



# Modern Slavery Statement

2022



CITIC PACIFIC  
MINING

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# Reporting Entity

This report is made on behalf of CITIC Pacific Mining Management Pty Ltd and its Related Bodies Corporate that are involved in the operation of the Sino Iron Project.

In this statement, a reference to 'CPM', 'Company', 'we' and 'our' is deemed to be a reference to each of the Australian Sino Iron Project companies which include: CITIC Pacific Mining Management Pty Ltd, Sino Iron Holdings Pty Ltd, Balmoral Iron Holdings Pty Ltd, Balmoral Iron Pty Ltd, Sino Iron Pty Ltd, Korean Steel Pty Ltd, MetaGas Pty Ltd, Pastoral Management Pty Ltd, Cape Preston Resource Holdings Pty Ltd, Cape Preston Port Company Pty Ltd, Pilbara Land Management Pty Ltd and Altus Shipping and Logistics Pty Ltd.

The above companies are all wholly owned subsidiaries of the Hong Kong listed company CITIC Limited. Headquartered in Perth, CPM was established to manage the construction and operation of an integrated mining, processing and port operation supplying high grade, low impurity iron ore product to the steel mills of Asia (the 'Sino Iron Project' or 'Sino Iron').

Sino Iron is the world's largest seaborne supplier of magnetite concentrate to China, with annual production of over 21 million (wet) tonnes and a workforce of over 3,000 employees and contractors. Our pit-to-port megaproject has become one of WA's top ten exporters by value and a major contributor to the Australian economy.

Our investment in iron ore value adding on the Pilbara coast is also making a positive contribution towards lowering global emissions in steelmaking. Given the significant energy requirements for beneficiation, CPM sees great potential for the region to emerge as a renewable energy hub.

This year, 2023, marks the tenth anniversary of the first shipment of our export product, Cape Preston Concentrate.

This statement is published pursuant to the Modern Slavery Act 2018 (Cth) and will cover the actions the company has taken to address Modern Slavery in its operations and supply chain from 1 January to 31 December 2022 ('Reporting Period').



# Foreword

The statistics around Modern Slavery are sobering. As we release this publication (our third Modern Slavery Statement), Anti-Slavery Australia estimate the global number of people living in Modern Slavery has reached 40.3 million.

Modern Slavery can easily hide in homes and in workplaces. It may take the form of unpaid work, excessive working hours, human trafficking, forced labour, debt bondage and child labour.

We are committed to uncovering Modern Slavery and are working together with our employees and suppliers to achieve this.

In our 2021 statement, we set ourselves two key areas on how we can improve and reduce Modern Slavery risks. I am pleased to confirm that in the last reporting year we have:

- Updated our communications and compliance measures for all new vendors to ensure they commit to Modern Slavery provisions; and
- Rolled out training to a broader set of personnel across CPM.

In 2022 we worked with 1,069 vendors, of which 75 per cent were Australian entities. Many of these vendors are common to other operations within our industry and we continue to work with our peers to demonstrate a united and unwavering commitment to combatting Modern Slavery.

We're dedicated to ensuring that the human rights of our personnel, our suppliers, our customers and the members of the communities in which we operate are upheld and protected.

On behalf of CITIC Pacific Mining, I am pleased to present our Modern Slavery Statement for this Reporting Period, which includes further detail on our key achievements and future action.



**Chen Zeng**  
**Chairman and Chief Executive Officer**

June 2023



# Our Vision

CPM seeks to become a world-leading organisation, specialising in magnetite iron ore operations by working collaboratively with our people to safely mine, process and export this valued resource.

To achieve this we rely on **Our People** to:

- Lead by example, ensuring they bring positivity, motivation and support for their colleagues;
- Respect and value each other;
- Care about doing a good job safely; and
- Be innovative, share ideas and enjoy working in teams.

As a business we aim for **Our People** to:

- Feel that their contributions are valued and their successes celebrated;
- Be provided with opportunities to fulfil their potential;
- Be provided training to ensure our workforce is competent and productive; and
- Be well informed about things that matter to them.

**Our Way of Doing Business**

- Our leaders set direction, lead by example and deliver positive results;
- Everyone views safety as a number one priority;
- Our people are fairly treated and with respect;
- We recruit exceptional people and offer rewarding careers;
- We endorse only the highest standards of behaviour and performance;
- We recognise and reward outstanding performance and achievements; and
- We encourage continuous personal and organisational growth by providing training to improve efficiency, productivity and support career development.

# Our Values

## Integrity

"Always doing what is right, fair and safe for each other. Where employees witness behaviour not in line with our values, they are encouraged to speak up."

## Excellence

"Embracing new ideas, valuing teamwork and striving to reach the highest standards for our product and people."

## Harmony

"Promoting an inclusive environment that welcomes all employees regardless of race, gender, nationality, ethnic origin, age, religion or sexual orientation."

## Cohesion

"Working together, along with customers, partners and the community, so we can positively impact each other and achieve our goals for mutual success."

## Dedication

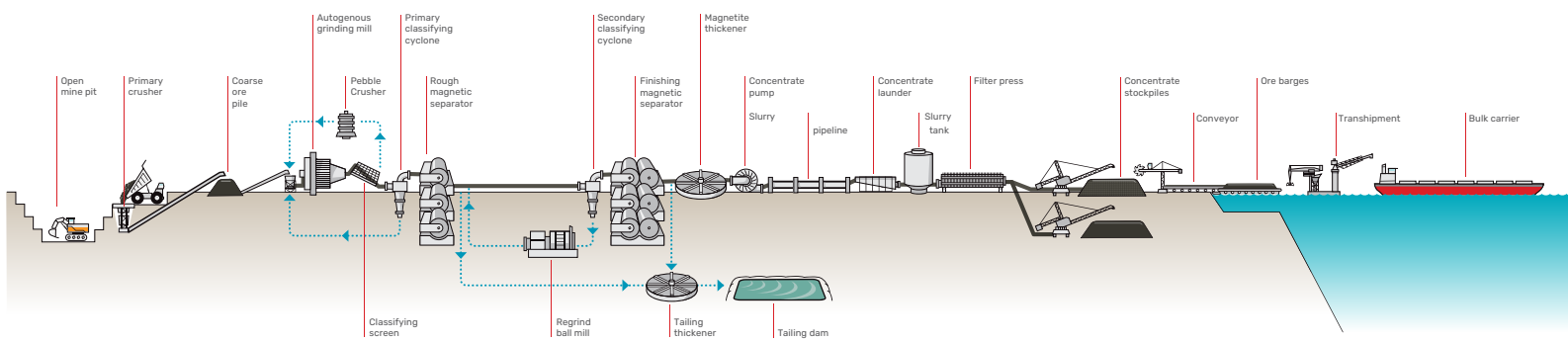
"At all times we strive to make the safety and wellbeing of our employees our highest priority."

## Creativity

"Valuing the contributions of others and continuously seeking ways to improve ourselves and the business."



# Our Operations



Sino Iron is the largest magnetite mining and processing operation in Australia, located 100km southwest of Karratha at Cape Preston in Western Australia.

We use traditional open pit mining techniques to excavate the ore before putting it through a rigorous beneficiation process which includes crushing, screening, grinding, magnetic separation, and filtering. This allows us to produce a premium iron ore product with a high-grade Fe and low impurities – Cape Preston Concentrate.

There is a strong demand for this type of product in Asia as it is an ideal material for pellet making – the preferred feed in the steelmaking process.

The purpose-built port terminal facility at Cape Preston allows magnetite concentrate to be shipped to overseas steelmakers.

Concentrate is dewatered and reclaimed from stockpiles on a 4.4km conveyor to the barge loading berth.

A transshipment method is used where concentrate is taken by barges and self-unloading vessels to deeper water for loading onto bulk carriers.

Last year more than 21 million (wet metric) tonnes of Cape Preston Concentrate was shipped from the Port of Cape Preston.

Building long-term, sustainable relationships with our employees and suppliers is critical to our operations and ensures ongoing social and economic benefits to the community.



Global steel production is responsible for an estimated 8 per cent of the world's carbon emissions. With most steel cycle emissions occurring at the ironmaking stage, steel mills are exploring ways to reduce their environmental impact both now and into the future. This includes sourcing the cleanest and most energy-efficient feedstock.

An independent review of Sino Iron's greenhouse gas emission performance across the steel supply chain found that, compared to typical Pilbara hematite fines, Cape Preston Concentrate delivers up to a 10 per cent net reduction in carbon emissions intensity for every tonne of hot metal produced.



# Our Supply Chain

In 2022, the Company purchased goods and services from 1,069 different vendors and incurred total expenditure of AUD1.63 billion. The purchasing activities remained diverse and our largest spend fell into the categories of fuels (which is comprised of natural gas and diesel), contractor services and consultants, followed by mining equipment and spare parts.

Of our total expenditure, 92 per cent was against our Tier 1 (direct) suppliers. Total expenditure against those Australian based Tier 1 entities was around AUD1.11 billion. For the remaining Tier 1 suppliers that were based overseas, the vast majority were located in Singapore and China.

The most significant supply chain disruption during the Reporting Period was again COVID-19. CPM's suppliers experienced challenging macroeconomic conditions due to the continuing effect of COVID-19, global conflicts and labour shortages. This translated into rising prices for goods and services, uncertain lead times for goods and increased difficulty planning and resourcing operational activities.

Our ability to leverage relationships with our providers was a key factor that allowed us to meet operational requirements throughout the year. These relationships encouraged innovations in technology and accelerated the development of new ideas, as we worked to identify alternate solutions within our operation and supply chain to address supply chain disruptions.

While COVID-19 and the European conflict is still having an impact, we have noted an easing in the intensity and regularity of disruptions previously experienced.

Port congestion has significantly decreased with many international seaports now nearing pre-pandemic operational status. However, the increase in global sea container utilisation means this aspect of operational costs remain high. Truck driver availability remains low and CPM continues to work closely with its domestic and international logistics providers to support their ongoing efforts in increasing employment within the transport and logistics industry.

**1069**

Number of vendors CPM purchased from in FY2022

**AUD  
1.63B**

CPM's total expenditure in FY2022

**75%**

CPM's committed total expenditure with Australian entities



# Risks in Supply Chain and Operations

During the Reporting Period, the most relevant risks were identified in the following areas of our Operation and Supply Chain:

## 1

### International Shipping

CPM ships its product using chartered Ocean-Going Vessels ('OGV'). The OGVs are often registered and owned by overseas entities. The owners of the OGV will often engage seafarers who may also reside overseas.

While CPM has not come across any instances of Modern Slavery amongst the OGVs it charters, the company is mindful of reports of Modern Slavery reported online [1], including instances where seafarers have been subjected to isolated working conditions, extended working hours and insufficient pay.

It is also important to note the reports that many of those who are often engaged as seafarers may often not be familiar with Modern Slavery laws, nor how to report instances of Modern Slavery.

Given the risks that exist for seafarers as an industry group, CPM continues to place significant focus on this risk.

[1] Mekong Club, 2022, 4 Things to Know About Modern Slavery Risks in Shipping to Carry Out the 3 Steps Toward Supply Chain Sustainability. Available at <https://themekongclub.org/blog/4-things-to-know-about-modern-slavery-risks-in-shipping-to-carry-out-the-3-steps-toward-supply-chain-sustainability> (Accessed: 14 June 2023).



# 2

## **Overseas Subcontractors With Whom CPM had no Direct Contractual Relationship**

Whilst CPM is in an ideal position to consider Modern Slavery risks among new and existing Tier 1 contractors, we still face challenges in relation to the level of oversight over their subcontractors, particularly those who are based overseas.

Overseas jurisdictions will also often have different legislation and varying levels of focus on prevention of Modern Slavery.

# 3

## **COVID-19 and its Impact**

The global COVID-19 pandemic led to significant job losses globally, potentially increasing the vulnerability and exposure of workers to accepting or tolerating exploitative Modern Slavery practices.

While pandemic risks have subsided, the manufacturing delays that existed during the height of the pandemic have resulted in a backlog of work for many of our suppliers, which has naturally increased the likelihood of extended working hours and potential exploitation of the workers involved.

# 4

## **Reduction in the focus of Modern Slavery Issues**

CPM prides itself on its communication levels internally (among employees) and externally (with its suppliers and customers). We also appreciate that during the 'day to day' operational activities, there is potential for the focus on human rights issues, including Modern Slavery, to be given lower priority. When the focus is not continually reinforced, the identification of Modern Slavery risks and occurrences can also be negatively impacted.

# Actions Being Taken

## International Shipping

CPM has continued to be vigilant in relation to managing the risks associated with International Shipping. In this respect, CPM has maintained the same processes as reported in the 2021 statement, which include:

- Ensuring vessels comply with the Maritime Labour Convention 2006 (which is responsible for introducing modern standards for working and living conditions of seafarers); and
- Only awarding specific shipments to customers who had less restrictions at overseas discharge ports (to facilitate crew change).

CPM has been utilising Rightship for vessel chartering. Rightship is described as a leading environmental, social and governance-focused maritime platform and has a comprehensive screening measure that considers data points for each vessel. This screening tool has been used by CPM to provide assurance that the vessel has been evaluated in respect of social responsibility standards (please see <http://rightship.com>).

## Overseas Subcontractors

During the reporting year we required our contractors to identify any proposed subcontractors before commencing new work scopes.

In addition, contractors were contractually required to ensure their subcontractors did not engage in Modern Slavery.

CPM closed its COVID-19 testing operation at Perth Airport in July 2022 and was pleased to donate surplus items to local community organisations. Pilbara Wildlife Carers Association (PWCA), a long-term partner of CPM, benefitted from a delivery of stainless-steel medical trolleys, medical bins, fold out tables, fire extinguishers and other medical goods. PWCA relies on the generosity of the community to support their work treating sick, injured and orphaned wildlife in the region.

## COVID-19

CPM continues to work with its contractors to ensure that before work commences, there is strict compliance with COVID-19 related policies and procedures and Government approvals and laws. Some of the key policies and procedures that Contractors are required to comply with include:

- CPM COVID-19 Management Plan;
- CPM Positive COVID-19 Case Management;
- CPM COVID-19 Travel Guideline; and
- CPM COVID-19 Minimum Standards.

## Raising Awareness and Maintaining the Strong Level of Oversight by Management

In order to raise awareness, in December 2022, the list of personnel who were chosen to complete Modern Slavery training was significantly expanded to include all employees who have supervisory and/or line management accountability. This has been a major improvement in raising awareness of Modern Slavery throughout the organisation.

The CPM Risk Management System is used to identify strategic Modern Slavery action items and to monitor the company's progress in completing those action items. During the Reporting Period the Company's progress against these strategic items were tabled to CPM's Risk Management Committee which is comprised of key Senior Management personnel.



In addition to responding to the most relevant risks, CPM also completed the following action items for the Reporting Year:

## OTHER ACTIONS

**Modern Slavery Statement made available on our Corporate website.**

Our website reflects our Company brand and public image. It was identified during the Reporting Year that in order to build further awareness of Modern Slavery among our customers, suppliers and other stakeholders, there needed to be a link to the Statement on the website.

The 2021 Statement can now be accessed under the heading of "Our Responsibilities".

**Updated CPM's Purchase Order Terms and Conditions (PO Terms) to include a Modern Slavery clause.**

This brought the PO Terms into line with our other standard terms and conditions used for larger contracts.

**Updated CPM's standard letter to new vendors**

Updated CPM's standard letter to new vendors and standard cover email to include additional wording on Modern Slavery as well as a link to our last statement. Whilst CPM Contract terms and conditions already included specific obligations in relation to Modern Slavery, it was determined that additional steps should be taken by CPM to highlight its commitment, not only to Modern Slavery but human rights in general.

**Participated in the Human Rights Resources and Energy Collaborative (HRREC) Collaborative meetings and networking events.**

CPM is an active member of the HRREC Collaborative and during the year our representatives attend these meetings, allowing CPM and other companies to collaborate and share its knowledge of Modern Slavery risks and its progress in addressing them.

# Remediation

When considering remediation, CPM considers not only the risk to business, but also the risk to people. In this respect, we recognise that if we detect or made aware of instances of Modern Slavery occurring in our supply chain, whilst terminating the relationship may seem the most practical approach, it can potentially exacerbate the issue and lead to increased vulnerability (additional Modern Slavery risks) for the affected parties.

Neither CPM nor its suppliers identified any instances of Modern Slavery during the Reporting Period. CPM has very clear reporting and escalation procedures that would immediately be triggered if any instances of Modern Slavery were to arise. These include making a disclosure under the CPM Whistleblowing Policy or reporting the matter to CPM's General Counsel for potential investigation.

Each matter would be considered on a case-by-case basis and in the appropriate context whilst always ensuring compliance with CPM's Anti-Slavery policy and the relevant legislation.

In addition to utilising CPM's Anti-slavery policy, when considering its response to Modern Slavery, CPM is also informed by the Walk Free "Modern Slavery Response & Remedy Framework"[2]. The Framework has been created following collaboration between the Minderoo Foundation's Walk Free initiative and the HRREC, the latter of which CPM is an active member.

[2] Walk Free 2022, *Modern Slavery Response & Remedy Framework*, Human Rights Resources & Energy Collaborative, Perth, <https://cdn.walkfree.org/content/uploads/2022/07/12132831/Walk-Free-Response-and-Remedy-Framework-1.pdf> (Accessed 14 June 2023)

# Assessing Effectiveness

CPM focused on four different Key Performance Areas to assess the effectiveness of our actions:

1

## Procurement and Supply Chain

- The percentage of contracts that ensure the company's Anti-Slavery Policy is adopted by suppliers; and
- The total number of new suppliers who complied with the company's requirement to accept the Anti-Slavery additions within our supplier onboarding application.

2

## Training and Awareness

- Internal completion rates for the revised list of participants who completed Modern Slavery Training.

3

## Collaboration with Industry Bodies

- Attendance at Human Rights forums, including the Human Rights Resource and Energy Collaborative (HHREC).

4

## Grievance Mechanisms

- The consideration of any new reports of Modern Slavery that have been reported through the Whistleblowing Policy.

CPM's Risk Management Committee, comprising of senior members of its management team, meet regularly to oversee ESG risks, which include Modern Slavery, the actions being taken to assess and address the risks and the effectiveness of such actions.

These Key Performance Areas will be monitored and further enhanced over subsequent reporting periods and as new risks are identified.

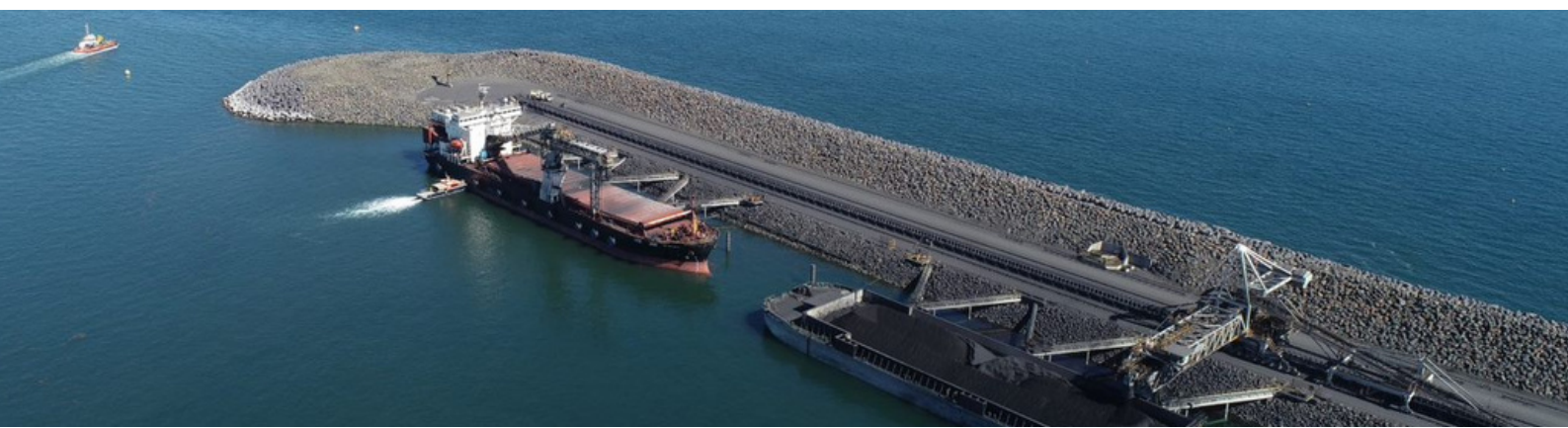
# Consultation

When CPM prepared this Statement, each of the CPM reporting entities were consulted along with any entities it owns or controls.

As indicated in previous Statements, CPM is the managing entity for the Sino Iron Project and its Board of Directors maintains oversight of the governance of the project.

The Management Committee, consisting of CPM's Board of Directors and senior managers, meets monthly to discuss and provide direction on key matters concerning the project.

This Modern Slavery Statement was drafted with input from departments forming the frontline business units and has been reviewed and approved by the CPM Board of Directors prior to its submission and publication.



# Community

CPM provided more than AUD30,000 to seven community organisations throughout 2022 as part of its CPM Community Support Fund (CSFF).

The fund was established following introduction of CPM's Containers for Change recycling initiative, with returns from drink container recycling at the Sino Iron operation reinvested into community projects via the grants program.

Two CCSF application rounds are held annually, with up to AUD5000 (inclusive of GST) available per application.

Focus areas for grant funding are:

- Education and training
- Healthy, active lifestyles
- Cultural learning and exchange
- Environmental responsibility
- Youth support and development.

In addition, CPM has a long-standing partnership with the Clontarf Foundation's Karratha Academy, providing opportunities for Aboriginal youth in the region.



**CPM COMMUNITY  
SUPPORT FUND**



# Looking Forward

CPM is currently engaging in the following activities to further address the risks associated with Modern Slavery:

- Development of a self-assessment questionnaire for distribution to vendors. At present CPM has met with external consultants on various products that would best suit CPM's business model and supply chain.
- Review of the "Report of statutory review of the Modern Slavery Act 2018 (Cth)" and consideration of whether any existing processes or risk management tools can be improved in anticipation of further changes to the Act. CPM Training materials will also need to be re-drafted and significantly revised as a result.
- Participation in training events in relation to ESG, which includes consideration of Modern Slavery risks that exist in the mining and resources sector.



# Appendix 1: Reporting Criteria

REPORTING CRITERIA	SECTION THIS IS COVERED
Section 16 (1)(a) Identify the reporting entity	Reporting Entity, page 1
Section 16 (1)(b) Describe the reporting entities structure, operations and supply chains	Reporting Entity, page 1 Our Operations, page 5-6 Our Supply Chain, page 7
Section 16 (1)(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities the reporting entity owns or controls	Risks in Supply Chain and Operations, page 8
Section 16 (1)(d) Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address the risks, including due diligence and remediation processes	Actions being taken - Due Diligence and Risk Management, page 10-12 Remediation, page 13 Looking Forward, page 17
Section 16 (1)(e) Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Assessing Effectiveness, page 14
Section 16 (1)(f) Describe the process of consultation with: (i) any entities that the reporting entity owns or controls (ii) in the case of a reporting entity covered by a statement under section 14—the entity giving the statement	Consultation, page 15
Section 16 (1)(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	Community, page 16 Looking Forward, page 17



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