

# Corporate policy

## Responsible procurement

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# Guiding principles

The adoption by Champion Iron Limited (Champion<sup>1</sup>) and its subsidiaries, including Quebec Iron Ore, of a responsible procurement policy is part of its continuous approach aimed at applying the principles of sustainable development within its organization.

The implementation of such a policy helps support Champion's procurement process in a way that ensures it the best value for money when purchasing goods and services, while helping to stimulate the economy of local communities and Indigenous groups. This policy is also part of a global perspective aimed at enabling Champion to diligently fulfill its responsibilities in the face of environmental, societal and ethical issues inherent to the company's procurement processes.

The policy also allows Champion to assert its commitment to seek to respect human rights in its supply chain and not to tolerate or facilitate any form of modern slavery, including forced, compulsory or child labour.

In the course of its activities, Champion will seek to diligently implement the principles and commitments set out in this policy.

<sup>1</sup> In the context of this policy, the terms “suppliers” and “the company” designate Champion Iron Limited and its subsidiaries, including Quebec Iron Ore.

# Goal

For Champion, the responsible procurement process includes not only quality and cost criteria, but also environmental and social standards.

This policy aims to provide guidelines promoting sustainable development in the purchasing, leasing and contract award practices of Champion.

Through the application of its responsible procurement policy, Champion pursues the following goals:

- ➔ Integrate the company's environmental and social responsibility criteria into the supplier selection process, which is based on quality, efficiency and acquisition price for goods and services<sup>2</sup>.

<sup>2</sup> In the context of this policy, the term “suppliers” designates any person or entity that provides goods and/or services to Champion, including sole proprietorships, companies, corporations, public institutions or private companies, associations or any other legal entity that provides such goods and/or services. The term “supplier” also includes all contractors and subcontractors who perform work for or on behalf of Champion.

- ➔ Maximize benefits for host communities and Indigenous groups while ensuring the protection of the environment and the health, safety and rights of their members.
- ➔ Encourage local suppliers to meet the procurement needs of Champion.
- ➔ Conduct its activities in a legal, ethical, and honest manner while respecting the highest standards of integrity and equity regarding the treatment of suppliers who are competitors.
- ➔ Deal with suppliers who are responsible towards society and respect the environment and encourage suppliers to engage in a sustainable development process.
- ➔ Prevent modern slavery and all forms of human rights violations in its supply chain.
- ➔ Favour eco-responsible products and services.
- ➔ Favour suppliers who share Champion's values and objectives in terms of responsible procurement and sustainable development.

# Scope

This policy applies to all employees of Champion who take part in the procurement process, whether they act as buyers, negotiators or managers; this excludes the internal requisition process.

For the purposes of this policy, supply refers to the entire cycle of the acquisition of goods and services on behalf of Champion, from initial planning to the disposal of surplus or end-of-life goods, including evaluation,

negotiation, selection and audit of suppliers as well as the purchasing process and the level of satisfaction linked to the use of such goods and services acquired.

The responsible procurement policy is intended to raise awareness among suppliers to encourage them to adopt a sustainable development approach. Champion thus encourages suppliers to adopt principles similar to those set out in this policy.





## Commitments

Champion must ensure that the goods and services necessary for its activities are acquired at the desired time and place in the required quantities and quality and at the most advantageous cost, while respecting the company's social and environmental commitments and responsibilities.

Champion's procurement process encourages healthy competition between suppliers. It aims to ensure a balance between price, quality, performance, availability and lead time, as well as suppliers' compliance with the expectations and requirements of this policy.

The company seeks to establish mutually beneficial working relationships and partnerships with its suppliers and will show preference for suppliers who comply with its responsible procurement policy principles.

Champion's responsible procurement commitments and its requirements and expectations from suppliers are described hereinafter. The company expects suppliers to have policies, processes and/or measures demonstrating their genuine and sincere commitment to abide by them.

# Respect for human rights

Through its human rights policy, Champion affirms its commitment to respect and protect, subject to undue hardship, the rights of all people, including its employees and subcontractors as well as the communities in which it operates.

In addition, through its Workplace Harassment and Discrimination Prevention policy, Champion affirms its commitment to zero tolerance for any form of harassment or discrimination towards or between its employees and to prevent and put an end to any harassment situation within its company, including any form of discriminatory harassment.

## Supplier requirements

- Do not tolerate, in any way, any form of harassment or discrimination by or against its employees.
- Respect human rights and the UN Guiding Principles on Business and Human Rights as well as sections 23 and 24 of the Universal Declaration of Human Rights.
- Respect the International Labour Organization (ILO)'s Fundamental rights at work and international labour standards.
- Comply with ILO Conventions 138 and 182 and not use child labour under the age of 16 and ensure that no work is carried out by persons under the age of 18 when it is likely to compromise the health, safety or morals of young persons.

# Modern slavery prevention

Champion recognizes that its activities may impact human rights throughout its supply chain, especially internationally.

The company is committed to a zero-tolerance for any form of modern slavery from its suppliers. Champion also seeks to prevent human trafficking and avoid being complicit in or facilitating human rights violations in its supply chain.

## Supplier requirements

- Does not engage in any form or practice of modern slavery as described in Australia's Modern Slavery Act.
- Comply with ILO Convention 29 and not subject a person to forced labour.
- No work or service shall be exacted from any person under the threat of any punishment.
- Do not force an individual to perform any work or service against their will.
- Does not engage in human trafficking.



## Occupational health and safety

Champion considers that all occupational injuries and illnesses can be avoided. The company believes that every employee must be actively engaged in the occupational health and safety culture, which promotes proactive behaviour that goes beyond simply meeting regulatory requirements.

### Supplier requirements

- Establish, maintain and rigorously apply practices that protect the health and safety of workers.
- Guarantee a safe and healthy environment, in particular by providing the appropriate personal protective equipment.

- Staff must be properly trained, prepared and competent to perform their duties safely.
- Real and potential risks to the health or safety of workers must be identified, assessed and eliminated or managed at all time.
- Continually improve health and safety performance by regularly examining and updating programs and practices ensuring workers' health and safety.
- Comply with all applicable laws and regulations and with industry standards in occupational health and safety.

# Local and Indigenous procurement

Local purchasing, in addition to promoting economic growth, business development and employment in the host communities, makes it possible to reduce the impacts of the business, in particular by reducing transport, which affects global warming and consumption of natural resources.

While respecting Champion's Code of Conduct and subject to applicable laws and regulations, Champion agrees to promote the purchase of goods and services in the following order of preference:

- 1- Indigenous host groups
- 2- Local communities
- 3- Regional communities

It should be noted that by using this approach, Champion does not affect the establishment and maintenance of healthy competition between suppliers in the procurement process. Furthermore, this approach does not affect Champion's consideration of the criteria associated with the quality, efficiency and price of goods and services offered within the supplier selection process framework. The same applies to the other criteria related to the expectations and requirements set out in this policy with regard to suppliers.

Champion undertakes to encourage, as much as possible, host Indigenous businesses in the following manner:

- By giving importance to special criteria favouring Indigenous participation in the decision-making process for selecting suppliers.
- As much as possible, by adapting contracts to the capacities, needs, skills and work experience of host Indigenous businesses to allow them to submit competitive proposals to Champion.
- At the request of Indigenous suppliers and subject to confidentiality obligations, review their proposal with Indigenous companies not selected in the tender process to help them improve their competitiveness and their chance of obtaining contracts from Champion in the future.

Champion is also committed to promoting the use of host Indigenous businesses with other non-Indigenous suppliers by:

- Providing them with the list of host Indigenous businesses that they themselves have established, at <https://mineraiferquebec.com/our-innu-partners/?lang=en>.
- Informing them of Champion's commitments regarding the importance of the participation of host Indigenous businesses in the supply of goods and services.

Champion constantly seeks to strengthen its local, regional and Indigenous supply capacity through training, mentoring and partnerships.

## Local and Indigenous procurement (cont'd)

### Supplier requirements

- Suppliers must be aware of how their activities, products and services can impact host communities and Indigenous groups and must respond to problems that may arise with respectful dialogue and in recognition of culture, heritage and local traditions.
- Develop and implement practices to minimize negative impacts and maximize benefits for Champion's host communities.
- Proactively consult Champion in order to understand the company's commitments and priorities of the company in relation to Indigenous groups and other host communities.
- Suppliers must be willing to engage and work with Champion, Indigenous groups and other communities to contribute to the well-being of host communities, including:
  - Offering them structuring business opportunities.
  - Promoting local hiring.
  - Integrating local businesses within their supply chain.
  - Training, supporting and setting up partnerships with local businesses to strengthen their capacities for meeting long-term goods and services needs.



# Business ethics

Champion's Code of Conduct affirms the company's commitment to abide by high moral and ethical principles and specify the basic standards of behaviour to be observed by employees and others doing business on its behalf.

## Supplier requirements

- All consultations and negotiations must be conducted in good faith and with no intention of being misleading.

- Comply with all applicable laws, regulations, codes, rules, and other government requirements at all times, including those relating to anti-competitive practices, compliance with trade laws and sanctions, prevention of money laundering and tax evasion.
- Act in a fair, honest and equitable manner with those with whom they do business for or on behalf of Champion and be honest and transparent with Champion and members of host communities and Indigenous groups.

- Adhere to anti-corruption principles, which includes refraining from:
  - Offering, giving or promising anything of value, including entertainment, travel expenses or gifts, to a government official for the purpose of obtaining or retaining any business or other advantages.
  - Using funds, assets or personnel for any illegal, inappropriate or unethical activity.
  - Making any facilitation or other payment to government agencies or officials to expedite or guarantee the execution of a routine government action.
  - Offering, soliciting, accepting, providing, authorizing or promising, directly or indirectly, any bribe to any person, including gifts or any form of money or compensation.



## Support fair trade and social economy

Fair trade and the principles of social economy are important aspects supporting fairness in world trade and promoting the development of a responsible and united economy. They contribute to sustainable development by providing better trading conditions and guaranteeing the rights of marginalized producers and workers, especially in the southern regions of the planet.

Champion is committed to favouring the purchase of fair-trade products and services, and

to ensuring that preference is given to products certified fair or eco-responsible by organizations recognized in accordance with applicable laws and regulations.

### Supplier requirements

- Offer products and services to Champion that are certified as fair and/or eco-responsible.
- Favour the purchase of fair trade and/or eco-responsible products and services.

# Sound environmental management

Champion recognizes that its operations can have direct and indirect impacts on the environment. The company is therefore seeking to use consumption patterns that favour the best possible environmental practices, and which consider product life cycle.

The procurement process must encourage the application of the 4R principles<sup>3</sup> to minimize the consumption of natural resources, waste, and the generation of waste.

<sup>3</sup> The 4R principles involve measures based on the following sequence: 1- Reduce at the source, 2- Reuse goods, 3- Recycle products, 4- Recover residual materials.

## Supplier requirements

- Develop, maintain and rigorously apply practices that favour the protection of the environment and biodiversity.
- Have rigorous environmental control measures in place to deal with unforeseen environmental incidents.
- Establish processes to identify and assess opportunities to reduce or eliminate environmental impacts due to their activities, the goods they produce or the work or services they provide.
- Maintain all legally required and valid permits and authorizations.

## Expectations towards suppliers

Champion Iron expects its suppliers to:

- Continuously improve their efficiency in the use of energy and their water and natural resources utilization.
- Minimize the quantities of waste they generate.
- Responsibly manage their atmospheric emissions, their impact on the quality of natural waters and the handling of hazardous materials.

Champion supports the United Nations Framework Convention on Climate Change and Canada's commitments under the Paris Agreement that result from it, all of which aim to reduce Canadian emissions by 30% from 2005 levels by 2030.

Champion believes its business must help support the transition to a low-carbon economy. It is in this context that the company aims to reduce the carbon footprint of its supply chain and favour suppliers who implement programs aimed at reducing greenhouse gas emissions.

# Compliance obligations

## Qualification

Champion’s approach aims to identify suppliers who adhere to this policy using responsible procurement criteria adapted to each category of goods and services. Suppliers who do not meet the minimum requirements and expectations of Champion will not obtain contracts from the company.

However, Champion recognizes that certain special circumstances can pose significant challenges in meeting its requirements and expectations. Where appropriate, the company seeks to support suppliers in their efforts to meet them diligently.

## Verification before contract award

A due diligence process for potential suppliers is carried out by Champion using a risk assessment approach during the prequalification stage and as part of the tendering processes or the renewal of existing contracts. To do this, Champion refers to their past performance and their ability to carry out the work required in accordance with current legal provisions as well as the requirements and expectations set out in this policy.

Based on the risk assessment, suppliers may be called upon to provide a self-assessment in relation to Champion's requirements and expectations. In some cases, Champion may conduct an audit. An obligation of transparency is expected from all suppliers as part of the due diligence or audit process.

In cases where an unacceptable level of risk is identified, Champion will work with the supplier to determine the appropriate corrective measures to be implemented to qualify in its procurement process. The corrective action program will be followed by both Champion and the supplier concerned until both parties agree that the desired result has been achieved.

Champion reserves the right to suspend, interrupt or sever relations with a supplier, at any time, when there is good reason to suspect or it can be established that the supplier:

- ➔ Is in violation of a law or regulation.
- ➔ Do not apply the agreed corrective measures to meet the requirements and expectations of Champion or does not deploy them in a reasonable and timely manner.

## Monitoring during contract execution

Champion measures the performance of its critical suppliers during the execution of the contract by defining and following performance indicators, which are adapted according to the type of goods or services concerned.

Should a supplier not meet Champion’s requirements and expectations, a collaboration project will be initiated with the supplier to determine the appropriate corrective measures to be implemented and the deadlines to be met. The supplier must comply with the corrective action program to the satisfaction of Champion. At any time, Champion reserves the right to suspend, interrupt or sever relations with suppliers who do not meet the requirements and expectations to Champion’s satisfaction.

Champion encourages suppliers to share and apply its detailed requirements and expectations with their own supply chain.

# Reporting

It is the duty of anyone working for Champion to promptly report to their immediate supervisor any situation in which Champion policies, the law, or a regulation appear to have been violated, without any fear of reprisals if the report is made in good faith.

When a problematic situation cannot be resolved through regular channels of communication due to, for example, a discomfort or a concern, the person involved may submit a report in complete confidentiality to an independent third party in order to ensure the highest diligence and impartiality in the processing of reports.

Reports may be made using one of the following means :

- ➔ a secure webform at [www.ChampionIronWhistleblowerService.deloitte.com](http://www.ChampionIronWhistleblowerService.deloitte.com);
- ➔ an email to [ChampionIronWhistleblowerService@deloitte.com](mailto:ChampionIronWhistleblowerService@deloitte.com);
- ➔ by calling the toll-free number from Canada at 1-833-435-0757.<sup>4</sup>

Each report is taken seriously by the company and may be investigated.

<sup>4</sup> Calls within Australia can be made through a dedicated toll-free number at 1800 984 123.



