

# 2021

## Modern Slavery Statement



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# Reporting Entity

This Statement 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:

1. Reference to 'Sino Iron', 'Company', 'we' and 'our' is deemed to be a collective reference to the Australian Sino Iron Project companies, which depending on the circumstances, may include a combination of the following entities: 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.

2. Reference to 'CPM' is deemed to be a specific reference to the managing entity, CITIC Pacific Mining Management Pty Ltd.

The Sino Iron Project 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').

In just over a decade, the Sino Iron Project has transformed from a greenfields location on the Pilbara coast to a fully integrated, pit-to-port magnetite mining, processing and export megaproject.

Today, the Sino Iron Project is the world's largest seaborne supplier of magnetite concentrate to China and pioneers of a new downstream processing industry for Western Australia. We have around 3,000 employees and contractors involved in ensuring the success of our operation.

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 2021 to 31 December 2021**.



*Six-line processing plant at the Sino Iron Project*

# Foreword

**At the Sino Iron Project, we are deeply committed to ensuring that the human rights of our personnel, our suppliers and vendors, our customers, and the members of the communities in which we operate are upheld and protected.**

Since the inception of the Sino Iron Project some 15 years ago, we have now become Australia's largest magnetite producer and the largest seaborne supplier of magnetite concentrate to China.

In the 40-year life of the project, it is forecasted that we will deliver \$8.7 billion in wages to about 3,000 local workers, and spend over \$51 billion on goods and services with Australian suppliers. With this sizeable workforce and complex supply chain, we have remained vigilant to potential Modern Slavery risks that may arise.

This is our second Modern Slavery Statement required under the *Modern Slavery Act 2018*. Modern slavery in all its forms, including human trafficking, forced labour, child labour, unpaid work, excessive working hours, and hazardous health and safety practices is unacceptable, and we will continue to review our operations and our supply chains, and engage with both internal and external stakeholders to identify any risk factors and work to mitigate them.

In 2021 we worked with 1,130 vendors, of which 68% were Australian entities. It is important to note that many of the key vendors utilised by the Company are also common to other operators within the mining and resources industries. During the reporting year, in addition to specific actions that the Company is taking, we also worked collaboratively with these operators with the aim of ensuring that commonly engaged vendors understood the industries' unwavering commitment to combatting Modern Slavery.



Mr. Chen Zeng

I have full confidence that our Anti-Slavery Policy, Whistleblowing Policy, and Code of Conduct have the robust processes in place to ensure that should any observed or suspected instances of Modern Slavery occur, whether in our supply chain or in our own operation, then these will be dealt with promptly and in a manner that upholds the rights of the relevant individuals.

The COVID-19 pandemic has also altered the logistics, shipping and supply chain environment, potentially increasing our suppliers' vulnerability to Modern Slavery risks. To address this, we have modified our procurement strategies to ensure that we have alternative ways of maintaining stock levels and receiving supplies, and that our suppliers are not placed under undue pressure. These mitigation strategies have proven effective and have safeguarded not only our project's success but also our valued suppliers.

We are pleased to present our Modern Slavery Statement for this reporting period which includes our key achievements and approach to combatting Modern Slavery.

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

Chen Zeng  
Chairman and Chief Executive Officer  
June 2022

# Our Vision



CITIC Pacific Mining seeks to become a **world leading producer** of magnetite iron ore by working collaboratively with our employees and suppliers to safely mine, process and export **this valued resource**.

# Our Values



## Integrity

Always doing what is right, fair and safe for each other

## Harmony

An inclusive environment that welcomes all employees regardless of our differences

## Dedication

Striving to make the safety and wellbeing of our employees our highest priority

## Creativity

Continuously seeking ways to improve ourselves and our business

## Excellence

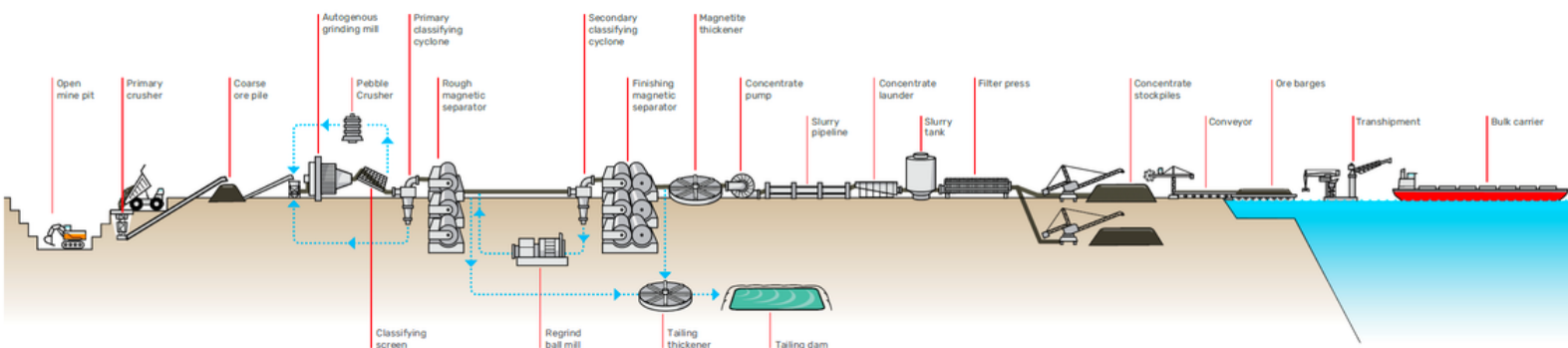
Excellence in producing our product, embracing new ideas, valuing team work and striving to reach the highest standards of product and people

## Cohesion

Working together alongside customers, partners and the community so we can positively impact one another and achieve all our goals

# Our Operations

Overview of Magnetite Operation Process



**Sino Iron is the largest magnetite mining and processing operation in Australia located 100km southwest of Karratha 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.

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. Our next generation iron ore mining approach focuses on value-adding through investment in technology and people.

The purpose-built port terminal facility at Cape Preston allows magnetite concentrate to be shipped to overseas steelmakers in China and Vietnam. 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 concentrate was shipped from 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.

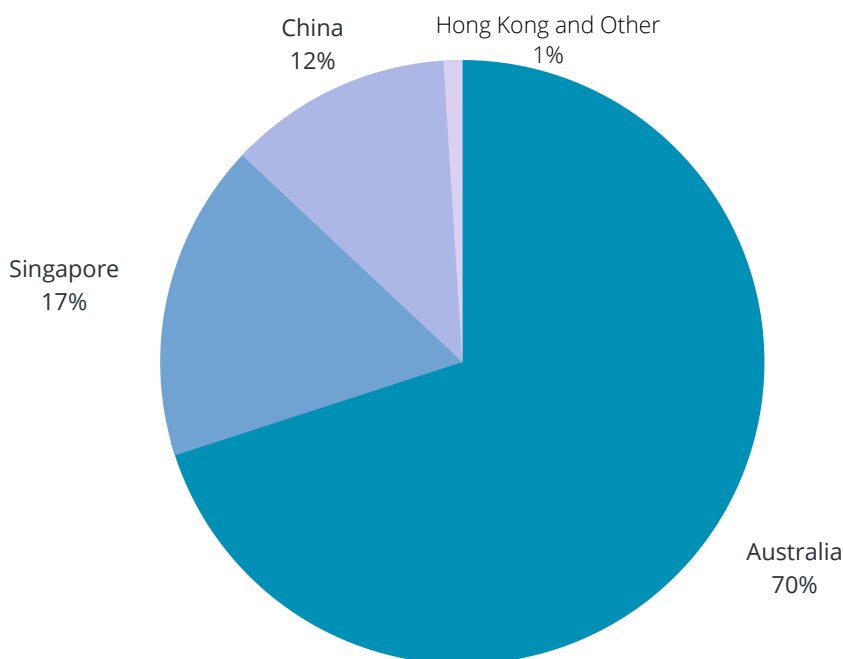
# Our Supply Chain

In 2021, the Company procured goods and services from 1,130 different vendors and accumulated a total expenditure of AU\$1.59 billion. Our procurement activities continued to remain diverse, with our largest spend falling into the following categories:

- Mining equipment and spare parts
- Natural gas and diesel
- Shipping and transportation
- Capital mining assets
- General consumables (hardware and safety products)
- Contractor services and consultants

We confirm that 68% of our Tier 1 (direct) suppliers are entities based in Australia, which equates to around AU\$1.083 billion total expenditure for the year. The rest of the Company's procurement activity involves entities that are based overseas, with a majority of them being based in Singapore and China.

## FY2021 Expenditure



**1,130**  
Number of vendors we purchased from in FY2021

**\$1.59B**  
Total expenditure in FY2021

**70%**  
Committed total expenditure with Australian entities



# Operation and Supply Chain Risks

**While Australia is considered a low risk jurisdiction in relation to Modern Slavery, there are still alarming statistics that demonstrate the occurrence of such practices within our national borders.**

This being the case, we acknowledge that there will always be a potential for Modern Slavery risks to exist within operations at our Cape Preston site. Areas that have been identified as holding the highest risk in this respect include: (1) departments within our operation that utilise short-term workers; and (2) the industry dependence on labour hire companies.

As it relates to our supply chain, it has been identified that the suppliers most at risk to Modern Slavery (in line with prevalence risk as detailed within the Global Slavery Index) are the suppliers based overseas with whom the Company has minimal direct contact.

Given the lack of direct oversight the Company has over the suppliers based overseas, we routinely collaborate with our Tier 1 suppliers\*, with the aim of identifying the most vulnerable organisations and workers. Also, while we perceive Modern Slavery risks to be lower amongst Tier 1 suppliers (many of whom are publicly listed and based in Australia), we are still looking for vulnerabilities that may exist within this tier.

This is important given the widespread impact of COVID-19 mandates on all organisations, whether large, medium or small. An example of Tier 1 suppliers recognised as being high risk are those within the international shipping industry, which is an industry group that, on a global level, is particularly susceptible to Modern Slavery<sup>^</sup>. Given the operational requirements of the Sino Iron Project, risks posed in the shipping and logistics industries are considered high.



*Transhipment of magnetite concentrate from barges to ocean going vessel (OGV) Magsenger 1*

\*Tier 1 suppliers are those with whom the Company has a spend of \$1 million (AUD) or more.

<sup>^</sup>See "Compendium of maritime labour instruments" as published by International Labour Organization (Third revised edition 2021).

# COVID-19 Impact



**We acknowledge that the impacts of COVID-19 can increase the vulnerability of organisations and their workers to Modern Slavery risks. With this in mind, we have provided details on how we have managed COVID-19 during this reporting period.**

COVID-19 has brought an unprecedented level of disruption to both our Company and many of our Tier 1 suppliers over the last two years. Throughout 2021, many large maintenance activities were postponed or significantly adjusted to accommodate the ever-changing environment.

While global panic buying (as seen in early 2020) has largely receded, the inbound supply chains are still in a state of flux and continue to suffer, as global governments manage both outbreaks and vaccination programs and our suppliers battle staff shortages caused by the COVID-19 infection rates and personal isolation requirements.

The international supply market faces unprecedented delays and decade high prices as a fall out of this COVID-19 pandemic. The volatility of the market and extended supply chains globally now heavily impact cost and availability in 2022. This will likely continue into the near future.

We saw major delays in the delivery of commitments, including with exports from international suppliers or those with international supply chains. During 2021 we also saw cost increases of many key suppliers as their production costs soared with the market movement of raw materials.

**With the Company being involved with a number of direct international supply chains, some key strategies were implemented to support our ongoing business and the continuation of inbound supply to our Sino Iron Project and our global suppliers.**

### **Supplier management**

Key suppliers, both within Australia and abroad, were held in close contact and approached on a regular and recurring basis to ascertain and understand the impacts they faced in relation to COVID-19 and their ability to supply to us. Impacts and delays experienced by those key suppliers were considered and communicated to all accountable parties and relevant stakeholders within our business.

Many adjustments to existing plans were made in 2021 to ensure undue pressure was not placed on those key suppliers. This reduced the likelihood of our key suppliers procuring products from smaller entities who may engage in Modern Slavery practices in order to keep up with our demands.

### **Increase in held inventory for key components and consumables**

We considered the value and quantity of our held on-site stocks. The level of inventory was continually reviewed and in a number of cases, increased in order to reduce the risk where there was a sudden increase in consumption or delay in freight. Increasing the held stock also has the effect of reducing the purchasing cycle and delivery frequency.

It was agreed with our suppliers that these inventory increases would support them by providing them future commitments without the push to deliver within a short lead time, which reduced the likelihood of our suppliers engaging cheap labour in order to meet delivery timeframes.

### **Consolidation of purchasing requirements**

We consolidated the total number of purchases made to ensure higher value orders and larger commitments were made at any one time. This assisted our suppliers by reducing their need to deliver more frequently and ensured there were minimal increases in cargo volume for each shipment.

### **Expansion of logistics options**

With a number of suppliers based internationally, despatching from international ports has been significantly impacted by COVID-19. Domestic and international port lockdowns and quarantine requirements has meant that we have been required to work very closely with our logistics providers.

New relationships have been formed and the introduction of container shipments from Shanghai to Dampier, Western Australia, allowed for alternative logistics options. This additional shipment option provided alternative strategies when key componentry was scheduled to arrive at Sino Iron.

The mitigation strategies and steps taken to date have not only reduced the risks of Modern Slavery but ensured the continued operation of the Sino Iron Project and ongoing success of our suppliers.

# Due Diligence and Risk Management

**During the reporting period, we undertook due diligence and risk management processes to address Modern Slavery risks.**

## **International shipping**

Given that international shipping is considered a high risk industry for Modern Slavery, we ensured that there was a procedure in place to verify that the vessels complied with the Maritime Labour Convention 2006 (Convention). The Convention is responsible for introducing modern standards for the working and living conditions of seafarers.

During the reporting period, vessel owners were required to provide proof to the Company that they held a valid Maritime Labour Certificate (MLC). If a vessel held a valid MLC, it gave assurance to us that the vessel owner was complying with the relevant requirements of the Maritime Labour Convention and importantly, that the seafarers' working and living conditions were up to the relevant standards.

The Company recognises that seafarers as a labour group are often subjected to long periods on vessels and isolated working conditions, making them vulnerable to exploitation. Having regard to this, during the reporting period, when we arranged a time-chartered vessel, notwithstanding that the Company has no involvement in the management of the crew on board, we would exert influence by only awarding specific shipments to those customers who had less restrictions at the overseas discharge port to facilitate crew change.

## **Mandatory training for selected personnel**

We delivered a training package designed to raise awareness of Modern Slavery, which outlines what the Company is doing to address Modern Slavery as well as the responsibilities of each employee. Key personnel from each department were selected to undertake the training as they are considered influential in bringing about positive change and education to their respective teams.

As at 31 December 2021:

- the number of personnel selected to complete the training increased by 34% from the previous reporting year; and
- the participation rate amongst those employees who were required to complete the training improved from 76% to 83%.

We will continue to be vigilant in raising awareness of Modern Slavery amongst our employees. While the training is a great tool in this respect, we will also continually search for other ways to raise awareness.

### **Participation in the Human Rights Resources and Energy Collaborative (HRREC)**

As published in our previous Statement, the HRREC was set up to assist companies in the mining and resources sector in Western Australia to share knowledge and learnings around Modern Slavery.

As many of the members share the same suppliers, collaboration is important to ensure suppliers are receiving consistent messages from mining operators like ourselves and that we can all tackle Modern Slavery risks in an efficient manner. During the reporting period, our representatives attended the relevant meetings and in between meetings, we were also able to collaborate with other members via an online portal.

### **Supplier compliance with our company policies**

Companies with whom the Company contracts are required to comply with our Anti-Slavery Policy, Code of Conduct, and Whistleblowing Policy.

The Anti-Slavery Policy outlines our commitment to combatting Modern Slavery in our operations and supply chain and includes our internal training, reporting and escalation processes.

Our Code of Conduct stipulates our standards on matters of personal conduct and relationships and the processes for monitoring of compliance and the mechanisms of enforcement.

The Whistleblowing Policy outlines our commitment to creating and maintaining a culture of transparency, compliance, ethical conduct and high standards of corporate governance, and the mechanisms we have in place to encourage whistleblowers to raise and report any instances of observed or suspected misconduct within the Company.

Together, these policies provide vendors with an awareness of our approach and a mechanism to report instances of Modern Slavery.

### **COVID-19 management planning**

The Company ensured there was a continuing requirement for suppliers to submit a COVID-19 plan before mobilisation to the Sino Iron site. COVID-19 has been shown to increase the vulnerability of suppliers to Modern Slavery risks. Accordingly, we have taken steps to ensure COVID-19 is being managed by vendors.

### **Inclusion of Modern Slavery clause in our contracts**

Our Commercial and Legal teams collaborated extensively with internal departments in relation to the inclusion of a Modern Slavery clause prior to its implementation.

During the reporting period, the clause was implemented into various new contracts involving suppliers that were either working in high risk industries or located in high risk jurisdictions.

This clause required the supplier to comply with the relevant Modern Slavery laws, provided us with a right of audit to measure their compliance, and ensured there was an obligation upon our suppliers to require its subcontractors to comply with similar provisions.

In 2022, we plan to introduce the clause into all new contract templates. A key framework agreement is also currently being varied to ensure these additional obligations are placed on a significant number of material suppliers from overseas.

# Remediation



**Neither the Company nor its suppliers identified any instances of Modern Slavery during the reporting period.**

However, if instances of Modern Slavery do arise, there are very clear reporting and escalation procedures that can be utilised. This involves following the Whistleblowing Policy and reporting the matter to the Company's General Counsel or one of the Protective Disclosure Officers.

Any reports of Modern Slavery should be considered in the appropriate context after the matter is properly investigated. We acknowledge that instances of Modern Slavery can often occur where a supplier is in a vulnerable position and that while terminating the relationship may seem the most practical approach in the circumstances, it can potentially exacerbate the issues and lead to additional Modern Slavery risks.

Therefore, we will deal with each matter on a case-by-case basis, whilst ensuring compliance with the legislation at all times.

# Assessing Effectiveness

We assessed the effectiveness of our actions by focusing on three different Key Performance Areas:

1

## Procurement and Supply Chain

- Percentage of contracts that ensure the Company's Anti-Slavery Policy is adopted by suppliers
- Percentage of contracts where suppliers were required to provide a COVID-19 plan before mobilisation to site

2

## Training and Awareness

- Internal completion rates for Modern Slavery Training

3

## Collaboration with Industry Bodies

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

Over subsequent reporting periods, as new risks are identified, we will continue to monitor and further enhance these KPIs.

We also have a Risk Management Committee that comprises senior members of our management team, which will have regular oversight of the actions being taken and their effectiveness.



# Consultation

In order to prepare this Statement:

- each of the Company's reporting entities were consulted; and
- we also consulted with any entities that the Company owns or controls.

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

A Management Committee meeting is held monthly to discuss and provide direction on key matters concerning the project. The Management Committee consists of CPM's Board of Directors and senior managers.

This Modern Slavery Statement was drafted with input from departments forming the frontline business units, and has been reviewed and approved by the Chairman and CEO of CPM, Chen Zeng, who is approving this Statement on behalf of the Board of Directors prior to its submission and publication.





# Community

Since late 2020, the Company has been running a Containers for Change program on the Sino Iron mine site whereby empty containers of all types, including plastic water bottles, aluminium cans, glass beer bottles and flavoured milk cartons are recycled through special collection bins located around site and village accommodation.

This program has been so successful that at the end of 2021, our recycling partner North West Recycling declared us the Commercial Recycler of the Year with over one million containers recycled since the commencement of the initiative.


In the second half of 2021, we launched the CPM Community Support Fund (CCSF), which uses the funds raised in the recycling program to support community groups and not-for-profit organisations in the Pilbara region.

The Community Support Fund invites applications from community groups twice a year, for the opportunity to gain up to \$5,000 funding for each project. Eligibility for grant funding is assessed against strict criteria, and applicants are required to meet one or more of these focus areas: education and training; healthy, active lifestyles; cultural learning and exchange; environmental responsibility; and youth support and development.

The recipients of CCSF grant funding in 2021 were Big hART's 'Songs for Peace' festival in Roebourne; the Cossack Dragon Boat Festival; and the West Pilbara Cricket Team's 2022 Country Week program.



# Looking Forward



**The Company is continually looking to improve its approach to combatting Modern Slavery and we have identified two key areas for improvement.**

**1**

## **Vendor On-boarding**

Commercial Services is commencing engagement with all new vendors being on-boarded to raise awareness of Modern Slavery and ensure compliance with the Anti-Slavery Policy, Code of Conduct, and the Whistleblowing Policy.

**2**

## **Training and Awareness**

Training is currently only provided to a select number of employees within individual departments. We are proposing to roll out training to a broader set of personnel across the Company.

# Appendix 1: Reporting Criteria

Each section of the Company's Modern Slavery Statement 2021 is aligned to the mandatory reporting criteria required under the *Modern Slavery Act 2018* (Cth).

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 Our Supply Chain, page 6
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	Operation and Supply Chain Risks, page 7
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	Due Diligence and Risk Management, page 10 Remediation, page 12 Looking Forward, page 16
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 13
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 14
Section 16 (1)(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	COVID-19 Impact, page 8 Community, page 15

