

**Annual Report Under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, for Financial Year 2023***

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c. 9 (the “**Act**”), commonly referred to as the *Modern Slavery Act*, requires certain entities to prepare and file an annual report (the “**Report**”) with the Minister of Public Safety and Emergency Preparedness (the “**Minister**”).

The Report must describe the steps the entity has taken during its previous fiscal year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada, or elsewhere, by the entity, or of goods imported into Canada by the entity.

This Report is being filed with the Minister, pursuant to section 11(1) of the Act, for the financial year ending December 31, 2023, by Tacora Resources Inc. (“**Tacora**”) and was approved by Tacora’s board of directors by resolution on May 31, 2024, having identified as a reporting entity pursuant to the Act.

**TACORA’S OPERATIONS AND SUPPLY CHAINS**

Tacora is an iron ore mining and development company focused on the acquisition and revitalization of iron ore assets. Its company headquarters is located in Grand Rapids, Minnesota, United States, with operations located in Wabush, Newfoundland and Labrador, Canada. Tacora has approximately 450 employees in Canada and 12 employees in the USA. Tacora is a member of the Labrador West Chamber of Commerce, Mining NL, and the Canadian Institute of Mining. Further information about Tacora can be found at [www.tacoraresources.com](http://www.tacoraresources.com).

Tacora’s supply chain includes importing parts and equipment (hereinafter “**goods**”) into Canada from various countries for use in its operations at Wabush, Newfoundland and Labrador, during the extraction, crushing, processing and sale of iron ore. Tacora does not conduct any production operations outside of Canada. Tacora’s supply chain also includes the retention of various services, including accounting, legal, training, and human resource services, the majority of which are provided by Canadian entities.

### **Goods**

At present, Tacora imports very few goods into Canada. The majority of Tacora's suppliers are in Canada. Tacora understands that some of these suppliers import their products, including machinery, mining and processing components (engines, gears, drives, pumps, liners, etc.), and bunker c fuel (also known as heavy fuel oil), from areas such as the United States, Germany, Africa, India, and China into Canada. These goods are supplied to Tacora during the sourcing phase of its supply chain to be used during the extraction, crushing, processing, and sale phases. Tacora purchases goods either through a tender process or through standard supplier contracts, depending on the good and its availability.

### **Services**

The majority of Tacora's service providers are located within Canada. In the past, Tacora has occasionally retained recruiting services from outside of Canada, as well as specialized support services for information technology, mining and processing components, program implementation, and program training. These service providers were in the United States and Australia. Tacora sells 100% of its iron ore concentrate to a Singapore based entity that is a subsidiary of a United States incorporated company.

## **POLICIES IN RELATION TO FORCED LABOUR & CHILD LABOUR**

In the last five (5) years, Tacora has developed and adopted a Standard Terms and Conditions for the Purchase of Goods and Services agreement (the "**Standard Terms and Conditions**"), which must be executed by all new suppliers.

The Standard Terms and Conditions are not focused on the prevention and reduction of the risk of forced labour or child labour in its operations and supply chain, however, various clauses require compliance with the laws in Canada and Newfoundland and Labrador, as well as the supplier's country respecting labour and workplace health and safety. The Standard Terms and Conditions also require compliance with the United Nations' **Universal Declaration of Human Rights** (the "**UDHR**").

Clauses 3.2 and 3.12 of the Standard Terms and Conditions require compliance with the labour, workplace health and safety, bribery and corruption laws of the goods supplier's country:

- 3.2. Delivery. The Supplier shall deliver the Goods specified in the Agreement in accordance with the Delivery Schedule provided therein. Unless otherwise specified in the applicable Purchase Order, the Supplier shall be solely responsible for transporting and delivering the Goods to the Delivery Location. The Supplier shall comply with all requirements under applicable Laws

relating to the production, handling, loading, transporting, delivery, and unloading of the Goods in and to each jurisdiction in which the Goods are transported and delivered and shall comply with such other requirements as may be specified in the Purchase Order. All transport vehicles shall be professionally operated and shall comply with all such Laws and other requirements. The Supplier shall ensure that all of its employees and any other applicable Supplier Related Parties have been properly trained and are properly supervised with respect to the production, handling, loading, transporting, delivery, and unloading of the Goods. If the Supplier engages any third-party carriers to deliver the Goods, the Supplier shall exercise due care to select carriers who will perform to the same standards as are required of the Supplier hereunder, and the Supplier shall monitor any such third-party carriers to ensure that each carrier complies with all Laws applicable to the handling, loading, transporting, delivery and unloading of the Goods. If the scheduled delivery of Goods is delayed by Tacora or a force majeure event suffered by Tacora, the Supplier may on prior written notice to Tacora move the Goods to storage for the account of and at the risk of Tacora whereupon the Goods shall be deemed to be delivered.

- 3.12. Compliance with Laws. In performing its obligations under the Agreement, Supplier shall comply with all applicable Laws, including labor and tax laws, laws addressing bribery and corruption, and laws addressing the preservation of health, safety, and the environment. Supplier warrants that, as applicable, all Goods shall be in compliance with Environmental Laws. Supplier represents and warrants that prior to delivery of Goods under each Purchase Order, each Supplier Party that will sell or deliver the Goods at Tacora premises will be familiar with and knowledgeable about the Laws in the jurisdiction where the sale and delivery of the Goods will be performed. Supplier shall at all times retain exclusive control over and shall be solely responsible for evaluation, implementation, and all other decisions relating to the Environmental Laws as they pertain to the sale and delivery of the Goods.<sup>1</sup>

Clause 4.5 of the Standard Terms and Conditions requires service providers to comply with Tacora's policies respecting ethics and workplace safety, and its code of conduct, all of which, to varying degrees, encompass the legislated labour standards and workplace conditions in Newfoundland and Labrador, and Canada more broadly:

4.5. Compliance with Tacora Policies.

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- 4.5.2. For Services performed at a Site, the Supplier shall be aware of and comply with and ensure that all Supplier Related Parties performing Services at the Site are aware of and comply with (a) all applicable standards and policies available at [www.tacoraresources.com](http://www.tacoraresources.com) under the Governance and Ethics section; (b) all requirements set out in manuals, procedures, safety and sustainability policies, regulations and other written materials provided to the Supplier by Tacora, including the Fatality Risk Management standards and the Lifesaving Rules, together with all amendments made from time to time to any of the foregoing; (c) Tacora's policies regarding mine safety, including mine safety training, the use of identification badges and contractor cards and rules concerning hours of work and arrival to and departure from the Site; and (d) all lawful directions and orders given by Tacora and management at the Site. Such compliance includes participation in the Site's safety trainings/induction courses, as necessary, at no additional cost to Tacora.
- 4.5.3. Supplier acknowledges having reviewed Tacora's Code of Conduct and Tacora's Supplier Code of Conduct, each of which is available under the Governance and Ethics section at [www.tacoraresources.com](http://www.tacoraresources.com) and, when Supplier is engaged in activities on Tacora's behalf,

Supplier shall abide by the principles expressed in Tacora's Code of Conduct, to the extent applicable. Supplier shall comply with Tacora's Acceptable Technology Use Standard if, in the course of performing the Services or supplying the Goods, Supplier has access to Tacora's information technology equipment or systems.<sup>ii</sup>

Clause 4.23 of the Standard Terms and Conditions requires service providers to comply with all applicable labour, workplace health and safety, bribery and corruption laws:

4.23. Compliance with Laws. In performing the Services, Supplier shall comply with all applicable Laws, including labor and tax laws, laws addressing bribery and corruption, and laws addressing the preservation of health, safety, and the environment. Supplier warrants that all Services shall be in compliance with Environmental Laws. Supplier represents and warrants that prior to performance of Services under each Purchase Order, each Supplier Party that will perform Services at Tacora premises will be familiar with and knowledgeable about the Environmental Laws in the jurisdiction where the Services will be performed. Supplier shall at all times retain exclusive control over and shall be solely responsible for evaluation, implementation, and all other decisions relating to the Environmental Laws as they pertain to performance of the Services.<sup>iii</sup>

Most notably, clause 6.2 of the Standard Terms and Conditions requires the suppliers of both goods and services to comply with the UDHR, and gives Tacora the authority its terminate its contract with the supplier if it receives information that it determined to be evidence of the supplier's breach of the UDHR:

6.2. Representation and Warranties Regarding Human Rights. Supplier commits to respect human rights in line with the Universal Declaration of Human Rights ("Human Rights"). Supplier represents, warrants, and covenants to Tacora, as of the date hereof, and the date that each invoice is submitted to Tacora hereunder, that no violation of Human Rights exists in any of its or its Affiliates' own operations or, to its knowledge, within the operations of any of its or its Affiliates' subcontractors and vendors. If, during the Term, Supplier becomes aware of any breaches of this representation, it will promptly provide notice thereof to Tacora. Notwithstanding any other provision of these Agreed Standard Terms or the Agreement, Tacora may immediately suspend any Agreement in the event it should receive information which, in its sole discretion, it determines to be evidence of a breach by Supplier of any undertaking set forth above. In the event of receipt of such notice or evidence and/or such suspension, Tacora shall consult with Supplier and may thereafter immediately terminate the Agreement if Tacora,<sup>iv</sup>

Again, while not focused on the prevention and reduction of the risk of forced labour or child labour in its operations and supply chain, Tacora's Procurement Policy has the practical effect of reducing those risks.

Tacora's Procurement Policy states:

First consideration is given to service providers and goods manufactures from within the province of Newfoundland and Labrador, where those services and goods are competitive in terms of fair market price, quality and delivery. First consideration in implementing procurement opportunities will be given to pre-qualified suppliers located in Labrador, followed by other pre-qualified suppliers located in the remainder of the province, respectfully.<sup>v</sup>

Tacora is also committed to providing business opportunities to women, Indigenous Peoples, persons with disabilities, and people from visible minority groups (collectively “designated groups”). Tacora promotes and seeks out the retention of local labour, suppliers, contractors, and organizations where the majority owners are members of designated groups. In evaluating bids for the provision of services and/or goods, Tacora takes numerous factors into consideration, including but not limited, the bidder’s:

- safety, health, and environmental record;
- commitment to utilize designated group businesses as sub-contractors;
- commitment to employ individuals within designated groups;
- commitment to purchase works, goods, and services from designated group businesses; and,
- commitment to train workers who identify with a designated group. However, in deciding who to procure items from, Tacora considers the supplier’s pricing, delivery timing, past performance from the supplier, and account status with the supplier. The origin of the items is not a factor in Tacora’s decision to procure from one supplier over another.<sup>vi</sup>

Beyond the foregoing, in its most recent fiscal year, Tacora has not established and does not have any processes, including policies and/or due diligence processes, exclusively for the purposes of identifying and responding to the real and potential adverse impacts of activities, specifically forced labour and/or child labour, throughout its supply chain.

## **DUE DILIGENCE PROCESSES FOR THE ASSESSMENT & MANAGEMENT OF FORCED LABOUR & CHILD LABOUR IN TACORA’S OPERATIONS AND SUPPLY CHAINS**

### ***Identification of the Risk of Forced Labour & Child Labour***

As of its most recent fiscal year, Tacora has not initiated a process to identify the aspects of its operations, including its supply chains, that carry a risk of forced labour and/or child labour, and has therefore not taken any steps to manage or address the risks of forced labour and/or child labour. As a result, Tacora cannot currently identify what sectors and industries, country or region, product or service, or step in its supply chain, presents actual or potential risks of forced labour and/or child labour.

### ***Remediation Measures***

To date, Tacora has not identified or engaged any measures to remediate any forced labour and/or child labour that may or may not exist throughout its operations, including its supply chains, as Tacora has not started the process of identifying the aspects of its operations, including its supply chains, that carry a risk of forced labour and/or child labour.

### ***Remediation of Loss of Income from Forced Labour & Child Labour Remediation Measures***

As of its most recent fiscal year, Tacora has not identified or taken any measures to remediate the loss of income suffered by those most vulnerable to measures undertaken to eliminate forced labour and/or child labour in its operations, including its supply chains. This is due to the fact that Tacora has not initiated the process of identifying the aspects of its operations, including its supply chains, that carry a risk of forced labour and/or child labour and has therefore not taken any steps to remediate any forced labour and/or child labour that may or may not exist throughout its operations, including its supply chains.

### ***Training on Forced Labour & Child Labour for Employees & Suppliers***

To date, Tacora has not provided, and does not provide training to its employees, or its suppliers, regarding forced labour and/or child labour.

### ***Effectiveness in ensuring Forced Labour & Child Labour are not used in Tacora's Operations or Supply Chains***

As of its most recent fiscal year, Tacora has not adopted any processes and/or policies to assess its effectiveness at ensuring forced labour and/or child labour is not used throughout its operations, including its supply chains. This is due to the fact that Tacora has not started the process of identifying the aspects of its operations, including its supply chains, that carry a risk of forced labour and/or child labour, and has therefore not taken any steps to manage or address the risks of forced labour and/or child labour.

## **APPROVAL AND 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.

**DATED** this 31st day of May, 2024.

I, Heng Vuong, have the authority to bind Tacora.

*Heng Vuong*

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FULL NAME: Heng Vuong

Title: Executive Vice President and Chief Financial Officer

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<sup>i</sup> *Standard Terms & Conditions for the Purchase of Goods and Services – Scully Mine* (n.d.), Tacora Resources, at ss. 3.2 and 3.12.

<sup>ii</sup> *Ibid*, at ss. 4.5.

<sup>iii</sup> *Ibid*, at ss. 4.23.

<sup>iv</sup> *Ibid*, at ss. 6.2.

<sup>v</sup> *Procurement* (2021), Tacora Resources, retrieved at: <[Procurement - Tacora Resources Inc](#)>

<sup>vi</sup> *Ibid*.