



Modern Slavery Statement 2020

1. Introduction

Nickel Mines Limited ('Nickel Mines', '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 Mines recognises that slavery and human trafficking remain a challenge 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 Mines will (but is not limited to):

- maintain zero tolerance for slavery and human trafficking;
- encourage its employees to report concerns, protecting whistleblowers, and not tolerating retaliation of any kind toward individuals who report to the Company in good faith;
- provide appropriate supervision and management of its contract and identifying concerns if they arise;
- audit and review its processes to ensure ethical behaviour in the workplace and implementing 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 Mines Limited is a reporting entity and is required to submit a Modern Slavery Statement for the year ended 31 December 2020.

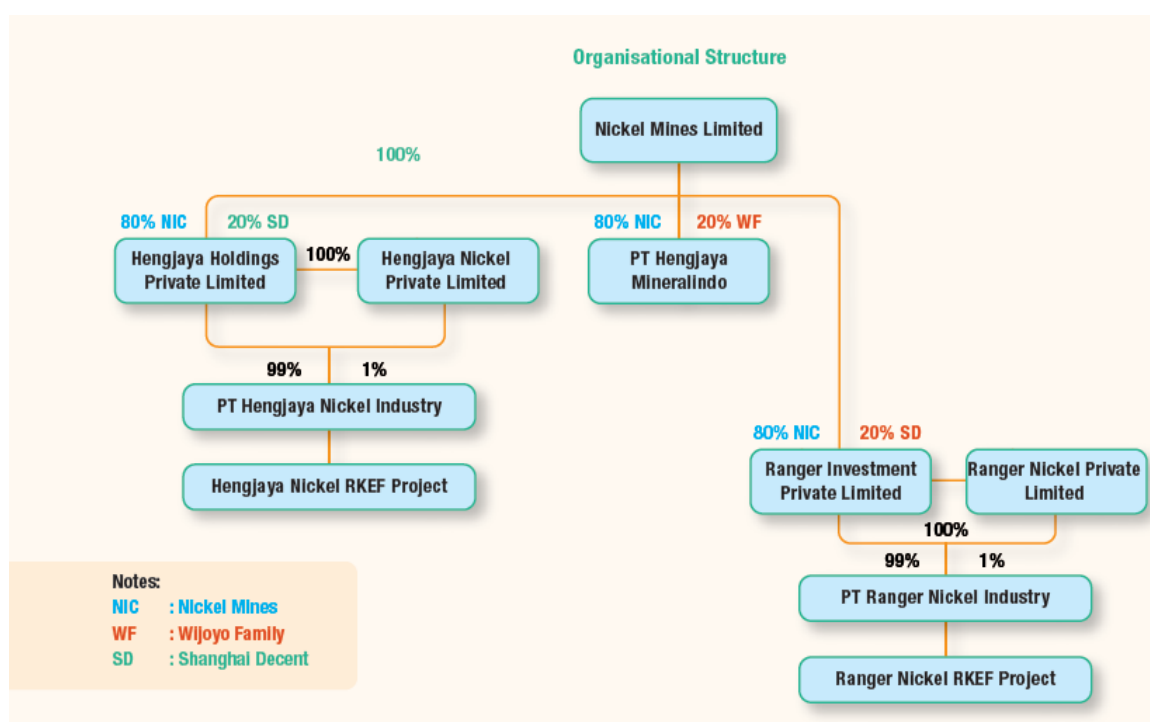
3. About Nickel Mines

Nickel Mines 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'), 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 2020, the Group consists of the following entities:

| Parent entity | Ordinary shares – Group interest 31 December 2020 % |
|---|--|
| Nickel Mines Limited | |
| Controlled entities | |
| 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 |

The chart below shows the Group structure on 31 December 2020.



4. About Our Operations and Supply Chain

For the first six months of 2020, we held a 60% interest in the Hengjaya Nickel and Ranger Nickel RKEF projects. In June 2020, Nickel Mines exercised its option to acquire a further 20% of the shareholder loans and issued and 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.

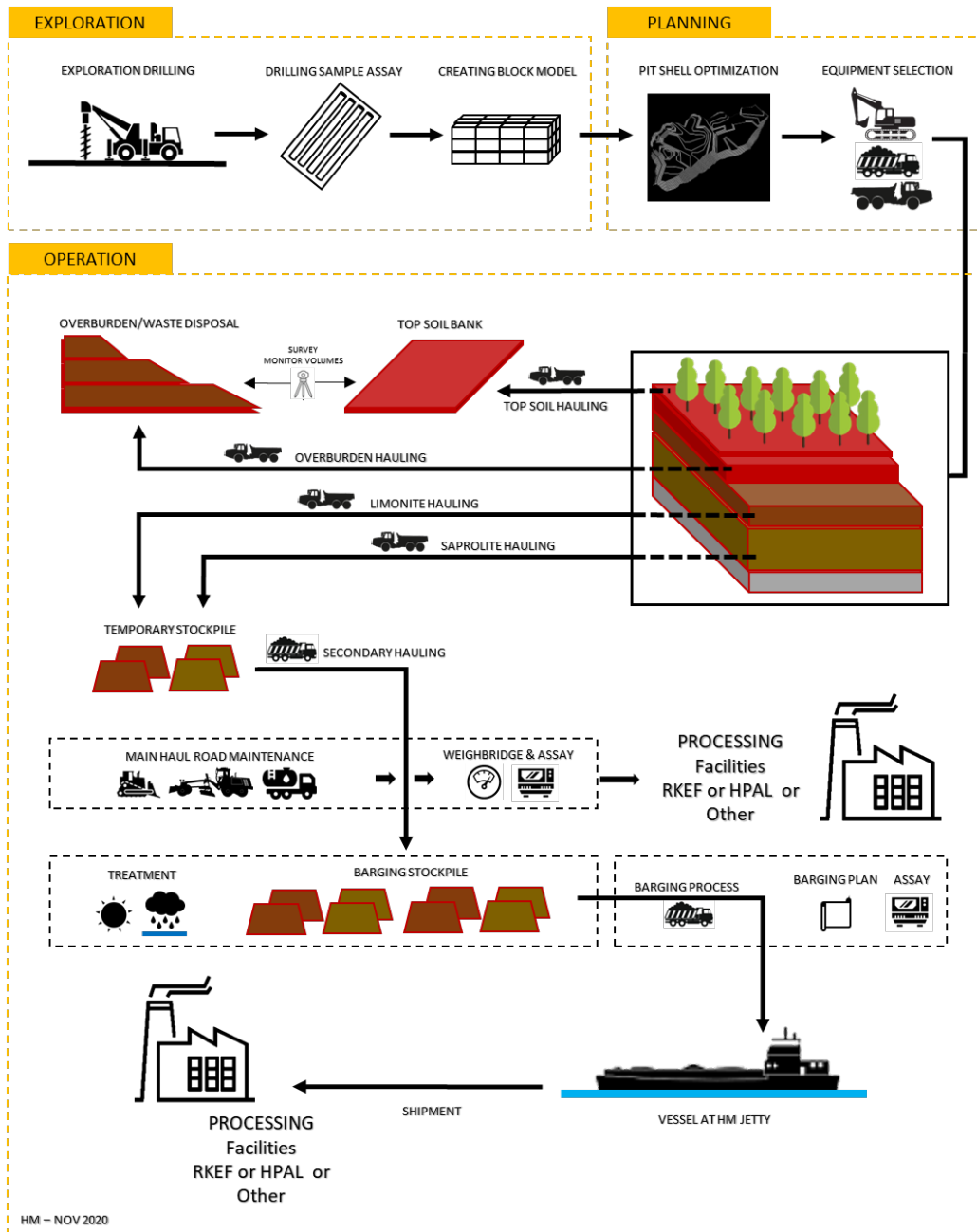
Additionally, the Company holds an 80% interest in PT Hengjaya Mineralindo, the owner of 100% of the Hengjaya mine, with the remaining 20% interest owned by the Company's Indonesian partner. The mine is located approximately 12 kilometres from the IMIP in the Morowali Regency, Central Sulawesi, Indonesia.



a. Nickel ore mining operations

Nickel Mines 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, shipments of ore 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 to supply saprolite nickel ore to stainless steel and nickel pig iron producers operating at IMIP through to 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 Mines would also move to an 80% interest. The typical process in the Hengjaya Mine is explained in the chart below:



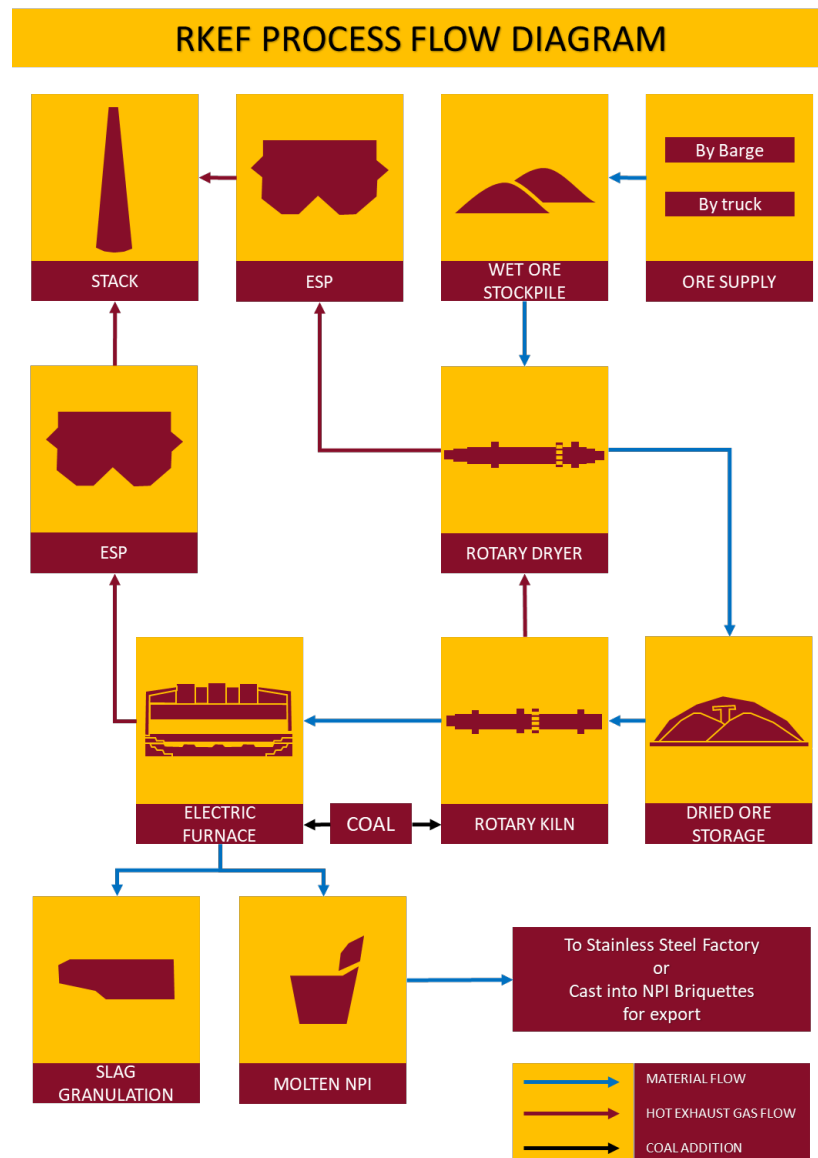
All saprolite nickel ore sales from the Hengjaya Mine in 2020 were to PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, the operating entities of the Hengjaya Nickel and Ranger Nickel projects, respectively.



b. RKEF operations

Nickel Mines two RKEF operations in 2020 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.

The Company does not have any 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 Mines Operations and Supply Chains

Whilst Nickel Mines 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 Mines recognises that slavery and human trafficking remain a challenge 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 Mines 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.¹ The Indonesian Government's response to modern slavery was rated BB by the Global Slavery Index 2018, placing it in the percentile 50 to 59.9.²

¹ The Global Slavery Index 2018, page 5.

² The Global Slavery Index 2018, page 45.

The policies of the Hengjaya Mine, the Company's RKEF operations and the IMIP 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 Mines established the Audit and Risk Management Committee in 2018 with specific responsibilities, including to review whether the Company has any material exposure to any economic, environmental and social sustainability risks, such as modern slavery, and to develop 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 2020 were:

a. Governance

In 2020, the Company governed the risks of modern slavery in our operations by implementing some approaches below:

- 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 Mines 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 2020, 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 strictly prohibits the employment of illegal workers (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.

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. Moreover, all employees are registered to the national health and labour insurances as required by Indonesia's national policy.

c. Training and development

Various training sessions were conducted in 2020, including post skills training, second post skills training, PDCA management cycle training, basic management training, Indonesian class leader training and system training. However, the total training hours compared with 2019 were decreased due to the impact of the COVID-19 pandemic.

During the year, we conducted post skill training sessions for our employees. This training improved the professional knowledge and work efficiency of employees and strengthened the cultural, emotional and ideological identity of employees in our operational areas.

In order to meet the development needs of Nickel Mines, 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.

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. 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.

To maintain the employees' mental health, employees working at IMIP are provided with facilities such as supermarkets, barber shops, sewing rooms, reading rooms and gymnasiums. 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.

In order 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 and shoe and a hat shelf. Furthermore, every department cleans the prayer rooms every day to ensure a comfortable prayer environment for employees. 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's transportation.

e. Occupational health and safety

Nickel Mines 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 surrounding 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. OHS in the Company itself 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 attaches great importance to occupational disease health protection, adhere to the "prevention first, prevention combined" work policy, constantly open up work ideas and innovative work model, strengthen essential management, improve occupational health and safety system, and strive to promote the development to the core of our business.

We established measures to prevent and control occupational hazards and improved our staff's institutional capacity via training and capacity building. In addition, we raised awareness of occupational hazards and the safety of all staff. 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.

In 2020, HNI and RNI undertook relevant training and workshops on OHS, 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 OHS training, as listed in the table below:

| Type of Training | 2020 | |
|---|------------------------|--------------------------|
| | Number of participants | Number of Training Hours |
| Working at Height | 5 Contractor | 4 Hours |
| Near Miss Report | 12 HM | 2 Hours |
| HIRADC | 0 | 0 |
| Incident Investigation (ICAM Method) | 0 | 0 |
| ERT Training (Basic Life Support) | 15 HM 3 Contractor | 4 Hours |
| ERT Training (Fire Fighting) | 62 HM 12 Contractor | 4 Hours |
| ERT Training (Kendrick Extrication Devices) | 0 | 0 |
| ERT Training (Emergency Reporting) | 0 | 0 |
| Confined Spaces | 0 | 0 |
| Lock Out Tag Out (LOTO) | 0 | 0 |

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. No interpersonal relationship should be considered besides product performance and service quality in the selection process.
- The use of a procurement platform to display information about our procurement resources and to check 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, unfair treatment, etc. 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**

- In line with our social responsibility principles, we prioritised working with local suppliers as long as they could deliver and meet the quality and price required in our projects.
- Nickel Mines 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 Mines Modern Slavery Compliance Initiatives

This document is Nickel Mines' first 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 8 June 2022.

Signed by:



Justin Werner
Managing Director