



**Modern Slavery Statement  
2021**

## **1. Introduction**

Nickel Industries Limited ('Nickel Industries', 'the Company') and its controlled entities (together 'the Group') oppose modern slavery in its forms, including forced labour, bonded labour, child labour, prison labour, and trafficked labour. In addition, we expect our suppliers to prohibit modern slavery in their own supplier and subcontractor networks.

Nickel Industries recognises that slavery and human trafficking remain challenging for the global society and acknowledges its responsibility to Australia's Modern Slavery Act 2018. The Company will identify the modern slavery risks and ensure transparency within its value chain to ensure modern slavery is not happening anywhere in its operations.

In line with its Sustainability Policy and Human Rights Policy, Nickel Industries will (but is not limited to):

- maintain zero tolerance for slavery and human trafficking;
- encourage its employees to report concerns, protect whistleblowers, and not tolerate retaliation of any kind toward individuals who report to the Company in good faith;
- provide appropriate supervision and management of its contract and identify concerns if they arise;
- audit and review its processes to ensure ethical behaviour in the workplace and implement steps to mitigate any gaps that may be identified;
- use standard contractual clauses with suppliers to prevent modern slavery practices; and
- endorse training on human rights and modern slavery to relevant staff.

## **2. About this Statement**

This Modern Slavery Statement is made in accordance with the Modern Slavery Act 2018 (Cth) (the Act). Under the Act, Nickel Industries Limited is a reporting entity and is required to submit a Modern Slavery Statement for the year ended 31 December 2021.

## **3. About Nickel Industries**

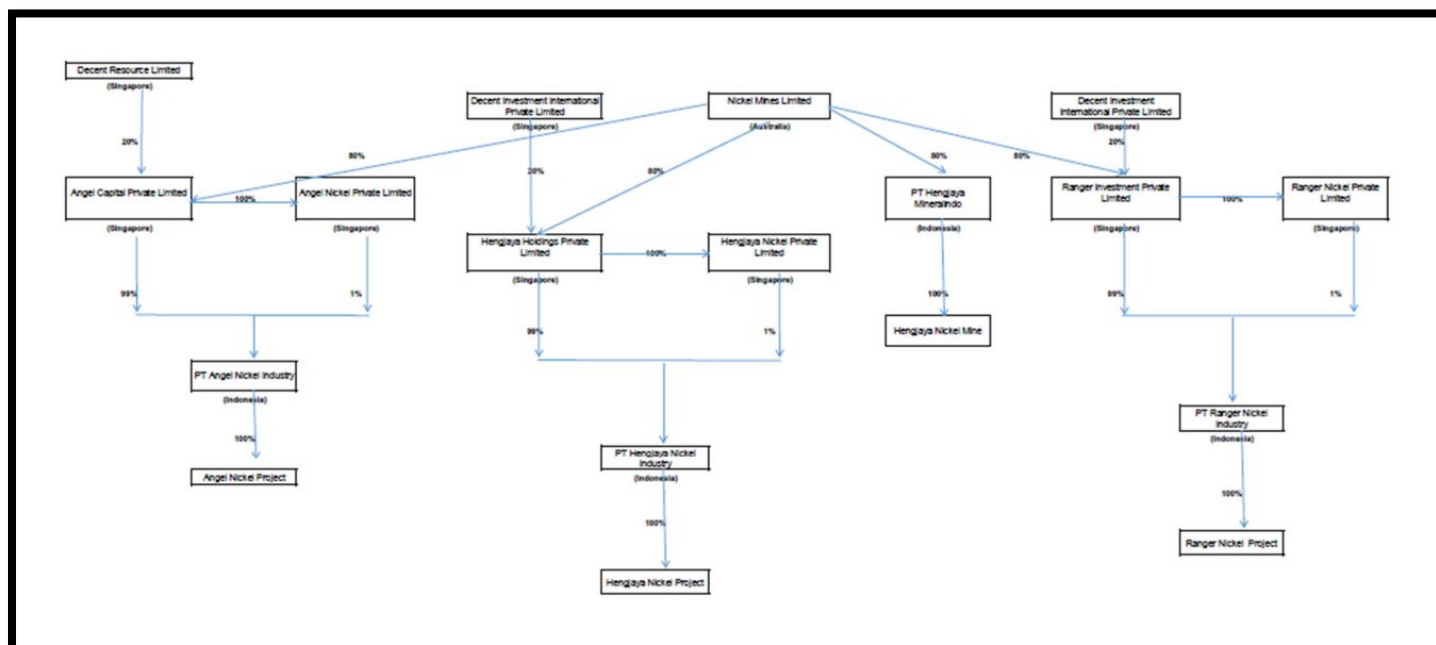
Nickel Industries (original name Nickel Mines Limited) was incorporated on 12 September 2007 under the laws of the State of New South Wales, Australia. The Group has become a globally significant, low-cost producer of nickel pig iron ('NPI'), a key ingredient in stainless steel production.

The Group's principal operations, located in Central Sulawesi, Indonesia, are the Hengjaya Nickel ('HNI') and Ranger Nickel ('RNI') rotary kiln electric furnace ('RKEF') projects located within the Indonesia Morowali Industrial Park ('IMIP'), the Angel Nickel ('ANI') RKEF project being constructed at the Indonesia Weda Bay Industrial Park ('IWIP') and the Hengjaya mine. At year-end, the Company held an 80% interest in each RKEF project and the Hengjaya mine, a large tonnage, high-grade nickel laterite deposit in close proximity to the IMIP. On 31 December 2021, the Group consists of the following entities:

<i>Parent entity</i>	<b>Ordinary shares – Group interest 31 December 2021 %</b>
<b>Nickel Industries Limited</b>	
<i>Controlled entities</i>	
PT Hengjaya Mineralindo (incorporated in Indonesia)	80
Hengjaya Holdings Private Limited (incorporated in Singapore)	80
Hengjaya Nickel Private Limited (incorporated in Singapore)	80
PT Hengjaya Nickel Industry (incorporated in Indonesia)	80
Ranger Investment Private Limited (incorporated in Singapore)	80
Ranger Nickel Private Limited (incorporated in Singapore)	80
PT Ranger Nickel Industry (incorporated in Indonesia)	80
Angel Capital Private Limited (incorporated in Singapore)	80
Angel Nickel Private Limited (incorporated in Singapore)	80
PT Angel Nickel Industry (incorporated in Indonesia)	80
Tablasufa Pty Ltd (incorporated in Australia)*	100

\* Dormant.

The chart below shows the Group structure on 31 December 2021.

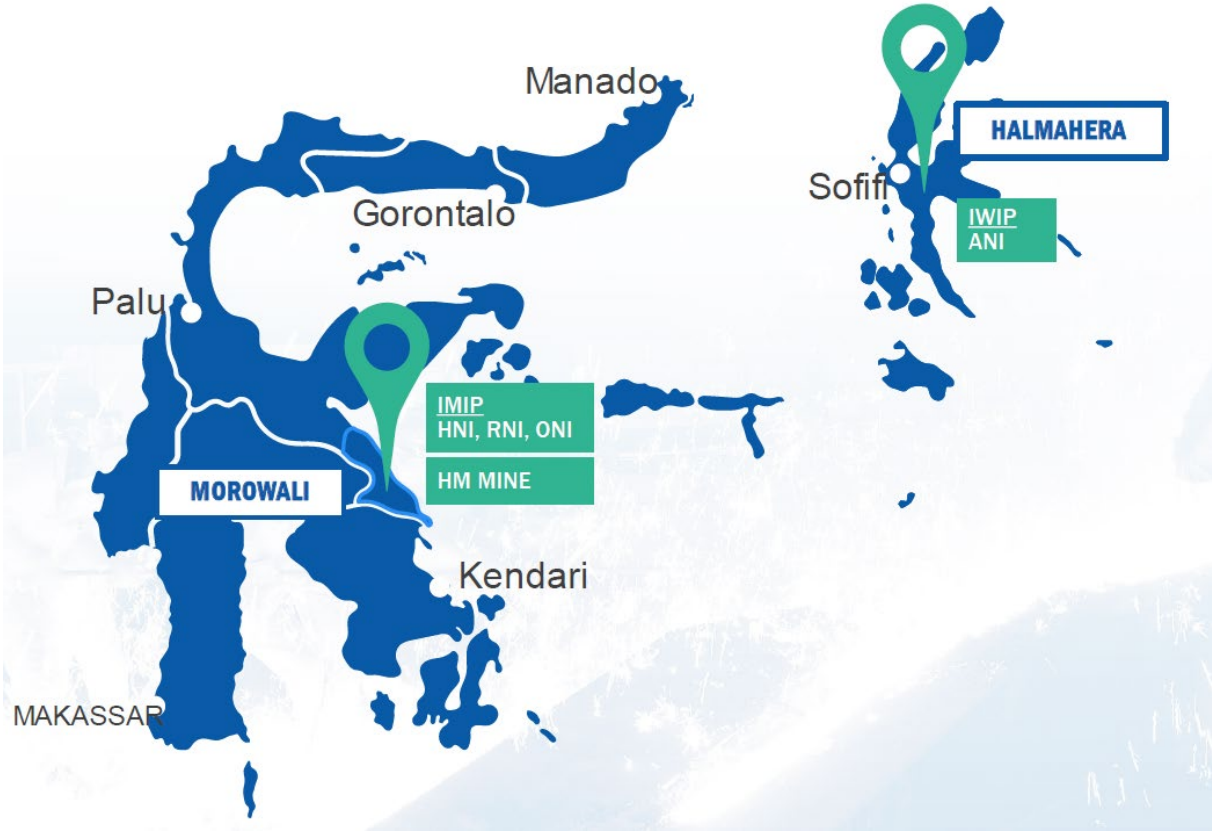


#### 4. About Our Operations and Supply Chain

Throughout 2021 we held an 80% interest in the Hengjaya Nickel and Ranger Nickel RKEF projects via our 80% interest in the paid-up share capital of Hengjaya Holdings Private Limited and Ranger Investment Private Limited, being the respective Singaporean domiciled holding companies that wholly own PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, the Indonesian PMA companies that in turn own 100% of the Hengjaya Nickel and Ranger Nickel projects.

Over the course of 2021, we also acquired an 80% interest in the Angel Nickel RKEF project via an acquisition of 80% paid-up share capital of Angel Capital Private Limited, being the Singaporean domiciled holding Company that wholly owns PT Angel Nickel Industry, the Indonesian PMA company that in turn owns 100% of the Angel Nickel project.

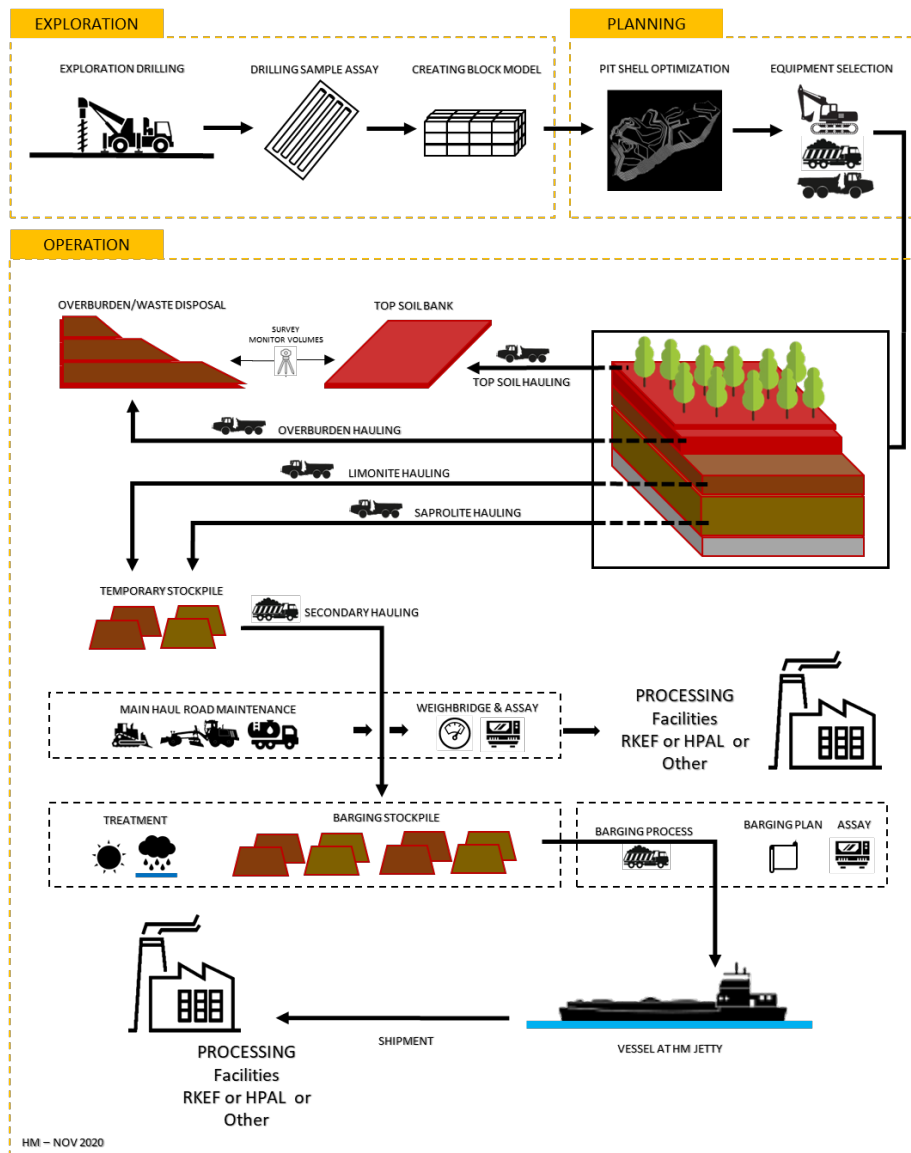
Additionally, the Company holds an 80% interest in PT Hengjaya Mineralindo, the owner of 100% of the Hengjaya mine, with the remaining 20% interest owned by the Company's Indonesian partner. The mine is located approximately 12 kilometres from the IMIP in the Morowali Regency, Central Sulawesi, Indonesia.



**a. Nickel ore mining operations**

Nickel Industries completed its acquisition of an 80% interest in the Hengjaya Mine in Central Sulawesi in March 2012, with the production of nickel ore commencing in October 2012 and the first shipment of ore sailed in February 2013. However, ore shipments and production ceased in December 2013 ahead of Indonesia's introduction of a ban on unprocessed mineral exports.

Production at the Hengjaya Mine was recommenced in 2015 following the establishment of the IMIP in close proximity to the mine. The mine continued supplying saprolite nickel ore to stainless steel and nickel pig iron producers operating at IMIP through 2019. In addition, 2019 saw the construction and successful commissioning of the Hengjaya Nickel and Ranger Nickel RKEF projects within the IMIP, projects in which Nickel Industries would also move to an 80% interest. The typical process in the Hengjaya Mine is explained in the chart below:



All saprolite nickel ore sales from the Hengjaya Mine in 2021 were to PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, the operating entities of the Hengjaya Nickel and Ranger Nickel projects, as well as to the Huayue Nickel-Cobalt project located within the IMIP.



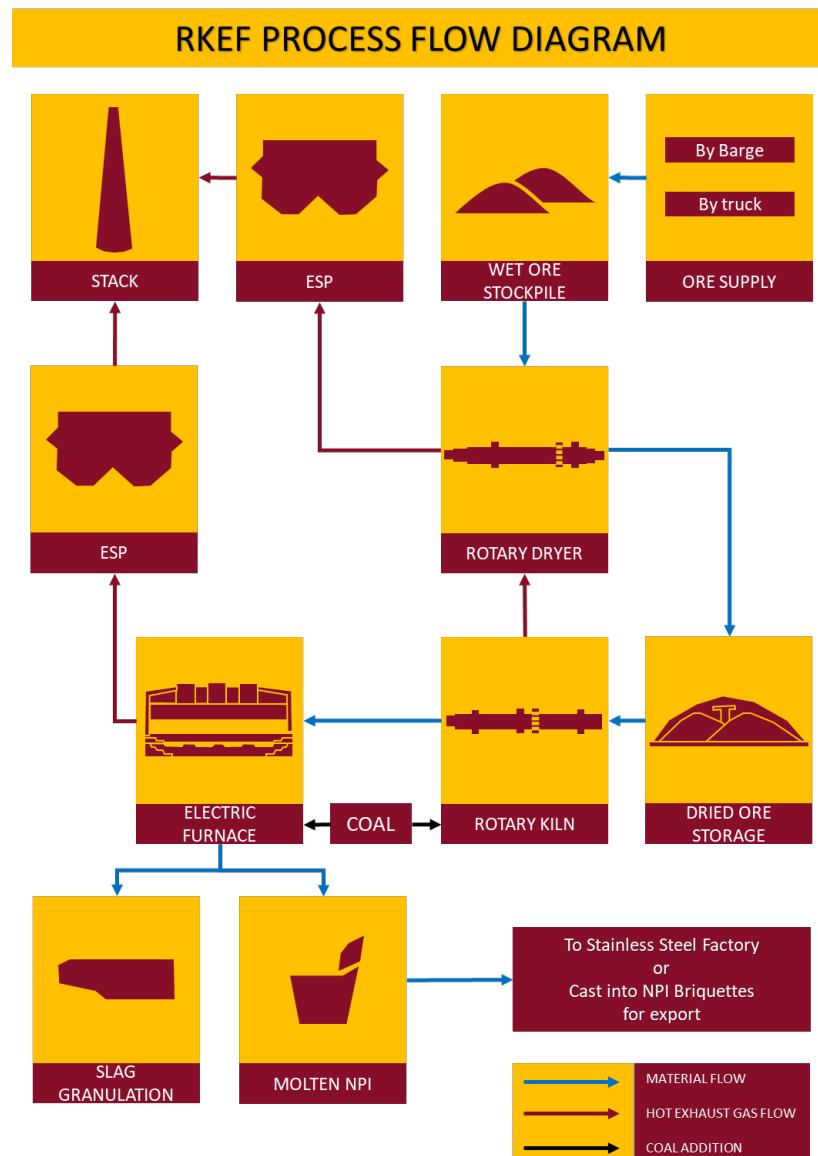
**b. RKEF operations**

Nickel Industries' two operational RKEF projects in 2021 were the Hengjaya Nickel and Ranger Nickel RKEF projects. Both projects completed construction and commissioning in 2019. Both projects are located within the IMIP in Central Sulawesi, Indonesia. The IMIP commenced construction in 2013, an endeavour of Tsingshan, the world's largest nickel and steel producer. Tsingshan pioneered the RKEF process to produce low-cost NPI and is now the dominant player in the Indonesian NPI industry and a global leader in NPI processing technology.

Additionally, the Company acquired an 80% interest in the Angel Nickel project that was constructed throughout 2021. ANI is a development project within the IWIP on Halmahera Island in Indonesia's North Maluku province. The Angel Nickel project will be a joint collaboration with Shanghai Decent, the Company's largest shareholder, comprising:

- four 54 RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal (in nickel pig iron); and
- a 380MW power plant.

The Company does not have formal contractual agreements for the supply of ancillary services within the IMIP that support the operations of HNI and RNI (for example, power and access to port). However, to facilitate the operations of HNI and RNI within the IMIP, Shanghai Decent have, in Collaboration Agreements (CAs) entered into with the Company, agreed that its related companies that supply such services within the IMIP will provide such services to HNI and RNI in accordance with the 'principle of non-discrimination, substantially the same manner, with the same degree of care and at the same price without discrimination of any kind (such as priority of entry) as it does for users within the IMIP. Our RKEF operations at IMIP consist of some activities in the chart below:



## **5. Modern Slavery Risks in Nickel Industries Operations and Supply Chains**

Whilst Nickel Industries is an Australian Company, the Group's operations are primarily based in Indonesia. These operations can be divided into two segments: nickel ore mining and NPI production at the Group's RKEF operations.

Nickel Industries recognises that slavery and human trafficking remain challenging for the global society and acknowledges its responsibility to Australia's Modern Slavery Act 2018. The Company will identify the modern slavery risks and ensure transparency within its value chain to ensure modern slavery is not happening anywhere in its operations.

Nickel Industries acknowledges that there are enhanced risks of operating in Indonesia. The country was one of more than half of the G20 countries yet to enact formal laws, policies or practices to stop business and government sourcing goods and services produced by forced labour.<sup>1</sup> The Indonesian Government's response to modern slavery was rated BB by the Global Slavery Index 2018, placing it in the percentile 50 to 59.9.<sup>2</sup>

The policies of the Hengjaya Mine, the Company's RKEF operations, the IMIP and the IWIP, are to prioritise local suppliers to sustainably contribute to the livelihoods and well-being of the communities around our areas of operations.

## **6. Assessing and Mitigating Modern Slavery Risks**

Nickel Industries established the Audit and Risk Management Committee in 2018 with specific responsibilities, including reviewing whether the Company has any material exposure to any economic, environmental and social sustainability risks, such as modern slavery, and developing strategies to manage those risks by following the recommendations from our board. Moreover, we also engaged with our joint venture partners to assess and mitigate modern slavery risks in our operations. Some of our priorities in 2021 were:

### **a. Governance**

Nickel Industries is committed to conducting its business activities and governing the Company by best corporate governance practices to the appropriate extent to the size and nature of the Company's operations. As a publicly-listed company, the Company complies with the recommendations set out in the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council. The Company always tries to be transparent in its business activities' governance, regulations and practices and to prevent any forms of modern slavery in its operations.

In 2021, the Company governed the risks of modern slavery in our operations by implementing some approaches below:

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<sup>1</sup> The Global Slavery Index 2018, page 5.

<sup>2</sup> The Global Slavery Index 2018, page 45.



- emphasised the importance of maintaining our relations with local communities and promoting corporate social responsibility programs for the surrounding villages;
- complied with laws and regulations in our operational areas and established good relations with Government, employees, local communities, shareholders and all stakeholders; and
- committed to improving the quality of products to meet local and international trade standards and formulated a corporate management system in line with the Company's long-term vision.

**b. Working conditions**

Nickel Industries regards employees as the Company's most important assets and devotes itself to stimulating employees' positive energy and growth by providing them with a broad career platform, good corporate culture, equal employment opportunities and competitive compensation packages to retain and attract the best talents in the market. By the end of 2021, over 30,000 employees worked within the IMIP, including the employees of HNI and RNI.

The Company strictly complies with Indonesian labour laws, establishes a standardised employment system, and prohibits illegal workers' employment (including child labour). Also, we continued to improve and optimise our human resources management system to protect the rights of employees and preserve their health and safety at the workplace. Furthermore, we opposed forced labour and discrimination in the workplace by providing contracts for our employees following relevant regulations.

The Company is strongly committed to diversity and recognises the value of attracting and retaining personnel with different backgrounds, knowledge, and expertise. We are focused on fostering an inclusive culture and creating a more diverse, inclusive team at every level. We aim to set the tone at the top through a diverse board and executive team. The Company recognises that diversity not only encompasses gender but extends to age, ethnicity, cultural background, language, marital or family status, and disability.

In accordance with the Company's policy, we provide legal and health protection to our employees, fair remuneration based on employees' performance, paid leave, overtime payments and other related rights for the employees under the standards in Indonesia. Also, we granted permission for the employees to participate in the election of political figures at the village, district/city, provincial and national levels without interfering with the Company's operational activities. Moreover, the Company ensured the workers had the right to conduct worship according to their religion and belief in line with the local regulations. Lastly, all employees are registered to the national health and labour insurances as required by Indonesia's national policy.

**c. Training and development**

In the last three years, our staff at HNI and RNI have undertaken relevant training and workshops, such as first-aid simulation, firefighter skills, the safety of handling chemical substances, and many others, to ensure that our personnel have sufficient knowledge and skills to run our operations safely. In addition, our personnel at Hengjaya Mine have attended some training as listed in the table below:

OHS Training for Employee at Hengjaya Mine						
Type of Training	2019		2020		2021	
	Number of participants	Number of Training Hours	Number of participants	Number of Training Hours	Number of participants	Number of Training Hours
Working at Height	25 HM 9 Contractor	4 Hours	5 Contractor	4 Hours	0	0
Near Miss Report	68 HM 4 Contractor	2 Hours	12 HM	2 Hours	27 HM 9 Contractor	2 Hours
HIRADC	0	0	0	0	4 Contractor	4 Hours
Incident Investigation (ICAM Method)	3 HM	4 Hours	0	0	0	0
ERT Training (Basic Life Support)	15 HM 2 Contractor	4 Hours	15 HM 3 Contractor	4 Hours	28 HM 1 Contractor	4 Hours
ERT Training (Fire Fighting)	9 HM 21 Contractor	4 Hours	62 HM 12 Contractor	4 Hours	0	0
ERT Training (Kendrick Extrication Devices)	9 HM	4 Hours	0	0	8 HM	4 Hours
ERT Training (Emergency Reporting)	8 HM	4 Hours	0	0	0	0
Confined Spaces	4 HM	4 Hours	0	0	0	0
Lock Out Tag Out (LOTO)	8 HM 6 Contractor	4 Hours	0	0	0	0

To meet the development needs of Nickel Industries, the Company constructed a management team with a proportionate ratio of Australian, Indonesian and other international nationalities. In addition, we also prepared career development and trained the local staff to carry out their responsibilities at the Company. Our training plan enables our team to meet the requirements of the management position of the Company; thus, we also contribute to the human capital development of people in our operational areas. In total, the training hours for our personnel at Hengjaya Mine have been increased from 320 hours in 2020 to 1,288 hours in 2021.

**d. Benefits and facilities**

We provided competitive compensation for our staff, above the regional standards in our operational areas, and increased their packages in line with the Company's employees' performance and growth. As a result, there is no difference in the basic salary, and remuneration women and men earn. Also, we did our best to prevent the transmission of COVID-19 in our sites by implementing a strict health protocol, distributing epidemic prevention materials to employees, and disinfecting the canteen, office, production area and other places to minimise the risk of virus transmission. Some additional health services and facilities provided by the Company to employees are:

- provision of first aid station facilities according to standards;
- health clinics;
- medical checkup for all employees;
- COVID-19 vaccination;
- vitamins; and
- annual health risk assessments by the Company's doctor.

Additionally, through our collaboration at IMIP, we provide an emergency hospital where ill employees or work-related accidents can be picked up and transported to the clinic via an ambulance to receive medical treatment. This facility opens 24-hour and provides outpatient polyclinic, inpatient, and emergency unit services for the staff.

The Company has provided decent housing, food and beverages for workers stationed in the mining area. Also, meals were given during working hours for the staff at HNI/RNI along with other facilities such as supermarkets, barber shops, sewing rooms, reading rooms and gymnasiums to maintain their mental health. In addition, the living area is equipped with a basketball court (including an indoor basketball hall), a football field, a badminton court, and an entertainment and leisure area. At the same time, we also improved the quality of local roads and infrastructures to contribute to the local society.

To facilitate the routine prayer of Muslim staff, prayer rooms and mosques are located near the workplace. The prayer room was equipped with a sink, sound system, bookshelf, air conditioning, sermon podium, shoe, and a hat shelf. Furthermore, every department cleans the prayer rooms daily to ensure employees a comfortable prayer environment. In addition, monthly health inspections were conducted by staff to maintain the hygiene and cleanliness of these prayer rooms. Lastly, buses are also available for staff transportation.

**e. Occupational health and safety**

Nickel Industries regards health and safety as a top priority; it is paramount in our industry. We are committed to upholding rigorous health and safety standards, keeping our workplaces injury- and illness-free, and actively promoting a zero-accident work culture in every aspect of our operations. Our objective is to achieve 'Zero-Harm' for our employees, contractors, and the communities in which we operate.

Our commitment to a safe work environment is reflected in our Occupational Health and Safety (OHS) policies designed to protect our employees, contractors, suppliers, and other workers. Effective implementation of OHS policies demonstrates our commitment as a global company. Consistent OHS performance in the Company is achieved by cultivating employee habits that prioritise OHS; when good habits are practised repeatedly and continuously, they become ingrained in our behaviour and culture.

The Company's approach to preventing and mitigating the negative impact of OHS is to educate employees about OHS standards to protect their health, increase work efficiency, and avoid workplace accidents and diseases. The benefits include the ability to anticipate the presence of hazard-causing factors and take preventive measures in advance, comprehend the various types of hazards present in the workplace, assess the level of hazards present, and control the occurrence of risks.

The Company has implemented an Occupational Health and Safety Management System by adhering to applicable OHS laws and regulations, implementing risk management procedures, and adhering to OHS standards.

We maintain a compliant OHS management system for all employees, contractors, visitors, and other stakeholders. Our OHS management system is based on the following principles: policy, planning, organisation and personnel, implementation, evaluation and follow-up, documentation, and management review. The implementation of the OHS management system aims to ensure the safety and health of all employees and contractor/supplier workers in our operations. Our OHS policies cover the following aspects:

- i. conducting hazard identification and risk assessment for all Company activities and determining risk controls to reduce risk to the accepted levels;
- ii. determining OHS targets objectives and regularly evaluating their achievement;
- iii. developing and implementing OHS programmes by involving all employees to prevent incidents, including occupational illness;
- iv. developing safe work procedures, providing appropriate personal protective equipment and safety equipment, and facilitating training and capacity development for our employees in every aspect of OHS;
- v. reporting unsafe events and conditions and 'stop the job' until corrective actions have been made;
- vi. enforcing continuous improvement by evaluating OHS management system performance through internal and external audits and follow up of any non-conformances; and
- vii. implementing the emergency response and preparedness procedures, providing resources and regular testing to ensure their effectiveness.

Nickel Industries provided OHS training to both employees and contractors throughout 2021. Due to the COVID-19 pandemic, some activity was conducted online, while face-to-face workshops were held with strict health protocols. One of the sessions we ran last year was basic life support training. This workshop equips participants with the knowledge and skills necessary to maintain life when facing life-threatening situations. This course focuses on performing CPR (Cardiac Pulmonary Resuscitation) and is designed to educate individuals who encounter cases/incidents of cardiac arrest or respiratory arrest on the job or in the surrounding region. In addition, this CPR serves as a reminder to all employees of the critical nature of OHS.

Furthermore, we invested scientifically and effectively in enhancing the working environment, purchasing labour protection supplies, adding new safety monitoring systems, maintaining and upgrading fire fighting facilities and equipment, and rectifying hidden dangers of significant accidents.

Subsequent to the end of the year, in June 2022 Nickel Industries was very pleased to receive notification that the Occupational Health & Safety Management Systems had been assessed and found to meet the requirements of ISO 45001:2018.



**f. Supplier management**

In order to protect the rights and interests of suppliers and to prevent modern slavery in our value chain, our purchasing team continuously optimises the workflow, explores new methods, seeks new ideas, and improves the working mechanism, which effectively protects our suppliers, such as:

**i. Procurement due diligence and transparency**

The Company uses a purchasing system that can connect suppliers. This system includes supplier qualification confirmation, open inquiry, platform quotation and system supervision by the procurement team to ensure that the process is transparent and follows appropriate due diligence steps. Some examples of our best practices are available below:

- Open inquiry system and a unified format of inquiry letter to make all registered suppliers receive the Company's purchase information timely, entirely and consistent, as well as to avoid secondary costs caused by unequal information and human errors, which can lead to unnecessary losses for the suppliers.
- The use of a quotation platform, in certain conditions, can also be referred to as a quotation list to reduce the discretion of purchasing staff so that we could improve the confidentiality of our purchase order. Thus, a fair and just environment could be enabled for our suppliers.
- System supervision to prevent anti-competitive behaviour between suppliers. In the selection process, no interpersonal relationship should be considered besides product performance and service quality.
- The use of a procurement platform displays information about our procurement resources and checks the qualifications of participating suppliers in bidding processes. Data recording and tracking are also used to ensure transparency and standardisation of every activity in procurement practices. At the same time, this platform also reduces the risks in the transaction and creates fair and just competition for suppliers.

**ii. The establishment of a supplier management system**

This system enabled us to collect and organise all supplier information and record and classify suppliers through due diligence, which will be helpful in the screening process. In addition, this system also enacted our anti-corruption policies and provided a fair and ethical business with suppliers.

**iii. Direct communication channels between suppliers and senior purchasing management**

- Authorised departments in the Company could establish direct communication channels with all suppliers to improve their working efficiency.
- The suppliers have the right to complain about any department to the senior management about any request for bribes, negative working attitudes, improper behaviour, and unfair treatment. Any reports will be treated in good faith and confidential.
- Once the report and complaint are verified, the senior management will take the required actions and prevent retaliation against the suppliers.

iv. **Local suppliers' prioritisation**

- We are committed to contributing to sustainable development in our operational areas and, more broadly, across the globe to create a positive legacy for future generations. We help stimulate economic growth in our operational regions by prioritising hiring local suppliers as long as they can deliver and meet the quality and price required in our projects.
- Nickel Industries also supported the development of local suppliers through knowledge sharing and technology utilisation to develop them gradually so they could become reliable partners of the Company.

## **7. Assessing the Effectiveness of Nickel Industries Modern Slavery Compliance Initiatives**

This document is Nickel Industries' second Modern Slavery Statement under the Australian Modern Slavery Act. The Company will regularly evaluate the effectiveness of this statement and its integration with other policies to evaluate whether the approach we have taken remains proportionate and in compliance with the Modern Slavery Act 2018.

## **8. Statement Approval**

This Modern Slavery Statement has been approved by the Board of Directors of the Company on 23 June 2022.

Signed by:



Justin Werner  
Managing Director