

Modern Slavery Statement

*‘Founded by the
community of
Christmas Island, we
recognise the
inherent dignity of all
people and are
committed to respect
and promote human
rights, including the
rights of any
community where we
operate.’*

Reporting Entities

This Modern Slavery Statement (**Statement**) is made jointly by CI Resources Limited ACN 006 788 754 (**CIRL**) and its wholly owned subsidiary, Phosphate Resources Limited ACN 009 396 543 (**PRL**), for the financial year ending on 30 June 2021 (**Reporting Period**).

CIRL and PRL are both reporting entities pursuant to the *Modern Slavery Act 2018 (Cth)* (**Act**).

Unless the context otherwise requires, a reference to ‘we’ or ‘our’ in this Statement refers to both CIRL and PRL.

This Statement has been approved as a standalone document by the Board of directors of CIRL on behalf of CIRL and PRL and is hereby signed by the Chair of the Board of directors.

David Somerville
Chair of CIRL

Introduction

Why do we make this Statement?

The Act came into force on 1 January 2019 and established a national modern slavery reporting requirement. The reporting requirement recognises the need for Australian businesses to identify and address their modern slavery risks and maintain responsible and transparent supply chains.

This Statement is the second such statement CIRL and PRL are making in compliance with that reporting requirement and sets out our actions to assess and address modern slavery risks in our operations and supply chains.

What is Modern Slavery?

Modern slavery is broadly defined by the Act to describe serious exploitation of people and situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom. This includes trafficking in people, slavery, slavery-like practices (such as forced labour, forced marriage and debt bondage) and the worst forms of child labour.

It does not include practices such as substandard working conditions or underpayment of workers, but it is acknowledged that these practices may also be harmful and illegal and may be present in some situations of modern slavery.

How do we respond?

CIRL and PRL are all about community. Modern slavery has no place in any community.

We are a product of the community of Christmas Island coming together in a fight to sustain its existence, and that of four generations of Christmas Islanders. Risking everything, the community put their own savings and sweat into creating PRL.

The extraordinary circumstances of our establishment resulted from a powerful social force – the desire to create a company which could economically sustain the community and future generations of Christmas Islanders. Today, we have grown from humble origins to become an integrated and diversified business in mining, agriculture, transport and logistics, energy, asset management and maintenance.

Since our inception in 1990, we have been the reliable employer and economic driver for Christmas Island, creating jobs and supporting the Island's rich and diverse cultures. We have remained resilient and enduring, and with the increased diversification of our business, we are helping prepare the way for a more sustainable and diversified economy for the Christmas Island community. We have always taken our role as a good corporate citizen seriously and through the 'Our Community, Our Future' program we continue to support the Island's community.

In supporting the communities where we operate, we recognise that we have the responsibility to respect human rights in our operations and supply chains, and this includes taking steps to assess and address modern slavery risks.

As a business we recognise that modern slavery is not responsible business and can pose significant legal and reputational risks to the Group.

In responding to the requirements of the Act, we have paid careful attention to the *Modern Slavery Act 2018 Guidelines for Reporting Entities (Guidelines)*.

Our structure and operations

CIRL is an ASX-listed company and has its head office in Perth, Australia.

CIRL is a diversified industrial company with various interests, which it holds through its wholly owned subsidiary, PRL. These interests include phosphate mining, infrastructure, fuel services, properties and agricultural interests spread across Christmas Island, Western Australia, Singapore and Malaysia.

We have also established diversified subsidiaries that are focused on supporting Christmas Island, along with our customers in offshore markets. These subsidiaries are registered in Australia, Singapore and Malaysia.

Our operations and that of our subsidiaries include:

- operating a phosphate mine on Christmas Island, including mining, processing and selling phosphate rock and phosphate dust
- producing, sourcing, trading and selling fertiliser products
- managing shipping logistics for mining operations and ancillary services
- fuel services for Christmas Island, including diesel supply, bunkering services, operating a fuel station, and maintaining fuel infrastructure.
- marine pilotage services
- producing, processing and selling of palm oil products
- asset management services including fire protection, pest control, cleaning, grounds maintenance, facility management and project management.
- owning properties including residential, commercial and agricultural – all focused on supporting the operations of the Group

Further details of our Group structure is available in our most recent Annual Report¹.

The Reporting Period follows one of the most challenging in our history due to the COVID-19 pandemic. However, we appear to have turned the corner with an increase in revenue of 16.7%.

As always, we have continued to be a key driver of economic activity for Christmas Island, providing jobs and supporting the island's rich diverse cultures. Our improved performance has provided us with the ability to create 38 new jobs in the Reporting Period, with staff numbers being as follows:

	CIRL and PRL	
	Previous Reporting Period	Current Reporting Period
Full-time employees	165	196
Part-time employees	1	3
Casual employees	39	27
Contractor personnel	6	6
Percentage of women	29%	30%
Percentage on Christmas Island	91%	93%
Percentage on mainland of Australia	5%	7%

¹ Available at <http://www.ciresources.com.au/images/cires---woayaevaiz.pdf>

We pride ourselves in the diversity of our people, with 38% being of Malay background, 30% being of Chinese background, 16% being of Caucasian background and the remaining 16% coming from other communities.

We are committed to engaging with our staff in relation to their terms of employment and, to that end, we have in place two enterprise agreements, which are registered with *Fair Work Australia*, which covers approximately 65% of our employees.

For further information about us, please see our websites².

Our supply chain

To assist our business, we work with an extensive network of suppliers. In many cases we have long-standing relationships with these businesses to allow us time to build trust in our supply chain.

In the Reporting Period, we had approximately 800 tier 1 suppliers. Approximately 68% of our tier 1 suppliers were based in Australia, with the residual mainly coming from our operations in South East Asia. More than 93% of our expenditure was with suppliers located in Australia, Malaysia, Singapore and Japan.

Our largest categories of procurement spend comprise energy, fertiliser, shipping, maintenance and agricultural products.

Risks of modern slavery

We have been built on strong social and environmental foundations with a track record of supporting the local communities where we operate.

However, we recognise that there is a risk of Australian businesses being exposed to modern slavery, as Australian businesses can have a strong presence in high-risk sectors and industries and many Australian businesses have supply chains that extend throughout the Asia-Pacific, which is identified as being a 'high risk' region³.

In our operations

Taking into account the nature and location of our operations and that of our controlled entities, we accept that there is a risk – particularly in relation to supply chains – of causing or contributing to modern slavery through the use of labour in vulnerable communities, high-risk locations or through the engagement of personnel through labour hire arrangements.

Although some of our controlled entities operate in Singapore and Malaysia, more than 95% of our Group's personnel in the Reporting Period were Australian-based, which significantly reduces the geographical risk. However, as our business continues to grow both locally and globally, we are aware of the risks and the need to address these in an appropriate manner.

² For further information about CIRC, our listed entity, see <http://www.ciresources.com.au>, and for further information about PRL, our core operating entity, see <https://cirp.com.au>.

³ *Global Slavery Index*, <https://www.globallslaveryindex.org/2018/findings/regional-analysis/asia-and-the-pacific/>

In our supply chain

We and our controlled entities operate using an extensive network of suppliers including in Malaysia. Malaysia is considered to be a higher risk country in relation to modern slavery⁴.

The actions we have taken

We take our role as a good corporate citizen seriously and support the social fabric of the communities in which we operate, as illustrated by our Sustainability Report 2021, which is part of our Annual Report⁵. The report demonstrates our continued commitment to contribute positively to Christmas Island's community and economy in everything we do.

In dealing with the specific risk of modern slavery, we have continued our work to identify areas of greatest risk and we have commenced a review of our policies and procedures to ensure they reflect our commitment to minimise the risk of modern slavery in our operations and supply chains.

In doing so, we have assessed the risk of modern slavery practices based on the potential to cause, contribute to or be directly linked to modern slavery through our operations and supply chains, as defined in the Guidelines.

In our operations

In our previous Modern Slavery Statement, we identified that our risk of modern slavery in our operations was assessed as low.

Our recruitment is managed centrally in our Perth head office and we perform checks to ensure that all new personnel has the necessary right to work in Australia, Singapore or Malaysia. We also have strong human resources controls in place for engaging new personnel, reviewing wages and salaries and verifying payments in accordance with the relevant laws of the country of employment and our enterprise agreements in Australia.

As we are diversifying and investing in new businesses and in new regions, our due diligence processes have included steps to identify the risks of modern slavery in these new ventures.

We maintain a set of policies and procedures which influence our behaviour towards modern slavery, including:

- Our Code of Conduct, in which we commit to being a responsible corporate citizen and recognise our responsibilities to the communities in which we operate. The Code of Conduct was reviewed in the Reporting Period and has been updated to include a reference to the risk of modern slavery.
- Various employment policies, including our Diversity Policy which recognises our responsibility to ensure all employees are treated with fairness and respect.
- Our Whistleblower Policy, which encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving our businesses, and we commit that those persons who make a report shall do so without detriment or the fear of intimidation, disadvantage or reprisal. This policy was reviewed in the Reporting

⁴ *Global Slavery Index*, <https://www.globalslaveryindex.org/2018/data/country-data/malaysia/>

⁵ Available at <http://www.ciresources.com.au/images/cires---woayaevaiz.pdf>

Period and has been updated to bring the identification of modern slavery expressly under the policy.

The responsibility for developing, maintaining and implementing these policies and overseeing compliance is assigned to relevant departments including Human Resources, Finance and Legal.

Our intention for the next reporting period includes continuing the review of our policies to ensure all relevant policies reflect our commitment to identify and eliminate modern slavery.

Our initial assessment was that our highest risk of modern slavery exists in our palm oil operations in Malaysia. As reported in the last reporting period, our plantation assets in Malaysia fully comply with the Malaysian Sustainable Palm Oil (**MSPO**) Certification Scheme, which is a national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards. The MSPO standards emphasise compliance with the Malaysian *Anti-Trafficking in Persons Act 2007* and *Anti-Smuggling of Migrant Act 2007*⁶.

In our 2020 Modern Slavery Statement, we advised that the Board of CIRL made a commitment to pursue Responsible Sustainable Palm Oil (**RSPO**) accreditation for its palm oil assets and we are pleased to have received in September 2021 our Bureau Veritas Certification for our production of crude palm oil and palm kernel at our Cheekah-Kemayan Palm Oil Mill.

The RSPO sets out environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (**CSPO**). These criteria can help to minimise the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions, including modern slavery. RSPO is committed to the protection of human rights through its Human Rights Working Group⁷. RSPO is the highest international standard in palm oil, which only a very small proportion of plantations currently adhere due to its stringent standards. The RSPO has more than 4,000 members worldwide who represent all links along the palm oil supply chain. They have committed to produce, source and/or use sustainable palm oil certified by the RSPO.

In our supply chain

We previously reported that we have conducted an initial desktop assessment of our potential modern slavery risks in Tier 1 of our supply chain. This assessment included identifying the relative risk of the countries in which we operate using the Global Slavery Index (GSI).

Our initial assessment⁸ of country-of-origin risk of our Tier 1 supply chain is as follows:

Risk of modern slavery	Country-of-origin
Unlikely	Australia, Singapore, Japan
Possible	Malaysia
Likely	-
Almost certain	-

⁶ Available at <https://toolsfortransformation.net/wp-content/uploads/2017/03/Malaysian-Law-Anti-Trafficking-in-Person-Smuggling-of-Migrants-ATIPSOM-2.pdf>

⁷ <https://rspo.org/human-rights-and-social-standards>

⁸ Based on the *Modern Slavery Index*, <https://www.globallslaveryindex.org>

COVID-19 has continued to affect our ability to review our supply chain thoroughly during the Reporting Period and, as the restrictions around COVID-19 are lifting, the intention is to investigate our supply chain to gain a better understanding of the risk of modern slavery in our supply chain.

In the interim, we have commenced a process for setting a Supplier Code of Conduct, including obtaining commitments from our suppliers to meet modern slavery standards.

The effectiveness of the actions we have taken

We recognise the importance of monitoring the effectiveness of our anti-modern slavery processes. The processes we have put in place have been a first step, but we recognise that work will continue to be required to ensure the effectiveness of our efforts to eliminate any risk of modern slavery.

From the next reporting period, the Modern Slavery Team will continue to review:

- our policies and procedures that impact on modern slavery risk and how best to monitor compliance
- our assessment of suppliers, including the implementing of a supplier code of practice incorporating modern slavery requirements
- training for our procurement and human resources staff
- embedding modern slavery risk assessment in our controlled entities, including regular review
- communication to further develop awareness and understanding of modern slavery.

Our consultation with controlled entities

CIRL is the holding company of PRL and the two entities have consulted directly in relation to modern slavery risk.

COVID-19 has affected our ability to consult with our overseas controlled entities and a priority for the next reporting period is to consult with them in a collaborative approach in relation to modern slavery.

It is noted that we have consulted extensively with our controlled entities in relation to our highest risk category and region, being palm oil production in Malaysia, which has now resulted in RSPO accreditation.

Furthermore, in the past year, as we have continued our diversification, we have taken care to assess modern slavery risk in any potential new acquisitions the Group may make as part of our due diligence process in any new venture, such as taking a controlling stake in Kemoil, a Swiss logistics company.