

# SUPPLY CHAIN POLICY

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## CONTEXT

Electra Battery Materials (the “Company”) is an integral part of the North American battery supply chain, providing ethically sourced, traceable and low-carbon raw materials for the fast-growing electric vehicle industry.

Electra is planning to build a fully integrated, localized and environmentally sustainable battery materials park in Ontario, Canada. Leveraging the Company’s own mining assets and business partners, the Electra Battery Materials Park is expected to host

cobalt and nickel sulfate production plants, a large-scale lithium-ion battery recycling facility, and battery precursor materials production, which will serve both North American and global customers. Electra also owns the advanced exploration-stage Iron Creek cobalt-copper project in Idaho, USA.

The Company commitment to ethical and low carbon products cannot be achieved without collaboration with suppliers, customers and partners.



## PURPOSE

The purpose of the Supply Chain Policy (this “Policy”) is to inform the principles and standards the Company adopts and expects to be adopted by the supply chain, so business is conducted ethically and consistent with the Company internal policies and standards.

Additionally, this Policy establishes the Supply Chain Risks Management processes that follow the implementation of this Policy, including the due diligence process.

The Board of Directors’ Technical and Sustainability Committee oversees the application of this Policy, and other standards and policies related to the Company’s approach to Sustainability.



## APPLICABILITY/ SCOPE

It is encouraged and expected that suppliers, customers, partners, contractors and service providers apply the guidelines outlined in this document and extend these criteria throughout their own value chains globally.

Although the Policy standards are recommended for the entire supply chain, the due diligence process is particularly applicable to the supply chain activities upstream.



## STANDARDS

The Company standards for the Supply Chain are consistent with the Responsible Minerals Initiative Standards (RMI Standards) and the OECD Due Diligence Guidance for Responsible

Minerals Supply Chains from Conflict-Affected and High-Risk Areas (OECD Guidance) and cover (7) seven areas:

## Human Rights

- 01** Respect and protect Human Rights in accordance with the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and other references listed in this Policy.
- 02** Have a standard to map, prevent, mitigate and remedy Human Rights abuses or violations.

## Ethical Business Practices

- 01** Comply with all applicable regulations and have a Code of Conduct or procedures and practices that include
  - Anti-corruption and fraud
  - Anti-money laundering
  - Prevention of criminal tax evasion
  - Unfair competition
  - Conflicts of interest
- 02** Have zero tolerance with direct or indirect support to non-state armed groups or illegal security forces.



## Health and Safety

- 01** Provide a healthy and safe workplace for all employees and third parties, including adequate personal protective equipment.
- 02** Encourage employees to be actively involved in the improvement of their health and safety.
- 03** Have appropriate policies, controls, procedures and standards and provide training to the workforce.

## Environment and Greenhouse Gases Emissions (GHG) Management

- 01** Manage the environmental air/water/soil and biodiversity risks and impacts associated with the performed activities, and have prevention and mitigation standards, systems and controls in place.
- 02** Calculate and disclose the GHG emissions generated from performed

activities, in accordance with the GHG Protocol Standards, along with emissions reduction goals and plans.

- 03** Support a precautionary approach when there is reasonable suspicion of environmental harm.
- 04** Improve energy efficiency, water quality and consumption management and natural resources usage, as well as reduce GHG absolute emissions and intensity.



### Community Relations

- 01** Develop respectful relationships with host communities, including open and regular dialogue with stakeholders in general, and have an approach to deal with resettlement issues, livelihood strategies and other priorities.
- 02** Develop a shared agenda for the local sustainable development, respecting freedom of expression and peaceful protest rights.



### Grievances Mechanism

- 01** Grievance mechanisms include regular consultations, online and offline platforms that encourage all kinds of grievances from stakeholders, along with the Company commitment to respond and/or provide solutions in due time.



### Regulatory Compliance

- 01** It is expected that activities throughout our supply chain are compliant with all applicable laws and regulations, including all legally required permits, licenses, approvals and other certifications.



## SUPPLY CHAIN RISKS MANAGEMENT SYSTEM

The Company is committed to the traceability of products and ethical sourcing. A Risks Management System will be established, consistent with the OECD Guidance, RMI Standards and the Cobalt Industry Responsible Assessment Framework (CIRAF).

The system will inform and manage the supply chain adherence to this Policy and shall encompass the following processes to map, assess and mitigate risks in the supply chain:



### Governance

The Company shall develop and implement internal policies, standards and procedures, as well as determine staff accountabilities and training that support the implementation of this Policy and the Risks Management System.

## **B** Database Management

It includes supply chain database, chain of custody and materials provenance register that allow the Company to monitor key aspects associated with the areas covered by the Standards in this Policy.

## **C** Due Diligence

Supply chain due diligence/audits will be performed annually or by request. Due diligence will be performed based on the RMI Standards, the CIRAF and/or other industry best practices and international principles and standards.

## **D** Grievances Mechanism

The Company commits to continuously develop grievances mechanism and to utilizing current channels such as: community relations routines, Whistleblower Policy, engagement with supply chain and industry associations, among others.

## **E** Risks Assessment and Mitigation

Based on the data collected from the supply chain through the Database, Due Diligence process and Grievances mechanism, the Company will identify and assess risks, in accordance with the Responsible Minerals Assurance Process (RMAP) – as per RMI Standards – and industry risk management frameworks. For the risks mapped, a mitigation strategy or a remediation plan shall be developed, and accountabilities assigned to staff members. Whenever appropriate, supply chain representatives shall be involved in the

development of said strategy and be accountable for remediation plans.

## **F** Transparency

The Company shall disclose information on supply chain due diligence and risk assessment outcomes at least annually, through the company's ESG transparency channels: Sustainability reports, communities relations routines, website and other communications.



## **DOCUMENT REVIEWS**

This document shall be reviewed at least once every three years or by request of our Technical and Sustainability Committee at the Board of Directors level.

## **REFERENCES**

Cobalt Industry Responsible Assessment Framework (CIRAF)

GHG Protocol

International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work;

International Finance Corporation (IFC) Performance Standards;

Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct;

Responsible Minerals Initiative (RMI) Assurance Standards;

United Nations Declaration on the Rights of Indigenous Peoples;

United Nations Guiding Principles on Business and Human Rights;

United Nations International Covenant on Civil and Political Rights;

United Nations International Covenant on Economic, Social and Cultural Rights;

United Nations Sustainable Development Goals (SDGs);

Universal Declaration of Human Rights;

Voluntary Principles on Security and Human Rights (VPSHR);

To access our Whistleblowing channel, please visit

<https://report.whistleb.com/en/electrabmc>