

Modern Slavery Statement FY2021

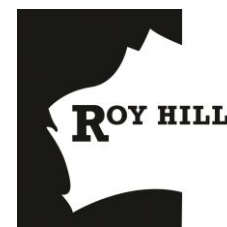


This Modern Slavery Statement for the Roy Hill Group is made pursuant to section 14 of the *Modern Slavery Act 2018* (Cth) for the financial year 1 July 2020 – 30 June 2021 (**Statement**).



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From the CEO – Gerhard Veldsman

During FY21, we have continued to improve our understanding of potential modern slavery risk in our supply chain. We have updated our policies and practices, engaged directly with high risk and high dependency suppliers through questionnaires, and helped our people better understand how to incorporate modern slavery risk mitigation into our procedures.

At Roy Hill, we are committed to the highest standards of conduct and ethical behaviour in all our business activities. Our values are: Lead, Care, Think, Perform. We are committed to health, safety, the environment, communities and integrity, and we work collaboratively with our partners and suppliers to identify opportunities for innovation and continuous improvement. We seek to maintain a work environment that promotes honest and ethical behaviour. We are committed to achieving and ensuring ethical behaviour in our business and with those suppliers with whom we contract.

We acknowledge that the COVID-19 pandemic has had an impact on the world, including our operations and supply chain. We have seen increased demand for our product which has put upward pressure on our operations and those involved in iron ore value chains.

We understand that addressing modern slavery will involve continuous improvement and we are committed to taking further steps to strengthen our approach.

Signature 

Date 20 December 2021

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Reporting Requirement 1: Identify the reporting entity

This statement addresses the risk of slavery and human trafficking in the business and supply chains of Roy Hill Holdings Pty Ltd, pursuant to the Modern Slavery Act 2018 (Cth) (the Act) for the reporting period 1 July 2020 to 30 June 2021. Roy Hill Holdings Pty Ltd ACN 123 721 077 (ABN 71 123 721 077) is a reporting entity as defined in the Modern Slavery Act 2018 (Cth).

This statement is made on behalf of all companies forming the Roy Hill Group.

In this statement, any reference to Roy Hill or the Roy Hill Group means Roy Hill Holdings Pty Ltd and its three wholly owned subsidiaries, Roy Hill Iron Ore Pty Ltd ACN 123 722 038 (ABN 18 123 722 038), Roy Hill Infrastructure Pty Ltd ACN 130 249 633 (ABN 60 130 249 633) and Roy Hill Operations Pty Ltd ACN 168 771 355 (ABN 77 168 771 355).

This is Roy Hill's second Modern Slavery Statement. During this reporting period, Roy Hill has conducted and refined supplier due diligence processes, improved tender processes to include modern slavery considerations, embedded its Supplier Principles, delivered training and capability in relation to modern slavery, and conducted a modern slavery audit.

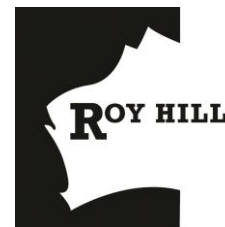
Roy Hill's **Modern Slavery Policy** states that Roy Hill opposes the use of Modern Slavery practices and is committed to addressing the risk of modern slavery occurring in its operations or supply chains. Roy Hill also expects its suppliers and contractors to adhere to the same high standards in their own operations and supply chains.

Roy Hill's internal **Modern Slavery Specification** provides the framework for addressing modern slavery risks in its operations and supply chains. The Specification is a living document and has been updated in the reporting period as Roy Hill refines its approach. The Specification sets out:

- accountabilities
- the approach to operations and supply chain risk assessment and due diligence
- on-boarding and contracting requirements
- the auditing and compliance approach
- training proposals
- confidential internal reporting and annual external modern slavery reporting
- the approach to remediation of any issues arising.

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Reporting Requirement 2: Structure, Operations and Supply Chains

Structure

Each member of the Roy Hill Group is a proprietary limited company.

Roy Hill Iron Ore Pty Ltd, Roy Hill Infrastructure Pty Ltd and Roy Hill Operations Pty Ltd are each 100% owned by Roy Hill Holdings Pty Ltd.

Roy Hill Holdings Pty Ltd is 70% owned by Hanrine Holdings Pty Ltd (being a wholly owned subsidiary of Hancock Prospecting Pty Ltd), 20% owned by KJTC Pty Ltd and 10% owned by POSCO. Roy Hill Holdings Pty Ltd has three wholly owned subsidiaries, as described above.

Roy Hill's corporate structure is made up of the Roy Hill board of directors, the Executive Team and its operational areas (mine, port, rail and governance). Roy Hill's remote operations centre, corporate headquarters and supply buildings are located at Perth Airport, West Australia. Its registered office is HPPL House, Level 3, 28-42 Ventnor Avenue, West Perth, WA 6005. Roy Hill has a representative office located in Shanghai, which conducts market research and liaises with Chinese steel mills on behalf of Roy Hill.

As of 30 June 2021, the Roy Hill Group employed 2646 employees and 170 embedded contractors.

Operations

The companies forming the Roy Hill Group together own and operate an integrated iron ore mining, port, and rail operation in the Pilbara region of West Australia.

Roy Hill currently produces and exports approximately 60million tonnes (Mtpa) of iron ore per annum to international markets, with approvals in place to increase shipments to 70 Mtpa.

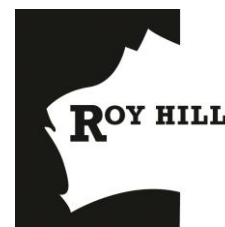
Roy Hill's mine is located approximately 115km north of Newman and incorporates conventional open pit, bulk mining operations with a 60Mtpa wet processing facility. Processed ore is sent 344 kilometres on Roy Hill's heavy haul rail line to a purpose-built two-berth port facility at Port Hedland where it is shipped to key markets including Japan, Korea, China and Taiwan. Roy Hill has a representative office in Shanghai and in FY21 approx. 63% of Roy Hill's production was sold to customers in China. As part of Roy Hill's ownership agreement, equity partners, Marubeni, POSCO and China Steel Corporation purchase just under half at the current full production rate of 60Mtpa.

Roy Hill has invested significantly in the comfort and lifestyle of its fly-in fly-out workforce with high quality accommodation camps at its mine as well as at its port and rail facilities in Port Hedland. Amenities include a wide variety of food options, mixed and women's only gymnasiums, a large multi-lane swimming pool and free Wi-Fi.

In addition, Roy Hill has numerous physical and mental wellbeing initiatives in place and implemented even-time rosters for its FIFO staff without any impacts to their remuneration.

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Supply Chain

Roy Hill sources products and services from Australia and internationally. During FY21 we engaged with 1277 direct suppliers in 19 countries, with 89.7% of those suppliers located in Australia.

For local operations in the Pilbara, Roy Hill prioritises Kariyarra, Palyku and Niyaparli Traditional Owner businesses for contracting or sub-contracting business opportunities. Roy Hill works with Traditional Owners to develop employment, training, business opportunities and other benefits for those communities.

As set out in the table below, Roy Hill's suppliers are mainly located within Australia with a much smaller amount located internationally.

Country	% Net Value
Australia	89.71%
Singapore	3.02%
Germany	2.70%
Hong Kong	1.68%
British Virgin Islands	1.16%
Malta	0.66%
China	0.44%
Japan	0.11%
South Korea	0.11%

Roy Hill also has suppliers in the United States of America, the Netherlands, the United Kingdom of Great Britain, Canada, Taiwan, Switzerland, South Africa, New Zealand, Israel and Ireland, however the net value of spend for suppliers in each is less than 0.1%.

Roy Hill's supply chain includes procurement of goods and services in construction, port operations, mining and processing operations, corporate products and services, agricultural goods and sales, rail transportation, shipping and sales to customers. Roy Hill's top spend categories in FY21 were Mobile Fleet, Maintenance Contractors and Shipping Costs.

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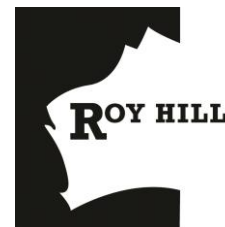


Roy Hill's supply chain covers a broad range of goods and services including:



Roy Hill's Commercial and Major Projects teams are responsible for purchasing goods and services for the operational and sustaining capital requirements of the business.

Roy Hill expects its suppliers and contractors to adhere to our high standards in their own operations, including taking necessary steps to ensure they are not involved in modern slavery. Roy Hill's governance and systems allow us to manage and mitigate risk so that Roy Hill can deliver against its commitments.



Reporting requirement 3: Describe risks of modern slavery practices in the operations and supply chain of the reporting entity and any entities the reporting entity owns or controls

Roy Hill recognises that modern slavery is a breach of a person's fundamental right to live freely. Walk Free foundation has estimated that over 40.3 million people live in modern slavery globally. Over 15,000 people in Australia are living in conditions of modern slavery and in our region, the Asia Pacific, this number is an estimated 24.9 million people¹. Modern slavery includes eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. Roy Hill acknowledges that modern slavery sits at the most serious end of a spectrum of exploitative labour practices and human rights abuses.

Roy Hill is not aware of any modern slavery in its operations or supply chains. However, Roy Hill recognises the inherent risk of modern slavery in global supply chains of which it is a part. Roy Hill is committed to working with suppliers to address modern slavery risk.

Modern Slavery risks in operations

Roy Hill's operations are located in Western Australia and our employees include engineers, geologists, technicians, operators and drivers, accountants, administrators, lawyers, heritage specialists, environmental scientists, electricians, shipping and marketing specialists and other professionals. Employees are paid in accordance with Roy Hill's remuneration and recruitment policies and at rates significantly above applicable Award rates.

Roy Hill's workforce is approximately 73% fly in fly out (FIFO). Roy Hill understands the challenges that face FIFO workers and works hard to support its FIFO workers so that they can thrive. Not only does Roy Hill provide high quality accommodation services at its mine site and its port, but it also invests time in supporting its staff to make smart health, social and safety choices. Roy Hill has policies related to well-being, training and diversity and inclusion, which enable employees to thrive.

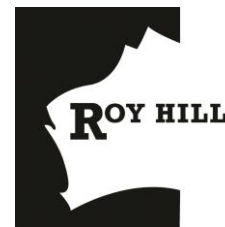
These policies and protections, combined with Australia's low ranking in the Global Slavery Index, mean that Roy Hill considers that the risk of modern slavery occurring in its operations to be low.

Finally, Roy Hill acknowledges that as part of the mining and explorations industry, there may be broader human rights impacts in its operations, despite policies and protections to mitigate risk. These activities can impact rights related to workplace health and safety, labour, Indigenous peoples, water and sanitation and the rights of community members who live near its operations. Roy Hill acknowledges that it needs social license to operate, and actively supports the local community, particularly the Traditional Owners affected by its operations.

¹ According to international human rights group Walk Free

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Modern Slavery risks in supply chain

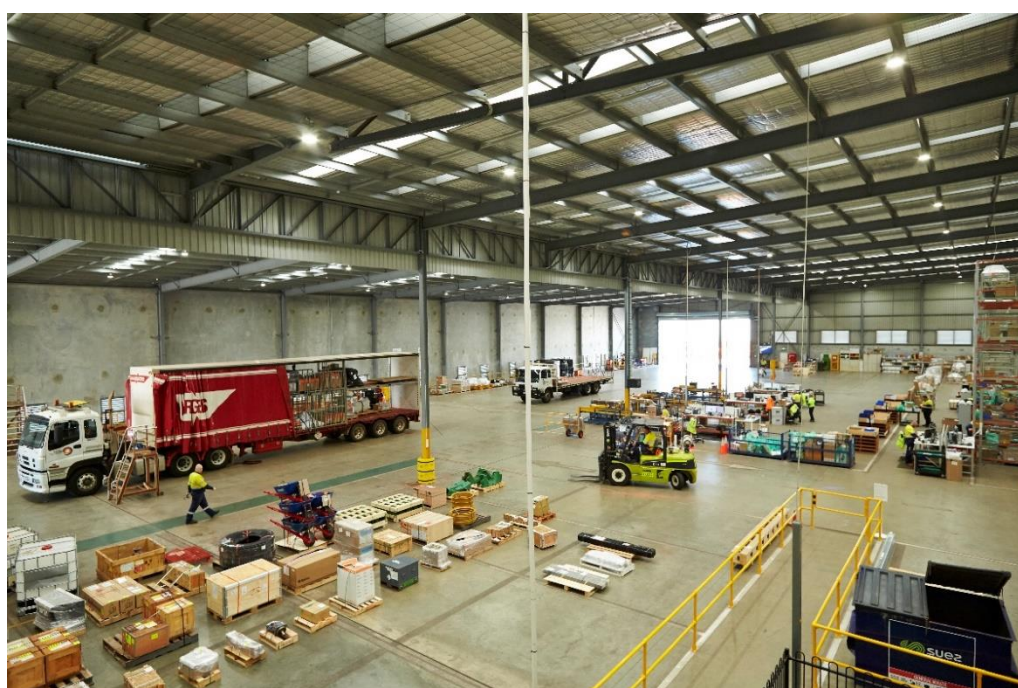
Roy Hill's supply chain is broad, complex and of a global nature. Roy Hill has identified that it acquires goods and services from higher risk industries (such as garments, PPE, electronics, construction and shipping). Roy Hill also has suppliers located in higher risk countries, as identified by the Global Slavery Index.

Roy Hill has identified that the highest risk category of direct suppliers relates to shipping and freight services. It acknowledges that the risk in this category has grown during the COVID-19 pandemic and Roy Hill has taken steps to mitigate modern slavery risk with our suppliers.

Roy Hill acknowledges that hiring externally could increase the company's exposure to poor labour practices and modern slavery. However, Roy Hill prefers to directly employ its workforce rather than rely on labour hire contractors. Over 90% of its permanent workforce are direct employees, which provides Roy Hill with full visibility over their working conditions and terms. For the remaining labour hire workforce, Roy Hill manages modern slavery risk through the terms of the labour hire agreements.

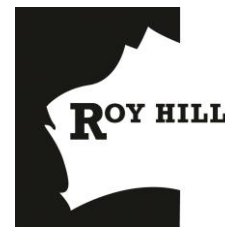
Roy Hill engages several suppliers, with workforces of varying sizes, who provide ongoing services across its sites. Roy Hill manages the modern slavery risk with its supplier workforce through the terms of the relevant contracts and the use of modern slavery questionnaires.

Roy Hill works with suppliers and contractors to ensure that their employees receive their entitlements and that their rights are respected. In this reporting period, an employee of a contractor company notified Roy Hill that they thought they weren't being paid correctly by their employer. Roy Hill engaged with the contractor company and together they identified the error and the contractor employees affected. The contractor remedied the error and ensured that all their affected employees received their correct entitlements.



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Reporting requirement 4: Actions taken

Actions taken in the reporting period

In this second year of reporting, Roy Hill took action to identify its modern slavery risks by refining and improving its due diligence practices, further embedding improved policies and procedures and improving the capability and understanding of its people regarding modern slavery risk mitigation.

Embedding the Supplier principles

Roy Hill's **Supplier Principles** address business integrity, social performance, promotion of policies and whistleblowing. The Supplier Principles require contractors and suppliers to conduct their activities in a manner that respects human rights as set out in the UN Universal Declaration of Human Rights. They also require contractors and suppliers to ensure that they do not use child labour or forced labour and that other labour rights protections are in place.

Roy Hill has amended processes to ensure that all new suppliers accept the Supplier Principles.

Updating the policy framework

In this reporting period, Roy Hill has updated its policy framework. Roy Hill's internal Modern Slavery Specification was updated. Updates were in relation to clarifying accountabilities and ensuring actions to be taken under the Specification were measurable. The Specification will continue to be reviewed annually.

Supplier due diligence

In the last reporting period, Roy Hill identified higher risk and highest dependency suppliers on which to prioritise due diligence. The due diligence was conducted through the creation of a supplier oriented Modern Slavery questionnaire and modelled off risk determinants such as compliance around supply chain policies and procedures, labour conditions and geographic location.

In March 2021, Roy Hill issued the first round of questionnaires to its direct suppliers (tier 1) with a spend greater than \$5 million. Evaluation of the responses received identified five suppliers who have incomplete or inadequate policies and processes in place to address modern slavery risk. Roy Hill will issue follow up questionnaires to the five suppliers, in the next reporting period, to assess the progress made by each of the suppliers and determine whether any further action is required. The responses to this round allowed Roy Hill to assess responses and identify any data gaps captured in the questionnaire.

In May 2021, Roy Hill issued a second questionnaire to a further group of direct suppliers (tier 1) that were selected based on spend and industry. In consultation with the Roy Hill's Legal and Risk teams, the questionnaire was improved to include questions relating to key modern slavery indicators, such as geographic location of business offices, facilities, operations, and raw materials used. Evaluation of the responses received identified ten suppliers who have incomplete or inadequate policies and processes in place to address modern slavery risk. There was a high representation of shipping vendors, which were identified to be higher risk.

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Roy Hill has developed recommendations for higher risk suppliers that will guide its ongoing engagement and assessment. With regards to shipping vendors, Roy Hill identified that further investigation is required into shipping practices, institutions or policies that might exist to mitigate modern slavery risks. Roy Hill has a Shipping Counterparty Assessment Procedure to assess risk. The Shipping Team considers the International Transport Workers' Federation's Seafarers Welfare Index, licenses and relevant registrations, the International Maritime Organisation (IMO), the Australian Maritime Safety Authority AMSA when partnering with potential shipping vendors.

Better risk assessments

Roy Hill has refined risk assessment of suppliers over the reporting period. The original Desktop Risk Assessment was integrated into the existing Questionnaire and an accompanying Questionnaire Assessment Tool was developed. The new Assessment Tool will be used to assess responses in the Questionnaire and generate a risk rating, providing a streamlined process going forward.

Tendering and onboarding processes

The modern slavery Questionnaire is now a compulsory inclusion for all vendors engaged in the tender process. This will ensure that Roy Hill is capturing data about modern slavery risk for vendors under new contracts. Tender evaluations will include relevant findings and considerations of modern slavery risks for potential suppliers.

Supplier onboarding processes have been adjusted to include questions about modern slavery, including whether the business submits a Modern Slavery Statement and if they have any policies in place around the prevention of modern slavery. All suppliers will be required to agree and sign onto Roy Hill's Supplier Principles. Where Supplier Principles are not agreed by suppliers, Roy Hill will work with the relevant supplier to implement appropriate remediation actions.

Training and capability building

In this reporting period, Roy Hill has conducted training and capacity uplift in relation to addressing modern slavery risk. This training including Lunch and Learn sessions was directed to the Commercial Contracts and Procurement team to embed the tendering and supplier onboarding risk management practices.

Audit and compliance

Roy Hill has committed to conduct one modern slavery related audit each year. In the reporting period, the Roy Hill Risk and Assurance team conducted a Modern Slavery Compliance Readiness Audit. The objective of the audit was to review key governance, business process, systems and controls ensuring compliance with the Modern Slavery management framework. It found that supporting business processes were in progress and recommended they be fully developed and implemented to operationalise the compliance framework. The findings from this audit formed the basis of the actions listed above, which were closed out during the reporting period.

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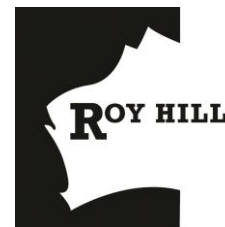
Planned actions

Roy Hill has planned the following activities to further embed modern slavery risk prevention:

Task	Timeframe	Target/ Metric
Review FY22 modern slavery audit findings and implement recommendations	Q1 FY22	Close out all recommendations
Conduct an audit into compliance with the Specification and effectiveness of modern slavery processes	Q1 FY22	1 annual audit
Deliver further modern slavery training to other relevant business functions (Supply chain and Projects)	Q2 FY22	100% of Projects team trained
Draft a Modern Slavery Procedure	Q2 FY22	Procedure in place
Further define the scope of modern slavery and Due Diligence activities	Q2 FY22	Qualitative description
Embed modern slavery training into onboarding procedures	Q3 FY22	Content developed. 100% of new starters receive training
Establish a Modern Slavery Governance team	Q2 FY22	Confirmed team
Explore external organisations or affiliations relating to Modern Slavery	Q3 FY22	Qualitative description
Review effectiveness and feedback of processes and artefacts	Q3 FY22	Continued development of tools and resources
Investigate Supplier Portal options to assist in pre-qualification of Suppliers and tracking of modern slavery information.	Q4 FY22	Requirements defined and options evaluated

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Impact of COVID-19

COVID-19 has continued to present an enormous challenge to Roy Hill’s operations and Roy Hill’s focus was “keeping our people safe, keeping our people healthy and keeping production going”. COVID-19 has had significant impact on our employees, contractors and suppliers and the subsequent surge in demand for iron ore has also resulted in pressures upon various actors in the value chain. Due to an increased necessity to source additional PPE and COVID-19 related medical supplies, Roy Hill has been required to engage in supply chains that are known to pose greater modern slavery risks. Roy Hill focused on reducing these engagements where possible by engaging lower risk origin countries. This included sourcing mask fabric from the United States and engaging a business in Australia to manufacture face masks for Roy Hill site employees.

Roy Hill has continued to offer additional measures to support staff, contractors and suppliers including:

- Amending payment terms for suppliers
- Making the Roy Hill Employee Assistance Program available to our suppliers
- Establishing the Roy Hill call centre help line and making this available to employees and suppliers to address queries or concerns they had in relation to COVID-19
- Conducting COVID-19 testing; providing masks and hand sanitiser
- Providing regular detailed communications and updates with Government and Health Department information
- Organising temporary relocation of interstate FIFO personnel.



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Reporting requirement 5: Assess effectiveness

Roy Hill reviews the effectiveness of its modern slavery risk management process on an annual basis. Below is a table tracking progress against commitments made in Roy Hill's first Modern Slavery Statement:

Commitment	Status
Due diligence to be performed on suppliers in high-risk industries, high-risk locations and high value suppliers.	Initial two rounds of questionnaires sent. Analysis complete. Ongoing close out of recommendations.
An internal audit on Roy Hill's compliance with its Modern Slavery internal Specification to identify any areas for improvement and to assess and address Modern Slavery risks and identify areas for improvement.	One audit was carried out. The audit both assessed compliance with the Specification and effectiveness. Recommendations have been made which will be implemented.
Expansion of Roy Hill's supplier risk assessment approach.	Amendments were made to supplier risk assessment processes to integrate them into questionnaire process.
Implementation of amendments to tender and supplier onboarding processes to incorporate a Modern Slavery risk assessment and the Supplier Principles.	Agreement to Supplier Principles now embedded into onboarding and tendering processes.
Modern Slavery training to employees in procurement, projects, human resources as well as the executive team.	Training has been conducted to ensure that those working in these functions are integrating modern slavery risk management into processes.

Roy Hill has and will continuously improve its approach and management of modern slavery risks and report against the planned activities and metrics outlined above. The Modern Slavery Specification requires action to be taken in the following areas and Roy Hill will measure progress in line with the following:

- accountabilities
- the approach to operations and supply chain risk assessment and due diligence
- on-boarding and contracting requirements
- the auditing and compliance approach
- training proposals
- confidential internal reporting and annual external modern slavery reporting
- the approach to remediation of any issues arising.

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Reporting requirement 6: Consultation with subsidiaries / any entity owned or controlled

As outlined in the Structure section above, each Roy Hill subsidiary is a wholly owned subsidiary of Roy Hill Holdings Pty Ltd and Roy Hill operates as an integrated group (and financially reports on a consolidated basis). Policies, processes, systems are all prepared for the Roy Hill Group and applied to the Roy Hill Group consistently. Teams across all parts of the Roy Hill business have been consulted and have had input into this statement (and the formulation of the Roy Hill Group approach to Modern Slavery risks).



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Reporting requirement 7: Any Other Business

There is nothing additional to note for this reporting period.

This Statement has been approved by the Boards of the Roy Hill Group.

Signed by

A handwritten signature in black ink, appearing to read "G. Hawkins", is written over a horizontal dotted line.

Gregory P Hawkins, Company Secretary

Date: 20 December 2021

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