

LABRADOR IRON ORE ROYALTY CORPORATION

ENVIRONMENT AND SUSTAINABILITY POLICY

1. Introduction

Labrador Iron Ore Royalty Corporation (“LIORC”) and its wholly-owned subsidiary Hollinger-Hanna Limited (collectively, the “Company”) is committed to the protection of life, health and the environment for present and future generations. While building shareholder value is a priority, we believe this can be achieved without neglecting our commitment to sustainable development, and this Environment and Sustainability Policy (the “Policy”) sets out the Company’s commitments with respect to the environment and sustainability.

LIORC is an investment company, whose investments all relate to Iron Ore Company of Canada (“IOC”) and consist of a 15.1% equity interest in IOC, and a 7% gross overriding royalty and a 10 cent per tonne commission on all iron ore products produced, sold and shipped by IOC. The Company does not control or operate IOC. However, the Company is indirectly exposed to environmental, social and other risks arising from IOC’s operations.

2. Compliance by Suppliers

This Policy also applies to the Company’s suppliers and service providers (“**Suppliers**”). For greater certainty, the operators of IOC do not constitute Suppliers. IOC requires all its suppliers to comply with its Standards for Suppliers, as well as Rio Tinto Group’s policies entitled “The way we work”, “The Supplier Code of Conduct” and the “Business Integrity Standard”, all as outlined on IOC’s and Rio Tinto’s websites.

The Company considers compliance to this Policy in its process for evaluating and selecting Suppliers.

3. Commitment

As an investment company, the Company also has a small direct impact on the environment through its 355 square feet of office space shared by its three employees and the Chair of the Board of Directors (LIORC’s four executive officers). All four individuals engage in flexible work arrangements and regularly work from home. To further reduce its direct impact on the environment and fulfill its responsibilities, the Company is committed to:

- Promoting the development and implementation of effective, realistic systems to minimize risks to health, safety and the environment.
- Developing and maintaining a culture of environmental responsibility and awareness.
- Using technologies to continuously improve the safe, efficient use of resources, processes and materials.
- Considering additional ways to minimize and mitigate our environmental impact through available resources.
- Supporting environmental and/or conservation initiatives and organizations that are aligned with the Company’s values.

- Providing training to employees to allow for the proper implementation of this Policy.

The Company's commitments to the environment and sustainability as they relate to its due diligence and oversight of its investments are set out in section 5 below.

4. Environment and Social Issues

As applicable and in any event at least annually, the Board of Directors formally considers environmental, health and safety, and social matters, including risks and opportunities arising from such matters that may affect the Company's business strategy and performance. The Board of Directors has adopted a formal schedule for the consideration of environmental, health and safety, and social matters at its meetings.

5. Investments

5.1 *Due Diligence and Oversight of IOC*

LIORC's sole investment asset is IOC. LIORC does not have financial or operating control over IOC. IOC is controlled and operated by Rio Tinto PLC, one of the largest diversified mining operators in the world. The Company is committed to the proper oversight of its investment in IOC and undertakes a number of on-going activities with respect to IOC to ensure that the Company is appropriately managing its environmental and social risks in order to minimize its indirect exposure to those risks, including the following:

- As a subsidiary of Rio Tinto, IOC follows all applicable Rio Tinto policies and procedures with respect to environmental, social and sustainability matters. Rio Tinto's website has reports and further information on sustainability, environmental and social issues including an annual Sustainability Fact Book and a Climate Change Report prepared in line with recommendations from the Task Force on Climate-related Financial Disclosures. LIORC monitors and reviews all such policies and reports on at least an annual basis.
- IOC's website provides information on IOC's performance in areas related to social, health, safety, environment, and community relations, including its annual Sustainable Development Report. The report outlines IOC's comprehensive program directed at achieving environmental protection within the governing framework of sustainable development. LIORC monitors and reviews the website and reports on at least an annual basis.
- LIORC receives monthly shareholder reports from IOC, which include monthly health and safety information. Also, LIORC management has regular and ongoing dialogue with IOC management and visit the IOC facilities at least annually. These reports and interactions allow LIORC to have a deep understanding of IOC's operations.
- LIORC has two nominees on the IOC board of directors. This allows LIORC to have further insight into IOC's environmental and social matters and update the LIORC Board of Directors as required. LIORC is committed to supporting IOC in their efforts to improve their environmental and social policies and performance, and having representation at the

IOC board of directors provides LIORC with the opportunity to encourage IOC to continue to implement best practices.

- LIORC reviews and monitors IOC's tailings management. As a subsidiary of Rio Tinto, IOC follows Rio Tinto's policies and procedures as they relate to tailings facilities. Rio Tinto is committed to being transparent with its stakeholders about its tailings facilities and how they manage them, including their employees, the communities they operate in, governments and regulators, partners and NGOs. IOC has a long-term tailings management plan and has developed wetlands on the existing tailings landform. Specific information on IOC's tailings facilities can be found on Rio Tinto's website.
- LIORC monitors external reports, including media reports related to environmental and social related programs at IOC and Rio Tinto in order to identify environmental or social issues or risks.
- LIORC receives an annual confirmation from the Chief Executive Officer of IOC that IOC complies with legal and regulatory requirements in the provinces it operates.

5.2 *New Investments*

LIORC is currently restricted by its corporate articles from making additional investments that are not related to IOC and its operations. Should LIORC amend its corporate articles to expand its investment mandate, LIORC will amend this Policy to ensure that new investment decisions will be made only after careful due diligence and consideration of all environmental and sustainability risks. Specifically, the Company will seek to ensure, among other things, that third-party operators comply with the legal and regulatory requirements of the jurisdictions in which mine projects are located and will only engage with third-party operators that perform to a standard that is in accordance with responsible industry standards and practices, and that is satisfactory to the Company.

6. Administration of the Policy

6.1 *Changes to the Policy*

The Board of Directors will review this Policy annually to ensure that it is effective in achieving its objectives and may recommend changes to such objectives or this Policy, or may recommend additional objectives, as appropriate.

6.2 *Responsible Officer*

The Chief Executive Officer has been designated as the individual responsible to oversee this Policy.

7. Date

Current as of March 11, 2022.