



MODERN SLAVERY STATEMENT

FOR THE 12-MONTH PERIOD ENDED 30 JUNE 2021



**BASE
RESOURCES**



Important Notices

This statement is made by Base Resources Limited (ACN 125 546 910) (**Base Resources** or the **Company**), a public company incorporated under Australia's Corporations Act 2001 (Cth) and listed on the Australian Securities Exchange and the London Stock Exchange's AIM.

Base Resources is a "reporting entity" under the Modern Slavery Act 2018 (Cth) (**Modern Slavery Act**) and this statement has been issued by the Company in accordance with section 13 of that Act. Base Resources controls several entities. None of the entities which Base Resources controls is a "reporting entity" under the Modern Slavery Act.

This statement covers the period from 1 July 2020 to 30 June 2021 (**FY21** or **reporting period**). Unless the context requires otherwise, this statement is made in respect of Base Resources and each of the entities it controls, including its two operating subsidiaries, Base Titanium Limited (a Kenya incorporated entity) and Base Toliara SARL (a Madagascar incorporated company). Accordingly, references to "we", "our" and "us" are to the Company's group as a whole (**Group**). For further details about Base Resources' controlled entities, refer to Base Resources' 2021 Annual Report.

STATEMENT OF COMPLIANCE WITH THE MODERN SLAVERY ACT

Principal Governing Body Approval

This statement was approved by the Board of Base Resources, being the 'principal governing body' as defined in the Modern Slavery Act: see page 12.

Signature of Responsible Member

This statement is signed by Michael Stirzaker, Non-Executive Chair, who is a 'responsible member' of Base Resources, as defined in the Modern Slavery Act: see page 12.

Mandatory Criteria

This statement addresses each of the mandatory criteria in section 16 of the Modern Slavery Act, as specified in the table below.

Mandatory Criteria	Section(s)	Page reference
a) Identify the reporting entity.	Important Notices, 1	1-3
b) Describe the reporting entity's structure, operations and supply chains.	2-3	4-6
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	4	7
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	5-6	7-11
e) Describe how the reporting entity assesses the effectiveness of these actions.	7	12
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	8	12
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.	N/A	N/A



This statement is Base Resources' second modern slavery statement and reports on our actions to identify, assess and address the risks of modern slavery in our operations and supply chains during the reporting period.

At Base Resources, we are committed to respecting human rights in everything we do and taking action to mitigate the risk of human rights abuses, including modern slavery, in our operations and supply chains.

Put simply, modern slavery is an umbrella term used to describe various situations where victims are exploited and their personal freedoms are undermined or deprived, such as slavery, servitude, forced or compulsory labour and human trafficking.

With increasingly globalised supply chains, all entities, no matter their size, operations and location, face modern slavery risks in their operations and supply chains.

As a mining company carrying out operations in Kenya and with a development project in Madagascar, both places with contextual factors that increase the risk of modern slavery and generally low levels of awareness about modern slavery, we recognise that we are no different.

Taking action to tackle our modern slavery risks is not only consistent with our core values and fundamental to achieving our overarching objective as a company, but also presents us with an opportunity to play a leading role in raising awareness about this issue in those places where we operate and set an example for companies operating in those jurisdictions.

1. WHO WE ARE

We are a Perth head-quartered, African focused, mineral sands producer, developer and explorer with a track record of project delivery, strong and consistent operational performance and excellence in safety, community engagement and environmental stewardship.

Base Resources exists to enrich our people, the communities in which we operate and our shareholders through the creative development of mineral resources. We seek to achieve our objective by adopting inclusive business practices that aim to minimise any negative impacts and maximise the positive outcomes from our activities for our employees, our communities and our host nations, for the full life cycle of all our mining projects. The practices are underpinned by a set of core principles that together form the "Base Way" and include a commitment to safety and operational performance, the recruitment

and training of personnel from our host communities, a preference to work with local suppliers, extensive and effective community programs and a commitment to operating in a sustainable and environmentally responsible manner.

The core principles together forming the "Base Way" are based on our belief in:

- The potential of our people
- The power of the team
- The value of resources
- Absolute integrity

The "Base Way" is available from our website at baseresources.com.au/who-we-are/.

KEY FIGURES FOR THE REPORTING PERIOD

INVESTED IN COMMUNITY AND ENVIRONMENT PROGRAMS

US\$ **3.7** million

ADDITIONAL INVESTMENT FOR COVID-19 PROGRAMS

US\$ **1.4** million

NUMBER OF EMPLOYEES BY COUNTRY

KENYA **874**

MADAGASCAR **68**

AUSTRALIA **20**

REVENUE

US\$ **198.2** million

EBITDA

US\$ **94.6** million

FY21 HIGHLIGHTS

- ▶ Modern Slavery Risk Assessment Procedure developed
- ▶ Training provided to employees
- ▶ Collaborated with a Kenya-based civil society organisation
- ▶ Due diligence on direct suppliers carried out
- ▶ Risk analysis on direct suppliers performed
- ▶ Training provided to Base Resources-supported farmers' cooperative



2. OUR STRUCTURE AND OPERATIONS

Base Resources owns and operates a mineral sands mining operation in Kwale, Kenya (**Kwale Operations**), located 50 kilometres south of Mombasa, which commenced production in late 2013. Kwale Operations is operated by our Kenyan incorporated subsidiary, Base Titanium Limited (**Base Titanium**). We are also undertaking both near mine exploration activities at Kwale Operations and exploration activities further afield in both Kenya and Tanzania.

Ore mined at Kwale Operations is processed to recover three main products: rutile, ilmenite and zircon. These products are then sold pursuant to multi-sale offtake agreements or single sale contracts to customers across North America, Europe and Asia, as well as some customers located domestically. Kwale Operations' products are either shipped in bulk from our dedicated Likoni export facility in Mombasa, Kenya or in containers from the Mombasa Port.

Ilmenite and rutile are different grades of titanium dioxide minerals and can be used to produce pigments for paint, paper, plastics, textiles and inks, and titanium metal. Zircon has a range of end-uses, including in the production of ceramics.

We are currently progressing our Toliara Project towards development. Located approximately 45 kilometres north of the regional town of Toliara in south west Madagascar, the Toliara Project is founded on the Ranobe deposit and is 100% owned by our Malagasy subsidiary, Base Toliara SARL (**Base Toliara**).

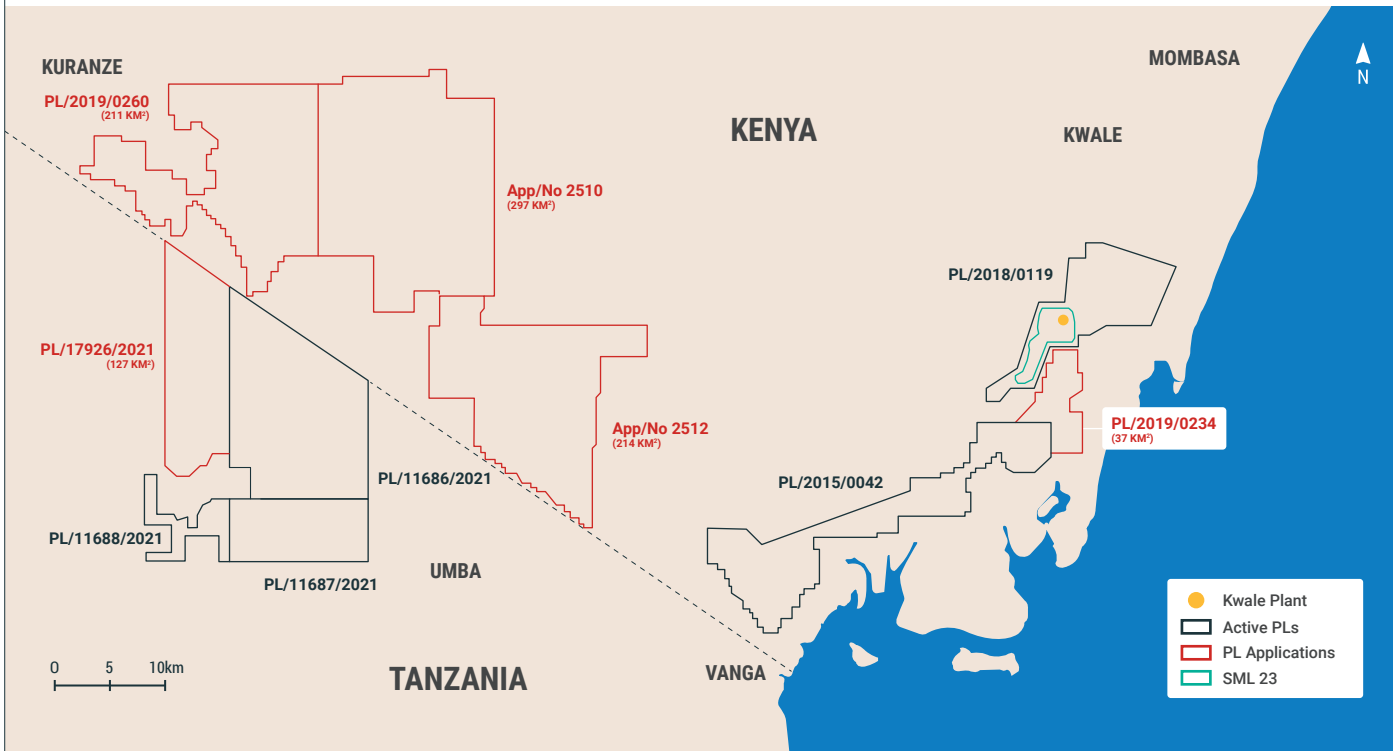
Base Resources acquired the Toliara Project in 2018 and we have since completed two definitive feasibility studies, with the most recent study being completed in September 2021. Activities on the Toliara Project, however, remain constrained by the suspension of on-the-ground activity imposed by the

Government of Madagascar in November 2019, as well as the impacts of COVID-19.

Below is an extract of our corporate structure showing the chain of ownership of our operating subsidiaries, Base Titanium and Base Toliara, and BET Two Limited, our Tanzanian incorporated subsidiary that holds our Tanzanian prospecting tenure. Base Resources' other subsidiaries, some of which are shown below, are either dormant or intermediate holding companies.

As at 30 June 2021, we had 962 employees across the Group, with the majority of our employees working at our Kwale Operations.

Our recruitment practices are a key component of our sustainability strategy and seek to maximise employment opportunities for our local communities. In Kenya, this is achieved through a documented 'fencing system' that gives preference to those residing in the immediate vicinity of Kwale Operations and progressively lower priority to those living further away and with which our contractors are required to comply. For the Toliara Project, a fencing system has similarly been developed and applied to our recruitment so far for the project. Our contractors will also be expected to comply with the system during the Toliara Project's construction and operation phases.



OUR STRUCTURE AND OPERATIONS Cont.

Our employee fencing systems have proved highly effective and, as at 30 June 2021:

- of the employees working at Kwale Operations, 98% were Kenyan nationals and, of those employees, 66% were from the Kwale County; and
- of the employees working at the Toliara Project, 87% were Malagasy nationals.

In addition to sustainability-related activities focusing on our people, such as the recruitment practices described above, we also have sustainability activities focusing on communities associated with our sites and the environment, many of which are also designed to create permanent positive change for those living nearby.

Our community programs in Kenya and Madagascar were developed in collaboration with steering committees established to act as an interface between us, our local communities and host governments and are designed to improve livelihoods through:

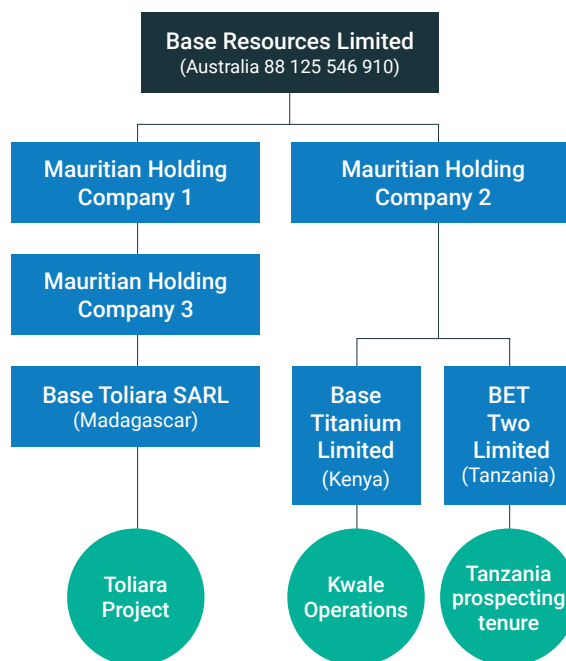
- livelihood support programs;
- community health initiatives;
- education opportunities; and
- enhanced community infrastructure.

During the reporting period, we also undertook programs to support national and local governments in both Kenya and Madagascar to combat the effects of COVID-19.

In addition to our rehabilitation activities at Kwale Operations, we have implemented several programs to help improve local biodiversity, and promote conservation

and sustainability, including the rare and endangered flora propagation research program.

More information on our community programs, including our programs to mitigate the impacts of COVID-19, and our environmental programs is available on our website (baseresources.com.au/sustainability) and in Base Resources' 2021 Annual Report accessible at (baseresources.com.au/investors/announcements).



3. OUR SUPPLY CHAINS

We utilise a wide range of products and services. As a mining company, the main products and services we use are:

- mining and general industrial equipment, parts and consumables;
- flocculant, fuel and electricity;
- personal protective equipment (PPE) and clothing;
- product transport (shipping and road) and logistics services;
- engineering and construction services;
- security, camp and other site services;
- exploration and mining-related services;
- information technology services; and
- finance, insurance and other professional services.

While our suppliers are located across the globe, where appropriate, we prioritise local suppliers and have established extensive relationships with a diverse range of local and national Kenyan suppliers.

To further enhance the opportunities for local Kenyan suppliers, we have also partnered with Invest in Africa to advertise our requests for quotations and to provide training to suppliers on how to write and submit tenders.

During FY21, we had approximately 890 suppliers, with our total supplier spend being approximately US\$96 million. Of these suppliers, approximately 45% were based in Kenya, 17% were based in Madagascar and 16% were based in Australia. In Kenya, approximately 60% of our total supplier spend was with our top 10 suppliers, whereas approximately 76% of our total supplier spend in Madagascar was with our top 10 suppliers.

Contractual arrangements with our suppliers range from one-off purchase orders subject to our standard terms and conditions to multi-year or multi-purchase contracts.

Our suppliers are primarily engaged by Base Resources, Base Titanium or Base Toliara. The Group's intermediate holding companies only have a limited number of suppliers, principally providing company secretarial, accounting and other professional services.

4. OUR MODERN SLAVERY RISKS

Whilst we did not identify any actual or suspected instances of modern slavery in our operations or supply chains during the reporting period, modern slavery still has the potential to exist in our operations and supply chains and we do have modern slavery risks.

Our Operations

Although the majority of our employees are based in Kenya and Madagascar and both countries are reported to have a high prevalence of modern slavery on the Global Slavery Index 2018 (GSI), we presently believe the risk of our operations causing modern slavery is low. Our structured recruitment practices designed to prioritise employment of locals reduces the potential for low skilled migrant workers being employed. Additionally, and as described further in section 6, we also have systems and processes in place to mitigate the risk of modern slavery in our operations and our investigations, both during FY21 and the prior reporting period, have demonstrated that those systems and processes are being adhered to. That said, we recognise it is important that we remain vigilant.

Our Supply Chains

Based on our investigations to date, we have identified a risk that we may contribute to modern slavery because of the Prevalence Index Rank on the GSI of the countries in which some of our suppliers are located, which include Kenya and Madagascar.

We have also identified a risk that we may contribute or be directly linked to modern slavery because some of our suppliers operate in industries or sectors, or provide goods or services, that research has historically shown have higher instances of modern slavery. The suppliers identified that may be higher risk included our:

- shipping and haulage contractors;
- building and construction contractors;
- mining machinery and equipment suppliers;
- parts and consumables suppliers;
- site accommodation, catering and cleaning contractors; and
- footwear, garments and PPE suppliers.

Being the areas where a large number of our smaller suppliers are based, during the reporting period we also engaged Human Rights Agenda Mombasa (HURIA), a Kenyan civil society organisation, to assist us with enhancing our understanding of the modern slavery risks generally within the Kwale and Mombasa counties in Kenya and also among our smaller suppliers based in those areas.

HURIA's work included:

- desktop research to further understand the circumstances and context of modern slavery in the Kwale and Mombasa counties; and
- field work research across both counties, involving community focused group discussions, key informant interviews with government officials and civil society organisations, and interviews with over 30 of our locally based suppliers.

Based on HURIA's research, we have also identified the following further modern slavery risks:

- A risk that we may contribute to modern slavery through our local hotel accommodation providers. The tourism industry is characterised by sharp seasonal fluctuations in labour demand, which may cause hotels to use the services of labour recruitment companies and that labour demand may be met by migrant workers. During such periods, hotels may also force their employees to work overtime in excess of applicable legal limits and/or without additional pay.
- A risk that we may be linked to modern slavery through our food suppliers. The agriculture sector is a higher risk sector for modern slavery, with there being allegations in the past of human rights abuses at large-scale commercial farms in Kenya. There has also been evidence of human trafficking in Kenya's fishing and aquaculture sector and fishing is a key economic activity in the Kwale and Mombasa counties.

5. OUR APPROACH

Our Board is responsible for defining our environmental, social and ethics vision and ensuring that our overall strategy and systems are aligned with that vision. During the reporting period, the Board established the Environment, Social and Ethics (ESE) Committee to assist with its oversight responsibility in respect of environmental, social and ethics matters. The ESE Committee's responsibilities include overseeing the management of ESE risks, including human rights-related risks. EXCO, comprising our Managing Director and Executive Director – Operations and Development, is accountable to the Board for management of our ESE risks and implementation of systems to achieve our ESE vision and is supported by senior management from across the Group.

Day-to-day management of environmental and social matters is undertaken by our Environment and Community Affairs Team, with input from other business areas, including our Legal Team, while day-to-day management of ethics matters is managed by our Legal and Human Resources Teams.

We also have a dedicated, cross-functional Modern Slavery Work Group, which reports to our General Counsel and is responsible for development and implementation of annual Group-wide workplans to mitigate our modern slavery risks, preparation of our annual modern slavery statement for review by senior management and approval by the Base Resources Board and assessment of the effectiveness of the actions being taken to identify, assess and address our modern slavery risks.

OUR APPROACH Cont.

The Work Group is made up of employees from across the Group and among its members there is in-depth knowledge of the Group's direct suppliers, employees and their employment and working conditions, and related systems and processes, as well as legal and financial expertise. During the reporting period, a senior member of our External Affairs Team in Kenya joined our Modern Slavery Work Group to enhance the group's human rights expertise and experience working with civil society organisations. Complementing our governance structure for ESE matters is a suite of Codes of Conduct, Policies, Standards, Processes and Procedures. Those relevant to the management of modern slavery risks in our operations and supply chains include:

Our Code of Conduct for officers and employees (**Personnel Code**) and our Code of Conduct for suppliers (**Supplier Code**). The Personnel Code provides a framework for decision making and actions in relation to ethical conduct by our personnel. On the other hand, the Supplier Code sets out our core minimum requirements and expectations for our suppliers, which include that our suppliers' workforces are free from modern slavery and any other human rights abuses. All new suppliers are required to be sent the Supplier Code as part of their onboarding process and our standard terms and conditions require adherence to the Supplier Code.

- Our Employment Policy and associated processes and systems for ensuring no employees are subject to modern slavery and their wages and working conditions comply with applicable law and collective bargaining agreements.
- Our Communities Policy, which sets out our commitment to upholding principles of human rights in our dealings with our host communities.
- Our Security Management Policy, which requires our security approach to be guided by the Voluntary Principles on Security and Human Rights.
- Our Whistleblower System, which provides current and former employees and suppliers and their relatives with a safe, secure, confidential and transparent mechanism for reporting inappropriate conduct, including any human rights concerns, and investigating and addressing such allegations in a timely manner. Reporting individuals have the option of remaining anonymous. The reporting channels consist of various internal reporting mechanisms, as well as an external reporting mechanism to an independent, whistleblower service provider. Whistleblower reports are notified to our Whistleblower Protection Officers, who are our Non-Executive Chair, Managing Director and Executive – Operations & Development, and one of the Whistleblower Protection Officers is assigned responsibility for the report. All material whistleblower reports are notified to the ESE Committee, with the ESE Committee then responsible for informing the Risk Committee or Audit Committee, as necessary.
- Our Fair Treatment System, which is a more informal grievance resolution process for allegations by our employees of unfair treatment. Grievances are to be initially raised to an employee's manager-once-removed

for consideration and assessment. Provision is also made for a second level of consideration by the relevant employee's manager-twice-removed.

- Our New Supplier Onboarding Process setting out the mandatory steps to be undertaken prior to any new supplier being formally engaged. The Process was introduced during the reporting period to consolidate all of our mandatory steps into a single, easy-to-use document. Relevantly, these steps include application of our Modern Slavery Risk Assessment Procedure to all new suppliers (see section 6 below for further details about this) and that, subject to very limited exceptions, all contracting with new suppliers occurs on our standard terms and conditions, which contain either long or short form anti-modern slavery clauses. The longer-form anti-modern slavery clauses require suppliers to (among other things):
 - not engage in conduct amounting to modern slavery and use all reasonable endeavours to ensure its suppliers do not do likewise;
 - notify us of any instance of modern slavery identified in their operations or supply chains and any steps taken or proposed in response; and
 - provide all reasonable assistance to enable us to identify and address risks of modern slavery in our supply chains.
- The committees we have established to act as an interface between us and our host communities. These committees are important in the information sharing process and provide an avenue for ensuring our systems are understood by the broader communities. They also provide a mechanism for locals from our host communities to raise grievances and concerns, including in relation to human rights issues.

The ESE Committee's Charter is set out in the Board Governance Plan available on our website (baseresources.com.au/who-we-are/), as are our Personnel Code, Supplier Code, Employment Policy, Communities Policy and Whistleblower Standard.

6. DUE DILIGENCE AND RISK MITIGATION

Modern Slavery Risk Assessment Procedure

During the reporting period, we developed a comprehensive Modern Slavery Risk Assessment Procedure (**the Risk Assessment Procedure**), which was rolled out in parallel with our New Supplier Onboarding Process.

The Risk Assessment Procedure is a step-by-step guide for identifying, assessing and addressing modern slavery risks for both new suppliers and existing suppliers selected by the Modern Slavery Work Group. It leverages the initial risk designation exercise we developed during the prior reporting period and augmented during the reporting period to reflect HURIA's desktop research on modern slavery in the Kwale and Mombasa counties. The exercise involves consideration of:

- the Prevalence Index Rank on the GSI of the country in which the relevant supplier is located; and

DUE DILIGENCE AND OTHER MITIGATIONS Cont.

- whether the supplier is in a sector or provides products or services that research has historically shown have higher instances of modern slavery.

The Risk Assessment Procedure also utilises the standardised modern slavery due diligence process developed during the prior reporting period, involving targeted public information due diligence and information requests via a standard-form supplier questionnaire containing questions about the supplier's:

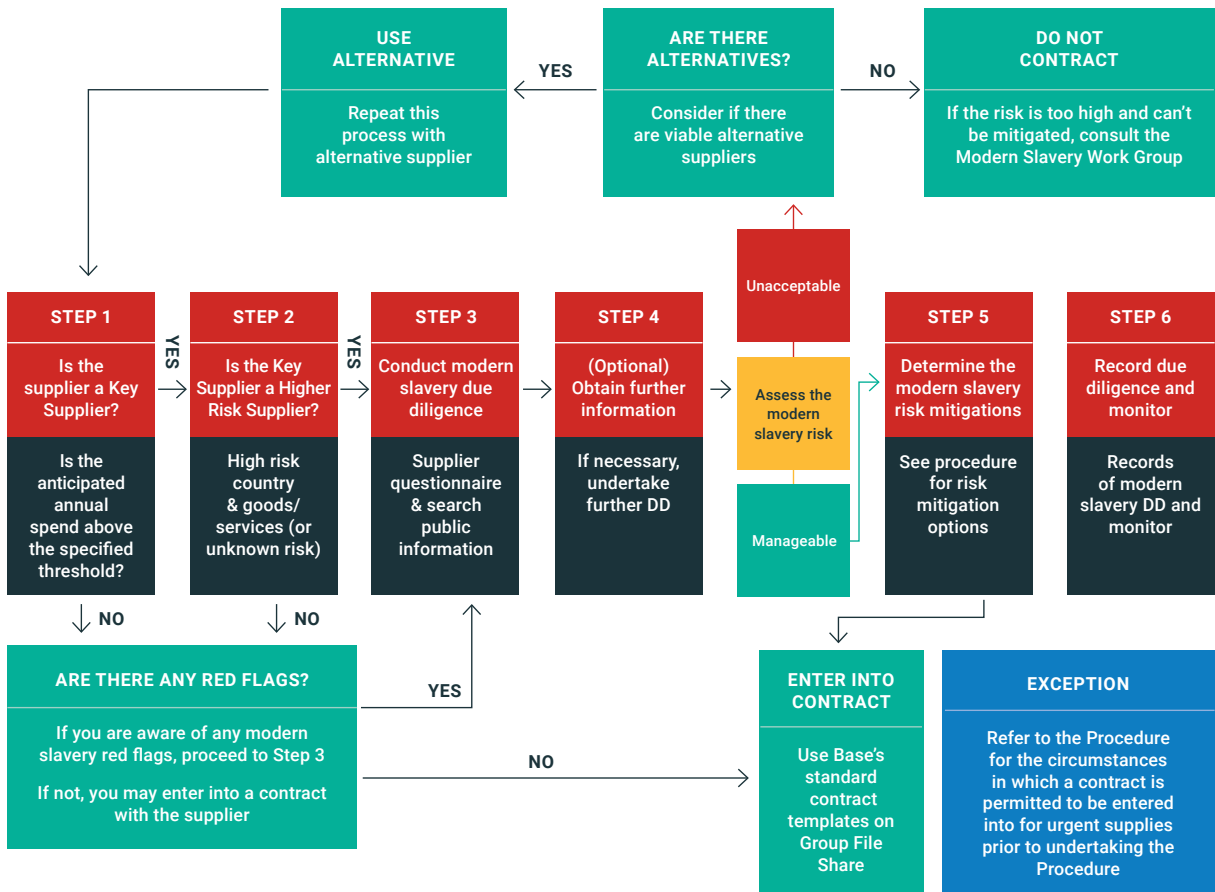
- internal policies and controls to mitigate the risk of modern slavery in its operations and supply chains;
- employment practices, including about how it obtains and engages its labour force; and
- business, including what it does and where it sources goods or inputs from.

Subject to a limited exception for urgent supplies, the Risk Assessment Procedure must be applied to all new suppliers before they are formally engaged. However, to ensure requisite focus and attention on higher risk new suppliers, the prescribed modern slavery due diligence is only required if a supplier's anticipated annual spend

is over a certain amount and the supplier is designated as higher risk following the initial risk designation exercise described above. Although we recognise that modern slavery risk does not necessarily align with our anticipated spend for suppliers, we have decided to focus on suppliers with greater anticipated spend, as we are likely to have a greater degree of influence over (and therefore ability to effect changes in the practices of) those suppliers than is the case for our suppliers where our anticipated spend is lower.

We recognise that our local suppliers will often not have sophisticated, or indeed any formal, policies or controls to mitigate the risk of modern slavery in their supply chains. While this will necessarily increase their modern slavery risk, we also recognise that refusing to deal with suppliers in scenarios such as this will do little to combat modern slavery or maximise the positive outcomes from activities for our host communities and host nations. Consequently, the Risk Assessment Procedure only suggests not dealing with such suppliers where they do not demonstrate a genuine concern for modern slavery and indicate that they would be responsive to developing their own internal policies and controls.

RISK ASSESSMENT PROCEDURE FLOWCHART



Supplier risk assessments

During FY21, we applied the Risk Assessment Procedure to 14 of our larger suppliers (by annual spend) that were designated during the prior reporting period as higher risk following completion of the preliminary risk designation exercise described above. These suppliers included shipping, haulage, security, construction and catering contractors, as well as a fuel supplier, and accounted for approximately 31% of our total supplier spend during FY21.

The determined actions arising from application of the Risk Assessment Procedure to these suppliers included:

- Monitoring – reviewing the supplier’s future public modern slavery disclosures to confirm the adequacy of its modern slavery response.
- Further information – requesting further information to better gauge the supplier’s modern slavery risk and determine any mitigations.
- Policy enhancements – requesting that the supplier put into practice their anti-modern slavery commitment by, as a first step, developing an anti-modern slavery or broader human rights policy.
- Indirect supplier audits – requesting that the supplier identifies its higher risk suppliers for an audit.

Research into Kwale and Mombasa counties and further supplier due diligence

As noted above, during the reporting period, we engaged HURIA to carry out desktop research and field work research to enhance our understanding of the modern slavery risks generally within the Kwale and Mombasa counties and among our smaller, locally based suppliers.

The field work research involved:

- 2 community focused group discussions, with group sizes ranging from 20 to 30;
- two interviews with other civil society organisations;
- three interviews with government officials; and
- 32 interviews with our local suppliers.

For ease of consideration and to facilitate our assessment of the relevant suppliers, HURIA utilised our standard modern slavery due diligence questionnaire for its interviews with our local suppliers. The suppliers interviewed included those providing staff transport services, building & construction contractors, suppliers of building and construction materials, suppliers of footwear and PPE, suppliers of accommodation services, suppliers of food and suppliers of heavy mobile equipment. HURIA’s supplier due diligence and risk assessment will be considered by the Modern Slavery Work Group as part of its selection of existing suppliers for completion of the Risk Assessment Procedure for the next reporting period.

Training and capacity building – our personnel

We recognise that our personnel are critical to our management of modern slavery risks in our operations and supply chains. During the reporting period, we partnered with a firm specialising in modern slavery and human rights to design and deliver an online training course for employees in our Procurement and Human Resources teams and other employees regularly involved in the selection or engagement of suppliers. The course was completed by 50 employees and consultants across the Group and was designed to provide participants with a base level of knowledge and understanding about modern slavery. Training content included:

- the definition and forms of modern slavery;
- indicators of modern slavery;
- high risk jobs and sectors and countries;
- how we can cause, contribute to or be directly linked to modern slavery; and
- case studies relevant to our business footprint.

The content was coupled with tests on key topics.

Leveraging this training, in-person training was then carried out for our Procurement Teams and other employees involved in the selection or engagement of suppliers on the requirements of our New Supplier Onboarding Process and the Risk Assessment Procedure.





Training and capacity building – our community programs

We partnered with HURIA to conduct in-person training on modern slavery to the Kwale PAVI Farmers' Cooperative Society (**PAVI Cooperative**), established by small-holder cotton farmers supported by our agricultural livelihood improvement program. These programs are run by our consultant, Business for Development, which is an Australian head quartered not-for-profit organisation, whose stated vision is to improve farmer livelihoods, resilience and financial independence, and their work is guided by policies that include a Child Protection Policy, Safeguarding Policy and Human Rights Policy.

The training was carried out over three days and developed following an online training needs assessment, and covered the following:

- **Capacity building** – What modern slavery is and its various forms, the indicators of modern slavery, modern slavery risk factors, the legal framework applicable to modern slavery in Kenya, the sectors and industries in Kenya that present a higher risk of modern slavery, with a particular focus on the commercial agricultural sector and the factors that make it higher risk.
- **Modern slavery response enhancements** – Assessment of PAVI Cooperative's modern slavery risks and applicable policies and controls, and potential steps/improvements to PAVI Cooperative's modern slavery response.
- **Labour Practice Code** – Development of a Labour Practice Code defining the labour practices, principles and standards that member farmers and other suppliers would be expected to apply, based on the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and other relevant Kenyan laws.

Desktop audit of personnel records and confidential interviews

During FY21, we conducted a desktop audit of personnel records of new employees in Kenya in the categories assessed as presenting a higher risk of modern slavery. We also carried out confidential interviews with a sample of these employees. These investigations confirmed that the systems we have in place to ensure no employee is subject to modern slavery and their wages and working conditions comply with applicable law and collective bargaining agreements were being adhered to. The same investigations were not carried out in Madagascar as there were no new employees during the reporting period. Furthermore, these investigations were carried out during the prior reporting period, with no issues identified.

Enhancements to recruitment procedures

During the reporting period, our internal recruitment procedures were reviewed. Enhanced checks have been identified for inclusion to complement our existing checks to ensure candidates for employment are not subject to modern slavery. A Job Interview Form incorporating these checks and other key recruitment requirements to facilitate adherence with our recruitment procedures was also prepared. Training on these enhancements was provided to the Human Resources teams in Kenya and Madagascar and will be provided to hiring managers in those jurisdictions on a "just in time basis" prior to any recruitment activity.

Other

We expanded the coverage of our initial risk designation to additional larger suppliers for the purposes of identifying higher risk suppliers for future application of the Risk Assessment Procedure.

7. EVALUATING THE EFFECTIVENESS OF OUR ACTIONS AND OUR KEY NEXT STEPS

We are committed to continual improvement of our modern slavery response and assessing the effectiveness of our actions to mitigate our modern slavery risks.

We principally do this by:

- setting annual targets for modern slavery actions and tracking achievement of those targets through, in each case, our Modern Slavery Work Group;
- carrying out internal audits of adherence to our anti-modern slavery processes; and
- assessing our existing measures, and consideration of future measures, against data obtained from previous modern slavery actions (e.g. supplier due diligence).

We carried out our targeted actions for FY21. They included the actions described in section 6 above.

We also refined the initial risk designation exercise contained in the Risk Assessment Procedure in light of the findings from HURIA's desktop research on modern slavery in the Kwale and Mombasa counties. Based on the findings from our due diligence on larger suppliers and HURIA's due diligence on our smaller, locally based suppliers, we have also identified:

- refinements that should be made to our standard-form supplier questionnaire to more clearly set out what information should be provided in response to certain questions;
- that there would be merit in developing content options for an anti-modern slavery policy which our suppliers could use or adapt as they see fit for the purposes of developing their own such policy; and
- a need for modern slavery awareness raising activities to be carried out among our locally based, Kenyan suppliers.

Each of these steps are proposed to be actioned during the next reporting period.

An audit of a random sample of new suppliers was also carried out during the reporting period to determine if they were sent our Supplier Code and their contract contained one of our standard anti-modern slavery clauses. Some instances of non-compliance were identified and the responsible individuals were notified.

An audit to assess the extent of adherence to our New Supplier Onboarding Process is also proposed for the next reporting period.

For the next reporting period, we have also set the following further targets:

- Undertake all remaining determined actions arising from application of the Risk Assessment Procedure to our larger suppliers during the reporting period.
- Work with the PAVI Cooperative in respect of the implementation of improvements to its management of its modern slavery risks to complement the existing measures that were put in place when this agricultural livelihood improvement program began.
- Apply the Risk Assessment Procedure to a portion of the suppliers interviewed by HURIA. In selecting the suppliers, consideration will be given to HURIA's research findings and its risk assessment, our own assessment of the risk and our anticipated future spend.

8. PREPARATION, CONSULTATION AND APPROVAL PROCESS FOR THIS STATEMENT

This statement was prepared by the Group's Modern Slavery Work Group, with input from members of the Group's senior management team.

Engagement and consultation with Base Resources' two operating subsidiaries, Base Titanium and Base Toliara, and key business areas across the Group in the preparation of this statement occurred through the Modern Slavery Work Group, which comprises employees of Base Resources and both operating subsidiaries, and from the Group's finance and procurement, human resources and legal teams. The initial risk designation exercise described above in respect of our larger suppliers also occurred on a Group-wide basis.

This statement was endorsed by the Company's ESE Committee, and approved by the Company's Board of Directors on 25 November 2021.

Date: 3 December 2021



Michael Stirzaker
Non-Executive Chair



Base Resources Limited
Modern Slavery Statement – For the 12-month period ended 30 June 2021

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