the Annual General Meeting and on Boliden's website.

## The Board of Directors

The Board of Directors is appointed by Boliden's owners to bear ultimate responsibility for the company's organisation and the management of the company's affairs in the best interests of both Boliden and the shareholders. This shall be done in a sustainable way that entails carefully balanced risk-taking, in order to ensure that the company's long-term developmental trend is a positive one.

Boliden's Board of Directors shall, under the provisions of the Articles of Association, comprise a minimum of three and a maximum of ten Members, without Deputy Members, elected by the Annual General Meeting. The company's employees have a statutory entitlement to appoint three Members and three Deputy Members to the Board. The Board of Directors, which is elected for one year at a time, has comprised eight Members elected by the Annual General Meeting and three Members appointed by the trade union organisations since the 2014 Annual General Meeting. The Board Meetings are attended both by the ordinary Members and by the union's three Deputy Members. The General Counsel Group Legal Affairs is the Board's Secretary. Boliden's Chief Financial Officer (CFO) also usually attends the Meetings on behalf of the Group management. Other members of the Group management and other executives also attend and present reports on individual issues as required.

The Board Members elected by the Annual General Meeting are all to be regarded as independent in relation to major shareholders and all, with the exception of the President, are to be regarded as independent in relation to the company and the Group management. The Board consequently complies with the requirements of the Code with regard to independent Members. The Members of the Board are presented on pages 104–105 and on Boliden's website.

The Board sets the company's financial goals and strategy, appoints and evaluates the President and CEO, and ensures that efficient systems are put in place for following up on and monitoring operations, that the company complies with statutory and regulatory requirements, and that information is published in a correct and transparent manner. The Board adopts a Formal Work Plan every year at the Statutory Board Meeting, held after the Annual General Meeting. The Formal Work Plan regulates the work and responsibilities of the Board in greater detail, together with the special duties with which the Chairman of the Board is tasked.

The Chairman of the Board guides the work of the Board and the Members and establishes an open and constructive dialogue. The Chairman's duties also include monitoring and evaluating the expertise and work of the Board Members and the contribution they make to the Board as a whole. Another important component of the Chairman's work – particularly in Boliden where there is no clear principal shareholder – is monitoring the operations through an ongoing dialogue with the President. The Chairman of the Board acts as a discussion party and source of support for the President and ensures implementation of and compliance with the Board's decisions, instructions and directives. Prior to every Board Meeting, the Chairman and the President review the issues to be discussed at the meeting. The supporting documents for the Board's discussion of the



issues is sent to the Members approximately one week before each Board Meeting. The division of labour between the Board of Directors and the President is clarified in the written "Instructions to the President" adopted by the Board at the Statutory Board Meeting.

### The Board of Directors' work in 2014

The Board of Directors held seven meetings in 2014, including the Statutory Board Meeting. A number of the Board Meetings are regularly held at the company's operating units in order to give the Members an increased insight into the operations. In 2014, the Board visited Rönnskär and the Boliden Area in conjunction with the Annual General Meeting and the Board Meetings in May, and the Kokkola smelter and the Kylylahti mine in Finland, which was acquired in 2014. A number of Members also attended the inauguration of the Garpenberg expansion in August 2014.

The Board receives ongoing information on Boliden's commercial and financial performance and updates on Boliden's fulfilment of its sustainability goals in the form of monthly reports and at Board Meetings. Every Board Meeting consequently begins with a review of the operations, of the current health & safety position, and of sustainability issues. The Board also, at the beginning of the year and in addition to these and other customary operations-related issues, sets a number of themes that it particularly wishes to address during the year in order to create an increased understanding of Boliden's opportunities and challenges from a broader perspective. The Board has accordingly discussed such issues during the year as Boliden's position within its sector, the global trend in the metals market, demand for Boliden's products, readiness to handle harsher market conditions, measures to counter cost increases, iron mines and steelworks vs. base metals, exploration and acquisitions, and CSR issues in the mining industry in other countries.

Boliden's strategy is to work continuously with measures that will enhance efficiency, and expansions and acquisitions mean that these and related issues account for a substantial and significant component of the Board's work. Suitable acquisition objects are accordingly monitored on a rolling basis and in 2014, the Board decided to acquire a mine and its associated exploration rights with interesting potential in Finland (Kylylahti). Organic growth, which has contributed to Boliden's success, continues to be prioritised and new business opportunities within the framework of existing operations are constantly being evaluated. A number of new expansion investments and a partially new nickel strategy have been approved in line with this approach. The change in the nickel smelting business model at Boliden Harjavalta in Finland will see nickel concentrate bought in from external suppliers and nickel matte sold on the global market. Other important expansion decisions in 2014 included the first stages in enabling a future expansion of Aitik's production from 36 (38 in 2014) to 45 Mtonnes of ore per year and investments designed to increase capacity at the Odda zinc smelter in Norway from 170 to 200 Ktonnes of zinc per year. Previously approved expansion projects ongoing in 2014, such as Garpenberg, silver extraction at Kokkola, and the construction of deep storage facilities at Rönnskär, have been the subject of ongoing monitoring and follow-up work, as has the ongoing action programme designed to improve process stability and cost-effectiveness at the Rönnskär smelter.

Work on improving and coordinating health & safety issues have been subject to continuous monitoring and follow-up work by the Board in response to the negative shift in the accident frequency rate in 2013. A comprehensive action package has been drawn up with the aim of turning this trend around in accordance with the more detailed presentation provided under the Sustainability governance in Boliden heading on page 106.

Efficient and suitable licensing processes and reasonable operating conditions are, in light of the nature of Boliden's operations, important issues for the company and its Board, and are the subject of recurring discussions. The Board has also addressed a related area, namely CSR, business ethics and moral considerations, and has focused on issues such as anti-corruption and trade sanctions.

The refinancing of syndicated loan facilities, the issue of a 6-year bond loan listed on the NASDAQ Stockholm, and the raising of a 7-year loan with the Swedish Export Credit Corporation, were all approved and implemented during the year.

The Chairman ensures that the Board and its work are evaluated annually and that the results of the evaluation are conveyed to the Nomination

Committee. The evaluation is carried out by the Board itself under the guidance of the Chairman or, occasionally, with the help of an independent consultant. The 2014 evaluation was a self-assessment during which the Members answered a number of questions in writing on a range of different subjects and held one-on-one discussions with the Chairman of the Board, followed by a joint discussion, during which the Board discussed the conclusions drawn from the evaluation.

### The Board's Committees

The overall responsibility of the Board of Directors cannot be delegated but the Board may, within itself, set up committees which prepare, follow up on and evaluate issues within their respective spheres ahead of decisions by the Board. The Board has, accordingly and as in previous years, set up an Audit Committee and a Remuneration Committee in 2014. The Committees' members are appointed at the Board Meeting following election held after the Annual General Meeting and their work is governed by the Committees' formal work plans and instructions.

#### Audit Committee

The Audit Committee prepares a number of issues for consideration by the Board and thereby supports the Board in its endeavours to fulfil its responsibilities within the areas of auditing and internal control and with assuring the quality of Boliden's financial reporting. Boliden has an internal control function whose work involves mapping risk areas and following up on work in identified areas, amongst other things. The Committee also works with the procurement of services from the company's auditors in addition to the actual auditing services and, when so tasked by the Nomination Committee, with the procurement of auditing services. The Audit Committee meets before the publication of every financial report, and as necessary. The Audit Committee comprises Ulla Litzén (Chairwoman), Leif Rönnbäck and Anders Ullberg. The Committee members have specialist competence, experience of and interest in financial and accounting issues – see Directorships and previous positions, pages 104–105. The Committee's meetings are also attended by Boliden's CFO and the Director of Internal Control. The Committee met six times in 2014. Special attention was paid in 2014 to the auditors' reviews, the status of internal controls, IT security, the acquisition of Kylylahti and the procurement of audit services. The Audit Committee works on the basis of a set of "Instructions for the Audit Committee" adopted every year by the Board of Directors and reports back to the Board on the results of its work.

#### Remuneration Committee

The Remuneration Committee submits proposals for resolution by the Board regarding salary and other terms of employment for the President, and follows up on and evaluates programmes for variable remuneration for the management. The Committee also approves proposals regarding salaries and other terms of employment for the Group management, as proposed by the President. The Remuneration Committee is, furthermore, tasked with submitting proposals regarding remuneration principles for the President and Group management – proposals which are then submitted by the Board to the Annual General Meeting for resolution. The application of the guidelines and relevant remuneration structures and levels within the company is also followed up by the Committee and the results of this evaluation are published on the company's website. See Note 3 on pages 78–79 for an account of the remuneration paid to the Group management.

The Remuneration Committee works on the basis of a set of "Instructions for the Remuneration Committee" adopted every year by the Board of Directors and reports back to the Board on the results of its work. The Remuneration Committee comprises Anders Ullberg (Committee Chairman), and Staffan Bohman. The Committee has held two meetings during the year and had telephone contact on a number of occasions.

# Board of Directors



Name	<b>Anders Uilberg</b> Chairman of the Board	<b>Marie Berglund</b> Member of the Board	<b>Staffan Bohman</b> Member of the Board	<b>Tom Erixon</b> Member of the Board
Position	–	Vice President, Raw Materials and Environment, NCC Roads.	–	President and CEO of Ovako.
Education	M.Sc. Economics	M.Sc. Biology	M.Sc. Economics	LL.B., MBA.
Elected	2005	2003	2007	2013
Born	1946	1958	1949	1960
Directorships	Chairman of the Boards of BE Group, Eneqvist Consulting, Natur&Kultur and Studsvik. Member of the Boards of Atlas Copco, Beijer Alma, Norex, Valedo Partners and Åkers. Chairman of the Swedish Financial Reporting Board.	Member of the Boards of Baltic Sea 2020, Eurocon Consulting, the Water Delegation of the Gulf of Bothnia's Water District, the Advisory Council of the County Administrative Board of Väster-norrland.	Chairman of the Boards of Höganäs and Cibes LiftGroup. Deputy Chairman of the Boards of Rezidor Hotel Group and of the SNS – Centre for Business and Policy Studies Board of Trustees. Member of the Boards of Atlas Copco, Ratos, Rolling Optics and the Swedish Corporate Governance Board.	Member of the Boards of Jernkontoret, Stål & Metall and Chinsay.
Previous positions	CFO of Svenska Varv. CFO, Vice President and President and CEO of SSAB.	Group Ecologist in the former MoDo Group, Environmental Manager of Botniabanan AB, President of BioEndev (consultant).	CFO at Alfa Laval, CEO of DeLaval, Gränges and Sapa.	Managing partner Boston Consulting Group, and a variety of senior positions within Sandvik.
Shareholding <sup>1)</sup>	45,000	1,000	40,000	0
Meetings attended	7 of 7	7 of 7	6 of 7	7 of 7
Committee work (present)	Audit Comm. 6 of 6	Remuner. Comm. 2 of 2	–	Remuneration Committee 2 of 2
Director's fees, SEK	1,200,000	460,000	460,000	460,000
Committee fees, SEK	75,000	50,000	–	50,000
Combined fees	1,325,000	460,000	510,000	460,000
Independence from the company and the company management	Yes	Yes	Yes	Yes
Independence from major shareholders	Yes	Yes	Yes	Yes



Name	<b>Roland Antonsson</b> Employee Representative	<b>Marie Holmberg</b> Employee Representative	<b>Kenneth Ståhl</b> Employee Representative
Positions held	Member of the Board since 2012. Deputy Member of the Board: 2009 – 2012. Representative of IF Metall (the Swedish Metalworkers' Union). Chairman of the IF Metall Rönnskär branch.	Member of the Board since 2008. Deputy Member of the Board: 2005 – 2008. Representative of the Swedish Association of Graduate Engineers.	Member of the Board since 2014. Process operator. Representative of IF Metall. Chairman of the IF Metall Bergsöe branch.
Elected	2009	2008	2014
Born	1957	1963	1973
Shareholding <sup>1)</sup>	0	242	0
Meet. attended	6 of 7	7 of 7	4 of 5



Name	<b>Lennart Evrell</b> Member of the Board	<b>Michael G:son Löw</b> Member of the Board	<b>Ulla Litzén</b> Member of the Board	<b>Leif Rönnbäck</b> Member of the Board
Position	President and CEO of Boliden	-	-	-
Education	M.Sc. Engineering, Economics	M.Sc. Economics	M.Sc. Economics, MBA	B.Sc. Natural Sciences, Geology
Elected	2008	2010	2005	2005
Born	1954	1951	1956	1945
Directorships	Chairman of the Boards of SveMin and Umeå University. Member of the Board of the Confederation of Swedish Enterprise.	Member of the Boards of Concordia Maritime, Stena Bulk, Preem, Norstel and the Confederation of Swedish Enterprise. Deputy Chairman of the Boards of IKEM, the Swedish Chamber of Commerce for Russia & CIS, and the Swedish Association for Energy Economics. Member of the Chalmers Advisory Committee and the Royal Swedish Academy of Engineering Sciences.	Member of the Boards of Alfa Laval, Atlas Copco, Husqvarna, NCC and SKF.	-
Previous positions	President and CEO of Sapa and Munters, and a variety of senior positions within ASEA, Atlas Copco and Sphinx Gustavsberg.	A variety of senior positions within Conoco Inc (1976–2002) in Stockholm, Houston, Copenhagen, Bangkok, Prague and London. President and CEO of Preem (2003–2012).	President of W Capital Management, wholly owned by the Wallenberg Foundations. Managing Director and member of the Management Group of Investor AB. Responsible for Core Holdings and CEO of Investor Scandinavia.	HR Director, Production Director, and Business Development Director within LKAB.
Shareholding <sup>1)</sup>	40,235	100	8,400	1,000
Meetings attended	7 of 7	7 of 7	7 of 7	7 of 7
Committee work (present)	-	-	Audit Committee 6 of 6	Audit Committee 6 of 6
Director's fees, SEK	-	460,000	460,000	460,000
Committee fees, SEK	-	-	150,000	75,000
Combined fees	-	460,000	610,000	535,000
Independence from the company and the company management	No	Yes	Yes	Yes
Independence from major shareholders	Yes	Yes	Yes	Yes



Name	<b>Peter Baltzari</b> Employee Representative	<b>Ulf Hartman</b> Employee Representative	<b>Ola Holmström</b> Employee Representative
Positions held	Deputy Member of the Board since 2014. Representative of Boliden's Group Council and the Profit Sharing Foundation.	Deputy Member of the Board since 2014. Representative of the Unionen salaried employees' trade union. Chairman of the Unionen Aitik, the Boliden Area, and Stockholm branch.	Deputy Member of the Board since 2012. Representative of IF Metall. Chairman of the IF Metall Kristineberg branch. Deputy Chairman of Boliden's Group Council and the Boliden Works Council.
Elected	2014	2014	2012
Born	1953	1954	1965
Shareholding <sup>1)</sup>	1,924	0	170
Meet. attended	4 of 5	4 of 5	7 of 7

<sup>1)</sup> Own holdings and those of related legal or natural persons, on 31st December 2014.

### The President and Group management

The President has ultimate responsibility for Boliden's strategic orientation and for ensuring the compliance with and implementation of the Board of Directors' decisions, and for ensuring that risk management, steering, systems, organisation and processes are all of a satisfactory standard. The President is supported in his work by the Group's management group which, in addition to the President, comprises the SVPs for Boliden's two Business Areas, Mines and Smelters, the CFO, and the SVP Corporate Responsibility (CR). The Group management meets regularly once a month to follow up on operations and to discuss Group-wide issues, and to draw up proposals for strategic plans, business plans, and budgets that the President submits to the Board of Directors for their consideration. The areas addressed by the Board have largely reflected the work of the Group management during the year. The Group management also holds two meetings every year, lasting at least two full days, in order to focus on strategy. The Group management, together with the management of the respective Business Areas, also meet six times a year to review Business Area-specific issues including a review of budgets and operations. For large scale projects, relevant parts of the Group management form special steering groups, together with project managers and other stakeholders, and meet regularly. The Group management also meets with the company's employee representative Board Members and their deputies ahead of every Board Meeting, at which time the Board Meeting agenda is discussed. The company's senior managers and specialists meet at management meetings every year for discussions intended to build consensus and achieve widespread support on important issues. See page 107 for a presentation of the Group management team.

### Business management

Management by the Board goes through a chain of command from the President and the Group management to the operating units. Boliden has an organisation in which responsibilities and authority are delegated within clear frameworks. These frameworks are defined by an annual budget which is broken down by unit, a strategic plan, and Boliden's steering documents. The steering documents, which are available on the intranet and which comprise the internal framework required for effective management, include the Financial Policy, the Code of Conduct, the Anti-Corruption Policy, the Communications Policy, the Environmental Policy, and the Health & Safety Policy.

### Sustainability governance in Boliden

Sustainability issues are an integral part of Boliden's operations and the work is conducted from the starting point of the most operationally critical issues. Sustainability issues are discussed at every management group and Board meeting, as is the case at the local management group meetings. The Board also dedicates one meeting every year to current Corporate Responsibility (CR) issues. One member of the Group management works exclusively, furthermore, with CR issues. The day-to-day responsibility is decentralised to the respective units. Central sustainability, environmental, energy and HR functions follow up on the units' work and are responsible for creating a structure and orientation for the work. Networks have been established within the respective functions in order to promote knowledge exchange and development.

The sustainability issues identified by Boliden as being of the greatest significance and most highly prioritised are closely linked to Boliden's operations, strategy and vision. Factors that form the basis for the prioritisation include Boliden's own operations and their impact on people and the environment, the way in which work on these issues can support the operations, expectations of Boliden from internal and external stakeholders, risks and opportunities, external factors, and applicable regulations. The challenges that will be prioritised change over time and are, therefore, regularly reviewed – usually once every year. It is the responsibility of the various controlling parties within the Group to set local goals with regard to the overall issues. In 2013, Boliden set new goals in the sustainability sphere that will apply until 2018, inclusive, with regard to emissions and discharges to air and water, and carbon dioxide emissions – see pages 57–60 of the Annual Report.

Boliden's long-term work with the accident frequency trend has yielded noteworthy results for a number of years, showing a steadily declining accident frequency. This positive trend was, however, broken in 2013 and the

Board accordingly tasked the Group management with reviewing the ongoing health & safety work and to take measures to turn the trend around and, in the long-term, enable Boliden's vision of accident-free operations to be achieved. Having analysed the situation and the root causes of the break in the trend, along with appropriate remedial measures, work continued in 2014 on a number of new initiatives. A Health & Safety Officer with special coordination responsibility has been appointed at Group level and has drawn up concrete, well-defined and timetabled health & safety goals, along with the measures needed to achieve these goals. One of the tools is the "B-Safe" project, which was launched in 2013 and which includes one-on-one discussions and follow-up discussions with all employees in order to raise awareness of the importance of health & safety and to strengthen the company's safety culture. Work on rolling out B-Safe throughout the Group continued in 2014. The aim of the project is to bring about an attitude change when it comes to safety-mindedness in the course of day-to-day work. Deviations from health & safety regulations in order to achieve a short-term gain in terms of time, production or other assumed benefits or advantages are never acceptable. Accidents, such as the breakdown of the leaching tank at Kokkola are analysed and followed up in order to avoid any repetition. Investments in further strengthening the focus on health & safety are also targeting Boliden's suppliers, contractors and others who carry out work within the framework of Boliden's operations. Stringent demands are made on these business partners when it comes to respect for and compliance with applicable health & safety regulations and instructions. Business partners are reviewed, selected and evaluated in line with these factors.

Efficient and suitable licensing processes and reasonable operating conditions are, in the light of the nature of Boliden's operations, important issues for the company. Boliden works actively at different levels with industry organisations to monitor and promote the interests of the mining industry. Boliden's GRI-index, and the associated information in the Annual Report and separate GRI Report have, since 2013, been subject to an external review which is designed to underline the importance of the sustainability work to Boliden and to further reinforce the confidence of the market and other stakeholders in the work conducted by the company in this respect.

Matters of business ethics and anti-corruption are constantly topical and an area with which the company actively works. Boliden has continued to focus on anti-corruption issues during the year and is planning new training activities in the coming years. Issues in relation to trade sanctions have also been analysed during the year. Boliden has previously established a whistle blower function that can be used to report suspected cases of impropriety.

### Auditors

The external auditor conducts independent audits of Boliden's accounts and Corporate Governance Report in order to ensure that they provide a correct, fair and comprehensive picture of the company's position and results. The auditor also reviews the management by the Board of Directors and the President and presents his/her observations to the Board in the absence of the management. The auditor has been in contact with the group management in 2014 in conjunction with audits or issues arising, and with the Board in conjunction with the submission of feedback reports and assistance with the work of the Audit Committee. The auditor also reports to the shareholders at the Annual General Meeting.

The accounting firm of Ernst & Young AB was elected at the 2014 Annual General Meeting to serve as the company's auditors until the conclusion of the 2015 Annual General Meeting. Authorised Public Accountant, Helene Siberg Wendin, replaced Authorised Public Accountant, Lars Träff, as the auditor in charge during the year. Helene Siberg Wendin is the Chairman of the Board of Ernst & Young AB and the Nordic Director for EY Assurance's operations. Her audit engagements, in addition to Boliden, include Scania, IKEA, Mycronic, Ovako and Husqvarna. The Audit Committee also decided, during the year, that Helene Siberg Wendin and Håkan Ulrichs, a partner at EY Climate Change Sustainability Services, would review and sign RevR 6 "Certification of the Sustainability Report". Remuneration to the company's auditors is payable in accordance with the approved invoices received for the period up to the end of the 2015 Annual General Meeting. See Note 4 on page 80 for information on remuneration disbursed in 2014.

# Group management



Name	Lennart Evrell	Kerstin Konradsson	Jan Moström
Position	President and CEO of Boliden	Senior Vice President – Business Area Smelters	Senior Vice President – Business Area Mines
Education	M.Sc. Engineering, Economics	M.Sc. Engineering	B.Sc. Engineering
Employed	2007	2012	1979–1998, 2000
Born	1954	1967	1959
Directorships	Chairman of the Boards of SveMin and Umeå University. Member of the Board of the Confederation of Swedish Enterprise.	Member of the Board of Swerea Mefos.	Member of the Board of SveMin. Member of the SGU (Geological Survey of Sweden) Advisory Council and Mining Industry Council.
Previous positions	President and CEO of Sapa and Munters, and a variety of senior positions within ASEA, Atlas Copco and Sphinx Gustavsberg.	Business Area President and CEO within the Åkers Group and a variety of senior positions within SSAB.	A variety of senior positions within Boliden. Administrative Director of Skellefteå Municipality.
Shareholding <sup>1)</sup>	40,235	1,300	19,500



Name	Mikael Staffas	Henrik Östberg
Position	CFO	Senior Vice President – Corporate Responsibility
Education	M.Sc. Engineering, MBA	M.A. in languages and pedagogics
Employed	2011	2008
Born	1965	1960
Directorships	Member of the Board of SJ.	–
Previous positions	CFO of Södra Skogsägarna, Partner at McKinsey & Co.	HR & Sustainability Director, Sapa Group, Management Consultant at McKinsey & Co and Booz Allen Hamilton.
Shareholding <sup>1)</sup>	6,300	3,990

<sup>1)</sup> Own holdings and those of related legal or natural persons, on 31st December 2014.

### Boliden's internal control organisation



### Internal control report by the Board of Directors

The purpose of internal control with regard to financing reporting is to provide reasonable assurance with regard to the reliability of the external financial reporting and to ensure that the reports are produced in accordance with generally accepted accounting principles, applicable legislation and statutes, and with other requirements imposed on listed companies.

The Board of Directors has overall responsibility for ensuring that an efficient internal control system exists within the Boliden Group. The President is responsible for the existence of a process and organisation that ensure internal control and the quality of the internal and external financial reporting.

### Internal control function

Boliden has an internal control function responsible for implementing processes and frameworks that secure internal control and ensure the quality of the financial reporting. The internal control function reports to the CFO and presents reports on issues relating to internal control at the Audit Committee's meetings.

### Control environment

The control environment within Boliden is characterised by the fact that the Group has relatively few but large operating units that have carried out their operations for many years, using well-established processes and control activities. A structure of steering documents in the form of binding policies and guidelines for the organisation's delegated responsibilities has been established to ensure a collective attitude and methodology within the Group.

The starting point is the New Boliden Way together with associated steering documents which include the Code of Conduct, decision-making and authorisation instructions, and a financial manual covering financial policy, accounting and reporting instructions. Local management systems with more detailed instructions and descriptions of important processes have also been set up.

Work on mapping financial transaction flows, identifying risks, and documenting control activities in a uniform and standardised way within a Group-wide internal control framework known as the Boliden Internal Control System (BICS) continued in 2014.

### Risk analysis

The operating units conduct ongoing risk analyses with regard to financial reporting. The risks inherent in the various accounting and reporting processes shall be identified, analysed and documented in BICS.

### Control activities

Various types of control activities are carried out within the Group and within every different aspect of the accounting and reporting process on an ongoing basis. The control activities are carried out in order to manage known risks and to detect and rectify any errors and discrepancies in the financial reporting.

Documentation of significant control activities within the accounting and reporting process continued in BICS in 2014. For every risk identified, the controls that manage the risk – either preventatively or for purposes of detection, or both – are documented.

### Information and communication

Information on policies, guidelines and manuals is available on Boliden's intranet. Information on updates and changes to reporting and accounting principles is issued via email and at the regular treasury and controller meetings. External information is provided and communication conducted in accordance with the Group's Communications Policy. All information must be communicated in a discerning, open and transparent manner. Group-wide steering documents are updated and communicated on a continuous basis.

### Follow-ups

Work on follow-ups of, improvements to and development of systems, processes and controls within the Group is ongoing. Annual testing of documented controls within the framework of BICS has been conducted since 2009, both by internal resources and external auditors. Areas where scope for improvement is identified in conjunction with audits are documented, analysed and actioned.

### Auditor's Report on the Corporate Governance Statement

To the Annual General Meeting of the shareholders of Boliden AB (publ), corporate identity no: 556051-4142

The Board of Directors is responsible for the Corporate Governance Report for 2014 on pages 100–108 and for ensuring that it has been prepared in accordance with the provisions of the Swedish Annual Accounts Act.

We have read the Corporate Governance Report and, based on that reading and our knowledge of the company and the Group, believe that we have sufficient basis for our conclusions. This means that our statutory examination of the Corporate Governance Report has a different focus and is substantially less in scope than that of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 19th February 2015

Ernst & Young AB

Helene Siberg Wendin  
Authorised Public Accountant

Control activity	Responsible	Follow-up
Compliance with Boliden's accounting manual	Group accounting/Controller department	Group management
Control of consolidated results	Group accounting/Controller department	Group management
Analysis and follow-up work	Business Areas/Controller department	Group management
Budget and forecasts	Business Areas/Controller department	Group management
Correct financial reporting controls	Operating units	Group accounting/internal control
Tax control	Operating units	Group Tax Director

# Mineral reserves and resources

Mineral reserves and mineral resources are the basis on which a mining company's operations are built and require successful exploration results. Mineral resources and reserves are affected not only by exploration, but also by important factors such as mining costs and metal prices. Exploration work is carried out both in the vicinity of existing mines and in new areas.

Boliden's investments in exploration over the last 10 years have resulted in substantial increases in both mineral resources and reserves, particularly at Garpenberg and Aitik, which were followed by substantial investments in boosting production and extending production plans.

## Mineral resources and reserves 2014

Boliden, in common with other mining companies, produces an annual summary of their mineral resources and mineral reserves. Boliden's calculations and compilations are carried out in accordance with the recommendations of the Swedish industry organisation for mining and metal companies, Swedish Association of Mines, Minerals and Metal Producers, SveMin.

**Aitik** The mineral resources and mineral reserves figures were, as usual, published in early 2014, but in May, Boliden presented its expansion plans for Aitik that will see production there increase to 45 Mtonnes/year by 2017. New reserves and resources were also presented at this time. The changes in Aitik's reserves and resources since May are very small, corresponding to a small increase in the reserves (of 4 per cent) and a corresponding decrease in the resources.

**The Boliden Area** Mineral resources in the Boliden Area have increased slightly (800 Ktonnes) and the reserves have fallen to more or less the same degree (870 Ktonnes). 1.5 Mtonnes of ore were mined in the Area in 2014. The Kankberg mine and Mauriliden, which reported successful exploration and mining activities during the year, reported the best results. Other mines' exploration work has yielded only minor additions to reserves and resources that have not balanced out the quantities mined.

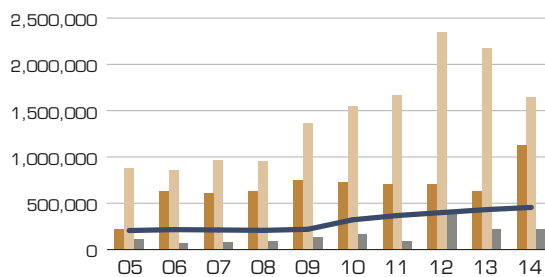
**Garpenberg** Mineral reserves at Garpenberg have increased by 1.3 Mtonnes (3 per cent), but the grades have fallen. Mineral resources increased by 35 Mtonnes (92 per cent), although the grades of these new resources are weak.

**Kylylahti** Boliden acquired the Kylylahti mine in October 2014. Virtually no exploration work has been conducted in the mine's vicinity during the year. Drilling towards the mine's ores has yielded additions and reductions that effectively balance one another out, and the mineral resources have hence only changed to a marginal degree, while the mineral reserves have declined by the amount mined during the year (670 Ktonnes).

The purchase of the Kylylahti mine from Altona Mining Ltd also included a number of deposits and project ideas previously reported as mineral resources by Altona. These reports are based on a study conducted in 2009 by Vulcan Resources Ltd and which has not been updated since then. Boliden does not believe that these deposits represent any significant value for the company or that the projects are sufficiently advanced that they can, at present, be reported as mineral resources.

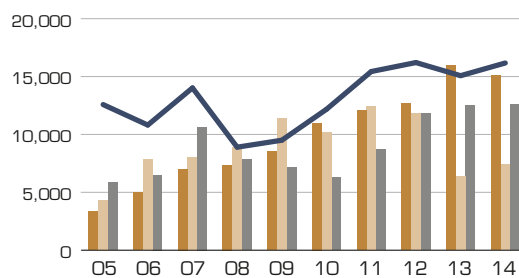
**Tara** Tara's mineral reserve increased by 2.2 Mtonnes (16 per cent) due to the upgrading of mineral resources. The grades of the additional quantities are, however, slightly lower, resulting in a lowering of the overall grade of the mineral reserve. The mineral resources have decreased by 2.3 Mtonnes, primarily due to tonnage upgraded from resources to reserves. New deposits identified through exploration have managed to successfully replace virtually the entire amount (2.3 Mtonnes) mined during the year.

## Aitik



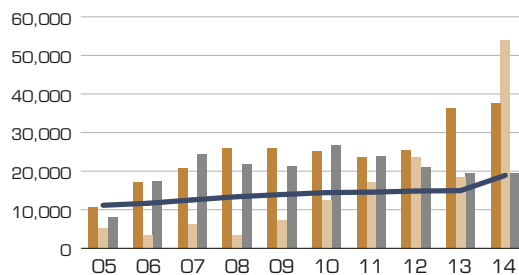
Mineral reserves increased dramatically as a result of the decision in May 2014 to increase production.

## The Boliden Area



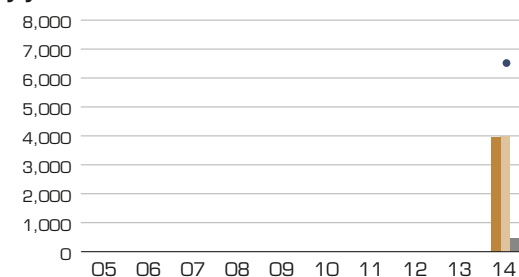
Mineral resources increased but reserves decreased by a corresponding amount.

## Garpenberg



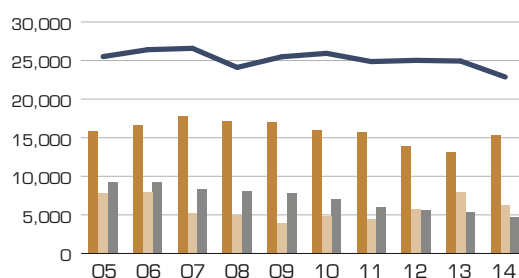
Exploration work resulted in a substantial boost in mineral resources.

## Kylylahti



Kylylahti was acquired by Boliden in October. No exploration work was carried out during the year and hence neither reserves nor resources increased.

## Tara



The mineral reserve increased as a result of new areas being scheduled for mining operations.

■ Proven/Probable mineral reserve    — Production x 10  
 ■ Measured/Indicated mineral resource  
 ■ Inferred mineral resource

All values are shown in Ktonnes.

### About the classification

Mineral resources and mineral reserves are calculated separately and broken down into different categories. Boliden's mineral reserves are not subsidiary amounts of the mineral resources, and when a mineral resource is upgraded to a mineral reserve, the quantity is eliminated from the mineral resource.

A mineral resource is a concentration of minerals in the bedrock that is present in a form, quality and quantity that means there is a reasonable possibility of it becoming commercially extractable. Mineral reserves are calculated on those parts of a measured or indicated mineral resource that can be mined and processed in accordance with the company's profitability requirements, taking into account factors such as waste rock dilution, ore losses, pillar offset and process recovery.

### Inferred mineral resource

An inferred mineral resource is a mineral resource for which tonnage, shape, grades and mineral content can be estimated with only a low degree of certainty. It is indicated by geology, sampling and anticipated but unverified geological continuity and/or grade. It is based on information obtained through exploration, sampling and testing carried out in accordance with appropriate techniques. The information is limited or of uncertain quality and reliability.

### Indicated mineral resource

An indicated mineral resource is a mineral resource for which tonnage, shape, grades and mineral content can be estimated with reasonable certainty. It is indicated by geology, sampling and anticipated but unverified geological continuity and/or grade. It is based on information obtained through exploration, sampling and testing carried out in accordance with appropriate techniques. The information points are, however, too sparse or inappropriately distributed to ensure the deposit's geological and/or grade continuity.

### Measured mineral resource

A measured mineral resource is a mineral resource for which tonnage, shape, grades and mineral content can be estimated with a high degree of certainty. It is based on information gained through detailed and reliable exploration, sampling and testing carried out in accordance with appropriate techniques. The information points are sufficiently dense to demonstrate the deposit's geological and/or grade continuity.

### Probable mineral reserve

A probable mineral reserve is calculated from those parts of an indicated or, under certain circumstances, measured mineral resource where mining-engineering and profitability studies show that it is technically and economically feasible to mine and process the deposit in line with the company's profitability requirements.

### Proven mineral reserve

A proven mineral reserve is calculated from those parts of a measured mineral resource where mining-engineering and profitability studies show that it is technically and economically feasible to mine and process the deposit in line with the company's profitability requirements.

### Basis for the calculations

Boliden holds the required environmental permits and exploitation concessions for all of the mines currently in operation. The mineral resources are protected by exploitation concessions or exploration permits.

The calculations are based on the following underlying factors:

#### Metal prices

Mineral resources and mineral reserves are the basis for the company's long-term planning and will be mined for many years to come. Planning prices, which are an expression of the anticipated average prices for metals and currencies over the forthcoming business cycle are, therefore, primarily utilised in the calculations. Boliden's current planning prices are shown in the following table:

Planning prices	Long-term prices, 2014	Change since 2013
Copper	6,600 USD/tonne	-
Zinc	2,300 USD/tonne	-
Lead	2,300 USD/tonne	-
Gold	1,200 USD/tr.oz.	-
Silver	20 USD/tr.oz.	-
Molybdenum	15 USD/lb.	-
Nickel <sup>1)</sup>	18,000 USD/tonne	-
Cobalt <sup>1)</sup>	16 USD/lb.	-
Tellurium	150 USD/kg	-
USD/SEK	6.50	-0.20
EUR/SEK	8.45	-0.06

<sup>1)</sup> Added following the acquisition of Kylvlahti.

#### Density

A formula based on head grades is utilised for large polymetallic ores, which make up the majority of Boliden's mineral resources and mineral reserves. The formula is verified using density measurements. In other cases, measurements are carried out for the different ores or rock types that affect the density.

#### Waste rock dilution

Mining usually incurs some waste rock dilution that varies, depending on the mining method used, the ore's geometry, and other geological factors. Boliden systematically monitors the waste rock dilution of the ore extracted and the experience gained thereby enables waste rock dilution to be included in all mineral reserve calculations.

#### Ore losses

Some ore may have to be left unextracted (e.g. in the form of pillar offset), depending on the mining method used, the ore's geometry and other technical factors. The mineral reserve calculations take these factors into account, based on assumptions regarding mining method and the information available when the calculations were made.

#### Minimum ore width

The minimum horizontal ore width is based on assumptions regarding mining method and equipment. Ore zones that are narrower than the minimum ore width are recalculated using the average for the full width.

#### Regulations, codes and recommendations

Boliden's mineral reserves and mineral resources have been calculated and compiled in accordance with recommendations by the Swedish industry organisation for mining and metal companies, SveMin, known as the FRB standard. This is an independent set of regulations but based on "The International Template for the public reporting of exploration results, mineral resources and mineral reserves, July 2006", produced by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) in a bid to achieve a harmonised international practice. The FRB standard is, therefore, consistent with international regulations such as the Australasian Institute of Mining and Metallurgy's JORC code and the "CIM Standards on Mineral Resources and Mineral Reserves, Definitions and Guidelines", which constitute that part of the Ontario Securities Commission (OSC) rules and regulations, National Instrument 43-101, that regulate how mineral reserves and mineral resources should be reported.

The mineral resources and mineral reserves that have been compiled and presented in this report have been reviewed and approved by Gunnar Agmalm, Boliden's Mineral Reserves and Project Evaluation Manager, who is registered as a "Qualified Person" by SveMin and as a "Competent Person" in accordance with JORC.

February 2015

Gunnar Agmalm  
Qualified Person SveMin



MINERAL RESERVES, 31st December 2014										
		Quantity, Ktonnes		2014						
		2014	2013	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Mo (g/t)	Te (g/t)
<b>The Boliden Area</b>										
<i>Polymetallic mineralisations</i>										
Kristineberg	Proven	340	840	1.2	24	1.2	1.9	0.1		
	Probable	5,500	6,800	0.6	42	0.3	6.9	0.4		
Renström	Proven	190	150	2.7	149	0.8	6.8	1.4		
	Probable	3,670	3,360	1.9	96	0.7	4.8	0.9		
Maurliden	Proven	1,700	1,400	1.3	47	0.4	3.4	0.3		
	Probable									
Maurliden Östra	Proven									
	Probable	190	200	0.3	7	1.0	0.0			
<b>Total</b>	<b>Proven</b>	<b>2,200</b>	<b>2,360</b>	<b>1.4</b>	<b>52</b>	<b>0.5</b>	<b>3.4</b>	<b>0.4</b>		
	<b>Probable</b>	<b>9,380</b>	<b>10,320</b>	<b>1.1</b>	<b>63</b>	<b>0.5</b>	<b>5.9</b>	<b>0.6</b>		
<i>Gold mineralisations</i>										
Kankberg	Proven	1,430	880	2.9	10					211
	Probable	2,070	2,390	3.9	11					192
Aitik <sup>1)</sup>	Proven	756,000	762,000	0.15	1.5	0.22			24	
	Probable	370,000	323,000	0.12	1.2	0.21			28	
Garpenberg	Proven	13,900	14,900	0.3	110	0.06	5.3	2.1		
	Probable	23,700	21,400	0.4	126	0.05	3.7	1.6		
Kylälahti <sup>2)</sup>	Proven	400		0.6		1.59	0.7			
	Probable	3,500		1.0		1.58	0.6			
Tara	Proven	3,000	3,400				7.1	1.6		
	Probable	12,300	9,700				6.5	1.5		

Figures may be rounded up or down.

<sup>1)</sup> Aitik's figures for 2013 have been updated in line with the press release dated 6th May 2014.

<sup>2)</sup> The acquisition of Kylälahti was completed in October 2014.

MINERAL RESOURCES (excl. mineral reserves), 31st December 2014												
		Quantity, Ktonnes		2014								
		2014	2013	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Mo (g/t)	Te (g/t)	Ni (%)	Co (%)
<b>The Boliden Area</b>												
<i>Polymetallic mineralisations</i>												
Kristineberg	Measured	50	50	0.7	45	1.3	4.2	0.2				
	Indicated	1,930	480	0.7	25	0.8	4.2	0.2				
	Inferred	3,680	4,440	0.6	36	0.5	3.1	0.2				
Petiknäs N	Measured	310	310	8.1	73	1.8	3.1	0.3				
	Indicated	1,200	1,200	2.7	52	0.6	1.8	0.3				
	Inferred	720	720	3.3	33	0.5	1.2	0.2				
Renström	Measured											
	Indicated	800	1,220	1.8	168	0.5	7.0	1.6				
	Inferred	2,630	2,950	3.5	140	0.2	8.3	1.5				
Maurliden	Measured	670	1,050	1.0	30	0.5	2.2	0.2				
	Indicated	260	360	0.7	18	0.3	1.6	0.1				
	Inferred											
Maurliden Östra	Measured											
	Indicated	360	360	0.4	11	0.4	0.2					
	Inferred											
<b>Total</b>	<b>Measured</b>	<b>1,000</b>	<b>1,410</b>	<b>3.1</b>	<b>44</b>	<b>0.9</b>	<b>2.6</b>	<b>0.2</b>				
<i>Polymetallic mineralisations</i>	<b>Indicated</b>	<b>4,500</b>	<b>3,600</b>	<b>1.4</b>	<b>56</b>	<b>0.6</b>	<b>3.6</b>	<b>0.4</b>				
	<b>Inferred</b>	<b>7,000</b>	<b>8,100</b>	<b>1.9</b>	<b>75</b>	<b>0.4</b>	<b>4.8</b>	<b>0.7</b>				
<i>Gold mineralisations</i>												
Kankberg	Measured	220	110	3.4	9					155		
	Indicated	550	150	2.9	7					155		
	Inferred	3,050	1,890	4.3	8					187		
Älgträsk	Measured											
	Indicated	1,020	1,080	2.8	4							
	Inferred	2,230	2,500	2.1	3							
<b>Total</b>	<b>Measured</b>	<b>220</b>	<b>110</b>	<b>3.4</b>	<b>9</b>							
<i>Gold mineralisations</i>	<b>Indicated</b>	<b>1,600</b>	<b>1,200</b>	<b>2.8</b>	<b>5</b>							
	<b>Inferred</b>	<b>5,300</b>	<b>4,400</b>	<b>3.3</b>	<b>6</b>							
<b>Aitik<sup>1)</sup></b>	<b>Measured</b>	<b>222,000</b>	<b>249,000</b>	<b>0.10</b>	<b>1.1</b>	<b>0.16</b>				<b>18</b>		
	<b>Indicated</b>	<b>1,421,000</b>	<b>1,467,000</b>	<b>0.10</b>	<b>0.9</b>	<b>0.16</b>				<b>24</b>		
	<b>Inferred</b>	<b>226,000</b>	<b>226,000</b>	<b>0.11</b>	<b>0.5</b>	<b>0.14</b>				<b>22</b>		
<b>Garpenberg</b>	<b>Measured</b>	<b>10,500</b>	<b>2,800</b>	<b>0.3</b>	<b>111</b>	<b>0.06</b>	<b>3.4</b>	<b>1.6</b>				
	<b>Indicated</b>	<b>43,400</b>	<b>15,800</b>	<b>0.3</b>	<b>102</b>	<b>0.05</b>	<b>2.4</b>	<b>1.1</b>				
	<b>Inferred</b>	<b>19,400</b>	<b>19,500</b>	<b>0.4</b>	<b>88</b>	<b>0.07</b>	<b>3.4</b>	<b>1.7</b>				
<b>Kylylahti<sup>2)</sup></b>	<b>Measured</b>	<b>1,200</b>		<b>0.3</b>		<b>0.77</b>	<b>0.4</b>				<b>0.2</b>	<b>0.2</b>
	<b>Indicated</b>	<b>2,800</b>		<b>0.6</b>		<b>0.53</b>	<b>0.3</b>				<b>0.3</b>	<b>0.2</b>
	<b>Inferred</b>	<b>500</b>		<b>1.3</b>		<b>1.48</b>	<b>0.4</b>				<b>0.2</b>	<b>0.3</b>
<b>Tara</b>	<b>Measured</b>	<b>800</b>	<b>600</b>				<b>6.2</b>	<b>2.2</b>				
	<b>Indicated</b>	<b>5,500</b>	<b>7,300</b>				<b>6.2</b>	<b>2.2</b>				
	<b>Inferred</b>	<b>6,300</b>	<b>5,400</b>				<b>6.2</b>	<b>1.9</b>				
<b>Laver</b>	<b>Measured</b>	<b>1,100</b>	<b>1,100</b>	<b>0.11</b>	<b>4.4</b>	<b>0.20</b>				<b>18</b>		
	<b>Indicated</b>	<b>512,400</b>	<b>512,400</b>	<b>0.13</b>	<b>3.1</b>	<b>0.22</b>				<b>36</b>		
	<b>Inferred</b>	<b>550,600</b>	<b>550,600</b>	<b>0.10</b>	<b>3.1</b>	<b>0.21</b>				<b>33</b>		
<b>Rockliden</b>	<b>Measured</b>											
	<b>Indicated</b>	<b>800</b>	<b>800</b>	<b>0.08</b>	<b>102</b>	<b>2.1</b>	<b>4.4</b>	<b>0.9</b>				
	<b>Inferred</b>	<b>9,200</b>	<b>9,200</b>	<b>0.06</b>	<b>48</b>	<b>1.8</b>	<b>4.0</b>	<b>0.4</b>				

Figures may be rounded up or down.

<sup>1)</sup> Aitik's figures for 2013 have been updated in line with the press release dated 6th May 2014.

<sup>2)</sup> The acquisition of Kylylahti was completed in October 2014.

# Definitions

**Average number of employees** The average number of employees during the year converted to full-time positions.

**Balance Sheet total** The sum of the assets side or the sum of the shareholders' equity and liabilities side of the Balance Sheet.

**Capital employed** The Balance Sheet total less interest-bearing investments, tax receivables and non-interest-bearing provisions and liabilities.

**Cash flow per share** The cash flow for the period divided by the average number of outstanding shares.

**Dividend yield** Dividend per share as a percentage of the share price.

**Earnings per share** Net result for the period divided by the average number of outstanding shares.

**Equity/assets ratio** Shareholders' equity as a percentage of the Balance Sheet total.

**Equity per share** Shareholders' equity divided by the number of outstanding shares.

**Free cash flow** Cash flow from operating activities including cash flow from investment activities.

**Net debt** Interest-bearing current and long-term liabilities (including pension liabilities) less financial assets (including liquid assets).

**Net debt/equity ratio** Net debt divided by shareholders' equity.

**Operating profit (EBIT)** Revenues less all costs attributable to the operations but excluding net financial items and taxes.

**Operating profit (EBIT) excluding revaluation of process inventory** Revenues minus all costs attributable to the operations but excluding the effects of the revaluation of process inventory, net financial items and taxes.

**P/E ratio** Share price divided by earnings per share.

**Return on capital employed** Operating profit divided by the average capital employed. The average capital employed for each year consists of an average of the closing capital employed in the last 13 months. Measured before tax.

**Return on shareholders' equity** Profit for the year as a percentage of average shareholders' equity in the last 13 months. Measured after tax.

**Total return** The sum of the share's performance during the year plus dividend paid divided by the share price at the beginning of the year.

## Definition of Cash cost

Boliden uses the Wood Mackenzie's cash cost metrics, C1 Normal costing and C1 Pro rata costing, to measure the mines' cost position in relation to other mines worldwide. The lower a mine's cash cost, the better its cost position. Cash cost is expressed in US\$/lb. of metal.

### Normal costing

In normal costing calculations, the costs are allocated in their entirety to one main metal and then reduced by the net revenue<sup>1)</sup> of other metals, known as subsidiary metals.

+	Mining operations, concentration and administration costs <sup>2)</sup>
+	Costs of freighting concentrate to smelters
+	Treatment and refining charges (TC/RC)
-	Deductions for net revenue of subsidiary metals
=	Cash cost C1 Normal costing

## Pro rata costing

In pro rata cash costing, the costs are divided up between the various metals on the basis of the individual metal's share of the total net revenue.

### Composite costing

In composite costing, mines are included using either normal costing or pro rata costing on the basis of criteria based on the metals' net revenue. If a metal accounts for 65 per cent or more of the total net revenue, the cash cost is calculated using normal costing, while if a metal accounts for less than 65 per cent of the total net revenue, the cash cost is calculated using pro rata costing.

#### <sup>1)</sup> Calculating the net revenue of mines' metals

The net revenue is the payable income from the metal, less freight costs and treatment and refining charges.

+	Income from payable metal
-	The metal's freight cost
-	The metal's treatment and refining charges
=	The net revenue of the metal

<sup>2)</sup> Administrative costs attributable to the mine.

## Definition of Cash margin

Boliden uses Wood Mackenzie's cash margin compilations to measure the smelter's cost position in relation to other smelters. The cash margin is the difference between income and cash cost, expressed in US\$/lb. of metal. The income comprises treatment and refining charges, free metals and income from by-products.

The income for zinc smelters includes income generated by sales of surplus energy, while for copper smelters, the income generated by the sales of sulphuric acid and surplus energy is added as a credit when calculating the cash cost.

The calculations for copper smelters are expressed as unit of metal produced from concentrate, while for zinc smelters, it is expressed as unit of finished metal produced. Income is normally included if it is regarded as having been derived from the main process during the production of metal and the product is saleable.

# Industry-specific concepts and definitions

**Alloy** Substance with metallic properties which is composed of two or more chemical elements, at least one of which is a metal.

**Base metals** The most common metals, e.g. zinc, copper, lead, nickel and aluminium.

**Cash cost** Common measurement used to show the costs affecting a mine's cash flow, converted into US dollars (average rate for the measurement period). Used to compare the mine's cost position in relation to other mines. See pages 17 and 113.

**Complex ore** Ore that contains several metals, e.g. zinc, copper, lead, gold and silver.

**Concentrator** A plant in which ore is processed mechanically and/or chemically to extract and produce a concentrate of the valuable minerals.

**Copper cathode** An end product from copper smelters in the form of 99.99 per cent pure copper plates.

**Feed** The smelter's raw material consumption, i.e. the amount of metal concentrate or secondary material processed and refined.

**Field exploration** Exploration in new areas. Associated with higher costs than with mine-site exploration.

**Free metals** The percentage of metal concentrates bought in that an individual smelter can process over and above the payable metal content. This percentage generates income without incurring a raw material cost.

**Galvanising** An electrochemical process whereby a metal is coated with a thin layer of another metal, such as zinc. Galvanising is commonly used to protect against corrosion (rust).

**Gold doré** An impure gold/silver alloy cast as a bullion in the refinery. Further processed to pure gold and silver at a smelter.

**ISO** International Organization for Standardization. Standards include environmental management (ISO 14001) and quality (ISO 9001), etc.

**Jarosite** A mineral primarily comprising iron sulphate that is a common waste product of zinc production.

**Kaldo furnace** Rotating and tippable furnace for the smelting and process treatment of copper, lead and precious metals, etc., including the recycling of metals from electronic scrap. The plastic present in the scrap is used to smelt the metals, thereby reducing the process' energy requirement.

**LBMA** London Bullion Market Association. International market responsible for the daily pricing of precious metals.

**LME** London Metal Exchange. International market where non-ferrous metals are bought and sold. Trading on the LME is used as the basis for the daily pricing of metals worldwide. The LME also maintains warehouse stocks of the metals traded.

**Metal concentrate** Also known as dressed ore or mined concentrate. Metal concentrate is the result of the concentration processes that separate out the financially valuable minerals present in ore from those with no financial value.

**Metal content** The quantities of, for example, zinc, copper, lead, gold and silver contained in concentrates. Zinc concentrates generally contain approximately 50 per cent zinc metal, while copper concentrates generally contain approximately 30 per cent copper. The lead content of mined concentrate is usually around 65 per cent.

**Metal premium** The price agreed in advance, over and above the LME price, and paid by customers for specifically adapted metal that is supplied to them.

**Mineralisation** A concentration of minerals in the bedrock.

**Mineral reserves** Those parts of a mineral resource that can be mined and processed in accordance with the company's profitability requirements and taking into account factors such as waste rock dilution and the percentage of metal in an ore that can be extracted in the concentration process. Mineral reserves are divided into two categories: probable mineral reserves and proven mineral reserves.

**Mineral resource** A concentration of minerals in the bedrock that may become commercially extractable. Mineral resources are divided into three categories: inferred mineral resources, indicated mineral resources, and measured mineral resources.

**Mine-site exploration** Exploration in the vicinity of existing mines. New deposits located close to existing mines mean a shorter time from discovery to production because the infrastructure is already in place.

**Open pit** A method of mining mineral deposits located near the surface. The waste rock is stripped and the ore mined directly at the surface.

**Ore** Economic term for minerals, rock types or other bedrock components that can be profitably mined to extract metals or other valuable substances.

**Ore grade** The average quantity of valuable metals in a tonne of ore, expressed as grams per tonne for precious metals and as a percentage for other metals.

**Payable metal content** The percentage of the metal content of the concentrate for which the smelters pay when purchasing concentrate.

**Precious metals** Metals that are less commonly present in the earth's crust than base metals and which are regarded, to a greater extent, as a type of investment asset by financial sector players. The most common precious metals are gold, silver, platinum and palladium.

**Price escalators (PP)** Also known as price-sharing clauses. The clauses in the agreements for zinc smelting charges that distribute changes in metal prices between mines and smelters. There have been no price escalator clauses in copper treatment and refining charges for many years now.

**Recovery** The percentage portion of the quantity of a given metal in an ore extracted during the concentration process.

**Secondary material** Various types of recycling materials from which metals can be recovered, e.g. electronic and metal scrap, metal ashes, slag, dust and scrap lead batteries.

**Smelter** A plant in which metal raw materials, metal concentrates or secondary materials are processed to separate metals from impurities by means of high temperature reactions.

**Treatment and refining charges (TC/RC)** The remuneration received by a smelter for processing smelting material (concentrate and secondary materials) and extracting metals. Copper smelters' processes can be broken down into a treatment phase and a refining phase, while zinc smelters' processes only involve a treatment phase, and hence zinc smelters' remuneration only comprises a treatment charge (TC).

**Underground mine** Mine where the ore is mined using underground tunnels. The mining methods used in Boliden's underground mines include the cut-and-fill method and sub-level stoping.

**Waste rock** Economic term for rock which, unlike ore, contains no valuable material.

**Zinc ingot** An end product from zinc smelters with detailed specifications with regard to degree of purity, weight and size.

## Abbreviations

Lb = pound = 0.4536 kg

Troy ounce = 31.1035 gram

USD = US dollars

USc = US cents

SEK = Swedish kronor

NOK = Norwegian kronor

EUR = euro

Ag = silver

Au = gold

Cu = copper

Pb = lead

Zn = zinc

# Ten-year overview – the Group

	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1)</sup>	2013	2014
<b>Result, SEK m</b>										
Revenues	20,441	35,213	33,204	30,987	27,635	36,716	40,323	40,001	34,409	<b>36,891</b>
Operating profit before depreciation	4,303	9,831	6,805	2,426	5,186	7,445	6,674	6,731	4,632	<b>6,035</b>
Operating profit excluding revaluation of process inventory	2,631	7,891	5,620	1,793	2,350	4,830	5,008	4,042	2,271	<b>2,605</b>
Operating profit	3,069	8,522	5,428	1,004	3,623	5,643	4,748	4,171	1,803	<b>2,759</b>
Profit after financial items	2,812	8,313	5,196	723	3,377	5,331	4,560	3,992	1,581	<b>2,471</b>
Taxes	-766	-2,045	-1,409	212	-876	-1,375	-1,171	-651	-288	<b>-572</b>
Net profit for the year	2,046	6,268	3,787	935	2,501	3,957	3,389	3,341	1,294	<b>1,899</b>
<b>Cash flow, SEK m</b>										
Cash flow from operating activities	2,540	8,010	3,730	5,470	3,974	6,197	4,021	5,518	3,505	<b>5,789</b>
Cash flow from investment activities	-982	-1,739	-2,518	-4,633	-4,922	-2,995	-4,024	-4,129	-4,971	<b>-4,206</b>
Free cash flow	1,558	6,271	1,212	837	-948	3,202	-3	1,389	-1,466	<b>1,583</b>
Cash flow from financing activities	-912	-4,593	-3,532	-514	571	-3,199	-464	-730	1,060	<b>-1,355</b>
Cash flow for the year	646	1,678	-2,320	323	-377	3	-467	659	-406	<b>228</b>
<b>Capital structure and return, SEK m</b>										
Balance Sheet total	22,918	26,929	27,231	30,252	33,258	35,128	37,615	40,080	41,841	<b>43,865</b>
Capital employed	15,822	17,667	20,145	24,733	26,229	27,151	30,473	31,236	34,451	<b>35,087</b>
Return on capital employed, %	20	52	29	5	14	21	17	14	5	<b>8</b>
Shareholders' equity	10,289	16,089	12,932	16,131	16,257	18,846	20,032	22,354	23,075	<b>23,974</b>
Return on shareholders' equity, %	22	51	26	7	16	23	17	16	6	<b>8</b>
Equity/assets ratio, %	45	60	47	53	49	54	56	56	55	<b>55</b>
Net debt	5,526	-195	5,524	6,305	7,402	4,584	6,063	6,276	8,673	<b>8,283</b>
Net debt/equity ratio, %	54	-1	43	39	46	24	29	28	38	<b>35</b>
<b>Data per share, SEK</b>										
Earnings for the period										
Basic	7.07	21.66	13.37	3.42	9.14	14.47	12.39	12.21	4.72	<b>6.94</b>
Diluted	7.06	21.66	13.37	3.42	9.14	14.47	12.39	12.21	4.72	<b>6.94</b>
Cash flow from operating activities										
Basic	8.77	27.67	13.17	20.00	14.53	22.66	14.70	20.17	12.82	<b>21.17</b>
Diluted	8.76	27.67	13.17	20.00	14.53	22.66	14.70	20.17	12.82	<b>21.17</b>
Shareholders' equity										
Basic	35.55	55.58	47.28	58.98	59.44	68.90	76.90	81.68	84.31	<b>87.63</b>
Diluted	35.50	55.59	47.28	58.98	59.44	68.90	76.90	81.68	84.31	<b>87.63</b>
Proposed dividend	2.00	4.00	4.00	1.00	3.00	5.00	4.00	4.00	1.75	<b>2.25</b>
Share price, 31/12	59.98	162.41	81.25	17.80	92.1	136.7	100.5	122.1	98.45	<b>125.5</b>
Highest price paid	59.98	163.80	165.00	86.00	95.3	137.7	143.5	125.6	126.7	<b>129.9</b>
Lowest price paid	24.64	57.91	79.00	14.60	16.1	79.5	65.35	87.8	80.2	<b>90.7</b>
P/E ratio	8.48	7.50	6.07	5.20	10.07	9.45	8.11	10.0	20.9	<b>18.09</b>
Change in share price during the year, %	129	171	-50	-78	417	48	-26	21	-19	<b>27</b>
Dividend yield, %	3.3	2.5	4.9	5.6	3.3	3.7	4.0	3.3	1.8	<b>1.8</b>
Total yield, %	129	174	-48	-73	423	52	-23	25	-16	<b>30</b>
<b>Number of shares, million</b>										
Number of shares, 31/12	289	289	274	274	274	274	274	274	274	<b>274</b>
Average number of shares	289	289	283	274	274	274	274	274	274	<b>274</b>
No. own shares held, 31/12	-	-	16	-	-	-	-	-	-	<b>-</b>
<b>SUSTAINABILITY-RELATED KEY RATIOS</b>										
<b>Employees</b>										
Number of Group employees, total <sup>2)</sup>	4,530	4,519	4,524	4,608	4,379	4,412	4,597	4,795	4,815	<b>4,881</b>
Number of female employees <sup>2)</sup>	563	587	604	650	598	669	736	813	824	<b>852</b>
Percentage of women on the Board/in Group management, %	25/12.5	25/20	25/33	25/29	27/17	27/0	27/0	27/17	27/20	<b>27/20</b>
Accidents per one million hours worked, own personnel, frequency	11.9	11.2	9.9	9.1	5.5	8.2	4.9	6.6	7.0	<b>5.8</b>
Accidents per one million hours worked incl. contractors, frequency								9.1	8.9	<b>7.9</b>
Sick leave rate, %	5.5	5.1	4.7	4.7	4.2	4.0	3.7	3.7	3.9	<b>4.3</b>
<b>Energy consumption</b>										
Total energy consumption, TJ	14,866	15,183	16,303	15,257	14,664	16,147	15,579	16,140	16,415	<b>17,231</b>
<b>Water withdrawal, total, km<sup>3</sup></b>										
	0.143	0.145	0.125	0.134	0.135	0.140	0.153	0.160	0.155	<b>0.173</b>

Ten-year overview the Group, cont.	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1)</sup>	2013	2014
<b>Emissions &amp; Discharges</b>										
Direct emissions of greenhouse gases, Ktonnes	402	384	413	450	486	510	499	574	578	554
Indirect emissions of greenhouse gases, electricity purchased, Ktonnes	384	395	384	357	356	398	408	416	402	425
Indirect emissions of greenhouse gases, heating and steam purchased, Ktonnes	12	13	24	0	5	6	17	18	20	22
Carbon dioxide emissions, total, Ktonnes	798	791	822	807	848	913	924	1,008	1,000	1,001
Emissions of metals to air, tonnes	35	35	35	23	21	23	23	20	19	22
Sulphur dioxide emissions to air, tonnes <sup>3)</sup>	6,910	7,890	8,070	8,260	6,930	6,850	7,410	8,240	6,410	7,320
Discharges of metals to water, tonnes <sup>3)</sup>	19	25	28	29	14	18	14	29	29	28
Discharges of nitrogen to water, tonnes	354	295	294	283	225	199	205	253	219	225

<sup>1)</sup> The 2012 comparison year has been restated due to the changes to the IFRIC 20 and IAS 19 accounting principles in 2013.

<sup>2)</sup> Refers to full-time employees from 2008 onwards. The period from 2005-2007 refers to average number of employees.

<sup>3)</sup> The number of reporting emission and discharge points have, as of 2012, been increased within "discharges of metals to water" and "sulphur dioxide emissions to air".

## Ten-year overview – Mines

	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1)</sup>	2013	2014
<b>Metal concentrate production</b>										
Zinc, Ktonnes	342	328	333	297	307	294	283	271	272	294
Copper, Ktonnes	87	87	63	57	55	76	81	79	79	78
Lead, Ktonnes	49	49	54	53	57	50	49	49	48	61
Gold, kg	4,471	4,510	2,834	2,603	3,130	3,727	3,681	3,644	3,849	4,379
Gold, troy oz.	147,738	145,005	91,121	83,672	100,623	119,839	118,332	117,150	123,759	140,789
Silver, kg	226,114	211,640	241,701	211,683	214,120	230,756	231,388	229,791	261,804	323,325
Silver, '000 troy oz.	7,270	6,804	7,771	6,806	6,884	7,419	7,439	7,388	8,417	10,395
Tellurium, kg <sup>2)</sup>	-	-	-	-	-	-	-	6,791	24,457	30,917
<b>Financial data</b>										
Revenues	4,642	7,261	7,567	5,178	6,509	9,580	10,279	9,509	8,303	9,318
Operating expenses	2,881	3,314	3,578	3,716	3,652	4,535	5,189	5,008	4,924	5,417
Depreciation	507	543	605	618	673	954	1,110	1,669	1,917	2,264
Operating profit	1,117	3,010	3,135	734	2,159	4,113	3,913	2,974	1,598	1,299
Investments	934	1,065	1,503	3,886	4,435	2,189	2,338	3,570	3,763	3,450
Capital employed	4,120	4,392	4,970	8,292	12,476	13,501	14,272	16,125	18,288	19,615
<b>AITIK</b>										
Milled ore, Ktonnes	16,674	18,481	18,178	17,813	18,791	27,596	31,541	34,321	37,070	39,090
<b>Head grades</b>										
Cu, %	0.44	0.40	0.32	0.30	0.27	0.27	0.24	0.22	0.21	0.20
Au, g/tonne	0.22	0.25	0.14	0.14	0.13	0.16	0.14	0.11	0.10	0.09
Ag, g/tonne	3.61	2.72	3.67	2.81	1.99	2.07	2.15	2.50	2.28	2.14
<b>Concentrate production</b>										
Cu, Ktonnes	237	240	185	174	171	263	267	270	292	277
<b>Concentrate grade</b>										
Cu, %	27.67	27.55	27.25	27.20	26.94	25.58	25.00	24.85	24.29	24.48
<b>Metal production</b>										
Cu, Ktonnes	66	66	50	47	46	67	67	67	71	68
Au, kg	1,840	2,342	1,178	1,218	1,348	2,208	2,447	1,959	1,765	1,767
Au, troy oz.	59,157	75,286	37,865	39,172	43,338	70,987	78,657	62,996	56,731	56,823
Ag, kg	41,297	35,730	42,301	32,087	24,701	36,468	45,040	51,698	53,612	54,854
Ag, '000 troy oz.	1,328	1,149	1,360	1,032	794	1,172	1,448	1,662	1,724	1,764
<b>Financial data, SEK m</b>										
Revenues	1,653	2,995	2,305	1,949	1,997	3,996	4,549	4,170	3,593	3,427
Operating profit before depreciation	900	2,207	1,388	1,049	1,134	2,442	2,583	2,651	1,902	1,669
Operating profit	793	2,073	1,217	876	949	2,008	2,046	1,732	882	558
Investments	325	420	760	2,994	3,674	1,210	1,178	1,207 <sup>1)</sup>	1,143	1,181
Cash cost US\$/lb Cu C1, Normal	76	85	129	124	86	105	120	83	131	138
<b>Proven and probable mineral reserves<sup>3)</sup></b>										
Mtonnes	219	625	610	633	747	733	710	702	1,085	1,126
Cu, %	0.31	0.28	0.29	0.27	0.25	0.25	0.25	0.25	0.22	0.22
Au, g/tonne	0.20	0.20	0.20	0.20	0.10	0.10	0.10	0.10	0.14	0.14

	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1)</sup>	2013	2014
<b>THE BOLIDEN AREA</b>										
Milled ore, Ktonnes	1,782	1,679	1,848	1,355	1,192	1,375	1,677	1,862	1,809	1,862
of which, slag	166	222	187	293	242	157	134	241	301	245
<b>Head grades</b>										
Zn, %	6.08	5.56	4.81	4.01	3.69	3.69	2.87	2.15	2.61	3.00
Cu, %	1.49	1.56	0.81	1.00	0.95	0.79	1.03	0.84	0.61	0.60
Pb, %	0.56	0.47	0.50	0.43	0.46	0.37	0.27	0.23	0.28	0.30
Te, g/tonne <sup>2)</sup>	-	-	-	-	-	-	-	8.94	28.78	33.8
Au, g/tonne	2.1	1.8	1.6	1.5	2.0	1.6	1.2	1.3	1.6	1.8
Ag, g/tonne	78	66	66	61	65	55	41	35	42	42.6
<b>Concentrate production</b>										
Zn, Ktonnes	162	131	131	70	58	74	69	56	63	82
Cu, Ktonnes	76	72	42	32	28	31	60	47	31	32
Pb, Ktonnes	11	7	11	5	4	4	3	3	3	5
<b>Concentrate grade</b>										
Zn, %	54.0	54.5	54.0	54.7	54.7	54.7	55.7	54.6	55.9	54.9
Cu, %	27.5	27.9	27.8	29.0	28.4	26.4	23.3	25.5	25.4	24.5
Pb, %	28.9	31.1	31.6	41.7	42.7	41.5	41.7	44.5	45.26	32.9
<b>Metal production</b>										
Zn, Ktonnes	87	72	71	38	31	40	38	30	35	45
Cu, Ktonnes	21	20	12	9	8	8	14	12	8	8
Pb, Ktonnes	3	2	3	2	2	2	1	1	1	2
Te, kg <sup>2)</sup>	-	-	-	-	-	-	-	6,791	24,457	30,917
Au, kg	2,428	1,900	1,412	1,141	1,568	1,285	989	1,434	1,808	2,062
Au, troy oz.	78,065	61,071	45,405	36,679	50,414	41,318	31,781	46,102	58,117	66,293
Ag, kg	87,212	67,828	79,753	47,671	48,186	52,806	45,318	41,405	45,212	47,421
Ag, '000 troy oz.	2,804	2,181	2,564	1,533	1,549	1,698	1,457	1,331	1,454	1,525
<b>Financial data, SEK m</b>										
Revenues	1,359	2,262	1,928	1013	1,109	1,448	1,587	1,552	1,317	1,712
Operating profit before depreciation	476	1,129	976	222	405	588	659	554	250	474
Operating profit	350	981	849	115	303	481	530	369	19	188
Investments	98	107	144	237	264	298	565	623	364	261
Cash cost US\$/lb Zn C1, Pro-rata									72	78
Cash cost US\$/lb Cu C1, Pro-rata									264	216
Cash cost USD/tr. oz. Au C1, Pro-rata									1,098	921
<b>Proven and probable mineral reserves</b>										
Polymetallic ores, Ktonnes	2,920	4,450	7,020	7,350	6,950	8,220	8,980	9,110	12,680	11,580
Zn, %	6.7	5.0	3.6	4.3	4.3	5.3	5.2	5.4	6.0	5.5
Cu, %	0.9	1.0	0.9	0.8	0.8	0.6	0.6	0.6	0.6	0.5
Gold ores, Ktonnes	400	530	0	0	1,610	2,780	3,100	3,584	3,274	3,500
Au, g/tonne	4	3.2	0	0	4.9	4.1	3.6	3.8	3.8	3.5
Te, g/tonne	1.5	1.4	0	0	0	186	165	177	181	200
<b>KYLILAHTI<sup>4)</sup></b>										
Milled ore, Ktonnes										172
<b>Head grades</b>										
Cu, %	-	-	-	-	-	-	-	-	-	1.58
Zn, %	-	-	-	-	-	-	-	-	-	0.50
Au, g/tonne	-	-	-	-	-	-	-	-	-	0.67
<b>Concentrate production</b>										
Cu, Ktonnes	-	-	-	-	-	-	-	-	-	13,275
Zn, tonnes	-	-	-	-	-	-	-	-	-	756
<b>Concentrate grade</b>										
Cu, %	-	-	-	-	-	-	-	-	-	19.2
Zn, %	-	-	-	-	-	-	-	-	-	44.3
<b>Metal production</b>										
Cu, tonnes	-	-	-	-	-	-	-	-	-	2,546
Zn, tonnes	-	-	-	-	-	-	-	-	-	335
Au, kg	-	-	-	-	-	-	-	-	-	82
Au, troy oz.	-	-	-	-	-	-	-	-	-	2,624
<b>Financial data, SEK m</b>										
Revenues	-	-	-	-	-	-	-	-	-	117
Operating profit before depreciation	-	-	-	-	-	-	-	-	-	31
Operating profit	-	-	-	-	-	-	-	-	-	7
Investments	-	-	-	-	-	-	-	-	-	754
Cash cost US\$/lb Cu C1, Normal	-	-	-	-	-	-	-	-	-	190
<b>Proven and probable miner. reserves</b>										
Ktonnes	-	-	-	-	-	-	-	-	-	3,900
Cu, %	-	-	-	-	-	-	-	-	-	1.58
Zn, %	-	-	-	-	-	-	-	-	-	0.6
Au, g/tonne	-	-	-	-	-	-	-	-	-	0.9

Ten-year overview Mines, cont.	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1)</sup>	2013	2014
<b>GARPENBERG</b>										
Milled ore, Ktonnes	1,102	1,182	1,255	1,365	1,394	1,443	1,456	1,484	1,495	2,224
<b>Head grades</b>										
Zn, %	5.8	5.7	6.3	6.9	7.3	6.6	6.2	5.6	5.2	5.1
Cu, %	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pb, %	2.3	2.2	2.5	2.6	2.8	2.5	2.4	2.1	2.1	2.1
Au, g/tonne	0.3	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Ag, g/tonne	117	123	125	130	139	133	133	129	153	136
<b>Concentrate production</b>										
Zn, Ktonnes	106	113	132	158	167	160	148	136	127	182
Cu, Ktonnes	3	3	3	3	3	3	2	2	3	3
Pb, Ktonnes	28	29	36	41	44	41	39	35	36	58
<b>Concentrate grade</b>										
Zn, %	55.0	54.2	54.1	53.1	53.8	53.7	55.0	54.8	55.4	54.6
Cu, %	21.9	23.1	22.1	20.4	18.3	18.3	19.1	17.7	18.0	14.8
Pb, %	74.2	71.5	70.1	69.0	71.3	72.0	72.4	70.7	70.3	63.1
<b>Metal production</b>										
Zn, Ktonnes	58	61	71	84	90	86	81	75	70	99
Cu, Ktonnes	0.6	0.6	0.7	0.6	0.5	0.5	0.4	0.4	0.5	0.4
Pb, Ktonnes	21	21	25	29	31	29	28	25	25	37
Au, kg	203	269	244	243	214	234	246	250	277	468
Au, troy oz.	6,517	8,648	7,851	7,821	6,870	7,534	7,895	8,051	8,911	15,049
Ag, tonnes	98	108	118	130	139	140	140	135	162	218
Ag, '000 troy oz.	3,138	3,475	3,787	4,189	4,473	4,505	4,505	4,341	5,201	7,014
<b>Financial data, SEK m</b>										
Revenues	637	1,311	1,710	1,163	1,490	1,902	2,155	1,876	1,675	2,318
Operating profit before depreciation	257	927	1,195	598	945	1,293	1,506	1,262	1,025	1,319
Operating profit	194	850	1,095	466	793	1,124	1,314	1,033	776	919
Investments	230	273	323	344	157	281	660	1,459	2,045	916
Cash cost US\$/lb Zn C1, Pro-rata									46	56
<b>Proven and probable miner. reserves</b>										
Ktonnes	10,600	17,200	20,800	26,000	25,800	25,100	23,600	25,600	36,300	37,600
Zn, %	5.7	5.7	5.2	5.1	5.4	5.3	5.1	5.1	4.6	4.3
Ag, g/tonne	121	123	116	134	142	145	144	131	132	120
<b>TARA</b>										
Milled ore, Ktonnes	2,551	2,751	2,658	2,411	2,508	2,593	2,486	2,502	2,493	2,287
<b>Head grades</b>										
Zn, %	8.4	7.7	7.7	7.8	7.9	7.0	7.0	7.0	7.1	6.9
Pb, %	1.6	1.4	1.5	1.5	1.5	1.4	1.4	1.4	1.5	1.6
<b>Concentrate production</b>										
Zn, Ktonnes	359	356	351	320	344	316	307	305	298	267
Pb, Ktonnes	45	44	42	40	41	34	34	41	39	42
<b>Concentrate grade</b>										
Zn, %	54.6	54.8	54.5	54.7	53.9	53.0	53.3	54.4	55.9	56.0
Pb, %	57.6	58.8	60.9	56.7	57.5	53.7	58.8	55.2	56.1	53.1
<b>Metal production</b>										
Zn, Ktonnes	196	195	191	175	186	167	164	166	166	150
Pb, Ktonnes	26	26	26	23	24	19	20	23	22	22
Ag, kg	1,959	1,775	1,850	1,638	2,092	1,344	909	1,673	1,197	2,433
Ag, '000 troy oz.	63	57	59	53	67	43	29	54	38	78
<b>Financial data, SEK m</b>										
Revenues	1,306	2,950	3,129	1,357	1,671	1,831	1,757	1,727	1,542	1,743
Operating profit before depreciation	453	1,887	1,989	154	303	619	503	421	595	479
Operating profit	294	1,722	1,796	-40	76	383	268	100	195	56
Investments	278	265	277	305	338	285	372	268	201	313
Cash cost US\$/lb Zn C1, Normal	48	76	65	79	64	69	72	69	68	75
<b>Proven and probable miner. reserves</b>										
Ktonnes	15,900	16,700	17,800	17,100	17,000	16,000	15,700	14,000	13,100	15,300
Zn, %	8.5	8.4	7.7	7.4	7.2	7.1	7.1	7.1	7.0	6.6
Pb, %	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.7	1.6	1.5

<sup>1)</sup> Comparison figures for 2012 have been restated due to changes in accounting regulations. Investments at Aitik increased by SEK 383 million.

<sup>2)</sup> Tellurium production started in 2012.

<sup>3)</sup> Aitik's figures for 2013 are updated in accordance with the press release published on 6th May 2014.

<sup>4)</sup> The acquisition of Kylahti was completed in October 2014.



# Ten-year overview – Smelters

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Metal production</b>										
Zinc, Ktonnes	433	443	463	443	434	456	461	467	455	<b>468</b>
Copper, Ktonnes	348	356	315	350	302	303	336	339	325	<b>347</b>
Lead, Ktonnes	27	26	26	14	13	17	11	19	24	<b>25</b>
Lead alloys, Ktonnes (Bergsöe)	46	45	44	43	39	42	41	43	45	<b>44</b>
Gold, kg	20,439	19,693	14,876	15,489	15,028	14,220	12,848	16,175	16,177	<b>17,368</b>
Gold, troy oz.	657,128	633,144	478,274	497,972	483,157	457,168	413,052	520,011	520,094	<b>558,382</b>
Silver, kg <sup>1)</sup>	468,630	414,402	379,749	488,285	539,564	450,280	488,147	575,959	537,941	<b>626,767</b>
Silver, '000 troy oz. <sup>1)</sup>	15,067	13,323	12,209	15,699	17,346	14,476	15,964	18,517	17,294	<b>20,151</b>
Aluminium fluoride, Ktonnes	30	29	35	35	33	22	35	36	34	<b>35</b>
Sulphuric acid, Ktonnes	1,340	1,341	1,231	1,329	1,123	1,372	1,597	1,634	1,564	<b>1,659</b>
<b>Financial data</b>										
Revenues	20,826	37,514	34,704	31,256	26,765	34,390	38,471	38,753	33,410	<b>35,894</b>
Gross profit excl. revaluation of process inventory <sup>2)</sup>	6,654	10,202	7,802	6,942	6,560	7,158	7,160	7,288	6,908	<b>7,869</b>
Operating expenses	4,147	4,471	4,618	5,076	5,281	5,247	5,358	5,330	5,346	<b>5,370</b>
Depreciation	755	765	771	807	888	848	823	891	913	<b>1,012</b>
Operating profit excl. revaluation of process inventory <sup>2)</sup>	1,772	5,021	2,489	1,161	451	1,134	1,051	1,095	679	<b>1,518</b>
Operating profit	2,210	5,652	2,297	372	1,724	1,946	790	1,224	210	<b>1,672</b>
Investments	402	782	1,008	737	473	804	1,627	993	1,200	<b>768</b>
Capital employed	13,328	14,474	16,738	13,656	13,712	14,225	16,213	15,569	15,791	<b>15,592</b>
<b>RÖNNSKÄR</b>										
<b>Smelting material</b>										
<b>Copper, Ktonnes</b>										
Copper concentrate	606	587	598	611	565	544	651	624	605	<b>661</b>
Secondary raw materials of which, electronics <sup>3)</sup>	137	159	160	173	154	155	175	221	209	<b>184</b>
Copper, total	744	746	758	784	719	699	826	844	814	<b>845</b>
<b>Lead, Ktonnes</b>										
Lead concentrate	40	36	38	18	14	16	11	27	38	<b>40</b>
Secondary raw materials	4	4	2	5	7	6	5	2	1	<b>1</b>
Lead, total	44	39	40	22	21	23	17	29	39	<b>41</b>
<b>Production</b>										
Cathode copper, Ktonnes	223	229	214	228	206	190	219	214	206	<b>217</b>
Lead, Ktonnes	27	26	26	14	13	17	11	19	24	<b>25</b>
Zinc clinker, Ktonnes	35	33	36	41	39	37	36	36	36	<b>39</b>
Gold, tonnes	17	16	12	13	13	12	11	13	12	<b>13</b>
Gold, '000 troy oz.	546	506	389	432	427	400	341	403	402	<b>419</b>
Silver, tonnes	434	374	347	430	481	386	415	448	437	<b>479</b>
Silver, '000 troy oz.	13,947	12,023	11,142	13,813	15,472	12,340	13,344	14,395	14,051	<b>15,392</b>
Sulphuric acid, Ktonnes	580	551	544	557	515	502	571	553	536	<b>564</b>
Liquid sulphur dioxide, Ktonnes	35	37	50	53	36	43	42	38	39	<b>42</b>
Palladium concentrate, tonnes	3	3	3	3	3	2	2	3	2	<b>2</b>
<b>Financial data, SEK m</b>										
Revenues	3,204	2,322	2,131	1,882	1,669	1,799	2,226	2,398	2,029	<b>2,417</b>
Operating profit before depreciation	564	1,075	846	637	338	441	715	832	374	<b>748</b>
Operating profit	364	861	615	395	83	187	470	535	53	<b>405</b>
Investments	153	318	228	192	199	270	1,074	481	345	<b>147</b>
<b>BERGSÖE</b>										
<b>Smelting material, Ktonnes</b>										
Secondary raw materials	65	59	61	65	57	56	57	62	63	<b>63</b>
<b>Production, Ktonnes</b>										
Lead alloys	46	45	44	43	39	42	41	43	45	<b>44</b>
<b>Financial data, SEK m</b>										
Revenues	530	787	918	760	632	793	787	698	715	<b>783</b>
Operating profit before depreciation	104	149	344	142	106	99	95	52	57	<b>64</b>
Operating profit	94	138	330	127	91	82	75	34	39	<b>45</b>
Investments	25	55	10	12	12	14	24	10	12	<b>10</b>

Ten-year overview Smelters, cont.	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>HARJAVALTA</b>										
<b>Smelting material, Ktonnes</b>										
Copper concentrate	521	538	451	529	400	434	456	516	471	551
Secondary raw materials	19	16	12	7	11	22	14	16	26	21
Copper, total	540	554	462	536	411	456	471	532	497	572
Nickel concentrate	156	205	262	273	211	262	259	248	251	239
<b>Production</b>										
Cathode copper, Ktonnes	124	127	101	122	97	113	116	125	119	130
Gold, tonnes	4	4	3	2	2	2	2	4	4	4
Gold, '000 troy oz.	111	128	90	66	56	57	72	117	119	139
Silver, tonnes	35	40	33	59	58	65	73	128	101	142
Silver, '000 troy oz.	1,119	1,300	1,067	1,886	1,876	2,077	2,350	4,122	3,244	4,577
Sulphuric acid, Ktonnes	566	632	557	659	501	573	600	639	590	658
Liquid sulphur dioxide, Ktonnes	41	43	42	37	33	27	35	37	37	37
Palladium concentrate, tonnes	0.92	0.71	0.46	0.21	0.27	0.72	0.84	0.54	1.47	1.91
<b>Financial data, SEK m</b>										
Revenues	4,000	1,915	1,267	1,432	1,261	1,468	1,552	1,666	1,631	1,746
Operating profit before depreciation	511	976	289	212	203	318	373	479	496	485
Operating profit before depreciation, excl. PIR <sup>2)</sup>	511	976	289	339	62	318	373	479	496	485
Operating profit	357	820	149	64	24	154	222	324	316	279
Operating profit excl. PIR <sup>2)</sup>	357	820	149	191	-117	154	222	324	316	279
Investments	91	211	366	225	148	122	229	215	246	225
<b>KOKKOLA</b>										
<b>Smelting material, Ktonnes</b>										
Zinc concentrate	547	548	581	576	571	587	600	589	602	577
<b>Production, Ktonnes</b>										
Zinc	282	282	306	298	295	307	307	315	312	302
Silver concentrate, kg	-	-	-	-	-	-	-	-	-	5,651
Silver concentrate, '000 troy oz.										182
Sulphuric acid <sup>4)</sup>						199	302	313	319	314
<b>Financial data, SEK m</b>										
Revenues	1,319	2,713	2,523	1,848	1,979	2,062	1,818	1,778	1,795	2,004
Operating profit before depreciation	409	1,722	1,434	632	558	685	417	432	398	639
Operating profit	246	1,563	1,273	469	362	505	246	261	248	459
Investments	53	95	236	162	99	248	237	210	318	216
<b>ODDA</b>										
<b>Smelting material, Ktonnes</b>										
Zinc concentrate (incl. zinc clinker)	276	291	292	270	245	277	283	279	263	302
<b>Production, Ktonnes</b>										
Zinc	151	161	157	145	139	149	153	153	143	166
Aluminium fluoride	30	29	35	35	33	22	35	36	34	35
Sulphuric acid	193	158	130	113	108	123	125	128	119	123
<b>Financial data, SEK m</b>										
Revenues	858	1,636	1,441	1,200	1,123	1,128	1,212	1,184	1,070	1,395
Operating profit before depreciation	160	783	576	360	161	184	123	184	116	355
Operating profit	22	652	439	210	6	39	-25	31	-26	209
Investments	80	103	168	146	22	75	44	61	269	166

The operating profit per smelter excludes the revaluation of process inventory, with the exception of Harjavalta, 2008–2009.

<sup>1)</sup> Silver concentrate at Kokkola is included in the production figure shown as of 2014.

<sup>2)</sup> Process Inventory Revaluation.

<sup>3)</sup> Electronic scrap recycling was not reported separately between 2005 and 2009.

<sup>4)</sup> Investment in sulphuric acid plant, 2010.

# 2015 Annual General Meeting

Boliden's Annual General Meeting will be held on Tuesday, 5th May 2015 in Garpenberg.

## Participation

Shareholders wishing to participate in the Annual General Meeting must both be registered in the shareholders' register kept by Euroclear Sweden AB on Tuesday, 28th April 2015 (for details of the re-registration process for nominee shareholders, please see below) and have notified the company of their intention to participate, either via Boliden's website, [www.boliden.com](http://www.boliden.com), by calling the company on tel. +46 (0)8 32 94 29, or by writing to the company at the following address: Boliden AB, Legal Affairs, Box 44, SE-101 20 Stockholm, Sweden. All such notifications must be received by the company no later than Tuesday, 28th April 2015.

Shareholders' notifications of their intention to attend the Annual General Meeting shall include the shareholder's name, Civic ID no. or corporate ID no., address and telephone number, and the number of assistants who will accompany them. The information provided will be computerised and used exclusively in connection with the Annual General Meeting.

## Nominee shareholders

In order to be entitled to participate in the Annual General Meeting, nominee shareholders must, no later than Tuesday, 28th April 2015, have their shares temporarily re-registered in their own names with Euroclear Sweden AB. All such requests for registration in the shareholder's own name must be submitted to the relevant trustee well ahead of this date.

## Complete convening notice

A complete notice convening the Annual General Meeting, as well as financial and other information, can be found on Boliden's website at [www.boliden.com](http://www.boliden.com). Printed financial information may also be ordered via the website or from Boliden AB, Box 44, SE-101 20 Stockholm, Sweden.

## Financial information

5th May  
Interim Report for the first quarter 2015

17th July  
Interim Report for the second quarter 2015

23rd October  
Interim Report for the third quarter 2015

11th February 2016  
Fourth quarter Interim and Year-end Report 2015

## Questions

Any questions concerning the content of Boliden's financial information can be submitted to:  
Boliden's Investor Relations  
Tel. +46 8 610 15 00 or  
e-mail: [investorrelations@boliden.com](mailto:investorrelations@boliden.com)

# Adresses

## Group

**Boliden Group**  
Box 44  
SE-101 20 Stockholm  
Street address:  
Klarabergsviadukten 90  
Tel. +46 8 610 15 00  
Fax +46 8 31 55 45  
Fax +46 8 30 95 36  
(Legal Affairs staff function)

## Boliden Mines

SE-936 81 Boliden  
Tel. +46 910 77 40 00  
Fax +46 910 77 42 34

## The Boliden Area

SE-936 81 Boliden  
Tel. +46 910 77 40 00  
Fax +46 910 77 42 25

## Boliden Aitik

Sakajärvi 1  
SE-982 92 Gällivare  
Tel. +46 970 72 90 00  
Fax +46 970 72 90 01

**Boliden Garpenberg**  
SE-776 98 Garpenberg  
Street address: Kapplavägen 5  
Tel. +46 225 360 00  
Fax +46 225 360 01

**Boliden Kylylahti**  
Kaivostie 9  
FI- 83700 Polvijärvi  
Finland  
Tel. +358 10 271 0090

**Boliden Tara**  
Knockumber  
Navan  
Co. Meath  
Ireland  
Tel. +353 46 908 2000  
Fax +353 46 908 2581

**Boliden Smelters**  
Staff  
Box 750  
SE-101 35 Stockholm  
Street address:  
Klarabergsviadukten 90  
Tel. +46 8 610 15 00  
Fax +46 8 610 15 51

**Boliden Kokkola**  
Box 26  
FI-67101 Kokkola  
Finland  
Tel. +358 6 828 6111

**Boliden Odda**  
Eitrheimsneset 1  
NO-5750 Odda  
Norway  
Tel. +47 53 64 91 00  
Fax +47 53 64 33 77

**Boliden Harjavalta**  
Teollisuuskatu 1  
FI-29200 Harjavalta  
Finland  
Tel. +358 2 535 8111  
Fax +358 2 535 8239

**Boliden Rönnskär**  
SE-932 81 Skelleftehamn  
Tel. +46 910 77 30 00  
Fax +46 910 77 32 15

**Boliden Bergsöe**  
Box 132  
SE-261 22 Landskrona  
Tel. +46 418 572 00  
Fax +46 418 572 05

**Boliden Marketing Office UK**  
No 7 Clarendon Place  
Royal Leamington Spa  
Warwickshire  
CV32 5QL  
UK  
Tel. +44 1926 833 010  
Fax +44 1926 450 084

**Boliden Marketing Office Germany**  
Stresemannallee 4c  
D-414 60 Neuss  
Germany  
Tel. +49 2131 750 46 55  
Fax +49 2131 750 46 54

**Boliden Marketing Office Denmark**  
Hvissinge vej 16  
DK-1600 Glostrup  
Denmark  
Tel. +45 4326 8300

[www.boliden.com](http://www.boliden.com)

