

## **MODERN SLAVERY STATEMENT 2020**

KML Group makes this Modern Slavery Statement (Statement) pursuant to section 14 of the Modern Slavery Act 2018 (Act) for the financial year (FY) 1 January 2020 – 31 December 2020 (FY 2020)<sup>1</sup>.

This Statement identifies Karara Mining Limited ACN 070 871 831 (ABN 68 070 871 831) as the reporting entity and addresses the following criteria:

- a. The reporting entity's structure, operations and supply chains;
- b. Modern slavery risks in the reporting entity's operations and supply chains (including those of subsidiary entities);
- c. Actions taken (including by subsidiary entities) to assess and address those modern slavery risks;
- d. How the reporting entity assesses the effectiveness of actions taken; and
- e. The process of consultation with subsidiary entities in preparing the Statement

### **Modern Slavery**

In this Statement reference to:

- a. 'Modern slavery' means situations of exploitation where offenders use coercion, threats or deception to exploit victims and undermine their freedom including human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and child labour and any other unlawful practices (such as substandard working conditions and wage underpayment) that have elements of slavery, servitude or debt bondage; and
- b. 'Illegal practices' means practices which involve modern slavery.

### **References**

Resources information and guidance materials available on the Australian Government's Online Register for Modern Slavery Statements.

The Global Slavery Index 2018 (The Minderoo Foundation Pty Ltd.)

### **The Reporting Entity**

Karara Mining Limited ACN 070 871 831 (ABN 68 070 871 831) (KML) is the reporting entity as defined in the Act.

KML is an Australian entity with consolidated revenue in excess of \$100 million during the reporting period.

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<sup>1</sup> The Modern Slavery Act 2018 commenced operation on 1 January 2019 creating reporting obligations for entities that have consolidated revenue of at least \$100 million for the relevant reporting period (a financial year), and which are Australian entities, or undertake business in Australia in that financial year.

KML makes this Statement. Reference to KML or the KML Group means KML and its subsidiaries. KML's Annual Report FY 2020 outlines details of KML's subsidiaries. KML operates as an integrated group with shared management. Policies, processes and systems apply consistently to all members of the KML Group.

KML is committed to high standards of conduct and lawful and ethical behaviour in all its activities. KML maintains a work environment that promotes honest, lawful and ethical behaviour, corporate compliance and corporate governance. In line with its obligations under the law, KML is committed to achieving and ensuring lawful and ethical behaviour in its business and with those suppliers with whom it contracts.

KML recognises the unlawfulness and unethical nature of illegal practices. KML opposes illegal practices. KML is committed to addressing, as best it can, the risk of these or similar illegal practices occurring in its operations or by its suppliers.

KML expects its suppliers and contractors to adhere to the same standards in their operations.

KML expects its suppliers and contractors to ensure that they are not, in any way, involved in illegal practices.

KML regards the assessment of the risk of illegal practices and the appropriate response to these risks is a continuous process. These risks may exist in KML's supply chains and operations. KML will work to identify and as best it can, rectify these risks.

### **About KML: Structure, Operations and Supply Chains**

KML is a public company. Each Australian registered member of the KML Group is a proprietary limited company.

Ansteel Corporation (Ansteel) is the ultimate owner of KML. Ansteel is a Chinese state-owned steel producer under control of State-owned Assets Supervision and Administration Commission of the State Council. Ansteel has headquarters in Anshan, Liaoning.

KML's corporate structure comprises the KML Board of Directors (Board), Chief Executive Officer and leadership team covering operations, finance and governance (Executive).

KML produces iron ore (mainly magnetite concentrate). KML owns, conducts and operates an iron ore mining, processing and logistics operation in the Mid-West region of West Australia. KML's operating site is the Karara iron ore mine located southeast of Geraldton in the Shire of Perenjori, Western Australia. KML ships magnetite concentrate from the port of Geraldton to China and other markets.

KML's principal place of business and registered office is Level 2, 216 St Georges Terrace Perth, Western Australia.

As at 31 December 2020, KML had 409 full time employees. KML's employees range from engineers, geologists and electricians to administrators, accountants and other professionals. Most of KML employees and the employees of KML's contractors work on a fly-in fly-out (FIFO) basis.

The KML supply chain covers construction, development, mining, crushing, processing, tailings storage, haulage, shipping and sales to customers.

KML's supply chain is global with products and services purchased from Australia and overseas. KML's procurement and commercial teams purchase goods and services for

operations. KML's finance and corporate teams manage risk, compliance and reporting in accordance with law.

KML's supply chain covers a range of goods and services including mining, crushing, processing, haulage, port and village accommodation services; consumables and spare parts; fuel and logistics; equipment hire; spare parts; clothing; labour, recruitment; IT software and hardware and mobile telephones.

KML suppliers are located around the world. According to KML's records, the percentage of spending on purchase of goods and services per country for FY2020 was as follows:

<b>Country</b>	<b>Percentage of spending on purchase of goods and services per country FY 2020</b>
Australia	97.2441
Other countries	2.7559

According to KML's records, the percentage of spending on purchase of goods and services per country for FY2020 was as follows

<b>Country</b>	<b>Percentage of spending on purchase of goods and services per other country FY 2020</b>
China	2.5346
Germany	0.0064
Finland	0.0846
Hong Kong	0.0044
Ireland	0.0004
Japan	0.0937
New Zealand	0.0028
USA	0.0285

KML's existing records currently show the majority of KML's suppliers of goods and services are located within Australia. However, KML is aware that a number of registered Australian suppliers deliver goods purchased from other countries.

The above data comes from the indexed supplier profile in KML's procurement records that does not currently reveal the original source of supply of the goods.

For example, KML records a supplier registered as a business in Australia (an entity that has an Australian Business Number or Australian Company Number) supplying KML from a manufacturer in China as an 'Australian' supplier.

KML's records do not currently show the original source of supply or manufacture of the goods. KML currently has limited or no visibility of the second or lower level supply chain beneath its direct first level suppliers.

### **Actions taken to assess and address risks in KML's operations**

KML is not currently aware of any illegal practices occurring in KML's operations.

KML did not receive any whistleblower reports or complaints relating to illegal practices at KML's operations during the reporting period.

KML's operations are located in Western Australia. KML's employees range from engineers, geologists and electricians to administrators, accountants and other professionals. KML's employees are paid in accordance with KML's remuneration and recruitment policies and any award applicable to that employee's job type.

As at 31 December 2020, around 78 % of KML employees worked on a fly-in fly-out (FIFO) basis. Most employees of KML's contractors work on a FIFO basis. KML understands the challenges that face FIFO workers. KML has taken reasonable measures to support FIFO workers. For example, KML ensures that on-site accommodation is of a suitable quality and invests time in supporting staff to make good health, social and safety choices. All KML and contractor employees (and their partners and dependents) have access to free counselling through the KML BSS employee assistance programme. KML makes free flu vaccinations available to all employees and some site contractors. KML offers its employees training and career enrichment programmes.

These policies and protections, combined with Australia's low ranking in the Global Slavery Index<sup>2</sup>, mean that the risk of illegal practices occurring in KML operations is negligible.

### **Actions taken to assess and address risks in KML's supply chains**

KML is not currently aware of any illegal practices occurring in KML's supply chains.

KML did not receive any whistleblower reports or complaints relating to illegal practices in KML's supply chains during the reporting period.

There is a risk of illegal practices occurring in KML's supply chains. This is because:

- a. KML acquires goods and services from high-risk industries (such as garments, electronics, construction and shipping) and suppliers located in high risk countries (identified by the Global Slavery Index).
- b. Supply chains are complex. KML currently has limited or no visibility of supply chain working conditions beyond its direct suppliers.

The actions taken during the reporting period comprised an internal review of the Act, materials produced by Australian Border Force and analysis of requirements for compliance by KML with the Act.

### **Assessment of the effectiveness of actions taken**

KML recognises the importance of evaluating the effectiveness of the steps adopted to manage the risk of illegal practices.

KML did not receive any whistleblower reports or complaints relating to illegal practices at KML's operations or in our supply chains during the reporting period.

A thorough understanding of the Act and the requirements for compliance is an essential precondition to accurate identification and effective management of the risk of illegal practices occurring in KML's operations and supply chains in the next and subsequent reporting periods.

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2

KML will continue to keep apprised with Modern Slavery developments, the Global Slavery Index reports and strive for best practice in relation to, as best it can, identifying, dealing with and eradicating instances of illegal practices.

### **Actions planned for the next reporting period**

KML is committed to completion and implementation of an approved Plan and continuously improving its approach and management of the risk of illegal practices in the next reporting period.

In FY2021, planned actions include:

- a. Development of a broad scope of work to undertake the progressive actions necessary to enable KML to accurately identify and manage the risk of illegal practices occurring in KML's operations and complex supply chains including appropriate amendments to procurement and operational procedures and policies in subsequent reporting periods (**Plan**); and
- b. Preparing and making available a Modern Slavery Statement for the financial year 1 January 2021 – 31 December 2021 (**FY 2021**).

KML will continue to keep apprised with Modern Slavery developments, the Global Slavery Index reports and strive for best practice in relation to, as best it can, identifying, dealing with and eradicating instances of illegal practices.

### **Actions planned for the subsequent reporting periods**

In accordance with an approved Plan:

- a. Identification of suppliers in high-risk industries and high-risk geographical locations using the Global Slavery Index focussed on high value suppliers using a reasonable and practical materiality threshold;
- b. Widening of the scope of risk assessment to cover broader categories of suppliers including the lower level supply chain beneath direct suppliers;
- c. Preparation and circulation of a questionnaire to suppliers with respect to illegal practices, policies and protections;
- d. Review of questionnaire responses to identify issues arising from the responses and develop a plan to deal with those issues including issues that require remediation and implementation of the required remediation actions;
- e. Development, introduction and ultimately addition of a KML standard contract clause with respect to illegal working conditions to all standard goods and services contracts;
- f. Provision of a template form of contract with any Invitation to Tender or Request for Quotation/Pre-qualification Questionnaire explaining KML's expectations and their obligations to tenderers/prospective contractors and suppliers (Supplier Pre-Qualification Questionnaire). The Supplier Pre-Qualification Questionnaire will require the supplier to confirm awareness and details of any policies or procedures in place and include a returnable schedule with the Invitation to Tender documentation;
- g. Completion of spot checks at the end of future reporting periods to review and assess the effectiveness of the actions taken in managing these risks. Spot checks will assist KML to

identify any issues with suppliers or contractors relating to these risks that require remediation in the reporting period. The Supplier Pre-Qualification Questionnaires will be an effective tool for identifying potential risks in operations and supply chain not otherwise captured;

- h. Continuous improvement and further ongoing development of a more comprehensive annual internal audit/ spot checks process to ensure compliance;
- i. Continued promotion of awareness of the risk of illegal practices with staff and suppliers;
- j. Reviewing and updating of procurement policies and processes to ensure that any supplier 'red flags' are identified and addressed early in the procurement process; and
- k. Review and examination of the appropriateness of the internal framework for compliance with the Act including applicable policies and procedures, to ensure the framework continues to meet legislative and internal policy requirements.

KML will continue to keep apprised with Modern Slavery developments, the Global Slavery Index reports and strive for best practice in relation to, as best it can, identifying, dealing with and eradicating instances of illegal practices.

### **Consultation**

KML operates as an integrated group with shared management. Policies, processes and systems apply consistently to all members of the KML. Teams across key parts of the KML business have been consulted and have had input into this Statement (and the formulation of the KML approach to risks of illegal practices).

### **Approval**

- a. KML Chief Executive Officer and Chief Financial Officer reviewed and approved this Statement.
- b. The Board of KML approved this Statement.



**CHANGJIANG ZHU**  
**DIRECTOR AND CHIEF EXECUTIVE OFFICER**

Date: 12 October 2022