



GMA

2020 Modern Slavery Statement



Contents

Introduction	2
About GMA	3
Structure and operations	3
Supply Chain	3
Our modern slavery risks	4
Operations	5
Supply chain	5
Our approach to managing modern slavery risks	6
Our 2020 actions	7
Governance	7
Procurement practices	7
Grievances	8
Assessing the effectiveness of our actions	8
Looking Forward	8

This statement covers the reporting entity **GMA Garnet Pty Ltd (ABN: 72 009 344 227)**.

This statement has been approved by the principal governing body of GMA Garnet Pty Ltd and Garnet International Resources Pty Ltd on 28 June 2021.



Introduction

This statement has been prepared by Garnet International Resources Pty Ltd (“GIRL”), on behalf of the reporting entity GMA Garnet Pty Ltd, and applies to all other entities owned or controlled by GIRL (collectively, “GMA” or “GMA Garnet Group”). This is GMA’s inaugural modern slavery statement and has been prepared in accordance with the requirements of the Australian *Modern Slavery Act (2018)*. This statement outlines actions taken by GMA between 1 January 2020 to 31 December 2020 (2020) to assess and address modern slavery risks across GMA’s operations and supply chain and forms GMA’s baseline approach for which the business plans to mature in the years ahead. GMA is committed to taking the necessary steps to continue to improve systems and processes to prevent modern slavery across GMA’s business and supply chain.

The preparation of this statement was supported by a consultation process which was undertaken across GMA’s senior management to gain a deeper understanding of country specific risks, confirm baseline controls and identify priority areas for improvement.

Torsten Ketelsen
Executive Chairman
GMA Garnet Group

This statement was approved by the Board on 28 June 2021.

The below table outlines where the mandatory criteria of the Modern Slavery Act (2018) can be found within this statement.

Mandatory requirements	Relevant section
1. Identify the reporting entity	Introduction
2. Describe its structure, operations and supply chains	About GMA
3. 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	Our modern slavery risks
4. Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes	Our approach to managing modern slavery risks
5. Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Assessing the effectiveness of our actions
6. Describe the process of consultation with any entities the reporting entity owns or controls	Our approach to managing modern slavery risks
7. Any other relevant information	Looking forward



About GMA

GMA is a trusted global leader in industrial garnet and has been providing the highest quality garnet abrasive to the waterjet cutting and protective coating industries for over 35 years.

GMA is the only global garnet supplier to manage the complete supply chain from source and processing through to international distribution. We operate mines and processing plants in Australia, the USA and the Middle East. GMA employees manage our operations, encompassing **13** offices, **two** garnet mines and **eight** processing plants, including **five** large scale recycling facilities and **two** distribution centres, located across Asia Pacific, Europe, the Middle East and the Americas.

Our team of sales and technical experts work with our customers to understand their priorities and challenges. We deliver specialist advice and distribute a complete range of premium abrasive products to more than **80** countries from our own warehouses and a network of more than **100** distributor outlets.

Structure and operations

GMA is headquartered in Perth, Australia, with operations globally. GMA's Australia and United States jurisdictions each employ around 150 people, of which 95% are local, each jurisdiction is home to one of our garnet mines and multiple processing plants with one central office in each jurisdiction.

Our United Arab Emirates and Saudi Arabia jurisdictions employ approximately thirty and sixty staff respectively, greater than 75% of our people in these locations are expatriate workers. Both jurisdictions are home to processing, distribution and recycling plants with one central office in each jurisdiction. Within these two locations, GMA provides accommodation to our people.

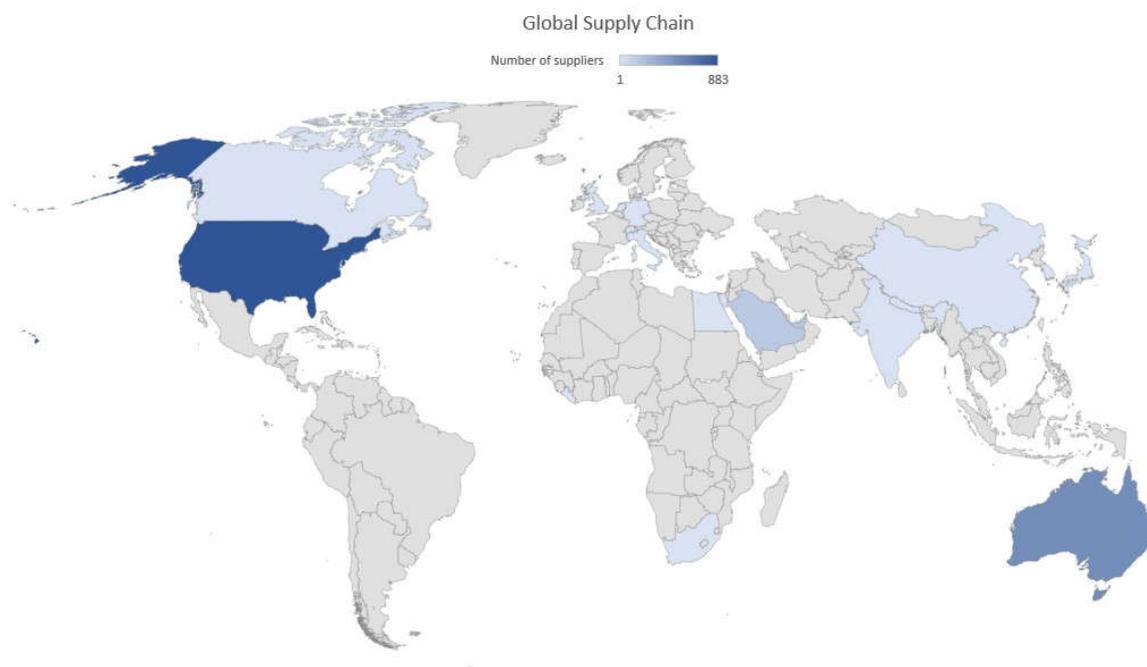
Supply Chain

GMA is a global organisation with multifaceted operations and a diverse supply chain. During the year, GMA engaged external consultants to map our tier 1 supply chain and conduct an inherent modern slavery risk assessment. As part of this assessment we analysed our procurement activities undertaken between January 2019 to June 2020, which included 1,783 unique suppliers across 25 countries.

Given the nature of our operations is varied, we procure a broad range of goods and services to support them. Our largest categories of procurement by spend are road freight, mining, marine freight and construction and engineering services. To support our operations, we engage a relatively large number of diversified support services providers across our global operations to provide services such as cleaning and warehouse storage and management. To distribute our product, we also procure large volumes of packaging.



Outlined below are the countries we sourced from, the number of suppliers per country and the typical types of industries we are procuring from.



Countries	Number of suppliers	Common supplier industries
United States	883	<ul style="list-style-type: none"> • Road and marine transport services • Equipment and machinery • Construction & engineering services • Diversified support services such as cleaning, warehouse services and waste management
Australia	526	<ul style="list-style-type: none"> • Road and marine transport services • Consulting services • Building products • Diversified support services such as cleaning and warehouse services
United Arab Emirates	169	<ul style="list-style-type: none"> • Road and marine transport services • Building products • Construction & engineering services
Saudi Arabia	159	<ul style="list-style-type: none"> • Road and marine transport services • Construction & engineering services • Trading companies and distributors • Equipment and machinery
All others	46	<ul style="list-style-type: none"> • Various

Our modern slavery risks

The findings of the inherent risk assessment and consultation process conducted throughout the year has enabled us to form a view of the current level of modern slavery risk across our operations and supply chains.

Our operational and supply chain risk areas are outlined below.



Operations

Lower risk operations

Our operations in Australia and the United States were identified as presenting a low inherent risk of modern slavery. This is mostly due to the lower country risk factors associated with these countries, largely pertaining to the strong regulatory environments relating to labour rights.

Both the Australian and US operations employ predominantly local workers who typically live in the nearby towns of the operations, which further supports a lower risk level of modern slavery.

Whilst these countries present a lower level of modern slavery risk, there is still a risk of occurrences of modern slavery such as forced labour, and therefore we recognise that we must continue to maintain an active view of the labour practices across all of our global operations.

Higher risk operations

Our operations in Saudi Arabia and the United Arab Emirates were identified as presenting the highest inherent risk of modern slavery across our global operations. This is due to a combination of the industry and geographical risk factors associated with the nature and location of these operations. We recognise that the employment arrangements of our expatriate team members heighten the inherent risk of modern slavery and labour rights issues more broadly, such as debt bondage through deceptive recruitment practices which is a widely known issue pertaining to the recruitment of overseas workers into the Gulf states.

At GMA, we recruit our employee workforce directly and we work in small teams where we maintain active oversight over our people to ensure their labour rights are upheld. Occasionally, we sub-contract casual workers within the Jebel Ali Free Zone through available recruitment agency channels. Whilst we ensure that the labour protections of these people within our operations are maintained, we have limited access to the employment arrangements of these workers by the agencies and recognise that this presents a heightened risk of modern slavery, such as debt bondage. Increasing the visibility over the labour rights of our casual workforce is an area in which we plan to continue to improve through engaging with these agencies in the years ahead.

Due to employment visa requirements in the jurisdictions in which we operate, employees are typically contracted to remain on site for extended periods of time (typically 1 to 2 years at a time) and we recognise that this inherently heightens the vulnerability of workers which may raise concerns of modern slavery practices. However, in the case of unforeseen circumstances where an employee wishes to travel back to their home country within their period of work, our local management teams endeavour to support employees where possible. Furthermore, we are committed to taking ongoing actions to mitigate risks of exploitative practices and will seek opportunities to provide additional support to workers should they choose to leave before the completion of their contract under their employment visa.

Supply chain

Our inherent supplier risk assessment included 1,783 tier 1 suppliers. The assessment identified 54 (3%) suppliers with a high inherent risk of modern slavery, 138 (8%) with a medium-high risk, 357 (20%) with a medium risk and the remaining 1,234 (69%) with a medium-low risk.



Across our diverse range of procurement activities, we identified that 98% of our suppliers are based in four countries, the U.S (50%), Australia (30%), United Arab Emirates (9%) and Saudi Arabia (9%). As described within the operational risks above, the United Arab Emirates and Saudi Arabia present a higher inherent risk and are therefore considered our areas of priority risk within our sourcing activities.

The risk factors considered within the assessment of inherent industry risks include, among others, the following:

- Skill level required to perform the work
- Labour intensity of the work to produce outputs
- Presence of sub-contracting and opaque intermediaries
- Prevalence of vulnerable workers such as migrant labour

Of the high-risk suppliers identified, 19 (35%) of these were found to be within the marine freight industry, providing marine transport services to GMA. While the marine freight industry is typically regulated, due to the limited visibility over how the seafarers labour rights are being upheld on the ships, and often limited access to channels for seafarers to report grievances, there is a heightened risk of exploitative labour practices, including forced labour.

In addition to marine freight, GMA’s suppliers within the below industries also present a high inherent risk of modern slavery:

Industry	# of Suppliers	% of Spend	Higher risk sourcing countries	Description
Road transport (trucking)	136	21	United Arab Emirates, Saudi Arabia	Road transport services in the UAE and Saudi Arabia were identified to present a high inherent risk of modern slavery due to a combination of industry and geographical modern slavery risks. The inherent modern slavery risk is considered to be high due to a number of factors, which include, among others, the low skilled nature of the work, prevalence of migrant workers and the known controversies of forced labour in the trucking industry and the UAE and Saudi Arabia.
Diversified support services	96	2	United Arab Emirates, Saudi Arabia	Support services, such as cleaning services, is well known for controversies pertaining to exploitation and modern slavery. The industry is vulnerable to modern slavery practices due to risk factors such as the high proportion of migrant labour employed, the presence of sub-contracting and the low skilled nature of the work. The inherent risk is heightened further by the high inherent modern slavery risks associated with the UAE and Saudi Arabia.

Our approach to managing modern slavery risks

GMA is committed to taking meaningful actions to address risks of modern slavery across our operations and supply chain. Given we are only in the early stages of developing our modern slavery risk management approach, we recognise that there is still significant work to be done in order to deliver on this commitment.

During the year, we engaged third party consultants to provide modern slavery expertise and to support us through our first year of action and disclosure under the Act.



Our 2020 actions

Outlined below are our actions taken during the 2020 reporting period to assess and address modern slavery risks across our operations and supply chain and form our baseline approach to operational and supply chain due diligence from which we will continue to improve:

- **Performed an inherent risk assessment** over our operations and supply chains to identify modern slavery risks and to inform due diligence activities and priority actions. The assessment considered industry and geographical modern slavery risk factors associated with our operations and suppliers.
- **Undertook a consultation process** across GMA to gain a deeper understanding of country specific risks, confirm our baseline controls and identify priority areas for improvement.
- **Established supplier standards** outlining GMA's position on modern slavery and expectations for suppliers to adhere to. GMA plans to roll out these new standards going forward with all new or renewed suppliers.
- **Carried out due diligence activities** over suppliers identified as presenting a higher inherent risk of modern slavery: This involved:
 - Distributing and requesting that suppliers read and agree to adhere to our newly established minimum modern slavery standards.
 - Developing and distributing a questionnaire to gain an understanding of the suppliers' existing modern slavery controls and to further understand the level of modern slavery risk present.
 - Engaging suppliers through follow up enquiries to attain a deeper level of understanding over their processes in place to mitigate risks.
 - GMA plans to continue supplier engagement to encourage alignment to GMA's modern slavery standards

Governance

Our approach to managing modern slavery risk is governed by our Chief Executive Officer. The day to day management is currently informal and given the decentralised management of employees across the Group, we recognise the need for a set of centralised controls specific to modern slavery risk to provide greater oversight and to ensure the successful implementation of processes. To support this process, we are committed to taking appropriate steps to integrate modern slavery responsibilities into the existing roles of key personnel across the business in 2021.

Procurement practices

GMA's procurement practices can be centralised or decentralised depending on the value of the purchases. Our consultation process throughout the year highlighted the need to enhance our procurement process to ensure modern slavery risks are being consistently identified, assessed and mitigated across our global operations. We are committed to integrating modern slavery due diligence into GMA's procurement process within 2021.



Grievances

GMA does not currently have a formal anonymous grievance mechanism in place to allow for grievances to be raised anonymously and to be formally investigated and remediated in some of its locations. Due to the small nature of most of our operations (approximately 30 employees at each site), we encourage employees to raise any issues directly with management. While there have been no concerns raised pertaining to modern slavery like practice to date, we recognise that our current process does not allow for issues to be raised anonymously and therefore presents a risk that workers will not report any issues they may be facing. In light of this, roll out of our Whistle-blower Policy to all non-Australian sites is one of our priority actions for 2021. This policy was rolled out in Australia in 2020.

Assessing the effectiveness of our actions

As 2020 was our first year of assessing and addressing modern slavery risks, we have not had the opportunity to assess the effectiveness of our actions.

Going forward, we will be able to report on our progress, as we will undertake activities to monitor, report and evaluate our current processes to assess the ongoing effectiveness of our modern slavery approach and drive continual improvements.

1. Monitor

We will **Monitor** the risks in our operations and supply chains. We will maintain an active view of the risks of modern slavery through undertaking annual risk assessments, operational and supplier due diligence and consultation across our business.

2. Report

We will **Report** on the results of our actions. This statement is the first instalment in our modern slavery reporting journey. We will continue to disclose a transparent view of our risks and actions in our annual modern slavery statement.

3. Evaluate

We will **evaluate** our modern slavery approach. We will conduct an annual review of our holistic modern slavery approach to identify opportunities to enhance its effectiveness going forward.

Looking Forward

Outlined below are the forward commitments we will undertake in the 2021 reporting period to continue to enhance our modern slavery approach. We will report on our progress in implementing the below commitments in our 2021 modern slavery statement.

We will:

1. Continue supplier engagement to encourage our suppliers' alignment to GMA's modern slavery standards



2. Continue to roll out modern slavery standards to new suppliers throughout the supplier onboarding process
3. Expand on our supplier standards through the development of a formal modern slavery policy to formalise and communicate our overarching modern slavery position
4. Roll out GMA's Whistle-blower Policy to all non-Australian sites
5. Enhance our modern slavery governance structure and assign specific roles and responsibilities to key personnel across the business
6. Conduct modern slavery training for key personnel
7. Embed modern slavery due diligence into the procurement process
8. Undertake due diligence activities over higher risk operations and suppliers

We value your feedback

Please send any comments or queries on this statement to corporate@gmaqarnet.com