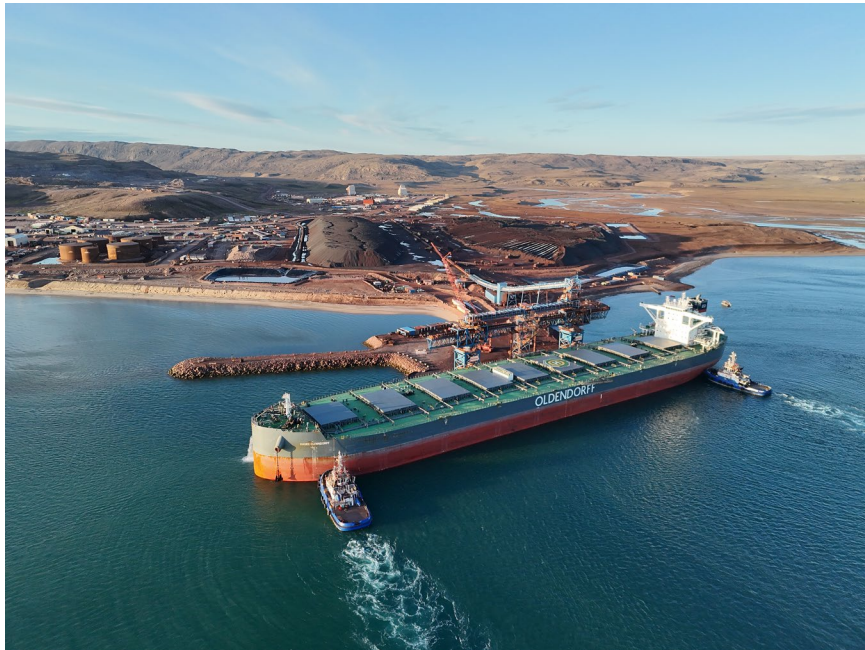

Forced Labour and Child Labour in Supply Chains Assessment Baffinland Iron Mines LP



 **Baffinland**

May 30, 2024



Bill S-211 Report - Fighting Against Forced Labour and Child Labour in Supply Chains Act

Introduction

Baffinland Iron Mines LP and its general partner, (collectively “Baffinland”), is committed to the protection of human rights in all its business practices and operations. This includes the prevention of modern slavery, forced labour and child labour in both its internal business practices and supply chain operations. Baffinland conducts its business in accordance with the Universal Declaration of Human Rights and ArcelorMittal’s Human Rights Policy as stated in our Sustainable Development Policy.

Baffinland values honesty and integrity in its operations, and all its business transactions. We adopt these values and maintain the relationship of trust with all individuals and companies Baffinland has business dealings with. Each new employee, contractor and representative is required to acknowledge their awareness and compliance with the policies identified in our Code of Business Conduct.

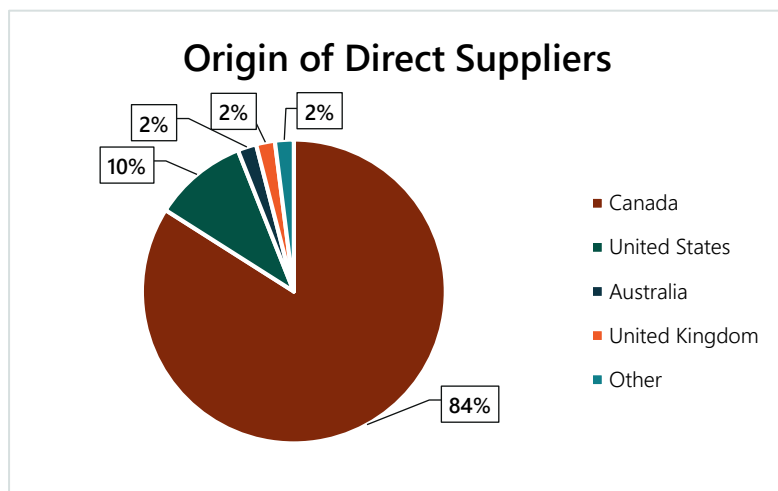
Structure, Activities & Supply Chain

Baffinland operates as a private company at 360 Oakville Place Drive, Oakville, ON L6H 6K8, with our northern headquarters located in Iqaluit, Nunavut. The financial reporting year of Baffinland covered by this report is January 1st to December 31st, 2023. Baffinland satisfies the definition of an Entity within the Act by having a place of business in Canada, conducting business in Canada, having assets in Canada and meeting two of the three size-related thresholds. Baffinland employs 1,417 staff members across Canada, with one-third of our workforce residing in Ontario.

Structure - Baffinland is a Canadian mining company that produces the highest grade of direct shipping ore in the world, on Baffin Island in Nunavut, Canada. Baffinland’s primary business is mining and exporting iron ore, contributing to the global supply of this essential raw material for steel production. Baffinland’s operations also include infrastructure development of roads and port facilities, to transport the extracted iron ore from the mine site to shipping ports for export to global markets.

This is the first version of the report submitted, and the report is for the entity Baffinland Iron Mines LP. There are no other reporting requirements under other jurisdictions. Baffinland Iron Mines LP’s general partner is Baffinland Iron Mines Corporation, and its sole limited partner is Nunavut Iron Ore Inc.

Activities - Baffinland operates in the natural resources sector, specifically in the mining industry. The company is primarily engaged in the exploration, development, and production of iron ore deposits. As such, Baffinland operates within the broader mining and metals sector, focusing specifically on the extraction and processing of iron ore resources. Baffinland has among the richest iron ore deposits ever discovered, consisting of nine-plus high-grade iron ore deposits that can be mined, crushed, and screened into marketable products. These products cater to many different customer segments and consumer needs. Within the mining sector, Baffinland’s operations are centered around its flagship project, the Mary River Mine, located on Baffin Island in Nunavut. The company’s activities at this site include various stages of mining operations, such as exploration, drilling, blasting, crushing, and transportation of iron ore for export to global markets.



Supply Chain - Baffinland directly procures goods from 14 origin countries. It is possible that some of the vendors have parent companies residing outside of known vendor addresses. We have analyzed the office addresses of all our vendors and found that they are mostly Canadian (refer to Figure 1). Baffinland currently has limited visibility on the full geographical reach of its suppliers' locations and limited knowledge of the origination of where suppliers source

their goods. Figure 1 represents the makeup of our supply chain by country and by total purchasing spend. Baffinland has 513 direct suppliers, with 84% of our vendors located in Canada, 10% located in the U.S., 2% in Australia and 2% in the United Kingdom. Countries accounting for less than 1% of the total purchasing spend each were not included in the risk assessment analysis and are represented as Other in Figure 1 above. In fiscal year 2023, Baffinland procured 94% of goods directly from entities in Canada and the United States. Baffinland has not yet performed an analysis of indirect suppliers, for the purposes of reporting under the Act.

Policies & Due Diligence

Baffinland has the following internal policies in place relevant to this Act:

Policy	Description	Support in Mitigating Risk of Forced Labour and Child Labour
Sustainable Development Policy	<ul style="list-style-type: none"> Outlines Baffinland's commitment to balancing economic growth, social progress, and environmental protection to meet the needs of the present without compromising the ability of future generations to meet their own needs. 	Our sustainable development policy provides a framework for Baffinland to integrate social, environmental, and ethical considerations into its business operations, contributing to the prevention of forced and child labour. By promoting responsible business practices, companies can play a crucial role in advancing the fight against exploitation and abuse in global supply chains.
Whistleblower Policy	<ul style="list-style-type: none"> A set of guidelines and procedures established by Baffinland to encourage employees, contractors, and 	Instances of forced labour or child labour often occur covertly within supply chains or within company operations. Employees or stakeholders who are aware of such practices may hesitate to

	<p>stakeholders to report any unethical activities within the organization without fear of retaliation.</p>	<p>come forward due to fear of retaliation or lack of confidence in the reporting process. Our whistleblower policy provides a mechanism for these individuals to report violations confidentially and anonymously, thereby enabling the detection of labour abuses that might otherwise go unnoticed.</p>
Human Rights Policy	<ul style="list-style-type: none"> Principles, guidelines, and commitments established by Baffinland to uphold and promote respect for human rights within its internal operations and throughout its business activities. 	<p>Many instances of child labour and forced labour occur in global supply chains, where suppliers may contribute to labour exploitation. Our robust human rights policy ensures that our supply chain is free from abusive labour practices and takes proactive measures to address risks.</p>
Anti-Bribery and Anti-Corruption Policy	<ul style="list-style-type: none"> A set of guidelines that outline Baffinland's commitment to preventing bribery and corruption. It defines prohibited conduct, outlines reporting mechanisms, and defines stakeholder responsibilities. 	<p>Forced labour and child labour often occur in industries or regions where bribery and corruption are prevalent. By implementing robust anti-bribery and anti-corruption measures, we can reduce the risks of exploitation and abuse faced by vulnerable workers, including children. In addition, preventing bribery and corruption has created a transparent business environment where labour rights are respected and enforced.</p>
Workplace Harassment and Violence Policy	<ul style="list-style-type: none"> Outlines Baffinland's stance against harassment and violence and establishes procedures and guidelines for reporting incidents of violence, intimidation, harassment, sexual harassment and bullying on company premises, at company events or while conducting company business. 	<p>Our clear harassment policy establishes a safe and respectful workplace environment. The policy outlines the method for reporting any issues employees encounter, including instances of violence that could be attributed to conditions that create forced or unsafe labour or within Baffinland's internal operations.</p>
Code of Business	<ul style="list-style-type: none"> Principles that define desired behaviour and ethical 	<p>Our code of conduct sets cultural standards and a dedication to be accountable for doing what is</p>

Conduct	standards for Baffinland’s employees and staff. The code promotes integrity, professionalism, ethical decision-making, and good judgement.	right. Employees are required to speak up if they identify any injustices in our operations or code of ethics. It is part of our duty to our members and stakeholders.
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Due Diligence with the Suppliers - Baffinland has implemented processes to mitigate the risks of human rights violation and instances of forced and child labour within our operations and supply chains. All new suppliers at Baffinland are provided with an onboarding package that includes a New Vendor Request and Change Form, Baffinland’s Code of Business Conduct, and Anti-Bribery and Anti-Corruption Policy. The New Vendor request form includes a signed acknowledgement stating that the supplier is compliant with the policies outlined in the Code of Business Conduct and Anti-Bribery and Anti-Corruption Policy. Additionally, the onboarding process includes screening all new vendors through the *Thomson Reuters World-Check*, giving Baffinland insights on potential suppliers including information on criminal activities, regulatory violations, sanctions, adverse media coverage, and other relevant risk factors. By identifying suppliers with a history of involvement in forced labour and/or child labour practices, Baffinland can mitigate the risk of inadvertently supporting exploitative labour practices.

In the current state, our vendors are evaluated at the end of each term, typically lasting three years. In-person sites visits are typically only conducted when we are experiencing product or quality problems. Though these reviews do not currently review supplier compliance in relation to the Act, Baffinland plans to implement clauses requiring suppliers to attest to not using child labour or forced labour in their operations or supply chains. This will assess forced labour and child labour risks within the supply chain, while encouraging our vendors to remain compliant with national/international labour laws. Baffinland will also incorporate on-site visits of our largest suppliers. These visits will aim to strengthen supplier relationships, increase visibility into vendor operations and establish open lines of communication.

Risk Assessment

A risk assessment of the goods procured by Baffinland and countries from which the goods are procured from has been performed in relation to the Act. This risk assessment used two separate indices to conclude on inherent risk of forced labour and child labour related to goods and countries — *Walk Free’s Global Slavery Index* and the *US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor*.

While we know that some of our vendors purchase goods from foreign countries, we do not know the full extent of this. We are also aware that we purchase highly finished goods built with multiple materials and that each material may contain a different risk profile and supply chain risks.

Goods Procured - For the purposes of a risk assessment of our procured goods, this report focuses on material suppliers only. We evaluated suppliers making up 85% of the total procurement spend for fiscal year 2023 — any suppliers falling outside this threshold of total procurement spend were deemed immaterial (since their purchases were less than 1% each) for this assessment and have been excluded from our analysis. As a result, the top 28 goods suppliers were considered in the risk assessment. The table below provides

each material category of mining goods procured and the percent of the total 2023 spend. To identify each category's inherent risks of forced and/or child labour, the main raw materials of each category were broken out and assessed using the indices indicated in the paragraphs above:

Category of Goods	Percent of Total Spend in Fiscal Year 2023	Main Raw Materials within the Category of Goods	Identified Inherent Risk of Forced Labour and/or Child Labour
Spare Parts (i.e., for mining equipment, trucks, crushers, generators, loaders, etc.)	28%	<ul style="list-style-type: none"> • Iron • Copper • Gold • Coal • Nickel 	High
Fuel	28%	<ul style="list-style-type: none"> • Arctic diesel • Jet-A Fuel 	Low
Mining Equipment (i.e., loaders, dozers, trucks, etc.)	7%	<ul style="list-style-type: none"> • Iron 	High
Food Items (perishable and non-perishable for remote mining location cafeteria/canteen)	6%	<ul style="list-style-type: none"> • Tomatoes • Meat • Salt • Beans • Bananas • Broccoli • Potatoes • Carrots • Fruits • Corn • Cucumber • Onions • Grapes 	High
Tires	5%	<ul style="list-style-type: none"> • Rubber • Iron 	High
Explosives	5%	<ul style="list-style-type: none"> • Coal 	High

Category of Goods	Percent of Total Spend in Fiscal Year 2023	Main Raw Materials within the Category of Goods	Identified Inherent Risk of Forced Labour and/or Child Labour
Tools (i.e., handheld tools, drills and drill parts)	2%	<ul style="list-style-type: none"> • Iron • Rubber • Copper • Leather Goods/Accessories • Tungsten Ore (wolframite) 	High
IT Equipment	2%	<ul style="list-style-type: none"> • Copper • Zinc • Gold • Iron • Nickel 	High
Personal Protective Equipment (PPE)	1%	<ul style="list-style-type: none"> • Rubber • Iron • Leather Goods/Accessories • Textiles 	High
Gases and Lubricants (i.e., grease, welding gas, oils)	1%	<ul style="list-style-type: none"> • Coal 	High

Countries of Procured Goods - For assessing country-associated risks of forced labour and/or child labour, Baffinland evaluated all suppliers we purchased goods from in fiscal year 2023.

Using the *Walk Free Global Slavery Index* and the *U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor*, we conducted a risk assessment on the countries of operations of our vendors. Our analysis found that 84% of our suppliers conduct their operations in Canada, 10% in the U.S., 2% from Australia and 2% from the United Kingdom. These countries have a low inherent risk exposure of forced and child labour in their operations.

Countries making up the remaining 2% of Baffinland’s suppliers include the Netherlands, Denmark, United Arab Emirates (UAE), France, Sweden, Malta, Estonia, Germany, Portugal, and Ireland. According to both global benchmarks, the majority of origin countries (making up approximately 99.8% of suppliers) are considered to have **low inherent risk** exposure of forced labour and child labour in their operations. The only origin country that is considered to have a **high inherent risk** of forced labour and/or child labour within our supply chain is the UAE.

Baffinland is aware that some of its vendors have headquarters in foreign countries and that these vendors may procure their goods from other regions or other vendors, but at this time, Baffinland does not know the full extent of where all vendors' goods are sourced from.

Mitigating Activities

To mitigate the risk of child labour and forced labour within supply chains, Baffinland incorporates the following mechanisms for supplier onboarding and monitoring:

1. Supplier Onboarding

- a. **Vendor Request Form:** All suppliers are required to sign Baffinland's New Vendor Request and Change Form. This form contains a signed acknowledgement stating that all new vendors are compliant with Baffinland's Code of Business Conduct and Anti-Bribery and Anti-Corruption Policy. We will be introducing a clause allowing Baffinland to terminate vendor relationships if there are reasonable grounds to believe that the supplier has engaged in unethical acts or displayed immoral behaviour in its operations.
- b. **Supplier Screening:** All new suppliers are screened through a Thomson Reuters World-Check. This database includes information on individuals and entities associated with illegal or unethical activities, including human trafficking, exploitation, and labour abuses. By screening suppliers against World-Check's database, Baffinland can identify high-risk entities that may be involved in child labour or forced labour practices.
- c. **Supplier Agreement:** Baffinland also lists general purchasing conditions on supplier agreements, ensuring that vendors are compliant with our group policies including Human Rights, Health and Safety, Code of Business Conduct, Anti-Bribery and Anti-Corruption.

2. Supplier Monitoring

- a. **Annual Reviews:** Our top suppliers have annual reviews conducted on performance. This review currently includes discussions on product or delivery problems and any other concerns. Though this review does not incorporate aspects related to this Act, Baffinland is considering implementing clauses requiring suppliers to attest to not using child labour or forced labour in their operations or supply chains.
- b. **On-site Visits:** Baffinland is looking to introduce more consistency in on-site visits to key suppliers. Currently, these visits are conducted ad hoc when experiencing manufacturing or quality-related issues. These on-site visits intend to give Baffinland visibility into supplier operations and verify whether suppliers are adhering to labour laws and regulations, specifically in relation to forced labour and child labour. By directly observing working conditions and interviewing workers, Baffinland can also assess whether the supplier's practices align with ethical standards.

3. Internal Policies

- a. **Policies to mitigate risk of forced labour and child labour:** Despite having no reported instances of forced labour or child labour identified within Baffinland's operating activities, Baffinland is committed to continue developing internal capabilities and controls that reduce the risk of forced labour or child labour within in our supply chain.

Remediation of Forced & Child Labour & Vulnerable Family Income Loss

Baffinland is in the process of discovering the full depth of our supply chain and is continuing to review procurement practices to enhance the rigor of our due diligence processes, including raising awareness with suppliers. To date, Baffinland has not identified or suspected any instances of forced labour or child labour within our operations or those of our suppliers. Consequently, no remediation measures were required in respect to forced labour or child labour.

Awareness Training

Baffinland does not have training in place on the subject of child labour or forced labour. However, of the policies identified above that are relevant to this Act, Baffinland does require new employees to review Baffinland's Code of Business Conduct and acknowledge that they have read and understood the policy. When onboarding new employees, part of this process includes reviewing the Code of Conduct to ensure the individual understands the company's standards and expectations. Sections within this document that are relevant to the Act include reporting procedures, workplace harassment and violence, business code of conduct and legal compliance. Baffinland recognizes the opportunity to enhance employee training relevant to this Act, by incorporating training on forced labour and child labour. Baffinland will be evaluating applicable trainings for staff in the foreseeable future.

Assessing Effectiveness

To track Baffinland's effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

Baffinland Internal Processes

- 1. Reporting systems:** Baffinland has created a safe space to report instances of inappropriate and/or unethical activities without the fear of retaliation. The Baffinland Confidence Line is administered by an independent third-party, Xpera HR Services Inc., which provides an anonymous platform for Baffinland employees to report serious concerns and ethical violations. Child labour and forced labour often occur in hidden or remote locations, making detection challenging. Our system to report instances of unethical behaviour encourages individuals with knowledge of such exploitation to come forward confidentially, ensures that instances of abuse are reported and addressed promptly.
- 2. Harassment incidents:** Baffinland has a zero-tolerance for workplace violence and harassment. All claims made regarding harassment will be reported to the Health and Safety Committee. A workplace harassment prevention program will be developed to resolve the issue in a timely manner.
- 3. Conduct and behaviour incidents:** Full compliance with Baffinland's Code of Business Conduct is expected of all employees. All claims made regarding inappropriate conduct and behaviour will be subject to investigation. Baffinland also commits to implementing annual attestations by employees on the employee handbook, which includes expected conduct and behavior. This annual sign-off

reflects employee compliance with expected behaviour.

4. **Employee training:** Baffinland will implement employee training on the topic of child labour and forced labour. Content will include how to identify, assess and report perceived or actual instances of child labour and/or forced labour.

Supplier Activities

1. **Supplier contracts:** Baffinland will implement a clause within supplier contracts explicitly stating a zero-tolerance for child labour and forced labour. This clause will identify the outcome or, disciplinary action should any instances of child labour or forced labour be reported or discovered by Baffinland.
2. **Supplier questionnaire:** A phased-in approach will be adopted to have suppliers complete a Supplier Questionnaire, which will include specific questions regarding child and forced labour. This phased-in approach will begin with the largest suppliers and will continue across the full supply chain within a reasonable time period. For each questionnaire submitted, Baffinland will collect responses in a centralized system, to understand how the risk of child labour or forced labour affects suppliers.
3. **Supplier visits:** When performing on-site supplier visits, Baffinland will review an on-site questionnaire which will integrate questions related to forced labour and child labour with which suppliers will be interviewed. Baffinland will keep all questionnaires in a centralized workplace where responses can be updated for each visit. Baffinland will track responses to understand what suppliers are doing to mitigate the risk of child and forced labour.
4. **Supplier performance reviews:** Key suppliers of Baffinland are reviewed on an annual basis to ensure compliance with contract terms and conditions. These reviews can serve as an opportunity to review findings from site visits and supplier questionnaires. Record keeping for frequency of reviews and date of last review will be kept on a centralized data base to ensure these reviews are being performed.

Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

Baffinland has taken the following steps to prevent and reduce the risk of forced labour and child labour:

1. Conducted an internal risk assessment of forced labour and/or child labour in the organization's activities and supply chains. Baffinland has identified goods and countries within the supply chain that have inherent risks of forced labour and/or child labour in this report.
2. Implemented reporting policies and procedures that create a culture where employees feel safe and capable of reporting instances of forced labour and/or child labour or any other form of suspected exploitation.
3. Addressed practices in our organization's activities and supply chains that increase the risk of forced labour and child labour.
4. Remediation efforts related to due diligence processes have been identified to reduce the risk of forced labour and/or child labour within the supply chain.
5. Developed due diligence policies and processes for identifying, addressing, and prohibiting the use

of forced labour and/or child labour in the organization's activities and supply chains.


6. Implemented anti-forced labour and/or anti-child labour conditions by identifying the opportunity to integrate conditions within the Vendor Request Form and Supplier Agreements directly related to forced labour and child labour.
7. Baffinland uses supplier reviews and on-site visits for key suppliers to monitor supplier relationships. Both functions have been identified as opportunities to align reviews and on-site visits to verify whether suppliers are adhering to labour laws and regulations, specifically in relation to forced labour and child labour.
8. Enacted measures to provide for, or cooperate in, remediation of forced labour and child labour. Mitigating activities have been identified to reduce the risk of forced labour and child labour within supply chains.
9. Baffinland has identified the opportunity to develop employee training relevant to forced labour and child labour in their internal operations.
10. Baffinland has identified opportunities to develop policies directly related to identifying and reporting instances of forced labour and child labour.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Celeste van Tonder

Full Name



Signature

Chief Financial Officer

Title

May 31, 2024

Date

I have the authority to bind Baffinland Iron Mines LP and this report covers financial year 2023 and applies to Baffinland Iron Mines LP and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of Baffinland Iron Mines LP if they apply.