



# Baffinland's Climate Change Strategy

2023 - 2028

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# Our Climate Change Strategy (2023 – 2028)

This Strategy was developed to be inclusive and respectful of Inuit views and aligned with Baffinland’s Values.

***We aspire to become the lowest-cost, low carbon producer of high-grade iron ore in the world.***

## Our Guiding Principles



## Our Goals and Supporting Actions

### **Goal 1** IMPROVE ENERGY EFFICIENCY AND FORGE PATH TO DECARBONIZATION

#### Our Supporting Actions

- Conduct an energy audit to identify, evaluate and select reduction opportunities
- Establish short, medium, and long-term greenhouse gas (GHG) emission targets
- Embed energy and GHG emissions considerations into our operating processes and procedures
- Integrate energy and GHG emissions considerations into our design, procurement, and investment decisions
- Characterize Scope 3 emissions
- Investigate the feasibility of low carbon technologies and renewable energy in cooperation with Inuit collaborators
- Engage with organizations and supply chain partners where possible to advance climate action, including shipping partners

### **Goal 2** MONITOR CHANGES IN CLIMATE AND ASSOCIATED RISKS TO INFORM ADAPTATION AND CLOSURE STRATEGIES

#### Our Supporting Actions

- Pursue collaborations to undertake Inuit-led monitoring of climate changes and associated impacts
- Conduct climate scenario analysis for our operations
- Develop a climate change adaptation plan for Baffinland that covers the full mine life, including closure
- Engage with North Baffin communities on climate change, and share information and approaches to support increased community resilience and adaptation

As we implement this strategy, Baffinland will engage and involve Inuit to provide assurance on strategy implementation and make information on our approach to managing climate change publicly available, including performance relative to targets

# Context and Strategy Development

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## Context

The temperature in the Canadian Arctic has increased at a rate of two to three times the global average, placing immense pressure on Arctic and northern communities, ecosystems, and infrastructure. As a northern operator, Baffinland has a role to play in combatting and preparing for climate change. The Climate Change Strategy 2023-2028, which is an evolution of Baffinland's initial Climate Change Strategy submitted to NIRB in 2019, is intended to focus and guide the company's efforts to proactively manage operational energy use and greenhouse gas (GHG) emissions, and monitor and adapt to anticipated climate changes.

The evolution of Baffinland's Climate Change Strategy was driven by a range of global, regional and company specific factors, including regulatory requirements, cost and eco-efficiency, industry practice and standards, and community, customer and investor expectations. The Arctic is disproportionately affected by climate change in terms of the scale of effects and vulnerability of communities. Nunavummiut are highly aware of, and deeply concerned about, the impacts of climate change on the land and waters, and their way of life. There are opportunities for Baffinland to collaborate with Nunavummiut on climate change-related issues.

## Scope

The Climate Change Strategy focuses on mitigation and adaptation approaches at the Mary River Mine Site. It includes Baffinland's existing operations as well as its supply chain, including transportation providers and shipping. It covers a five-year period, from 2023 – 2028.

## Strategy Development Process

In February 2019, Baffinland submitted an initial Climate Change Strategy to NIRB regarding the operation of the Mary River Project (see Appendix A: Previous Version - Baffinland Climate Change Strategy (2019)).

In June 2019, Baffinland engaged a consulting firm to support the company in refining and elaborating its Climate Change Strategy and approach to ensure it:

- Met expectations of Baffinland's most closely neighboring communities and stakeholders, and positioned Baffinland as a responsible actor in the North, and within the mining and steel sectors,
- Considered the role of Baffinland in the region and in the North, and other activities and strategies ongoing in the region,
- Was implementable and achievable, and,
- Supported Baffinland's short- and long-term ambitions for the Mary River project.

Baffinland refined its Climate Change Strategy in two phases. The first phase, which was completed in 2020, consisted of an external scan of publicly available documents pertaining to the state of climate change action in

the sector and in the North. The review included international commitments and areas of action; national strategies, acts and impact and adaptation assessments; international and national industry certifications and standards, including the Mining Association of Canada (MAC)<sup>1</sup> Towards Sustainable Mining (TSM) newest Climate Change Protocol; and regional and local activities, including Government of Nunavut strategies, initiatives and assessments, Inuit climate change leadership, and the strategies and actions of other mining companies operating in the North.

With the results of the landscape scan, Baffinland considered possible elements for inclusion in the updated Strategy, such as mitigation approaches and targets, impacts and adaptation (from industry and community resilience perspectives), partnerships and collaboration, market demand for low-carbon products, and overall principles for consideration. Additionally, Baffinland considered its current Project Certificate No. 005 Terms and Conditions issued by the Nunavut Impact Review Board (NIRB), as follows:

- *#3: The Proponent shall provide interested parties with evidence of continued initiatives undertaken to reduce greenhouse gas emissions.*
- *#4: The Proponent shall endeavour to include the participation of Inuit from affected communities and other communities in Nunavut when undertaking climate-change related studies and research.*

These considerations informed a draft update to the Climate Change Strategy for the second phase of work, which took place in 2021 and 2022, and consisted of interviews with Inuit, stakeholders, and interested organizations and groups to share the draft Strategy and seek input on content, supporting actions, and potential areas for collaboration.

From July – November 2021, Stratos (the consultant engaged by Baffinland) conducted interviews with Inuit, governments, and other interested organizations / groups (see Appendix B: Organizations providing feedback on draft Climate Change Strategy) to discuss the draft Strategy. The purpose of the interviews was to:

- Understand what roles and actions they may like to see Baffinland explore to manage its greenhouse gas emissions and adapt to climate change
- Identify potential areas for collaboration related to climate change, and
- Identify other sources of information or other groups working to research or address climate change in the North Baffin region.

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<sup>1</sup> Baffinland is a full member of the Mining Association of Canada (MAC).

Through these interviews, Stratos and Baffinland gained substantial feedback and input on how the Strategy could contribute to greenhouse gas emissions management, support climate change adaptation, enable collaboration with surrounding communities, and help to address climate change in North Baffin. Stratos summarized the feedback into ten (10) themes, as shown below.



**Figure 1: Key Themes from External Engagement on the Draft Strategy**

Stratos worked with Baffinland to incorporate the feedback into a revised version of the Climate Change Strategy. Stratos also took note of where interviewees suggested potential areas of collaboration; for example, a few interviewees suggested partnering with the Ittaq Heritage and Research Centre and SmartICE on climate data sharing and joint-monitoring, and collaborating with Arctic College on programming related to Strategy implementation. Interviewees also highlighted ongoing initiatives or mandates relevant to the Strategy being advanced by other groups, including the National Inuit Climate Change Strategy (Inuit Tapiriit Kanatami), Nunavut climate impact risk assessments (Nunavut Climate Change Secretariat), infrastructure vulnerability assessment programs (Natural Resources Canada and Engineers Canada), and permafrost monitoring programs (Government of Nunavut). Through the interviews, Stratos was also able to map relevant funding programs, many of which focus on community monitoring and adaptation. Appendix C: How engagement feedback was incorporated into the Climate Change Strategy provides a summary of revisions and additions made to the Strategy to incorporate and respond to engagement feedback.

**Next Steps**

Baffinland will develop implementation roadmaps to guide the five-year implementation of the revised Climate Change Strategy. The roadmaps will include actions required to progress the goals of the Strategy, as well as cross-cutting actions to implement the governance, monitoring, reporting and assurance needed for Strategy implementation.

# Strategy Components

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The Climate Change Strategy includes several distinct components that articulate Baffinland's climate commitments and guide its implementation approach.

## Climate Change Commitment, Goals and Actions

Baffinland's mission and vision guide all of the Company's strategies and actions:

*Our mission is to become the lowest-cost producer of high-grade iron ore in the world.*

*Our vision is to safely and efficiently identify and develop resources within Baffin Island, unlocking their wealth-generating potential.*

Baffinland's overarching climate change aspiration is **to become the lowest-cost, low carbon producer of high-grade iron ore in the world.**

Within the Strategy, Baffinland establishes two goals with associated actions to support achievement of its climate change aspiration and support its company mission:

1. Improve energy efficiency and forge a path to decarbonization.
2. Monitor changes in climate and associated risks to inform adaptation and closure strategies.

The draft Strategy Implementation Roadmaps will elaborate on the activities and actions to be considered during implementation of the Strategy and their potential sequencing over time to advance each goal.

## Guiding Principles

The guiding principles provide direction on how Baffinland should develop and implement the Strategy. These principles are informed by and consistent with existing policy commitments, the Mary River Inuit Impact and Benefit Agreement, existing Baffinland core values including *Pursue Performance Excellence* and *Environmental Stewardship* through delivery of continual improvement initiatives, and good practice.

By adhering to these principles, Baffinland commits to being transparent and collaborative in its approach to managing and adapting to climate change; respecting Inuit rights and valuing both western science and Inuit knowledge in decision-making to ensure it is evidence based; and pursuing performance excellence through continual improvement and innovation.

<i>Transparency</i>	<i>Collaboration and co-creation</i>	<i>Respectful of Inuit rights and priorities</i>	<i>Valuing western science and Inuit knowledge</i>	<i>Evidence-based</i>	<i>Continual Improvement</i>
Climate change plans and actions will be disclosed to rightsholders and stakeholders to foster greater transparency, effectiveness, and ambition.	Complex challenges like climate change require unique collaborations and partnerships to drive change. Baffinland will develop collaborative relationships with Inuit rightsholders and stakeholders to implement this Strategy.	Our climate action will apply a rights-based approach based on collaborations with Inuit and governments. Inuit are meaningful contributors in the development of our climate change strategy and implementation.	Understanding impacts and adapting to climate change requires valuing and using both western science and Inuit Knowledge (Inuit Qaujimajatuqangit).	Our actions to address climate change will recognize the evidence base for urgent climate action, including the need to set short, medium, and long-term emissions reduction targets.	Baffinland will pursue continual improvement in energy efficiency and GHG performance. Innovation is seen as a key mechanism to achieve this outcome, aligning with Baffinland's core values.

**Figure 2: Strategy Guiding Principles**

## Monitoring and Reporting

Consistent with the principle of transparency, Baffinland will make information on the company's approach to managing climate change publicly available to Inuit, stakeholders, employees and investors, including performance relative to targets.

Specifically, Baffinland will:

- Regularly collect data and information required to monitor and assess progress in implementing this Strategy
- Publicly report on the company's approach to managing climate change and progress in Strategy implementation, including performance relative to targets once targets are developed as part of annual reporting efforts including the Nunavut Impact Review Board and through other appropriate reporting mechanisms
- Engage and collaborate with Inuit, stakeholders, and other Inuit partners on climate change, the company's approach, progress and performance, and regularly seek and consider feedback to inform priorities and future Strategy updates, and
- Determine whether corrective action or changes to the Strategy are required as part of future revisions based on monitoring data, observations and other developments.

# Strategy Implementation Roadmaps

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Baffinland will develop a series of draft internal roadmaps to support implementation of its Climate Change Strategy. The draft roadmaps will outline, at a high level, the activities planned to advance the goals and associated supporting actions as set out in the Strategy. Draft internal implementation roadmaps will be developed for each of the two goals. In addition, a third draft internal roadmap will be developed to include cross-cutting measures and actions required to advance the Strategy as a whole.

To support implementation and internal planning, icons will be used in the draft roadmaps to show which activities involve one or more of the following:

	<b>Projects &amp; Initiatives:</b> specific projects, potentially requiring specific planning and resources, to initiate or advance to support implementation of the Strategy
	<b>Culture &amp; Collaboration:</b> activities that require internal or external engagement to support a project, initiative or process
	<b>Process:</b> activities that require modification to a current process and ongoing or iterative action

The draft actions and timeframes to be included in the internal roadmaps will likely evolve within the five-year implementation period to reflect learnings, stakeholder input, and changing internal and external conditions.

As part of ongoing engagement activities, various annual reporting review processes and operational activities, Baffinland will provide status updates on implementation, and will continue to refine its implementation roadmaps as new opportunities and/or priority areas are identified over time. Accordingly, Baffinland’s path to decarbonization is expected evolve over time based on the latest operational realities.

## Appendix A: Previous Version - Baffinland Climate Change Strategy (2019)

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# Climate Change Strategy

Baffinland is committed to building and operating the Mary River Project in an environmentally and socially responsible manner for all stakeholders. This means Baffinland is dedicated to ensuring the Mary River Project provides social and economic benefits to Inuit without compromising the integrity of the ecosystem or the right of future generations to the sustainable use of renewable and non-renewable resources.

To meet these commitments, Baffinland has developed a Climate Change Strategy that is focused on:

- Integrating climate change considerations into all aspects of Project planning;
- Collaborating on regional climate change initiatives and monitoring activities; and
- Operating the Project in a way that will support the needs and vision of future generations of Nunavummiut.

Activities designed to support the implementation of adaptive management measures for responding to, and mitigating effects of the Project on climate change, include:

1. Implementing comprehensive environmental monitoring and management programs that are based on a combination of scientific data and Inuit Qaujimajatuqangit to safeguard the environment.
2. Modifying or replacing equipment with more efficient alternatives to reduce greenhouse gas (GHG) emissions.
3. Researching the potential for renewable energy sources, and where possible, implementing these sources to off-set fuel requirements and reduce GHG emissions.
4. Conducting ongoing risk assessments to ensure that all aspects of the operations are able to withstand potential climate change related events
5. Identifying opportunities for energy efficiency through Project design optimizations
6. Ensuring that an effective closure strategy is in place at all stages of Project development that considers best available science for future climate scenarios
7. Maintaining compliance with monitoring and regulatory reporting requirements



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February 1, 2019

## Appendix B: Organizations providing feedback on draft Climate Change Strategy

Table 1 lists the institutions and community organizations with which Stratos engaged on Baffinland’s Draft Climate Change Strategy.

**Note:** In instances where the table identifies an institution/community organization with no interview date, Stratos was unable to engage the organization for an interview. In almost all cases, Stratos made multiple outreach attempts, including through email and phone, with the exception of ITK, who deferred to Nunavut Tunngavik Incorporated (NTI) to provide feedback.

**Table 1: List of Organizations Interviewed**

Institution (department/division)	Interview Date
<b>Qikiqtani Inuit Association</b> (IQ and Engagement)	June 17, 2021
<b>Government of Nunavut</b> (Climate Change Secretariat, Land Use and Environmental Assessment)	June 21, 2021
<b>Parks Canada</b> (Climate Change team)	June 22, 2021 (written responses through email)
<b>World Wildlife Fund</b>	May 26, 2021
<b>Natural Resources Canada</b> (Canadian Minerals and Metals Plan Secretariat, Climate Change Impacts and Adaptation Division)	June 17, 2021
<b>Environment and Climate Change Canada</b> (Climate Services Support Desk – Canadian Centre for Climate Services)	June 22, 2021
<b>Qulliq Energy Corporation</b> (Corporate Affairs)	August 5, 2021
<b>NTI</b> (Wildlife and Environment)	June 28, 2021
<i>Inuit Tapiriit Kanatami</i>	-
<i>Environment and Climate Change Canada</i>	-
Community / Organization / Group	Date
<b>Municipality of Clyde River</b>	October 6, 2021
<b>Hall Beach Hunters and Trappers Association</b> (Sanirajak)	October 2, 2021
<b>Ikajutit Hunters and Trappers Association</b> (Arctic Bay)	October 8, 2021
<b>Residents of Pond Inlet</b> (open call for feedback)	October 8, 2021 & November 9, 2021

Institution (department/division)	Interview Date
<b>SmartICE (Pond Inlet)</b>	October 4, 2021
<i>Hamlet of Arctic Bay</i>	-
<i>Hamlet of Igloolik</i>	-
<i>Hamlet of Mittimatalik (Pond Inlet)</i>	-
<i>Hamlet of Sanirajak (Hall Beach)</i>	-
<i>Igloolik Hunters and Trappers Organization</i>	
<i>Mittimatalik Hunters and Trappers Organization</i>	-
<i>Nangmoutaq Hunters and Trappers Organization (Clyde River)</i>	
<i>Ittaq Heritage &amp; Research Centre (Clyde River)</i>	-

## Appendix C: How engagement feedback was incorporated into the Climate Change Strategy

The following table provides a sample of how Baffinland considered and incorporated external engagement feedback into the revised Climate Change Strategy.

**Table 2: Examples of how feedback has been incorporated into the revised Climate Change Strategy**

Theme	External Engagement Feedback	Revision
Inuit Leadership and Ownership	Inuit need to be assured of implementation and should be 'in the driver's seat', leading some of the actions (e.g. environmental monitoring).	Baffinland changed the Guiding Principle from Collaboration to 'Collaboration and Co-Creation'. The Strategy was updated to reflect its intention to pursue collaborations to undertake Inuit-led monitoring and to investigate low carbon technologies and renewable energy with Inuit collaborators.
Shipping and Other Transportation	Shipping and shipping management, including implications of changing climate conditions, should be addressed more directly in the Strategy and prioritized in implementation.	Baffinland included a specific action to engage with organizations and supply chain partners, including shipping partners, to advance climate action. This action seeks to support reduction of air and GHG emissions associated with marine transportation.
Transparency	To foster trust, Baffinland should apply the principle of transparency to all streams of action, including data sharing and reporting.	In addition to establishing Transparency as a pillar within the Strategy, the updated Strategy also includes a commitment to publicly report on progress, and engage and involve Inuit to provide assurance on strategy implementation.
Targets & Timeframes	Interviewees expected short- and long-term GHG emissions reduction targets to be established and aligned with international commitments.	Baffinland updated one of its Strategy goals to cut direct GHG emissions with plans to establish short, medium, and long-term GHG emissions targets.
Climate Scenario analysis	A noted strength of the Strategy is its commitment to climate scenario analysis. This analysis should be prioritized to inform specific actions. It should also specifically consider implications for closure planning and reclamation.	Baffinland will prioritize climate scenario analysis in its strategy implementation roadmaps and included the specific consideration for adaptation planning to cover the full mine life, including closure.