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### TERRAFAME OY

**Executive Summary**

At the customer’s request, Company, Inc. carried out the following public records checks on Terrafame Oy as of July 18, 2022:

* Open Source Sweep
* Company Proof of Existence
* Public-Sector Exposure
* Regulatory Enforcement
* Litigation and Solvency

The subject company is a mining services company which produces base metal products. It is a duly registered business entity, based in Tuhkakylä, Finland; its key principals include majority shareholder, Suomen Malmijalostus Oy and its parent company, Trafigura. Publicly-available indicators of its reputation include several adverse media returns stemming from charges of environmental damage and Trafigura’s connections to tax havens and suspected money laundering activities. Regulatory fines were identified in relation to environmental damage whilst adverse litigation findings pertaining to labour cases contesting environmental permits were also identified. The subject has public sector exposure through its majority shareholder, Suomen Malmijalostus Oy, who is wholly-owned by the State of Finland. The subject is not cited in a selection of sanctions watchlists.

#### Key Findings

|  |  |
| --- | --- |
| **Corporate registration** | Registration records found |
| **International sanctions** | Not cited in selection of sanctions watchlists |
| **Regulatory enforcement** | **Other findings (fined for environmental damage)**  |
| **Government connections** | **Government connections identified (majority shareholder fully-owned by the State)** |
| **Litigation** | **Adverse litigation identified (labor cases involving environmental permits)**  |
| **Adverse Media** | **Derogatory records found (multiple charges of environmental damage, suspicions of money laundering and tax evasion by subject’s minority shareholder, Trafigura)**  |

#### Legend: black - no adverse findings; orange - some adverse findings; red - high-risk adverse findings

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#### Corruption and Press Freedom Context

According to Transparency International's 2021 Corruption Perception Index, Finland has a corruption score of 88, ranked 1st among the 180 countries evaluated, and a perceived corruption level of **low**.

The Reporters Without Borders’ 2021 World Press Freedom Index indicates that Finland has a press freedom score of 88.42, ranked 5th among the 180 countries evaluated, and a perceived press freedom level of **very high**.

**Open Source Sweep**

References to adverse media were found during an open-source sweep on Terrafame Oy, with the earliest adverse finding date being 2014 and with the most recent finding date being 2022.

A scan of the Company Relational Cloud as well as a focused open-source review on the subject company’s adverse media references in international and local media, in both English and the local-language, yielded these adverse open-source findings on the subject.

A summary of the subject company’s adverse open-source references revealed the following findings:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Finding Heading** | **Date of Event** | **Date Reported** | **Criminal Nature** | **Country of Finding** |
| A study completed at the University of Helsinki indicates that transporting treated wastewater from the Talvivaara mine, which is operated by the subject, through a discharge pipeline installed directly into the Lake Nuasjärvi basin in 2015 has caused oxygen depletion close to the pipeline and significantly changed the organism communities living at the lake bottom.[[1]](#footnote-2) | 2019 | October 17, 2019 | No | Finland |
| A hazardous substance accident occurred at the subject’s water plant - ammonia water ended up in the safety pool. The ammonia water safety valve malfunctioned, thereby causing 1,000–2,000 liters of 25 percent of ammonia water to fill the safety tank.[[2]](#footnote-3)  | 2021 | July 22, 2021 | No | Finland |
| Multiple criminal charges for environmental damage were brought against the subject in respect of their activities in the Talvivaara mine between 2008 and 2013.[[3]](#footnote-4) | 2014 | October 4, 2021 | Yes | Finland |
| Stop Talvivaara campaign page in Facebook[[4]](#footnote-5) | 2022 | 2022 | No | Finland |
| The parliamentary group of the Left Alliance suspects Trafigura, the subject company’s minority shareholder of illicit behavior. Trafigura had been fined for taking an illegal poison cargo to the Ivory Coast and the company’s connections to tax havens has been revealed. Trafigura is also suspect of channeling large amounts of money to tax havens in transactions that have raised red flags related to money laundering.[[5]](#footnote-6) | 2020 | September 2020 | Not specified | Finland |

This product focused on discovering information that impacts upon the subject’s reputation to provide context on the subject and additional focus.

The following terms were searched during the course of the open source discovery in relation to the subject: *corruption, bribery, digital and cybercrime, environmental violations, sanction violations and fines, theft and extortion, fraud and forgery, tax evasion, terrorism, war crimes, embezzlement, narcotics, trafficking, slavery, forced labor, and human rights abuses*.

The following international newspapers or principal national newspapers were consulted during the open-source sweep:

*International media sources*:

* The New York Times
* The Washington Post
* The Wall Street Journal
* USA Today
* The BBC
* The Economist
* The Guardian
* TIME
* The Times
* The South China Morning Post
* The Sydney Morning Herald
* The Times of India
* The Globe and Mail
* The Sunday Times
* Punch
* Euro News
* ABC Australia
* Channel News Asia
* Africa News
* Info News

*Domestic Media Sources*:

* Helsingin Sanomat
* National Broadcasting Company YLE
* Aamulehti
* Turun Sanomat
* Kaleva
* Keskisuomalainen

**Company Proof of Existence**

Terrafame Oy, trading as Terrafame Mining and Terrafame is an active private limited company incorporated in Sotkamo, Finland on June 5, 2015 under registration and tax ID number 2695013-5, according to various public sources[[6]](#footnote-7) and syndicated corporate records.[[7]](#footnote-8) Known aliases and previous commercial names include Terrafame Ltd, Terrafame Ab and Terrafame Mining Oy.

The subject company is owned by the following entities: Suomen Malmijalostus Oy holds 67.1% of the shareholding capital, Galena Funds holds 31.1% and Sampo Plc holds the remaining 1.8%.[[8]](#footnote-9) Majority shareholder, Suomen Malmijalostus Oy is wholly-owned by the State of Finland.[[9]](#footnote-10)

The subject company’s registration record[[10]](#footnote-11) and website[[11]](#footnote-12) reveal the following contact information:

|  |  |
| --- | --- |
| **Registered Address** | Sotkamo, Finland |
| **Operating Address** | Malmitie 6688120 TuhkakyläFinland |
| **Telephone** | +358 20 7130 800 |
| **Website** | [www.terrafame.fi/](https://www.terrafame.fi/)  |

The following social media profiles were identified through research of the public domain:

|  |  |
| --- | --- |
| **LinkedIn** | <https://bit.ly/3cnrgrd>  |
| **Twitter** | <https://twitter.com/TerrafameOy>  |
| **Facebook** | [www.facebook.com/pages/Terrafame/900623850019601](http://www.facebook.com/pages/Terrafame/900623850019601)  |
| **Instagram** | [www.instagram.com/terrafameoy/?hl=en](http://www.instagram.com/terrafameoy/?hl=en)  |
| **YouTube** | <https://bit.ly/3yQ9qo6>  |

According to syndicated corporate records,[[12]](#footnote-13) Terrafame Oy’s field of activity includes the manufacturing of inorganic basic chemicals. Its business is to search for ores, utilize, dig and other mining and extractive activities, purchase and sell mining rights as well as business activities based on the knowledge acquired in these areas. The company can also own real estate and securities and engage in their trading and other investment activities. Its declared social capital on Q4 2021 was EUR 2 million (roughly equivalent to USD 2,028,889.67).[[13]](#footnote-14) No additional sources of wealth for the subject company were identified through syndicated corporate records or targeted search queries.

As per Terrafame Oy’s 2021 Financial Review,[[14]](#footnote-15) the subject company’s distribution of shares is as follows:

**Table 1. Identified shareholders with more than 5% ownership in the subject company.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Nationality** | **ID Number** | **ID Type** | **Percentage of shares** | **Value of shares (US$)** |
| Suomen Malmijalostus Oy (‘Finnish Minerals Group’, ‘FMG’)[[15]](#footnote-16) | Finland | 2674050-9 | Business ID number | 67.1%  | Undisclosed  |
| Galena Funds[[16]](#footnote-17) (Galena Asset Management S.A. - Galena is the private investment arm of the Trafigura Group. | Switzerland | CH-660.0.584.013-9 | Register number | 31.1%  | Undisclosed |
| Sampo plc (Sampo Oyj)[[17]](#footnote-18)  | Finland | 0142213-3 | Business ID number | 1.8%  | Undisclosed  |

The registration extract for Terrafame Oy[[18]](#footnote-19) identifies the following current board of directors:

**Table 2. Identified current directors in the subject company.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Nationality** | **ID Number** | **ID Type** | **Position** |
| Lauri Antero Ratia (Lauri Ratia[[19]](#footnote-20) | Finnish | Undisclosed  | N/A | Chairman of the Board |
| Jyrki Toivo Olavi Vainionpää (Jyrki Vainionpää)[[20]](#footnote-21)  | Finnish | Undisclosed | N/A | Member of the Board |
| Tuomo Vesa Mäkelä (Tuomo Mäkelä)[[21]](#footnote-22) | Finnish | Undisclosed | N/A | Member of the Board |
| Jesus Fernandez Lopez (Jesus Fernandez)[[22]](#footnote-23) | Spanish | Undisclosed | N/A | Member of the Board |
| Matti Sakari Hietanen (Matti Hietanen)[[23]](#footnote-24) | Finnish | Undisclosed | N/A | Member of the Board |
| Riitta Helena Mynttinen (Riitta Mynttinen)[[24]](#footnote-25)  | Finnish | Undisclosed | N/A | Member of the Board |
| Julian Sanchez Egea[[25]](#footnote-26) | Spanish | Undisclosed | N/A | Member of the Board |

We note that the subject company’s website notes Henry Emmanuel (Member of the Board 2017-) as a current Director and omits Julian Sanchez Egea.[[26]](#footnote-27)

Through an open-source sweep, the following adverse connections were identified in relation to subject company:

**Table 3. Identified adverse connections in the subject company.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Type**  | **Category of Connection** | **Adverse Finding Heading** | **Multiple Adverse Findings Found**  |
| Trafigura | Organization | Tax Evasion | 31.1% Shareholder, Galena Funds is the private investment arm of the Trafigura Group. Trafigura is suspected of channeling large amounts of money to tax havens in transactions that have raised red flags concerning money laundering. The company has also been linked to multiple adverse environmental incidents. [[27]](#footnote-28) | No |

The subject company has not been cited on the sanctions watchlists of the following investigative agencies:

* The U.N. Security Council
* INTERPOL
* The European Commission
* The U.S. OFAC
* The U.S. FBI
* The U.S. Department of Commerce
* The government of the United Kingdom
* The government of Canada
* The Swiss Secretariat of Economic Affairs

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#### Public Sector Exposure

Terrafame Oy was found to have benefited from indirect state ownership.

The subject company was found to be politically exposed to the following entities:

**Table 4. Identified politically exposed connections to the subject company.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Type of Entity**  | **Category of Connection** | **Political Sphere** | **Nature of Public Sector Involvement**  |
| Suomen Malmijalostus Oy (Finnish Minerals Group)  | Organization | Majority shareholder  | National Government | Suomen Malmijalostus Oy is fully owned by the State of Finland[[28]](#footnote-29) |

The subject company was found to have been exposed to the following public sector contracts:

**Table 5. Identified public sector contracts related to the subject company.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Public Sector Agency** | **Nature of Contract** | **Date of Contract** | **Contract Value ($US)** | **Contract Status** | **Details of Exchange** |
| Regional State Administrative Agency for Northern Finland[[29]](#footnote-30) | Concession | June 20, 2022 | Undisclosed | Awarded  | The Regional State Administrative Agency for Northern Finland granted the subject a temporary environmental permit for their Sotkamo-based mining and metal recovery operations and for their expansion. A new environmental permit must be applied for by March 31, 2029. The subject has also been granted a water management permit for water management projects that require the continuation of operations. |
| Supreme Administrative Court[[30]](#footnote-31) | Concession | June 20, 2021 | Undisclosed | Awarded | The Supreme Administrative Court issued its decision on the uranium recovery permit granted by the government to the subject on 6 February 2020. Earlier in February 2020, the State Council granted the subject a license for mining and ore beneficiation as referred to in the Nuclear Energy Act. The permit entitles the company to recover uranium from the ore obtained from the Sotkamo mine. |
| Regional State Administrative Agency for Northern Finland[[31]](#footnote-32) | Concession | January 20, 2021 | Undisclosed | Awarded | The Regional State Administrative Agency for Northern Finland granted an environmental permit to the subject for its battery chemicals plant. |

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#### Regulatory Enforcement

Terrafame Oy has experienced fines by regulatory authorities with the earliest known date of enforcement being March 2020 and the most recent date of enforcement being June 2022. The total value of the known regulatory enforcement actions found against the subject company was a total of USD 571,753.13. The subject company has not been publicly cited as a delinquent debtor or a missing taxpayer, nor is it cited for tax arrears.[[32]](#footnote-33)

**Table 6. Identified regulatory enforcement actions against the subject company.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Public Sector Agency** | **Heading** | **Date of Enforcement** | **Enforcement Amount ($US)** | **Criminal** | **Regulatory Enforcement Details** |
| Regional Administration Agency for Northern Finland[[33]](#footnote-34) | Terrafame ordered to pay a fine in compensation for sewage damage | March 5, 2020 | USD 503,787.25 | No | The Regional Administration Agency of Northern Finland issued decision No. 14–15/2020 on the compensation for water pollution damage caused by the operation of the mine concerning the period after May 31, 2013. The subject was ordered to pay compensation for the difficulty of recreational use of waterfront properties, loss of income from fishing in water areas and damages caused to commercial fishing. The total amount of compensation, including interest, is around EUR 495,000. |
| Regional Administrative Agency for Northern Finland[[34]](#footnote-35) | Compensation for damage and obligations to take measures to prevent damage | June 20, 2022 | USD 67,610.42 annually until 2030 | No | The Regional Administrative Agency for Northern Finland ordered the subject to pay each of Jormaskylä-Korholanmäki and Nuaskylä cooperatives EUR 5,720 per year in compensation for the loss of fishing income in Nuasjärvi caused by discharges into the waters. The subject has also been ordered to pay a fisheries fee of EUR 50,000 to the ELY Center of Lapland and EUR 5,000 to the ELY Center of Northern Savo per year. The environmental permit is valid until the end of March 2030. In addition, the Jormaskylä–Korholanmäki cooperative will receive compensation for the construction of the Salminen dam, the filling of the Salminen water area and the resulting change in the catchment area, as well as the loss of fishing income caused by the emissions of the operation to the Salminen water area outside the mining district. In addition to these, the subject must initiate a case at the regional administrative agency regarding the compensation of damages that may be caused to commercial fishing and fishing tourism companies in the Nuasjärvi and Rehja area. |

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#### Adverse Litigation and Solvency Review

Terrafame Oy has been subjected to adverse litigation findings in labor cases within several different courts in the jurisdiction. The earliest known date of adverse litigation discovered involving the subject company was February 2020 and the most recent date of adverse litigation discovered being March 2022.

**Table 7. Identified adverse litigation and solvency involving the subject company.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Heading** | **Nature of Finding** | **Court Involved** | **Case Number** | **Plaintiff/Applicant** | **Respondent/Defendant** | **Date of Last Court Filing** | **Outcome** |
| Terrafame’s complaint about the environmental permit decision[[35]](#footnote-36) | Labor | Vaasa Administrative Court | 20280/2020 | Terrafame Oy | Regional Administrative Agency for Northern Finland | March 1, 2022 | Undisclosed |
| The Supreme Administrative Court has partially revoked the permission granted by the Government to the subject for the recovery of uranium[[36]](#footnote-37) | Labor | Supreme Administrative Court | KHO:2021:87 | The Kainuu piiri ry of the Finnish Nature Conservation Association, Vesiluonnon puolesta ry and the Finnish Nature Conservation Association | Terrafame Oy  | June 24, 2021 | Uranium can be extracted from the ore extracted from the Sotkamo mine in the Terrafame area, but the uranium-rich material taken elsewhere cannot be brought to the area. |
| Case Appeal permit application and appeal regarding an environmental permit of Terrafame Oy[[37]](#footnote-38) | Labor | Supreme Administrative Court | 373/2021 | Kainuu District of the Finnish Nature Conservation Association, Vesiluonton puelo ry and A. | Terrafame Oy | June 22, 2021 | The Supreme Administrative Court has decided that Environmental permit issued by the regional administrative agency has been changed to a temporary one and added a permit order regarding the obligation to investigate possible groundwater fractures in the side stone area. |
| Appeals regarding Vaasa Administrative Court’s decision regarding Terrafame's demolition pipe in the Sotkamo nickel mine[[38]](#footnote-39) | Labor | Supreme Administrative Court | Undisclosed | Undisclosed | Terrafame Oy | February 2020 | The subject is allowed to use its discharge pipe going into Nuasjärvi until 31 December 2018, i.e. the end of its temporary environmental permit. |

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1. Source: Annex 30 [↑](#footnote-ref-2)
2. Source: Annex 31 [↑](#footnote-ref-3)
3. Source: Annex 32 [↑](#footnote-ref-4)
4. Source: Annex 33 [↑](#footnote-ref-5)
5. Source: Annex 27 to 29 [↑](#footnote-ref-6)
6. Sources: Annexes 2 and 3 [↑](#footnote-ref-7)
7. Source: Annex 1 [↑](#footnote-ref-8)
8. Source: Annex 4 [↑](#footnote-ref-9)
9. Source: Annex 15 [↑](#footnote-ref-10)
10. Source: Annex 1 [↑](#footnote-ref-11)
11. Source: Annex 26 [↑](#footnote-ref-12)
12. Source: Annex 2 [↑](#footnote-ref-13)
13. Source: Annex 4 [↑](#footnote-ref-14)
14. Source: Annex 4 [↑](#footnote-ref-15)
15. Sources: Annexes 14 and 15 [↑](#footnote-ref-16)
16. Sources: Annexes 16 to 19 [↑](#footnote-ref-17)
17. Source: Annex 20 [↑](#footnote-ref-18)
18. Source: Annex 5 [↑](#footnote-ref-19)
19. Source: Annex 7 [↑](#footnote-ref-20)
20. Source: Annex 8 [↑](#footnote-ref-21)
21. Source: Annex 9 [↑](#footnote-ref-22)
22. Source: Annex 10 [↑](#footnote-ref-23)
23. Source: Annex 11 [↑](#footnote-ref-24)
24. Source: Annex 12 [↑](#footnote-ref-25)
25. Source: Annex 13 [↑](#footnote-ref-26)
26. Source: Annex 6 [↑](#footnote-ref-27)
27. Sources: Annexes 4 and 27 to 29 [↑](#footnote-ref-28)
28. Sources: Annexes 4 and 15 [↑](#footnote-ref-29)
29. Source: Annex 34 [↑](#footnote-ref-30)
30. Sources: Annexes 35 and 36 [↑](#footnote-ref-31)
31. Sources: Annexes 35 and 37 [↑](#footnote-ref-32)
32. Sources: Annexes 1, 2 and 21 [↑](#footnote-ref-33)
33. Sources: Annexes 38 and 39 [↑](#footnote-ref-34)
34. Sources: Annexes 34 and 40 [↑](#footnote-ref-35)
35. Source: Annex 41 [↑](#footnote-ref-36)
36. Sources: Annexes 42 and 43 [↑](#footnote-ref-37)
37. Source: Annex 44 [↑](#footnote-ref-38)
38. Source: Annex 45 [↑](#footnote-ref-39)