

# IMDEX Modern Slavery Statement

FY20

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# Statement Overview

## Scope

The *reporting entity* for this Modern Slavery Statement (**Statement**) is IMDEX Limited (**IMDEX**):

ASX Code: IMD

ACN: 008 947 813

Registered office: 216 Balcatta Road, Balcatta WA 6021

The following Australian entities are IMDEX Limited subsidiaries included in the scope of this Statement:

- Australian Mud Company Pty Ltd
- Flexit Australia Pty Ltd
- Imdex International Pty Ltd
- Imdex Nominees Pty Ltd
- Reflex Instruments Asia Pacific Pty Ltd

The IMDEX Limited group owns subsidiary business entities in 21 countries.

IMDEX's business is the development, manufacture, marketing, supply and support of mining technology. Each IMDEX subsidiary represents the IMDEX brands in their country:

- AMC – drilling fluids, equipment, technologies and software for Drilling Optimisation.
- REFLEX – technologies in downhole instrumentation, data management and analytical software.

This Statement is limited in scope to IMDEX's 2020 financial year for the reporting period 1 July 2019 – 30 June 2020 (FY20) and includes IMDEX's first-tier suppliers across the supply chain.

This Statement sets out IMDEX's actions to assess and address modern slavery risks across the company.

## Consultation & Approval

This Statement has been prepared by IMDEX in consultation with all IMDEX subsidiaries. The following methods of consultation were used:

- Risk assessments and management strategies consider subsidiary operations and supply chains.
- Consultation was undertaken with all key stakeholders in operations and supply chain.
- Feedback was obtained from the directors of subsidiary entities.

This Statement has been approved by the Board of IMDEX Limited.

# Operations

## OVERVIEW

IMDEX provides drilling optimisation products, sensors and software to provide real-time rock knowledge and quality data. Together IMDEX's product offering enhances decision making for drilling contractors and resource companies across the mining value chain (refer Figure 1 below).

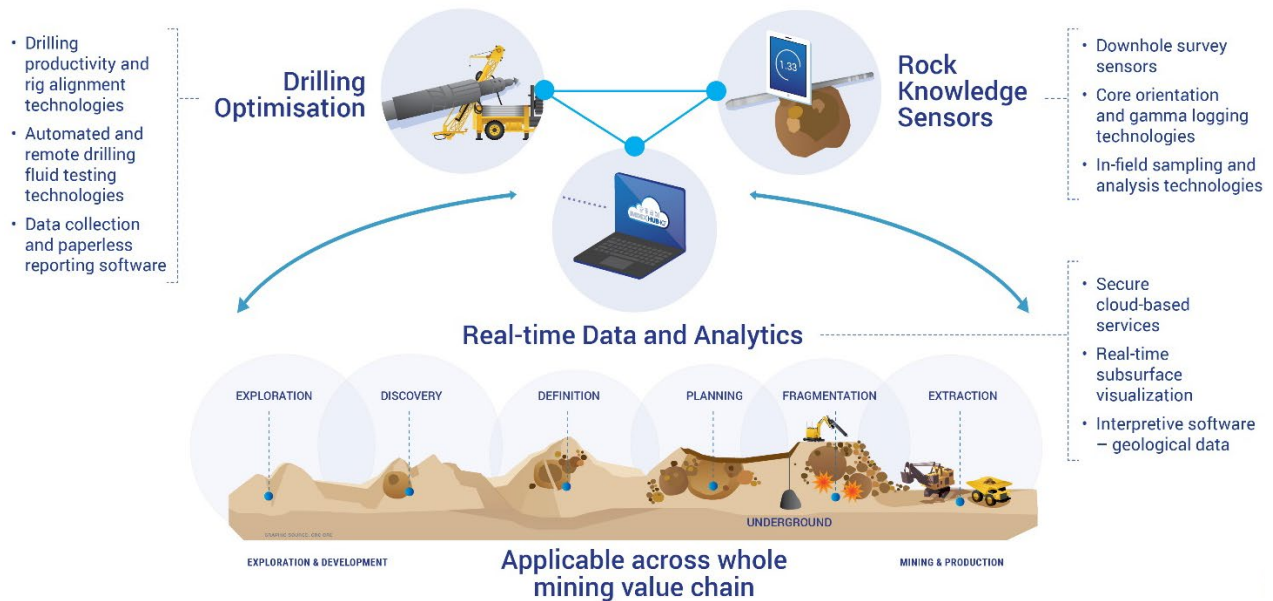


Figure 1. IMDEX Mining Value Chain

IMDEX manufactures and supplies drilling fluids and substances for Drilling Optimisation including:

- **Viscosifiers & filtrate control agents** – such as bentonite, partially-hydrolyzed polyacrylamide (PHPA) and cellulose based polymers.
- **Lubricants & cutting oils** – such as vegetable and mineral oil-based lubricants and greases.
- **Cement & grouting** – such as Portland cement, gypsum-based cements and grouts.
- **Clay & shale stabilisers** – such as polymer-based stabilisers and potassium chloride.
- **Foaming agents & detergents** – such as anionic surfactant products (e.g. sodium lauryl sulfate)
- **Specialty products & commercial chemicals** – such as biocides, soda ash and calcium hydroxide.
- **Weighting materials** – such as barite, calcium chloride and sodium chloride products.
- **Lost circulation materials** – such as magma fibre, nut shell products and paper products.

IMDEX manufactures equipment for Drilling Optimisation including equipment such as **SRU™** and **IMDEX MUD AID™**. IMDEX also develops new drilling technologies in Drilling Optimisation such as **IMDEX COREVIBE™**, **MAGHAMMER™** and **XTRACTA™**.

IMDEX manufactures and supplies Rock Knowledge sensors including:

- Downhole navigation tools such as **REFLEX EZ-GYRO™**, **SPRINT-IQ™**, and **EZ-TRAC™**.
- Driller-operable geophysics tools such as **REFLEX EZ-GAMMA™** and **DEPTH ENCODER™**.
- In-field geoanalysis tools such as **REFLEX CRUSHER™**, **MILL™**, **PRESS™** and **REFLEX XRF™**.
- Structural geology tools such as the **REFLEX ACT-IQ™** and **REFLEX IQ-LOGGER™**.

IMDEX develops and supplies Software including:

- **IMDEXHUB-IQ™** – central platform for drillhole and sample data management, daily reporting, structural logging, geochemical analysis and QA reporting.
- **IMDEX MOBILE™** – paperless data collection and productivity cost reporting.
- **ioGAS™** – data analysis, resource modelling and other sophisticated analysis functions.

IMDEX has zero-tolerance for modern slavery, child labour, and all other abuses of human rights in its operations and supply chains.

## ENVIRONMENT, SUSTAINABILITY AND GOVERNANCE

IMDEX is committed to increasing transparency of our environment, sustainability and government (ESG) related risk profile. The IMDEX Sustainability Policy ([available online](#)) has been developed to describe this commitment and the associated ESG goals.

IMDEX's key focus areas for ESG include:

1. Creating a safe and inclusive global workforce;
2. Upholding ethical and sustainable business practices;
3. Supporting economic development; and
4. Driving the sustainability of the global minerals industry.

The effective management of modern slavery risk and prevention of modern slavery, child labour, and other abuses of human rights is viewed as an ESG priority for IMDEX.

## MODERN SLAVERY RISK

### Country and Workforce Risk Exposure

At 30 June 2020, IMDEX employed 485 people globally including permanent employees, short-term contractors and agency workers.

IMDEX is an industry leader in the development of *new mining technologies*. As a result, the IMDEX workforce contains a high proportion of roles requiring specialist skills and experience: for example, engineers, technicians, salespeople, technical support specialists, and accountants. Typically these types of specialist roles are less vulnerable to modern slavery.

IMDEX also has limited exposure to countries at high-risk of modern slavery. Less than 1% of our workforce are employed in countries with a prevalence of modern slavery higher than the global average set in the Global Slavery Index 2018<sup>1</sup>. More than half of IMDEX’s workers are employed in countries that have a Government Response Rating of *BBB* or better: indicating a *holistic* and *strong criminal justice response* to slavery in those countries<sup>1</sup>.

The *inherent risk* of modern slavery in the operations of IMDEX is regarded as *low*.

### Risk Management & Corporate Governance

IMDEX follows a global strategy that emphasizes the importance of organizational design and capability. The IMDEX Code of Conduct sets a *zero-tolerance* approach to modern slavery.

The risk of modern slavery within the operations of IMDEX is managed in accordance with documented processes aligned to ISO 31000:2018. Risk management practices are overseen by the Board Audit, Risk and Compliance Committee (see Figure 2 below).

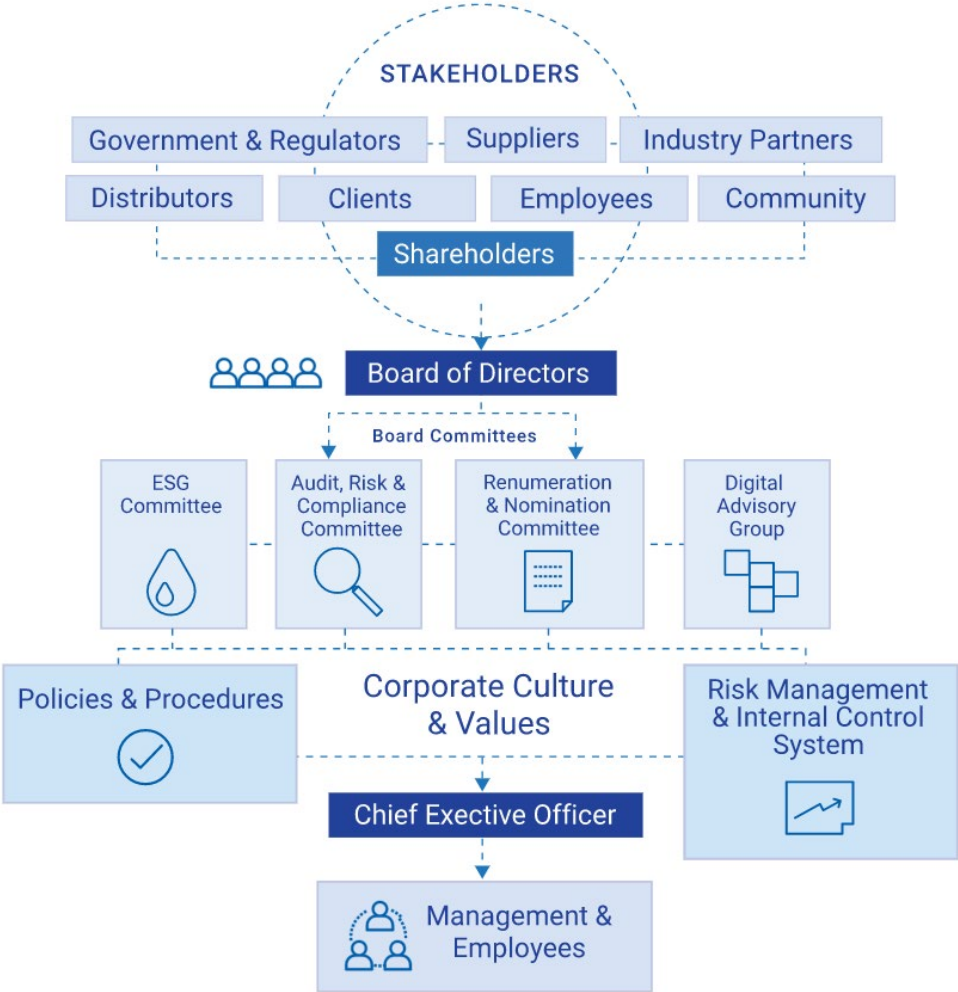


Figure 2. IMDEX Corporate Governance Structure

The risk of non-compliance with local laws, including modern slavery and human rights laws, is managed through the IMDEX enterprise risk register. These risks are owned by the IMDEX Executive Leadership Team and reviewed at least every six months depending on risk rating.

Standards are set by IMDEX for lawful and ethical practices in recruitment, employment and management of members of the workforce. Members of the IMDEX Human Resources Team are embedded within IMDEX operations to lead compliance with these standards.

The IMDEX Human Resources Team implements the actions in Table 1 to address the associated risk. The **residual risk** of modern slavery in the operations of IMDEX is regarded as **low**.

Table 1. Risk Control Actions for Operations Modern Slavery Risk

Risk factor	Risk control actions and due diligence	Effectiveness Annex B
Deceptive recruitment practices  Child labour	<ul style="list-style-type: none"> <li><b>Recruitment</b> is carried out in accordance with documented policies and procedures which <b>comply with local laws</b>. Oversight is provided by the IMDEX Human Resources Team.</li> <li>Under-age candidates (identified by the <b>relevant legal standard for age of work</b> in the jurisdiction) are not considered.</li> <li>Candidates have a <b>written contract</b> in a language they understand describing their wages, hours of work, and conditions of employment.</li> <li>Recruitment, employment and workforce management must comply with the <b>IMDEX Code of Conduct</b> (<a href="#">available online</a>).</li> </ul>	<b>Strong</b>
		<b>Medium</b>
Forced labour / bonded labour	<ul style="list-style-type: none"> <li>Workers are employed in accordance with <b>written contracts</b>.</li> <li>IMDEX does not retain identity documents or impose penalties which could prevent workers from leaving their employment.</li> </ul>	<b>Strong</b>
Underpayment of wages	<ul style="list-style-type: none"> <li>Wages are based on role requirements and are <b>benchmarked</b> against prevailing industry standards sourced from reputable, global, third-party information providers. Where legislative minimums apply, those minimums are at all times met.</li> <li>Payment of wages, salary benchmarking, and other entitlements are <b>overseen by the IMDEX Human Resources Team</b>.</li> <li>Audits are conducted annually by the corporate HR team to ensure compliance.</li> <li>IMDEX does not charge internal fees or withhold wages other than in compliance with local taxation laws.</li> </ul>	<b>Medium</b>
		<b>Medium</b>
Poor working conditions	<ul style="list-style-type: none"> <li>Workers can <b>raise grievances</b> with their line manager or the IMDEX Human Resources Team.</li> <li>Workers can raise grievances confidentially using the IMDEX <b>Speak-Up</b> process which provides workers with a safe means of reporting grievances (<a href="#">policy available online</a>).</li> <li>Where conditions do not meet minimum standards, those conditions are immediately rectified and disciplinary proceedings commenced against line management, which may include reporting to local authorities.</li> </ul>	<b>Medium</b>
		<b>Strong</b>

# Supply Chains

## OVERVIEW

IMDEX manages a complex global supply chain for its product range. IMDEX purchases raw materials, finished goods and business support services through supply chains in the Asia-Pacific, North America, South America, Europe and Africa regions.

## MODERN SLAVERY RISK

### Country and Supply Category Risk Exposure

During FY20, IMDEX had over 2,400 first-tier suppliers. An inherent risk assessment identified that less than 3% of IMDEX’s top suppliers (representing less than 2% of IMDEX’s total annualised spend) were rated as *high-risk* for modern slavery based on country and other risk factors.

This assessment focused on first-tier suppliers in the IMDEX global supply chain. The supply chains and modern slavery risk management strategies employed by IMDEX’s first-tier suppliers (to manage their suppliers) will be considered in future iterations of the IMDEX modern slavery risk assessment process.

IMDEX has limited exposure to modern slavery in the supply chain. This risk is generally limited to particular raw materials as shown in Table 2 below. The *inherent risk* of modern slavery in the supply chains of IMDEX is regarded as *moderate*.

Table 2. IMDEX Exposure to Modern Slavery by Supply Category

Global (External) Slavery Risks	IMDEX Risk Exposure	
Category / Countries at Risk	Category Exposure	Top Suppliers
Electronic components and computing equipment <sup>1</sup> ⊗ <b>China, Malaysia</b>	<b>Mining survey tools</b> containing electronic components.	<b>Italy</b> <b>Australia</b> <b>Japan</b>
Mining and extractive industries <sup>1,2</sup> . ⊗ <b>China, India</b>	<b>Drilling fluid products</b> based on bentonite, barite and other mined resources.	<b>United States</b> <b>Netherlands</b> <b>Brazil</b>
Agriculture and primary industries <sup>1,2</sup> ⊗ <b>India, Myanmar, Malaysia, China, Peru, Turkmenistan, Uzbekistan</b>	<b>Drilling fluid products</b> based on cotton (cellulose), bio-based oils (such as SLES from palm oil) and other primary produce.	<b>Netherlands</b> <b>United States</b> <b>India</b>
Batteries containing cobalt <sup>3</sup> ⊗ <b>Democratic Republic of Congo</b>	<b>Mining survey tools</b> using rechargeable batteries.	<b>Australia</b> <b>Canada</b> <b>United Kingdom</b>



## Risk Management

IMDEX Limited is committed to ethical, sustainable business practices in compliance with the law. Modern slavery is fundamentally incompatible with this vision. The IMDEX Supplier Code of Conduct accordingly sets a *zero-tolerance* approach to modern slavery.

The risk of modern slavery within the supply chains of IMDEX is managed in accordance with documented processes aligned to ISO 31000:2018. Modern slavery risk is considered in supplier prequalification.

The risk of slavery in the supply chain is managed by the IMDEX global supply chain team and regional supply chain teams in Asia-Pacific, North America, South America, Europe and Africa.

These teams implement the actions in Table 3 below to address the risk. The **residual risk** of modern slavery in the supply chains of IMDEX is regarded as **low**.

Table 3. Risk Control Actions for Supply Chain Modern Slavery Risk

Risk factor	Risk control actions and due diligence	Effectiveness Annex B
Deceptive recruitment practices	<ul style="list-style-type: none"> <li>• <b>Supplier onboarding and prequalification</b> is carried out in accordance with documented policies and procedures.</li> </ul>	<b>Strong</b>
	<ul style="list-style-type: none"> <li>• <b>Supplier due diligence</b> is applied on a targeted basis depending on risk factors such as country and supply category.</li> <li>• Supplier management must comply with the <b>IMDEX Code of Conduct</b> (<a href="#">available online</a>).</li> </ul>	<b>Medium</b>
Child labour	<ul style="list-style-type: none"> <li>• <b>Supplier audits</b> are used where suppliers are assessed as high risk. One on-site audit was carried out in FY20.</li> </ul>	<b>Medium</b>
Forced labour / bonded labour	<ul style="list-style-type: none"> <li>• The <b>Intertek InLight</b> supplier risk screening system has gone through initial implementation for high-spend suppliers.</li> </ul>	<b>Medium</b>
Underpayment of wages	<ul style="list-style-type: none"> <li>• These suppliers were subject to an <b>FY20 risk assessment</b> which ranked and quantified risk exposure.</li> </ul>	<b>Medium</b>
Poor working conditions	<ul style="list-style-type: none"> <li>• Suppliers must commit to compliance with the <b>IMDEX Supplier Code of Conduct</b> which specifically prohibits modern slavery and other forms of forced labour (<a href="#">available online</a>).</li> </ul>	<b>Medium</b>
	<ul style="list-style-type: none"> <li>• Workers can raise suspected non-compliance confidentially using the IMDEX <b>Speak-Up</b> mechanism.</li> </ul>	<b>Strong</b>

## Remediation Strategies

IMDEX takes any allegation of modern slavery seriously. No reports amounting to modern slavery were received or investigated by IMDEX in FY20.

Alleged modern slavery may be reported by the victims or others acting on their behalf. These may be received as grievances to the IMDEX Human Resources Team or tip-offs to the IMDEX Supply Chain Team.

Alleged modern slavery may be discovered by IMDEX. This may be raised as findings during routine performance monitoring activities or audits.

Alleged modern slavery can also be reported confidentially by any IMDEX employee. These concerns can be submitted anonymously as Speak Up Reports using a dedicated online reporting portal. All Speak Up Reports are received by the IMDEX General Counsel in the first instance.

If an allegation of modern slavery appears to be substantiated, the matter must be referred to the IMDEX Legal Team for investigation. The IMDEX Legal Team is responsible for ensuring that all such reports of modern slavery are investigated and remediated as rapidly as possible. Support and protection are provided as appropriate to any suspected victims or whistleblowers in the matter.

Remediation for alleged modern slavery may include performance management or disciplinary actions on the parties responsible (including termination of the relationship where modern slavery has occurred). Referral to relevant authorities is made where a breach of the law has occurred. Remediation strategies are determined jointly by the IMDEX Legal Team, IMDEX Human Resources Team or Supply Chain Team, and the responsible members of the IMDEX Executive Council. Remediation takes account of the welfare of the victims and the most appropriate methods to prevent future recurrence.

## Planned Actions for Continuous Improvement

The planned actions shown below have been identified for continuous improvement of the controls and actions relevant to modern slavery risk.

Goal Timeframe	Planned Action	Effectiveness Annex B
FY21	<ul style="list-style-type: none"> <li>Audits will be carried out on recruitment and employment practices to ensure compliance with internal standards.</li> </ul>	Medium
FY21	<ul style="list-style-type: none"> <li>Audits will be carried out on targeted high-risk suppliers as part of supplier prequalification.</li> </ul>	Medium
FY22-FY23	<ul style="list-style-type: none"> <li>New suppliers will be subject to <b>modern slavery risk screening</b> as part of prequalification. Supplier due diligence including self-assessment questionnaires, desktop verification and audits will be used as appropriate to the risk.</li> </ul>	Strong

# Endorsement



**Anthony Wooles**  
Chairman of the Board



**Paul House**  
Chief Executive Officer

# Annexes

## Annex A Table of compliance with the Modern Slavery Act 2018

Modern Slavery Act 2018 (No 153 of 2018)		Relevant heading(s)	Pages
s16(1)a	Identifies the reporting entity	Statement Overview – Scope	3
s16(1)b	Describes the structure of the reporting entity	Statement Overview – Scope	3
s16(1)b	Describes the operations of the reporting entity	Operations – Overview	4
s16(1)b	Describes the supply chain of the reporting entity	Supply Chains – Overview	8
s16(1)c	Describes the risks of modern slavery practices in the operations of the reporting entity and any entities that the reporting entity owns or controls	Operations – Modern Slavery Risk	5
s16(1)c	Describes the risks of modern slavery practices in the supply chains of the reporting entity and any entities that the reporting entity owns or controls	Supply Chains – Modern Slavery Risk	8
s16(1)d	Describes the actions taken to assess and address modern slavery risks in operations	Operations – Modern Slavery Risk	5
s16(1)d	Describes the actions taken to assess and address modern slavery risks in the supply chain	Supply Chains – Modern Slavery Risk	8
s16(1)d	Describes due diligence and remediation processes for operations	Operations – Modern Slavery Risk Remediation Strategies	5 9
s16(1)d	Describes due diligence and remediation processes for the supply chain	Supply Chains – Modern Slavery Risk IMDEX Remediation Strategies	8 9
s16(1)e	Describes how the effectiveness of such actions is assessed (operations)	Operations – Modern Slavery Risk Annex B	5 13
s16(1)e	Describes how the effectiveness of such actions is assessed (supply chain)	Supply Chains – Modern Slavery Risk Annex B	8 13
s16(1)f	Describes the process of consultation with any entities that the reporting entity owns or controls	Statement Overview – Consultation & Approval	3
s16(1)g	Includes any other information that the reporting entity considers relevant	<i>Throughout all sections</i>	
s16(2)a	Includes the details of approval by the principal governing body of the reporting entity	Statement Overview – Consultation & Approval	3

## Annex B Effectiveness criteria for risk control actions

The below table is a summary of the control effectiveness criteria contained in the IMDEX Risk Management Standard.

Effectiveness Criteria	<b>“Strong”</b> means:	<b>“Medium”</b> means:	<b>“Weak”</b> means:
Documented policies and procedures	Documented in policies or procedures.	Partially documented in policies or procedures.	Not documented in policies or procedures.
Communication and internal awareness	Clearly communicated to stakeholders.	Partially communicated to stakeholders.	Partially communicated to some stakeholders.
Consistency of application	Consistently carried out in all cases.	Mostly carried out with some gaps in application.	Carried out on an ad hoc basis.
Testing and auditing	Regularly verified, tested or audited.	Infrequently verified or tested.	Not regularly verified or tested.

## Annex C Resources & industry standards

1 – Walk Free Foundation, *The Global Slavery Index 2018*

<https://www.globallslaveryindex.org/resources/downloads/>

2 – ILO, *Ending child labour, forced labour and human trafficking in global supply chain*

[https://www.ilo.org/ipec/Informationresources/WCMS\\_716930/lang--en/index.htm](https://www.ilo.org/ipec/Informationresources/WCMS_716930/lang--en/index.htm)

3 – Amnesty International, *Is my phone powered by child labour?*

<https://www.amnesty.org/en/latest/campaigns/2016/06/drc-cobalt-child-labour/>

