



MODERN SLAVERY STATEMENT 2023

For the 12-month period
ended 30 June 2023



Important Notices

This statement is made by Base Resources Limited (ACN 125 546 910) (**Base Resources** or the **Company**), a public company incorporated under Australia's *Corporations Act 2001* (Cth) and listed on the Australian Securities Exchange and the London Stock Exchange's AIM.

Base Resources is a "reporting entity" under the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) and this statement has been issued by the Company in accordance with section 13 of that Act. Base Resources controls several entities. None of these entities qualify as a "reporting entity" under the Modern Slavery Act.

This statement covers the period from 1 July 2022 to 30 June 2023 (**FY23** or **reporting period**). Unless the context requires otherwise, this statement is made in respect of Base Resources and each of the entities it controls (together, the **Group**), including its two operating subsidiaries, Base Titanium Limited (a Kenya incorporated company) and Base Toliara SARL (a Madagascar incorporated company). Accordingly, references to "we", "our" and "us" are to the Group as a whole. For further details about Base Resources' controlled entities, refer to Base Resources' 2023 Annual Report, accessible at baseresources.com.au/investors/reports/.

Statement of compliance with the Modern Slavery Act

Principal Governing Body Approval

This statement was approved by the Board of Base Resources, being the Company's "principal governing body" as that term is defined in the Modern Slavery Act, see page 33.

Signature of Responsible Member

This statement is signed by Michael Stirzaker, Non-Executive Chair, who is a "responsible member" of the Company, as that term is defined in the Modern Slavery Act, see page 33.

Mandatory Criteria

This statement addresses each of the mandatory criteria in section 16 of the Modern Slavery Act, as specified in the table below.

Mandatory Criteria	Section(s)	Page reference
Identify the reporting entity	Important Notices, 1	2, 7-9
Describe the reporting entity's structure, operations and supply chains.	1, 3 and 4	7-9, 13 and 14
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	5	16-23
Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	This Statement, 2 and 6	3-5, 10-12 and 24-30
Describe how the reporting entity assesses the effectiveness of these actions.	7	31-32
Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	8	33
Any other information that the reporting entity, or the entity giving the statement, considers relevant.	N/A	N/A

THIS STATEMENT

This Modern Slavery Statement reports on our actions to identify, assess and address the risks of modern slavery in our operations and supply chains during FY23.

At its simplest, modern slavery is an abuse of human rights. More specifically, it is an umbrella term used to describe various situations where victims are exploited and their personal freedoms are seriously undermined or deprived, such as slavery, servitude, forced or compulsory labour and human trafficking.

Since its formal inception for the financial year ended 30 June 2020, our dedicated modern slavery program has been implemented in a considered, methodical and comprehensive manner. Our focus in the early years was predominately on developing, embedding and integrating a comprehensive

governance framework for modern slavery across our organisation, building internal capability and developing partnerships to assist with our modern slavery response, particularly for management of the modern slavery risk in our supply chains.

Leveraging this work, in more recent years, our efforts have been focused on applying that framework, including with the assistance of the partnerships forged and internal capability built, resulting in extensive and meaningful engagement with our suppliers, both new and existing, and host communities. FY23 was no exception. However, our efforts have not stopped there, and we have continued to seek to expand and strengthen our partnerships, build further internal capability and refine and supplement our modern slavery governance and risk management framework with the objective of ensuring continual improvement.

We continue to learn from our experiences, and take into account external feedback, to enhance our modern slavery response. While we are proud of our modern slavery response to date, we acknowledge that more work is needed to assess and mitigate our extended supply chain risks.

With the closure of our Kwale Operations at the end 2024 and as activities at our Toliara Project ramp up, new modern slavery risks will arise. The 2024 financial year will see the continuation of preparations for the management of these risks and we will share details about our findings and actions taken in next year's statement.



Strengthening Partnerships

We do this through:

- > Communication and engagement
- > Supplier training, engagement and support
- > Identification, engagement, and collaboration with Civil Society Organisations (CSOs) and specialist consultants
- > Audits and reviews

FY23 highlights

- > Ongoing collaboration with Kenya-based CSO Human Rights Agenda Mombasa (HURIA)
- > Online training module for suppliers produced for Madagascar and now available in English, French and Malagasy
- > A further 39 individuals from 25 supplier companies completed the online supplier training module
- > HURIA delivered in-person training to an additional 36 individuals from 27 supplier companies, including one indirect supplier
- > Modern Slavery Policy template provided to suppliers that completed in-person training and dedicated, one-on-one support for implementation offered
- > Modern Slavery Risk Assessment Procedure applied to 67 suppliers, involving, in the case of potentially higher-risk suppliers, engagement on their modern slavery risks and mitigations

Future Activities

- > Leveraging the stakeholder mapping undertaken in FY23, assess and select a CSO in Madagascar for collaboration to support our modern slavery risk management efforts
- > Continue to undertake supplier modern slavery risk assessments
- > Deliver in-person modern slavery training and policy development workshop for suppliers in Kenya
- > Through HURIA, carry out further sensitisation forums for participating farmers, with a view to seeking to reach as many of the 6,000 plus farmers participating in the PAVI cooperative

Building Internal Capability

We do this through:

- > Modern Slavery Work Group
- > Online and face-to-face multi-faceted training
- > Communication and engagement
- > Awareness raising and support

FY23 highlights

- > In-person Modern Slavery training delivered to 41 employees
- > Two additional employees completed the six Modern Slavery eLearning Modules

Future Activities

- > Finalise translation to Malagasy of the six Modern Slavery eLearning modules for roll out in Madagascar
- > Arrange for completion of the six Modern Slavery eLearning Modules by any new personnel in Base's Finance and Procurement teams
- > Arrange for completion of the six Modern Slavery eLearning Modules for Community and Environment teams in Madagascar

Continual Improvement

We do this through:

- > Program and process review
- > Systems improvement and enhancement
- > Internal audits and reviews

FY23 highlights

- > Reviewed and updated the Modern Slavery Risk Assessment Procedure
- > Updated the supplier questionnaire to enable better assessment of a supplier's grievance reporting mechanisms
- > Reviewed and updated our "Contractor Pack" and "Contractor HR Brief" for our Toliara Project to include modern slavery considerations
- > Conducted an internal review to assess adherence to our New Supplier Onboarding Process

Future Activities

- > Identify risks associated with the decommissioning and closure of the Kwale Operations
- > Develop and implement mitigation strategies for managing modern slavery risks associated with Kwale Operations decommissioning and closure
- > Review and update Base's template request for tender to capture modern slavery risk information
- > Undertake review of New Supplier Onboarding Process implementation and application of the Modern Slavery Risk Assessment Procedure

What we have learned

While there is growing focus on this issue globally by governments and the private sector, our supplier and stakeholder engagements to date have shown that there continues to be generally low levels of awareness about, and understanding of, modern slavery in our host nations. This is generally a function of a lack of understanding of the prevalence of modern slavery, how modern slavery risks can arise and the steps that can be undertaken to identify, assess and mitigate those risks. This often translates to a general lack of controls to mitigate modern slavery risks in the supply chains for businesses in these countries and, in some instances, a reluctance to engage with us on the issue, possibly accentuated by cultural sensitivities.

Our role in the global effort to tackle modern slavery is not to simply stop dealing with such businesses where we encounter them. Instead, our role is to work with these businesses to enhance their knowledge and understanding and assist them with development of policies and controls, proportionate to their size, resources and risks.

While this has created challenges for our modern slavery response, it has also provided us with a real and genuine opportunity to make a difference and play a leading role in the private sector response to modern slavery in our host nations.





1. WHO WE ARE

About Us

We are a Perth head-quartered, African-focused, mineral sands producer and developer with a track record of project delivery, strong and consistent operational performance and excellence in safety, community engagement and environmental stewardship.

We operate the established mineral sands mining operation in Kwale county, Kenya (**Kwale Operations**) which produces a suite of mineral sands products, namely ilmenite, rutile and zircon. We are also developing the Toliara Project in Madagascar.

We have a clear understanding of, and commitment to, our purpose being to contribute to solving the problems of people and planet. We do so profitably, without profiting from causing problems.

Our approach to sustainability is anchored in this purpose, with foundational philosophies that place sustainability at the centre of our business:

- > We demonstrate that sustainable mining can be a reality, where essential resource extraction is undertaken, generating requisite shareholder returns, whilst improving environmental, social and economic outcomes.
- > We minimise environmental disturbance, restore land we do disturb and seek opportunities for enhancement to ultimately leave a physical environment that is richer for our presence.
- > We facilitate meaningful and lasting improvement in the lives of those in the communities in which we operate.
- > As we seek to identify issues and opportunities to be addressed, and develop and implement solutions, we know we do better when we listen respectfully to those with different perspectives, act in partnership with others, and consider the full life cycle of mining.

- > We recognise that trade-offs between impacts – social and environmental, local and global – will naturally exist, may be challenging to reconcile but need to be navigated to produce the best collective outcome.
- > We explicitly design all aspects of our business to deliver on this core organisational purpose.

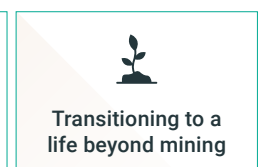
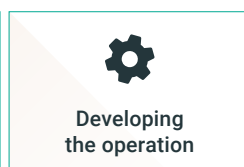
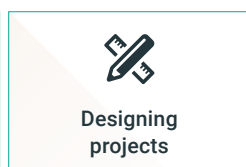
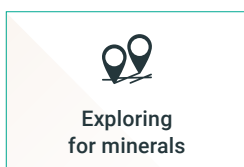
We are guided by **The Base Way** – a set of beliefs and principles that permeate every aspect of our business and our culture. The Base Way is grounded in our belief in the potential of our people, the power of the team, the value of resources and absolute integrity.

Everyone who works for us is empowered to act with absolute integrity, to uphold respect for human rights and to value resources, and maximise their potential as individuals and as a team. The Base Way is also extended to our expectations of our contractors, suppliers and partners.

Our audacious goal is to be the pre-eminent African-focused mining company with an exceptional portfolio of operations and opportunities, fully valued by our stakeholders, by 2031.

This means:

- > We will be the first thought of company when considering truly successful resource development in Africa.
- > We will leverage the expertise developed and honed in Africa and successfully applying it elsewhere.
- > Our opportunities will emerge from clever exploration, acquisition and collaboration. This will represent an optioned pathway to sustained performance.
- > Governments and communities will invite us in and employees will seek us out.
- > Shareholders will fully value our sustained, predictable and growing earnings.



Designing to minimise harm and maximise benefit

Respect for human rights in everything we do



Our Assets

KWALE OPERATIONS | 100% owned and operated

Products	Ilmenite, rutile and zircon
Country	Kenya
Status	Active, operations commenced 2013
Location	Southeast Kenya, 50km from Mombasa Port
Infrastructure	Likoni Export Facility
Estimated end of mine life	December 2024
Employees and contractors	1,746

Toliara Project | 100% owned

Products	Ilmenite, rutile and zircon
Country	Madagascar
Status	Progressing towards development
Location	Southwest Madagascar, 45km from the town of Toliara
Initial expected mine life	38 years
Employees and contractors	118

Our Assets

Kwale Operations is Kenya's largest mine and is recognised as a flagship project under the Kenya Vision 2030 national development blueprint. Kwale Operations features an assemblage rich in rutile, ilmenite and zircon. Mining at Kwale commenced on the Central Dune orebody in 2013 before transitioning to the South Dune orebody in 2019 and North Dune orebody in 2023. It currently accounts for approximately 65% of Kenya's mineral output by value. Kwale Operations' products are exported to North America, Asia and Europe.

Kwale Operations mine life has always been short and despite undertaking a regional exploration program in recent years, we have only been able to achieve a modest extension, with mining now planned to conclude at the end of 2024. As the conclusion of Kwale Operations draws closer, there has been increasing focus on equipping our workforce for life after mining, rehabilitation and identifying potential alternative land uses for the mining area seeking to optimise social, environmental and economic outcomes through our Post Mining Land Use (PMLU) project.

The Toliara Project in Madagascar is considered one of the best undeveloped mineral sands opportunities in the world. Although currently delayed while fiscal terms are being agreed with the Government of Madagascar, project funding, engineering design and planning are well advanced. We are confident this will enable rapid resumption once agreement is reached, and on-the-ground activities resume.

Substantial progress has also been made in understanding the commercial potential of the monazite contained in the Toliara Project's orebody, with a concept study completed during the reporting period confirming its substantial economic potential and a pre-feasibility currently underway. Monazite is a source of valuable rare earth products, which are essential for the green energy transition.

What we produce

Base Resources produces ilmenite, rutile and zircon, which are all considered critical minerals.

Ilmenite and rutile are different grades of titanium dioxide (TiO₂) minerals and are used predominantly to produce pigments for paint, paper, plastics, textiles and inks. TiO₂ pigment is prized for its opacity, reflectivity and whiteness and its ability to absorb and reflect ultraviolet radiation. It is also non-toxic and inert to most chemical reagents.

High grade TiO₂ minerals (which include rutile) can also be used to produce titanium metal, which is corrosion resistant and has the highest strength to weight ratio of any metal. Titanium metal is used across aerospace and defence industries as well as in medical devices, sporting equipment and jewellery. High grade TiO₂ minerals are also used in the flux in welding consumables such as welding rods and fluxcore wire which is used extensively in ship building.

Zircon has a range of end-uses, including in production of ceramic tiles, which accounts for more than 50% of global consumption. Milled zircon enables ceramic tile manufacturers to achieve brilliant opacity, whiteness and brightness in their products. Other unique properties include heat and wear resistance, stability, opacity, hardness and strength, making zircon sought after for other applications such as refractories, foundries and specialty chemicals. Demand for zircon is closely linked to growth in global construction and increasing urbanisation in the developing world.

Kwale Operations | Kenya

Operational asset producing:

- > Rutile
- > Ilmenite
- > Zircon

Toliara Project | Madagascar

Mineral sands project progressing towards development

Base Resources | Perth
Company headquarters

Key figures for the reporting period

REVENUE
271.4
US\$ MILLION

EBITDA
158.6
US\$ MILLION

INVESTMENT IN COMMUNITY
& ENVIRONMENT PROGRAMS
7.9
US\$ MILLION

PRODUCTION TONNES

297,861
ILMENITE

68,814
RUTILE

25,954
ZIRCON

NUMBER OF EMPLOYEES BY COUNTRY

898
KENYA

29
MADAGASCAR

20
PERTH

Inaugural Sustainability Report released

Won two of the nine ESG awards at the 2023 African Mining Indaba



2. OUR GOVERNANCE FRAMEWORK

Our Board has established a corporate governance framework comprising a suite of policies, charters, codes and system documents. Among other matters, this framework addresses specific aspects of sustainability, such as integrity, employment and engagement, health and safety, modern slavery, community investment and environmental management. Knitting these together is an overarching Sustainability Policy which defines a consistent set of principles, objectives and performance standards applicable across our organisation.

Our corporate governance framework is underpinned by our purpose to contribute to solving the problems of people and planet and to do so profitably, without profiting from causing problems, along with the core set of principles forming **The Base Way**.

As international standards and principles of best practice are constantly evolving, our corporate governance framework is regularly reviewed and enhanced to ensure it remains appropriate.

Our Board has ultimate responsibility for overseeing the Group's approach to sustainability, with the Board expressly reserving responsibility in the Board Charter for (among other matters) defining the Group's environmental, social and ethics vision and ensuring that the Group's overall strategy and systems are aligned with that vision. The Board's Environment, Social and Ethics (**ESE**) Committee, established in FY21, assists the Board with its oversight responsibility in respect of sustainability matters, with its responsibilities including overseeing the management of ESE risks, including human rights-related risks.

The Managing Director is accountable to the Board for management of our ESE risks and implementation of systems to achieve our ESE vision and is supported by senior management across the Group. Day-to-day management of sustainability and ethics, including human rights-related matters, is overseen by our corporate team with our teams at our Kwale Operations and our Toliara Project responsible for these matters on site in Kenya and Madagascar respectively.

To assist with our management of community-related risks, we have also established liaison committees to act as an interface between ourselves and our host communities. These committees are important in the information sharing process and provide an avenue for ensuring our systems are understood by the broader communities. They also provide a mechanism for locals from our host communities to raise grievances and concerns, including in relation to human rights issues.

Environment, social and ethics matters are integrated into a range of independent policies, charters, codes and system documents, and embedded in role descriptions throughout our organisation, as appropriate, to maintain the requisite focus and effective integration into our "business as usual" practices. Maintaining and meaningfully implementing effective policies around issues such as modern slavery is a key part of meeting our commitment to respecting human rights.

Key policies and standards are available on our website. All policies and system documents are accessible by employees and consultants on our central document management system. Key aspects of these are communicated during induction processes.

Our Supplier Code of Conduct (**Supplier Code**), setting out our core requirements and expectations for our suppliers, also stipulates expectations in relation to sustainability matters. Our standard terms and conditions require suppliers to adhere to our Supplier Code.

Our corporate governance policies, standards, codes of conduct and documents are accessible at [baseresources.com.au/who-we-are/corporate-governance/](https://www.baseresources.com.au/who-we-are/corporate-governance/) with our sustainability policies and standards accessible at [baseresources.com.au/sustainability/sustainability-policies-and-standards/](https://www.baseresources.com.au/sustainability/sustainability-policies-and-standards/). Our sustainability reporting is accessible at [baseresources.com.au/sustainability/sustainability-reporting/](https://www.baseresources.com.au/sustainability/sustainability-reporting/).



How we work to prevent modern slavery occurring

Our modern slavery governance framework is supported by several key policies and system documents, including those detailed below.

Our **Whistleblower System** provides current and former employees and suppliers and their relatives with a safe, secure, confidential and transparent mechanism for reporting inappropriate conduct, including any human rights concerns, and investigating and addressing such allegations in a timely manner. The reporting channels consist of an internal reporting mechanism to specified senior employees and officers, as well as an external reporting mechanism, referred to as *IntegrityLine*, operated by an independent whistleblower service provider. Information about our Whistleblower System is made available to all staff, including via our central document management system, and to external stakeholders, including via our website. Individuals holding the position of Whistleblower Receiving Officer or Whistleblower Protection Officer are provided with specific training on their responsibilities and obligations.

Our **Fair Treatment System** provides a more informal grievance resolution process for allegations by our employees of unfair treatment. Grievances are to be initially raised to an employee's manager-once-removed for consideration and assessment. Provision is also made for a second level of consideration by the relevant employee's manager-twice-removed.

Our **New Supplier Onboarding Process** consolidated our mandatory onboarding steps for new suppliers in a single, easy-to-use document. Steps include application of our Modern Slavery Risk Assessment Procedure (**Risk Assessment Procedure**), provision of the Supplier Code to all new suppliers and, subject to limited exceptions, contracting on Base's standard terms and conditions. Further details about our Risk Assessment Procedure, Supplier Code and standard terms and conditions and how they mitigate our modern slavery risk are below.

Supplier Code
Sets out our core requirements and expectations for our suppliers, which include that our suppliers' workforces are free from modern slavery and any other human rights abuses. The Supplier Code also expressly requires suppliers to report inappropriate conduct they become aware of in respect of Base Resources and includes information on how to access our *IntegrityLine*.

Risk Assessment Procedure
Developed in FY21, our Risk Assessment Procedure is a step-by-step guide for identifying, assessing and addressing modern slavery risks for both new suppliers and existing suppliers – refer to page 12 for further details about our Risk Assessment Procedure and a flowchart illustrating its steps and operation.

Standard Terms and Conditions
For our standard terms and conditions, we have developed both long and short form anti-modern slavery clauses, to be selected depending on the relevant supplier's assessed modern slavery risk profile.

Modern Slavery Work Group
Established in FY20, we have a dedicated, cross-functional Modern Slavery Work Group (**Work Group**), which reports to our Chief Legal Officer. The Work Group comprises employees from across the Group and among its members there is in-depth knowledge of the Group's direct suppliers, employees and their employment and working conditions, recruitment practices and related system documents, as well as legal, sustainability, financial and human rights expertise.
The Work Group is responsible for development and implementation of annual Group-wide workplans to mitigate our modern slavery risks, preparation of our annual modern slavery statements and assessment of the effectiveness of the actions we are undertaking to identify, assess and address our modern slavery risks.



Further details about our Risk Assessment Procedure

Subject to a limited exception in the case of urgent supplies, the Risk Assessment Procedure is applied to all new suppliers before they are formally engaged. However, to ensure requisite focus and attention on higher risk new suppliers, the Risk Assessment Procedure only requires modern slavery due diligence to be undertaken on a supplier to determine what (if any) modern slavery risk mitigations are to be implemented if:

- > The supplier's anticipated annual spend is over a certain amount.
- > The supplier is designated as higher risk following application of an initial risk designation exercise, which considers:
 - » The rank on the Global Slavery Index (or **GSI**) of the country in which the relevant supplier is located.
 - » Whether the supplier is in a sector or provides products or services that have higher risks of modern slavery practices.

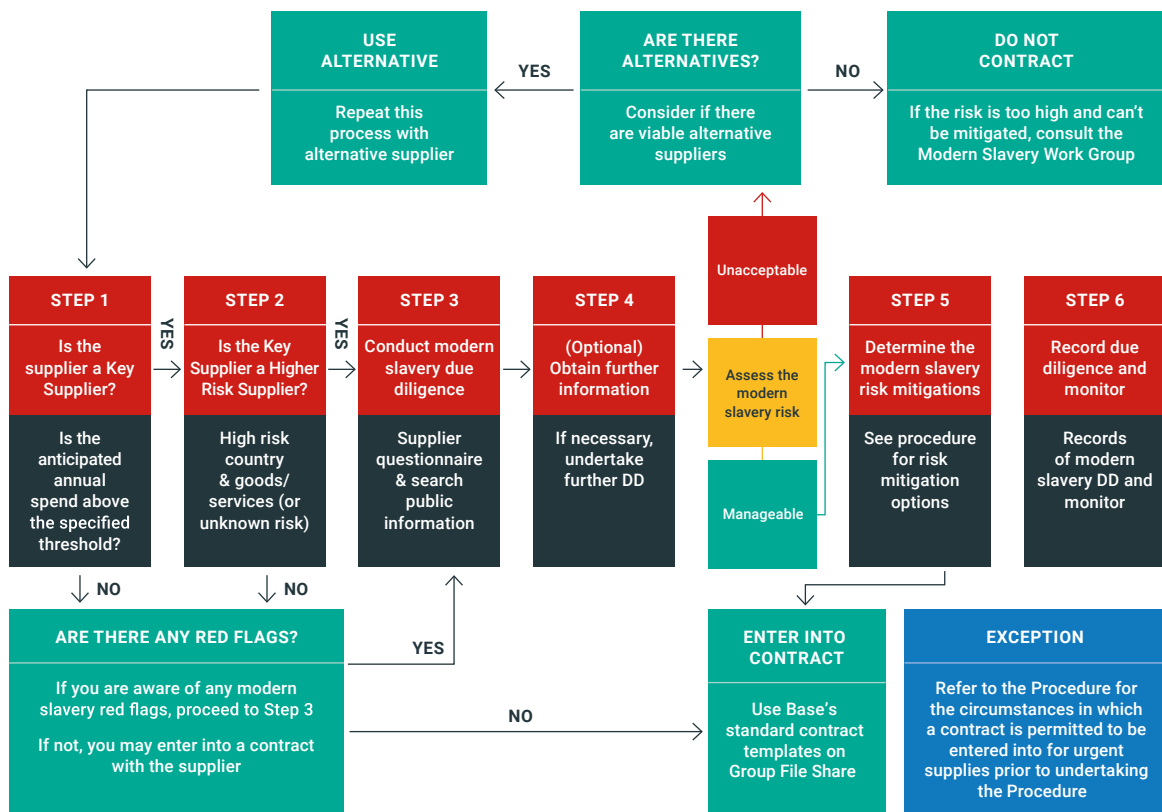
While we recognise that modern slavery risks may also be present among our lower spend suppliers, we are focusing our efforts initially on higher spend suppliers, as we are likely to have a greater degree of influence over (and therefore ability to effect changes in the practices of) these suppliers.

Our supplier modern slavery due diligence involves assessment of targeted public information and information received from our suppliers in response to our supplier questionnaire. The questionnaire contains questions about the supplier's:

- > Internal policies and controls to ensure employee pay and working conditions comply with applicable law and to otherwise mitigate the risk of modern slavery in their operations.
- > Internal policies and controls to mitigate the risk of modern slavery in their supply chains.
- > Employment practices, including about how they obtain and engage their labour force.
- > Grievance and whistleblower reporting mechanisms for employees and non-employees.
- > Business, including what they do and where they source goods or inputs.

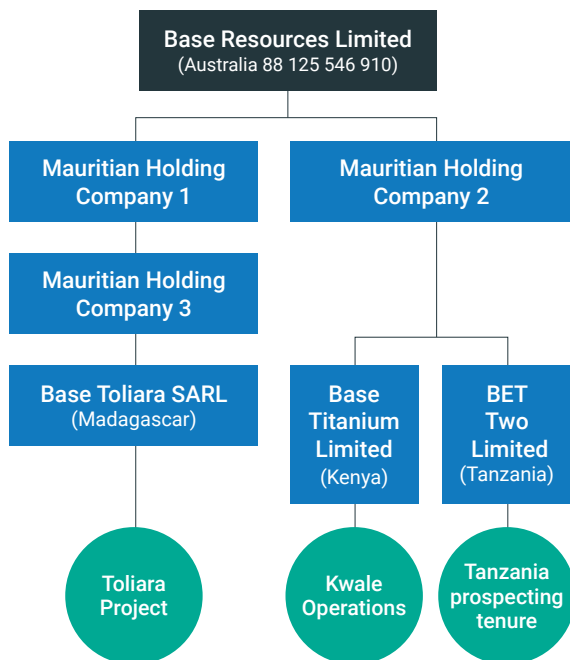
As has generally been our experience during our supplier engagements, we recognise that our local suppliers often will not have well-developed, or indeed any, formal policies or controls to mitigate the risk of modern slavery in their supply chains. While this will increase their modern slavery risks, we also recognise that refusing to deal with such suppliers will do little to combat modern slavery or maximise the positive outcomes from our activities for our host communities and host nations. Consequently, the Risk Assessment Procedure only suggests not dealing with such suppliers where they do not demonstrate a genuine concern for modern slavery and do not indicate that they would be responsive to developing their own internal policies and controls.

Risk assessment procedure flowchart



3. OUR STRUCTURE AND EMPLOYEES

Below is an extract of our corporate structure showing the chain of ownership to our operating subsidiaries, Base Titanium and Base Toliara, and BET Two Limited, our Tanzanian incorporated subsidiary which holds our Tanzanian prospecting tenure. Base Resources' other subsidiaries, some of which are shown below, are either dormant or intermediate holding companies.



As at 30 June 2023, we had 947 employees across the Group, the majority of whom (898) worked at our Kwale Operations in Kenya. The remaining employees were in Madagascar (29) and Australia (20). Our workforce also includes graduates, interns and apprentices, all participating in our tailored programs designed to enhance their job prospects. To maximise opportunities presented by the two rain seasons in Kenya, we employ women and men from the surrounding communities on fixed-term contracts to assist with the planting of plants and trees as part of our environmental and rehabilitation programs for our Kwale Operations.

Our approach to managing the risks associated with in-migration, and the prioritisation of opportunities for local communities in recruitment at our development projects, is guided by a Labour Recruitment and Influx Management Plan (LRIMP). Each LRIMP is project specific and developed ahead of the project implementation phase in consultation with government and local communities, and adapted to meet local regulatory requirements and social context. Consistent with Good International Industry Practices (GIIP), the objective of the LRIMP is to maximise the proportion of local people employed on the project, therefore optimising benefits for local communities.

In line with IBP and GIIP recommendations, our Kwale Operations LRIMP and supporting recruitment procedures also includes measures to mitigate modern slavery risks in the recruitment and payment of our employees. These include limited use of recruitment agencies and out-sourced labour providers, particular in the case of in-country and lower skilled positions, and identification and bank account verification procedures for potential employees.

Prior to commencement of project construction, local communities are invited to register their interest in working on the project. Information is collected in a candidate database that is later utilised to source suitably qualified individuals, with preference given based on a zoning system designed to prioritise those from local communities ahead of other candidates. Through this system, priority is given to those who have been resettled or are residing near the mine site, with progressively lower priority given to those living in zones further away from our operations. Membership of a priority zone is based on historical ties to the zone as confirmed by community leaders. Early communication of this process to the general public is key to dissuading undesirable in-migration to a project area.

To ensure maximum effectiveness, we also require our site-based contractors and their sub-contractors to adhere to the LRIMP and utilise the candidate database to source local staff.

As of 30 June 2023, the Kwale Operations workforce was 98.3% Kenyan, with 66.1% of our employees being from the Kwale and Mombasa counties, which host our mining operations and our export facility, respectively. 96.6% of our employees in Madagascar were host-country nationals.



4. OUR SUPPLY CHAINS

We utilise a wide range of products and services. As a mining company, the main products and services we use are:

- > Mining and general industrial equipment, parts and consumables.
- > Flocculant, fuel and electricity.
- > Personal Protective Equipment (PPE) and clothing.
- > Product transport (shipping and road) and logistics services.
- > Engineering and construction services.
- > Security, camp and other site-related services.
- > Exploration and mining-related services.
- > Information technology services.
- > Environmental and social advisory and consultancy services.
- > Finance, accounting, legal, insurance and other professional services.

While our suppliers are located across the globe, where appropriate, we prioritise local suppliers to further support the economies where we operate. At Kwale Operations, guided by our Procurement and Supply Policy, we apply a similar approach to selecting suppliers as we do with employment, using the “zoning system” under which preference is sequentially given to suppliers within Kwale County, Mombasa County and then the rest of Kenya, before international suppliers. This system has proven effective, and we have established extensive relationships with a diverse range of local and national Kenyan suppliers.

During FY23 at Kwale Operations, 54% (or US\$66.1 million) of the operating costs, and 80% of purchases, were sourced from Kenyan suppliers. For further details, including the spend for prior years sourced from Kenyan suppliers and the proportion of Kenya-sourced spend from suppliers in the Kwale and Mombasa counties, see the graphic below.

On an overall and Group-wide basis, during FY23, we had approximately 825 suppliers, with our total supplier spend being approximately US\$133.4 million. Of these suppliers, approximately 48% were based in Kenya, 12% were based in Madagascar and 13% were based in Australia.

For our Kenyan subsidiary, Base Titanium, approximately 39% of its total supplier spend was with its top 10 suppliers, whereas approximately 67% of the total supplier spend of our Malagasy subsidiary, Base Toliara, was with its top 10 suppliers. The more concentrated spend for our Malagasy subsidiary is reflective of the current constrained nature of its activities due to the continuing on-ground suspension of the Toliara Project.

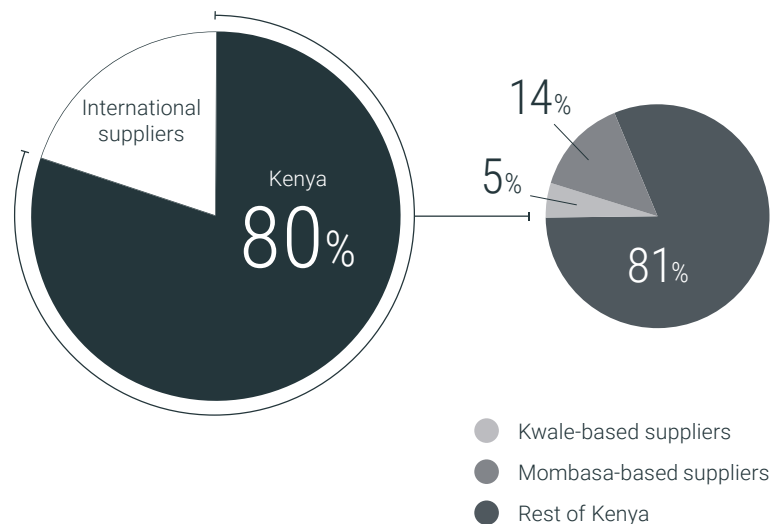
Contractual arrangements with our suppliers range from one-off purchase orders subject to our standard terms and conditions, to multi-year or multi-purchase contracts.

Our suppliers are primarily engaged by Base Resources, Base Titanium and Base Toliara. The Group’s intermediate holding companies have a limited number of suppliers, principally providing company secretarial, accounting and other professional services.

KWALE OPERATIONS FY23 PROCUREMENT

80%
OR
US\$66.2million
OF KWALE OPERATIONS
PURCHASES WERE SOURCED
FROM KENYA

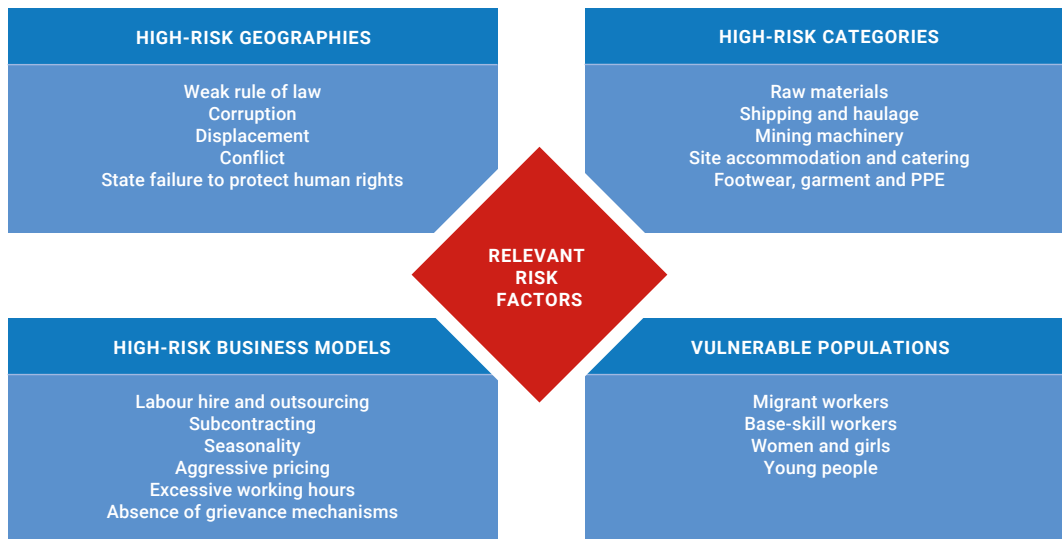
FY21: 77%, or US\$53 million sourced from Kenyan suppliers.
FY22: 71%, or US\$57 million sourced from Kenyan suppliers.





5. OUR MODERN SLAVERY RISKS

We have assessed our relationship to modern slavery risk using the cause, contribute and directly linked continuum outlined in the United Nations Guidance on Business and Human Rights and highlighted in the Australian Government's guidance for entities required to report on their modern slavery actions under the Modern Slavery Act. This risk relationship also guides the way we respond to modern slavery risks or potential instances of modern slavery. Relevant risk factors considered as part of our assessment are shown in the graphic below.



Modern Slavery Risk	How the risk could apply to us	Our Assessment
<p>Cause</p> <p>A business may cause modern slavery or other human rights harm where its actions directly result in modern slavery occurring.</p>	<p>Resource companies could cause modern slavery in limited circumstances. For example, where a company employs young workers and subjects them to hazardous work.</p>	<p>Most of our employees are based in Kenya. In the future, it is expected that most of our employees will be based in Madagascar. Both countries are reported to have a high prevalence of modern slavery on the 2022 GSI. As a consequence, and particularly in Kenya and Madagascar, we have strict human resources and recruitment procedures. Given these procedures and our employment and governance policies, processes and systems, and our strict adherence to regulatory requirements, we consider our likelihood of causing modern slavery to be low. Our structured recruitment practices are designed to prioritise employment of locals which also reduces the potential for low-skilled (potentially vulnerable) migrant workers to be employed.</p> <p>Our ongoing internal investigations and reviews confirm that our policies, systems and processes to ensure worker pay and working conditions comply with legal requirements are being adhered to. We recognise, however, the importance of remaining vigilant and ensuring our employees are reminded of how they can report labour rights violations or other human rights impacts safely and confidentially.</p>

Modern Slavery Risk	How the risk could apply to us	Our Assessment	
Contribute	A business may contribute to modern slavery or other human rights harm where its actions or omissions facilitate or incentivise modern slavery.	Resource companies could contribute to modern slavery in a range of ways. This could include setting unrealistic cost targets and delivery timeframes that incentivise suppliers to engage in modern slavery. It may also occur where a resource company disregards evidence a supplier is engaged in modern slavery.	While many of our suppliers are located in Kenya and Madagascar, both high risk countries according to the 2022 GSI, we believe our likelihood of contributing to modern slavery to be low. Our procurement processes, modern slavery risk assessment procedure and associated contractual protections and controls help to mitigate the risk that we might contribute to modern slavery practices. In this regard, we have applied or are in the process of applying our Risk Assessment Procedure to a large proportion of higher spend and potentially high risk suppliers. We ensure our global procurement and finance teams are trained in modern slavery risk identification and understand our requirements for risk assessments, risk mitigation and reporting. We work closely with our suppliers to build their knowledge and understanding about modern slavery risks and develop associated policy and controls. We engage HURIA to assist with this and also contextualise modern slavery risks for our suppliers. Our present use of recruitment providers is also limited to expatriate and senior positions.
Directly Linked	A business may be directly linked to modern slavery through its services, products or operations. This includes situations where modern slavery may occur in businesses' extended supply chains.	Resource companies face high risk of exposure to modern slavery due to the complex structure of their supply chains and operations, and their global reach.	<p>We consider our greatest exposure to risk is through our extended supply chain and the small-holder farmers participating in the farmers' cooperative we established and fund together with other organisations as part of our agricultural livelihood improvement programs.</p> <p>We procure a wide variety of goods and services from suppliers and, being an African-focused mining company, many of our suppliers are located in countries ranked as high-risk for modern slavery on the 2022 GSI, such as Kenya and Madagascar.</p> <p>The participating farmers in the cooperative, known as the PAVI cooperative, are based locally in Kwale County, Kenya. Research has shown that agriculture is a high risk sector for modern slavery and has also shown a prevalence of exploitative practices.</p> <p>We continue to strengthen our partnerships and capability building initiatives to drive collaborative action with our suppliers and the PAVI cooperative to manage these risks. In the case of our suppliers, our Risk Assessment Procedure includes actions to identify supply chain risk, undertake due diligence on suppliers and implement risk mitigation actions where necessary. Over time, we have become more efficient and adept at implementing risk mitigation actions in the form of training and policy and controls development.</p> <p>Our capability building initiatives are undertaken in collaboration with HURIA. They are designed to educate, inform and support our direct suppliers to better understand and manage the potential modern slavery risks in their own operations and supply chains. In the case of the PAVI cooperative, they are designed to support the PAVI Board and staff to develop policies and controls to mitigate modern slavery risk among participating farmers. They are also designed to educate and inform participating farmers about modern slavery and unacceptable labour practices. Further details in relation to specific supply chain risks are below. For further details about the PAVI cooperative, our actions to mitigate the modern slavery risks, the outcomes from our recent actions and our proposed future activities, refer to the case study below.</p>



CASE STUDY

Farmers participating in the PAVI Cooperative

Background

In 2015, the PAVI farmers' cooperative was founded by the community in partnership with Base Titanium and Business for Development (now Palladium International), an Australian head quartered not-for-profit organisation, and the Cotton On Group. The PAVI cooperative is part funded by Base Titanium as part of its agricultural livelihood improvement programs.

The cooperative was established for the benefit of locally-based small holder farmers, after it became clear from our earlier agricultural livelihood improvement programs that small-holder farmers in our host communities would benefit from the increased procurement and selling power, and direct access to final markets, offered by the cooperative model.

Modern slavery actions in respect of the PAVI cooperative

Following its formation in the 2020 financial year and recognising that agriculture was considered a high-risk sector for modern slavery and that instances of modern slavery had been identified in Kenya in the past in the large-scale commercial farming sector, the Work Group identified the PAVI cooperative as an immediate area of focus for our modern slavery response.

As a first action, the Work Group took steps to understand the then existing actions that were being undertaken by the PAVI cooperative to mitigate (or which would have the effect of mitigating) the risk of modern slavery among participating farmers. These investigations indicated that, while steps had been undertaken to mitigate potential labour law violations since commencement of the cooperative, these did not specifically and directly cover modern slavery. The steps identified were:

- > Undertaking site visits as part of the application process to participate in the program.
- > Undertaking an initial training program, focusing, in the case of human rights and labour law, on child labour.
- > Engaging field attendants to assist the farmers and visit their allocated farmers on a periodic basis.

Based on these findings, during the 2021 financial year, Base Titanium partnered with HURIA to deliver in-person training to PAVI cooperative staff, covering what modern slavery is and its various forms, indicators, vulnerabilities and prevalence. The training also covered potential steps and improvements to the PAVI cooperative's modern slavery risk mitigations.

HURIA was then engaged in the 2022 financial year to implement identified improvements to the PAVI cooperative's modern slavery response.

Implementation concluded in FY23, with delays to implementation experienced due to COVID-19, the 2022 general elections in Kenya, adverse weather conditions and a recent refresh of the Board of the PAVI cooperative. The improvements implemented included:

- > Training for the 15 Board members of the PAVI cooperative on policies and controls to mitigate modern slavery to enable the Board to address the policy gaps identified by HURIA following its review of the PAVI cooperative's policies and procedures.
- > Development of an anti-modern slavery policy for the PAVI cooperative, with the policy providing for the formation of a modern slavery sub-committee, which committee was subsequently formed.
- > Training of PAVI field officers on the context of modern slavery within the agricultural sector and modern slavery risks.
- > Modern slavery engagement and awareness raising forums for participating farmers, aimed at building their knowledge and understanding, with a total of 360 farmers attending.

Findings from the implementation of identified improvements

During implementation of the identified improvements, particularly the engagement and awareness raising forums, HURIA became aware that some participating farmers may be carrying out certain of the potentially exploitative practices commonly associated with rural small-holder farmers in Kenya.

Examples of the practices included:

- > Female family members carrying out farming activities, incurring expenses and providing the produce to the PAVI cooperative and a male family member claiming all (or substantially all of) the proceeds.
- > Delayed payment to or underpayment of farm workers.

The engagement and awareness raising forums also confirmed the widespread use by farmers of their own children in farming activities. Generally speaking, there were no indications that such practices were illegal. However, given how widespread the use is and the particular context, it is likely that there are instances of child labour use that does not comply with applicable Kenya law.

While such practices do not, by definition amount to modern slavery, they are considered exploitative and may lead to more serious exploitation (or potentially modern slavery) if left to continue.

Future activities

Given that these types of practices are prevalent across the Kenya agricultural sector (as confirmed by research), Base Titanium is well placed to promote change through ongoing education and modern slavery awareness workshops. Our goal is to reach as many of the 6,000+ participating farmers as possible. The education and awareness workshops held to date are already having a positive effect, with the PAVI cooperative Board being informed about and resolving an instance of an exploitative practice.



Modern Slavery, Labour Rights and Mine Closure

We are cognisant that the labour rights and modern slavery risk profile of our Kwale Operations will change significantly as we transition into the planned decommissioning and closure phase in late 2024 and are implementing actions to mitigate these risks. A broad overview of the anticipated operational and supply chains risks and our approach to managing these risks is presented below.

Closure Risk – Workforce loss of employment

As mining operations wind down, workers may find themselves vulnerable to exploitation due to their loss of employment opportunities. The lack of alternative livelihood options for former workers may push them towards informal and exploitative sectors where they may become susceptible to modern slavery or human trafficking practices.

Mitigations

- > Engagement with our employees to understand their concerns and visions for their future will assist us to identify appropriate opportunities to support their employment transition. Our employees are aware of the planned cessation of our Kwale Operations at the end of 2024 and our significantly reduced employment requirements in the lead up to and following closure. Regular engagement with our employees and the development and implementation of a stakeholder engagement strategy is key to managing the modern slavery risks associated with the loss of employment for our employees.
- > Preparing our workforce for 'Life After Mine' is a key component of our preparations for the planned closure of our Kwale Operations. The program is designed to provide the necessary tools and information that will allow our workforce to plan for and take control of their future after closure of Kwale Operations. It includes financial management training and transition training to up-skill employees. Recognising that our employees have gained valuable experience at Base Titanium, we will prepare them for entering the Kenyan and mining job markets and will connect them to reputable external recruiters through development of a skills database that will be made available to recruiters.
- > Ahead of closure of Kwale Operations, we will provide training to enhance knowledge about modern slavery and risk mitigations for our personnel considered more vulnerable to modern slavery practices following closure.

Decommissioning Risk – Risk to workers in our supply chain

Decommissioning, repurposing and reuse of plant and equipment may expose workers to hazardous conditions, compromising their safety and well-being. Following decommissioning and removal of materials from Kwale Operations, the subsequent repurposing and recycling of materials (for example of steel, batteries, copper cable etc) may involve or support informal, unregulated industries where workers may face poor pay and unsafe working conditions.

Mitigations

Our supplier selection and onboarding process for decommissioning works will ensure suppliers are assessed against and educated about potential environmental and social risk factors. Assessment may involve on-site inspections of a supplier's premises and provision of information and details about their workforce and workplace practices. This will help to ensure environmental impacts are mitigated and the rights and welfare of workers are protected. This will be particularly important where base-skill workers, temporary migrants, and workers employed on a casual basis are used.

Our Specific Supply Chain Risks

Given their location on the Kenyan coast, both Kwale and Mombasa counties also rely heavily on tourism, further elevating the modern slavery risk. Tourism is subject to sharp seasonal fluctuations, which could cause tourism-focused businesses to use the services of labour recruitment companies and/or look to migrant workers. Based on HURIA's research, we identified a risk that we may be directly linked to modern slavery through our local hotel accommodation providers in Kwale County.

We recognise that our higher-risk supply categories include:

- > Shipping and haulage
- > Building and construction
- > Mining machinery and equipment
- > Parts and consumables
- > Site accommodation, catering and security
- > Footwear, garments and PPE.

What we have learned

Our engagements, both direct and indirect (e.g. through HURIA), with our suppliers in Kenya and Madagascar have highlighted the generally low levels of awareness and understanding about modern slavery, its prevalence and the importance of managing modern slavery risks among our supplier base. Lack of employment and business opportunities; generally high levels of unemployment; higher levels of poverty; weak regulation of private sector activities and the use of low skilled employees contribute to modern slavery risks in these jurisdictions. Cultural sensitivities relating to the historical association of slavery with East Africa may also be a contributing factor.



Analysis of our supply chain

For the purposes of informing our ongoing supplier risk assessment activities, we analysed our top 40 suppliers by spend for the 2022 financial year (**Top 40 Suppliers**). The analysis included a high-level modern slavery supplier prioritisation, based on known modern slavery risk indicators. Key findings from that analysis are below.

High level findings at a glance

- > Our Top 40 Suppliers accounted for US\$54 million of our total procurement spend for the 2022 financial year, equivalent to 74% of total spend.
- > Just over 60% (or 25) of our Top 40 Suppliers were potentially high risk for modern slavery, with 17 of those 25 suppliers located in Kenya.
- > All non-Kenya based high risk suppliers provided global shipping and transportation services. To this end, our highest spend category was haulage (shipping and transportation), accounting for 44% of our potentially high risk spend.

Supply Chain Overview

Our Top 40 Suppliers were prioritised based on two key modern slavery risk indicators:

- > **Industry sector** – Specific industry sectors considered to be high risk in applicable international and Australian guidance. This includes sectors with high-risk business models such as the use of labour-hire workers and outsourcing, seasonality, franchising and aggressive pricing.
- > **Geographic location** – Based on estimated prevalence of modern slavery and government responses as outlined in the GSI country risk matrix. High risk geographies include those with a weak rule of law, corruption, displacement and conflict, and where the state has failed to protect human rights.

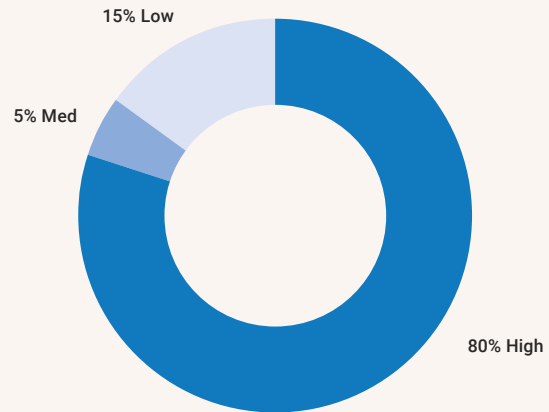
More granular details about our potential risk, based on our prioritisation of our Top 40 Supplies, is provided on pages 22-23.



Top 40 Suppliers – Risk by Spend

- > 80% of spend was identified as potentially high risk for modern slavery. This was almost entirely attributable to spend on consumables, equipment for mining, haulage and site-related services.
- > A further 5% of spend was categorised as medium risk for modern slavery and 15% as low risk.
- > The high percentage of potentially high modern slavery risk spend is considered typical for a company operating in the resources sector in higher risk jurisdictions. Our supply chains extend into countries, sectors and commodities that are known to be at higher risk for modern slavery. Ongoing assessment of our operations and engagement of potentially high-risk suppliers will provide a more detailed understanding of actual risk and practical management actions we can take.

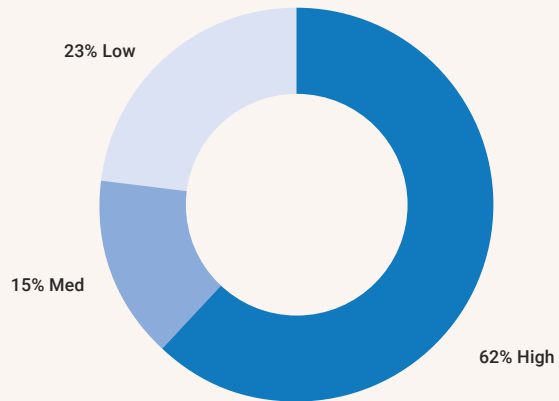
Risk by Total Spend (%)



Top 40 Suppliers – Risk by Suppliers

- > Slightly over 60% (or 25 suppliers) are considered potentially high risk for modern slavery.
- > A further 15% (or 6 suppliers) are categorised as medium risk for modern slavery and 23% (or 9 suppliers) as lower risk.
- > While some of our direct suppliers are based in lower risk countries, such as Canada, Germany, Japan and Singapore, they operate in high risk industry sectors, resulting in a medium risk classification.

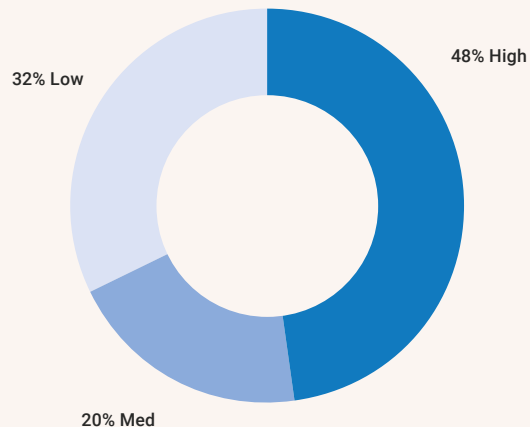
Risk by No. Suppliers (%)



Top 40 Suppliers – Risk by Spend Category

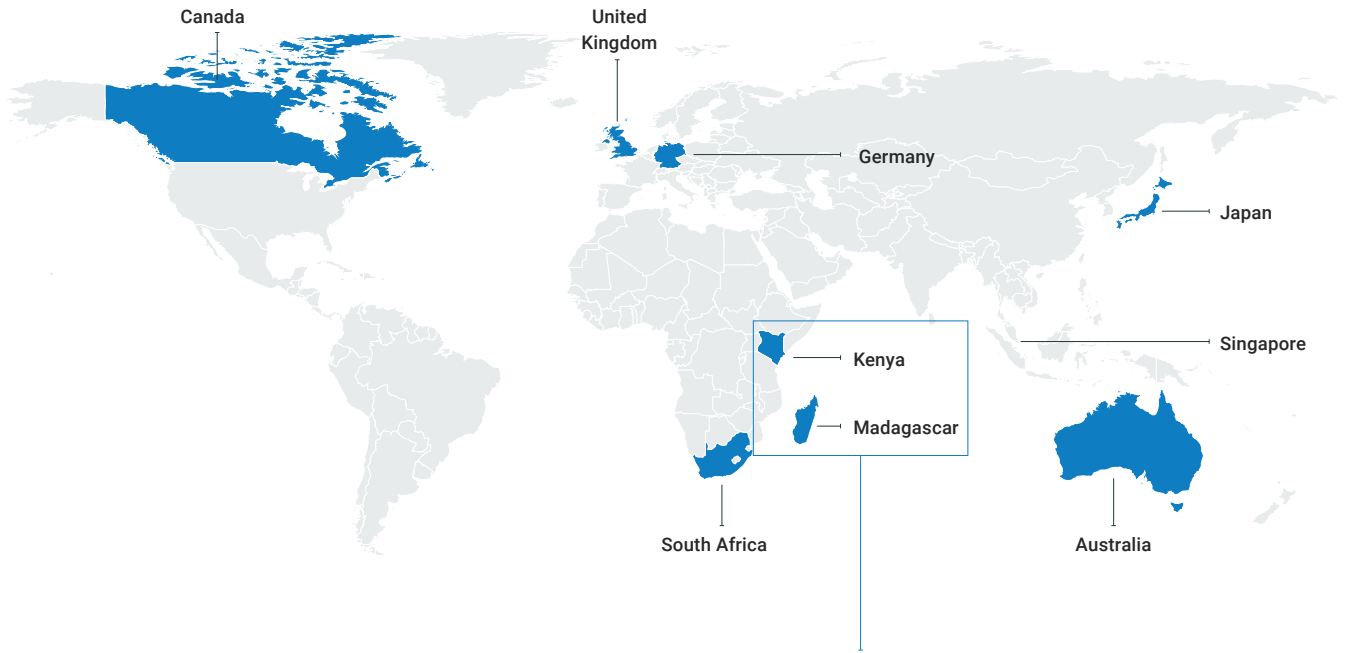
- > Based on the risk factors outlined above (geography and industry sector) 12 of the 25 categories (or 48%) of goods and services we procured were potentially high risk for modern slavery.
- > As indicated, of the high risk categories, our highest spend category was haulage, making up 44% of the potentially high risk spend. Other lower spend potentially high-risk categories for modern slavery included diesel; heavy equipment; security, parts and equipment; and camp accommodation management and catering.
- > These categories (including haulage) accounted for 93% of high risk spend.

Risk by Total Spend Categories (%)



Risk by Supplier Country

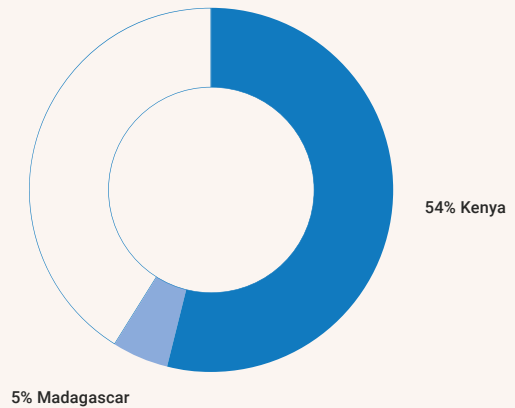
We purchased a wide range of goods and services from our Top 40 Suppliers and they were located across nine countries:



Of the high risk countries, where our Top 40 Suppliers are located, the highest number are based in Kenya (21 suppliers). Two of the suppliers are located in Madagascar, although this is anticipated to increase following lifting of the current suspension and as development of our Toliara Project ramps up.



PER CENT OF TOTAL SPEND



NUMBER OF SUPPLIERS



HIGH RISK SPEND CATEGORIES

- | Kenya | Madagascar |
|--------------------------|---------------------|
| > Energy and fuel | > Security services |
| > Shipping and transport | |
| > Plant and equipment | |
| > Accommodation | |
| > Heavy mining equipment | |



6. ACTIONS TAKEN DURING FY23

During the reporting period, we focused our efforts across the following three key areas:

- > Strengthening partnerships
- > Building internal capability
- > Enhancing our modern slavery governance and risk management framework to ensure continual improvement.

The specific actions implemented during FY23 across these three key focus areas, include those detailed in this section.

Strengthening Partnerships

Communication and engagement

In FY23, we continued to strengthen our relationship, and work closely, with HURIA, a not-for-profit NGO in Kenya.

Prior to the reporting period, HURIA had principally assisted us with our engagement with our Kenya-based direct suppliers. This continued in FY23.

Many of these suppliers often have low levels of awareness about modern slavery and its different forms, risk factors, vulnerabilities, prevalence, as well as the importance of modern slavery risk management. Such awareness and knowledge is both critical for understanding that taking action is a business imperative and for developing effective controls to mitigate modern slavery risks.

During the reporting period, HURIA was engaged to support suppliers to develop locally relevant policies and modern slavery risk control frameworks. The suppliers HURIA was engaged to support were those that had previously been identified as potentially high risk for modern slavery.





Preventing Modern Slavery in the Corporate Sector through Partnership

(extract from a letter received from Yusuf Lule Mwatsefu, Executive Director HURIA)

We write to foremost express our gratitude to Base Titanium Limited for trusting us to provide support to your supply chain stakeholders towards integration of anti-modern slavery and human rights-based practices in their businesses within Kwale and Mombasa Counties.

Our partnership with you has elicited further interest in addressing Modern Slavery as a pertinent concern within the Business and Human Rights Sector at the Coast of Kenya. Through our partnership thus far, our staff have deepened their knowledge on the manifestation of Modern Slavery and now appreciate the dynamics within which businesses ought to conduct their operations further rooting our areas of partnership and collaboration on accountability.

The research and community engagements conducted through your support, brought to the fore Modern Slavery risks in Kwale and Mombasa Counties. As a result, we believe that vulnerable communities and civil society actors operating in these areas are now wide-awake to the threat of Modern Slavery and are better equipped to safeguard and protect their rights and those of their people.

Because of you, existing private sector entities like PAVI Cooperative are now aware of Modern Slavery risks within their operations and are in the process of developing policies to mitigate these risks.

Our partnership with you has not only placed BTL as a best practice on human rights compliance among private sector actors in the region but also leveraged our position as a human rights vanguard within the sector, giving us an opportunity to monitor human rights due diligence for various companies within the region.





Online training

Working closely with a specialist sustainability consultant and our external training provider, SD Strategies, we reviewed, updated and streamlined our supplier eLearning module for our Kenya-based suppliers based on feedback received from suppliers who completed the module in the 2022 financial year.

The e-Learning training module was also completed by a further 39 individuals from 25 supplier companies in FY23. To date, the training has been completed by 88 personnel from 58 of our supplier companies. The feedback from suppliers has generally been positive and the course will continue to be rolled out to additional suppliers during the 2024 financial year as part of our ongoing supplier engagement approach.

In FY23, we also worked with our training provider to modify the online training course to better fit the context of our Madagascar-based suppliers. Translations were also prepared, with the online training course now available in English, French and Malagasy. In FY23, we invited personnel from three of our Madagascar-based suppliers to complete the training. The suppliers invited were our security and cleaning contractors.

The supplier training course is highly interactive and professionally narrated. It includes knowledge checks, quiz questions and “Did You Know” pop ups with locally relevant information, and links to our policies and procedures as well as to our prior Modern Slavery Statements.

What we have learned

The supplier eLearning course is hosted on SD Strategies’ Know Slavery Learning Management System. Key challenges for rolling out the course to our suppliers in Kenya included limited internet and computer access, lack of email addresses and low levels of IT skills among some of our target group. Our eLearning provider worked closely and tirelessly with trainees to help facilitate access to the course, providing guidance and support. To facilitate quicker guidance and assistance in the future, we plan to involve our Training Department in the roll out.

Face-to-face training

We continued our strong collaboration with HURIA in FY23 to successfully deliver a face-to-face modern slavery training and policy development workshop that brought together 36 individuals from 27 suppliers, principally located in the Kwale and Mombasa counties. The suppliers included one indirect supplier.

The overarching intent of the full-day workshop was two-fold:

- > To contextualise the issue of modern slavery and human trafficking based on local knowledge and experience and, in turn, emphasise the importance of modern slavery risk management.
- > To give valuable, practical insights into the development of effective policies and controls to manage modern slavery risks to assist suppliers with development of their own policies and controls.

The workshop built on the information presented in the supplier eLearning course, and included more specific information on:

- > Modern slavery risk factors.
- > Labour laws and human rights due diligence.
- > Policy development processes: principles and methodologies.
- > Review of model policies.
- > Review of Base Resources modern slavery policy and controls, and their implication to the supplier’s operations.

Since commencement of our partnership with HURIA, a total of 68 individuals from 49 Kenya-based suppliers have attended the face-to-face workshops.

What we have learned

The feedback from suppliers attending the workshop was once again extremely positive. Suppliers enjoyed the in-person format and were able to share experiences, discuss challenges and identify opportunities for improvement.

Participants’ responses to pre and post training surveys indicated that the training increased their knowledge about modern slavery, the contextual vulnerabilities in Kwale and Mombasa counties and the practical steps to mitigate their modern slavery risks. While some suppliers initially expressed concern that they had been unnecessarily ‘singled-out’ for due diligence and training, post-workshop evaluations highlighted that all participating suppliers appreciated the training efforts, recognising that they helped to address labour malpractices which “if left unaddressed would have excruciating impacts to their communities”.

Working closely with HURIA has provided deeper insights into the types of modern slavery risks and exploitative practices used across both the private and public sectors in Kenya. These insights will continue to inform our collaborations with HURIA.

Supplier Training Participant Feedback

I am writing to express my sincere gratitude for the Modern Slavery Training you provided on Thursday. The knowledge and insights I gained through this program are truly eye-opening and impactful. I want to extend my appreciation for the effort and dedication you put into delivering such a comprehensive and enlightening training session.

Your training has not only raised my awareness about the pressing issue of modern slavery but has also equipped me with the necessary tools to identify and combat it effectively. The content was well-structured, engaging, and thought-provoking, which made the learning experience even more enriching.

I am particularly grateful for the practical examples and case studies you incorporated into the training. They helped me understand the complex nature of modern slavery and its various forms, and how it can manifest in different industries and supply chains. The discussions and group activities allowed me to interact with fellow participants, fostering a deeper understanding and collaboration to address this critical issue.

I would also like to express my appreciation for the comprehensive resources and reference materials provided throughout the training. The additional reading materials that were to be shared by mail will undoubtedly serve as valuable references as I share the same with my managers and peers on the training in order to deepen our understanding of modern slavery and actively work towards its eradication. This shall also be the basis through which we shall create our Modern Slavery policies.

Once again, I cannot thank you enough for organizing and delivering such impactful modern slavery training. The knowledge and skills gained through this program will undoubtedly make a difference, both in my personal and professional life. I am confident that I am now better equipped to contribute toward building a society free from modern slavery.

Thank you once again for your dedication, expertise, and commitment to raising awareness about this crucial issue. I look forward to applying the knowledge gained and be an advocate against modern slavery.



Supplier engagement and support

Suppliers attending the in-person training delivered by HURIA were once again provided with the template modern slavery policy we previously developed and provided with guidance on how to tailor it to their needs and implement it within their business.

The template modern slavery policy contains sections for suppliers to describe their specific commitments, risks and actions in respect of modern slavery. In each case, we have provided drafting to assist with the preparation of these sections. As noted above, some suppliers were also given the opportunity to receive additional, one-on-one support with policy implementation from HURIA, funded by Base Resources. Unfortunately, to date, this offer has not been taken up by any of those suppliers. Appropriate follow-ups will be made during the 2024 financial year.

Community engagement and support

We extended our advocacy initiatives to increase the knowledge and awareness of modern slavery in the agricultural sector through facilitating engagement between HURIA, the PAVI cooperative and local participating farmers. For further details about these initiatives and their outcomes, refer to the case study on pages 18-19.

Partner identification

Although engagement with our stakeholders for the Toliara Project was constrained because of ongoing suspension of our activities in Madagascar, we continued to develop our Stakeholder Engagement Plan for the project, including identification and mapping of CSOs active in the Toliara region. Identifying and mapping of CSOs that are active in the human rights sector has allowed us to identify organisations that we will consider and assess for future collaboration and partnership in respect of our modern slavery response in Madagascar.

Supplier risk assessments

In FY23, we commenced application of or progressed the application of our Risk Assessment Procedure to 22 of our existing suppliers (accounting for approximately 12% of our spend for FY22). We also applied the Risk Assessment Procedure to 52 new suppliers. Since FY22, we have applied or commenced applying the Risk Assessment Procedure to 134 suppliers.

The existing suppliers we applied the Risk Assessment Procedure to in FY23 included suppliers of heavy machinery, HDPE piping, shipping services, site-related services and consumables.

With the exception of the shipping services suppliers (who are located internationally), all these suppliers were based locally and in either Kenya or Madagascar. Key findings from risk assessments undertaken with locally-based suppliers, can broadly be summarised as follows:

- > Limited knowledge or understanding of modern slavery or local risks and vulnerabilities.
- > Limited or no policies on modern slavery or human rights were in place.
- > Steps were taken to ensure compliance with pay and working conditions for their employees.
- > No actions taken to assess and address supply chain modern slavery risk.

Our findings from the risk assessments for the internationally-based shipping services suppliers were overall slightly improved. Their responses to our supplier due diligence questionnaire generally indicated greater awareness about modern slavery and that they had improved policies and procedures to ensure compliance with pay and working conditions and also mechanisms for reporting grievances. However, policies and procedures for managing their supply chains risk were either limited or non-existent.

The outcomes of the FY23 risk assessments confirm the importance of ongoing supplier training and engagement and support to prepare and implement modern slavery and human trafficking policies and associated controls and training.

Mitigations undertaken or proposed as a consequence of the risk assessments were as follows:

- > **Further information** – requesting and obtaining additional information from and engaging with the supplier to better gauge the supplier's modern slavery risk and determine any required mitigations.
- > **Training and capacity building** – arranging for the supplier to undertake either or both of our training programs (refer above for further details).
- > **Policy enhancements** – requesting that the supplier put into practice their anti-modern slavery commitment by, as a first step, developing an anti-modern slavery or broader human rights policy, and offering one-on-one assistance with policy development and implementation from HURIA.
- > **Monitoring** – reviewing a subsequent modern slavery statement or equivalent publication by the supplier in accordance with applicable legislative requirements to confirm the adequacy of its modern slavery response.



Building Internal Capability

Modern Slavery Work Group

Our Modern Slavery Work Group, which has been in place for several years, comprises employees from across the Base Resources group. Our members have in-depth knowledge of the Group's direct suppliers, employees and their terms of engagement and working conditions, recruitment practices and related system documents, as well as legal, sustainability, financial and human rights expertise.

During FY23, the Work Group continued to meet regularly, with eleven meetings held. Additional meetings with two or more members were also held during the reporting period on an ad-hoc basis to discuss specific aspects of our modern slavery response.

Modern Slavery Risk Assessment Procedure training

In FY23, we delivered refresher training on our supplier Risk Assessment Procedure, which, as noted above, is a step-by-step guide to identifying, assessing and addressing modern slavery risks for both new and existing suppliers. Introduced in 2021, the procedure remains an important action in seeking to understand and reduce the risk of modern slavery in our supply chains. The refresher training, which provided detailed information on the five key steps to identifying, assessing and addressing modern slavery risks for both new and existing suppliers, was attended by members of the Group's procurement and finance teams. 12 employees attended in Australia, 19 in Kenya and 10 in Madagascar.

Employee Modern Slavery Training

During FY23, two employees completed the online modern slavery training course developed by SD Strategies for our employees, bringing the total number of employees that have completed this training to 74.

Employees in our Procurement, Human Resources and Community Affairs teams, as well as other employees regularly involved in the selection or engagement of suppliers have completed the training.

The course is designed to provide participants with a base level of knowledge and understanding about modern slavery and comprises the following six modules and is coupled with a short quiz at the end:

- > What is modern slavery?
- > Modern slavery in the workplace.
- > Supply chain red flags.
- > Importing risk.
- > Business relevance.
- > Global modern slavery legislation.



What we have learned

Our Madagascar team has reported an increased understanding of modern slavery, particularly around the identification of red flag indicators and vulnerabilities within our operations and supply chain, following both the online training and the refresher training on the Risk Assessment Procedure. Combining our awareness raising and training programs with the practical application of the Risk Assessment Procedure to new suppliers has enabled our team to implement the learnings from the training in a way that has real meaning to them. However, it is evident from feedback provided on the training that continued progress will hinge on the reinforcement of training and continued application of the Risk Assessment Procedure.



Striving for Continuous Improvement

Program and process review

While we did not undertake a formal review process of our modern slavery risk management program in FY23, learnings from implementation of our annual workplans are, as a matter of course, reflected in subsequent workplans. Based on this, our key considerations for the 2024 financial year will be:

- > How can we better engage our suppliers?
- > What existing processes and procedures do we need to review and improve?
- > What (if any) new processes and procedures do we need?
- > How can we continue to improve our modern slavery response – what should our key areas of focus be in the next 12 months and in the medium term?

Systems improvement and enhancement

Supplier questionnaire update

In line with the UN Guiding Principles on Business and Human Rights, and our own approach to grievance reporting, we updated our supplier questionnaire to better assess our suppliers' whistleblower processes and response mechanisms. The following questions were included:

- > Does your business have mechanisms in place to enable employees to make reports about concerns in relation to labour conditions or workplace grievances confidentially and anonymously, and which protect against victimisation?
- > Does your business have a whistleblower reporting mechanism - e.g. a mechanism enabling personnel and third parties (e.g. current and past suppliers) to make reports about inappropriate conduct in respect of your business confidentially and anonymously, and which protects against victimisation?
- > Have there been any reports under your business' employee grievance or whistleblower reporting mechanisms relating to human trafficking, forced or compulsory labour, slavery or servitude or of any wilful or material non-compliance with applicable law relating to employee pay and working conditions in respect of your business or your current or past suppliers in the past 5 years?

If a supplier answers yes to any of these questions, the questionnaire requires (as the case may be) additional information, documentation or explanations to be provided.

Risk Assessment Procedure update

During FY23, our Risk Assessment Procedure was updated to provide guidance on, and better account for, the scenario where (i) a state owned or controlled entity is selected for application of the Risk Assessment Procedure, (ii) that entity is the sole regulated supplier of the relevant service, and (iii) they do not ultimately engage with us in relation to the procedure.

Past experience has shown that state owned or controlled entities providing regulated services to the private sector may not engage with us on sustainability matters, such as modern slavery. Broadly speaking, in such a scenario, the Risk Assessment Procedure, as previously drafted, would have required us to engage an alternative supplier, which would not practically be possible. Following our updates, the individual carrying out the risk assessment is required to contact the Work Group to discuss the basis on which the supplier may be permitted.



7. EVALUATING THE EFFECTIVENESS OF OUR ACTIONS

We are committed to continual improvement of our modern slavery response and assessing the effectiveness of our actions to mitigate our modern slavery risks. We principally do this by:

- > Setting annual targets for modern slavery actions and tracking achievement of those targets through our Work Group.
- > Carrying out internal audits of adherence to our anti-modern slavery processes.
- > Assessing our existing measures, and consideration of future measures, against data obtained from previous modern slavery actions (e.g. supplier due diligence).

Effectiveness assessment across key components of our modern slavery response

Components of our modern slavery response	How we assess effectiveness	Key outcomes
Policy and governance framework	<ul style="list-style-type: none"> > Policy and process review and update to reflect best practice > Internal control testing procedures > Board and committee engagement and reporting > Level of understanding among stakeholders 	<ul style="list-style-type: none"> > Internal control testing procedures developed and incorporated into our control tests > Engaging our personnel and suppliers on the intent of key policies and processes relating to modern slavery risk management, including (for our personnel) our New Supplier Onboarding Process has helped them to better understand the 'why' and has resulted in greater buy-in across the organisation > ESE Committee provided with proposed annual Modern Slavery workplans and updated on implementation of workplans
Risk Assessment Procedure	<ul style="list-style-type: none"> > Review and update procedure and associated tools to address gaps > Annual supplier risk profile review > New Supplier Onboarding Process review > Stakeholder feedback 	<ul style="list-style-type: none"> > We updated our supplier questionnaire to include more questions on grievance mechanisms > The Risk Assessment Procedure was also updated to better cater for the reality of dealings with state owned or controlled suppliers > We reviewed the onboarding process for five new suppliers across our operations and identified that all steps in the New Supplier Onboarding Process had been followed, with no issues noted
Strengthening partnerships	<ul style="list-style-type: none"> > Ongoing engagement and feedback > Willingness to participate in our initiatives 	<ul style="list-style-type: none"> > FY23 saw the strengthening of our collaboration and partnership with HURIA, which resulted in enhanced external stakeholder (specifically supplier) engagement through providing local context to modern slavery risks, vulnerabilities and impacts



Components of our modern slavery response

How we assess effectiveness

Key outcomes

Capability building

- > Training participant feedback, including employees and suppliers
- > Course evaluation and feedback by our civil society partner
- > Exploitative practices reported

- > Feedback from internal and external training has continued to be positive with trainees indicating a better understanding of modern slavery and broader human rights issues and practical actions they can take to identify and mitigate the risks
- > Subsequent to the end of the reporting period, we became aware that a participating farmer had reported being subject to exploitative practices, with the report handled by PAVI cooperative Board

Grievance and reporting

- > Assessment against UN Guiding Principles
- > Alignment with IFC Performance Standards and IFC Good Practice Note
- > Stakeholder feedback
- > Review of grievances

- > Our Whistleblower System, together with our employee delegate forums, stakeholder grievance mechanisms and Fair Treatment System are actively promoted and remain accessible to our stakeholders
- > We reviewed the whistleblower reports and grievances received through the various available mechanisms and we did not receive any whistleblower reports or grievances relating to worker rights or modern slavery in FY23



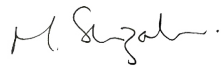
8. PREPARATION OF THIS STATEMENT

This statement was prepared by the Group's Modern Slavery Work Group, with input from members of the Group's senior management team.

Engagement and consultation with Base Resources' two operating subsidiaries, Base Titanium and Base Toliara, and key business areas across the Group in the preparation of this statement occurred through the Modern Slavery Work Group, which comprises employees of Base Resources and both operating subsidiaries, and from the Group's finance and procurement, human resources, external affairs, sustainability and legal teams.

This statement was approved by the Company's Board of Directors.

Date: 21 December 2023



Michael Stirzaker
Chair



Base Resources Limited
Modern Slavery Statement 2023

Level 3, 46 Colin Street
West Perth WA 6005

+61 8 9413 7400

baseresources.com.au

ABN 88 125 546 910

