



**ILUKA**

Modern Slavery Statement

**2020**

**DELIVER  
SUSTAINABLE  
VALUE**

## INTRODUCTION

This is the first Modern Slavery Statement for Iluka covering the period 1 January 2020 to 31 December 2020. It summarises our response to the criteria mandated for public reporting in accordance with *Australia's Modern Slavery Act (2018)*. As part of Iluka's Human Rights Work Programme, this Statement includes progress made during 2020, and work planned for 2021 and beyond.

We believe that all people should be treated with dignity and respect. Iluka rejects any form of slavery, forced or child labour, and will work to ensure that such practices are not present in our business or our supply chain.

Iluka maintains a strong focus on human rights as we work to align our business activities and practices with the United Nations Guiding Principles on Business and Human Rights. Our supply chain is complex, spanning across multiple sectors and countries; we are committed to working with our suppliers, stakeholders and communities to properly assess our supply chain and support the identification and eradication of modern slavery.

Respect for human rights is embedded in Iluka policies and management systems including our Health, Safety, Environment and Community Policy, Procurement Policy and People Policy.

Iluka's reporting suite, including the 2020 Annual Report and Corporate Governance Statement, is available online at [iluka.com/investors-media/financial-results/2020-full-year-results-suite](https://iluka.com/investors-media/financial-results/2020-full-year-results-suite)

## ABOUT THIS STATEMENT

This Statement is a joint statement issued by and on behalf of Iluka Resources Limited, Iluka Midwest Limited and Iluka International (West Africa) Pty Limited (the Reporting Entities). In preparing this statement, Iluka Resources Limited has consulted with these other Reporting Entities throughout the drafting process. As the higher entity within the Iluka Group, Iluka Resources Limited's Board has approved and a responsible member has signed this statement. In this Statement, the collective expressions "we", "us", "our", "ourselves", "the company", "the Group", "Iluka" and "the Iluka Group" are used where reference is made, in general, to the Reporting Entities and their respective subsidiaries. The use of those terms is for convenience only and used where no useful purpose is served by identifying any particular company or companies, and is not intended to convey how the Iluka Group is structured, managed or controlled. Iluka produces Group-wide policies and procedures to ensure uniform practices across the Iluka Group. Certain Iluka Group operating subsidiaries, including Sierra Rutile Limited (SRL), have independent policies, procedures and management teams.



## 2020 KEY ACHIEVEMENTS

In our first reporting year, Iluka:

### GOVERNANCE

Conducted a governance and behavioural gap assessment across our business, targeted at achieving best practise for modern slavery. This was delivered by a third party specialist legal consultancy.

Developed a new vendor screening process, including the pilot of Supplier Self-Assessment Questionnaires (SAQ).

Commenced work on the creation of an online supplier portal.

### ASSESSING OUR RISK

Conducted vendor mapping and risk assessment on our tier one supply chain.

### ACTION

Hosted the Western Australia Modern Slavery Collective meeting with active representation on remedy and shipping workstreams.

Provided human rights and modern slavery training for employees (except Sierra Rutile).

Implemented new contract and purchase order terms and conditions that pertain to human rights and modern slavery.

Developed and published Iluka's Procurement Policy.

Updated Iluka's Social Performance standard to specifically reference human rights and modern slavery.

Commenced the development of a remedy framework.

## WHO WE ARE

Iluka is an international mineral sands company with expertise in exploration, project development, mining operations, processing, marketing and rehabilitation.

Our core objective is to deliver sustainable value.

Iluka is a leading global producer of zircon and the high grade titanium dioxide feedstocks rutile and synthetic rutile. The company also has an emerging portfolio in rare earths. Iluka's products are used in an increasing array of applications including home, workplace, medical, lifestyle and industrial uses.

With over 3,000 employees, the company has operations and projects in Australia and Sierra Leone, and a globally integrated marketing network.

Iluka conducts international exploration activities and is actively engaged in the rehabilitation of previous operations in the United States, Australia and Sierra Leone.

Listed on the Australian Securities Exchange (ASX) and headquartered in Perth, Iluka holds a 20% stake in Deterra Royalties, the largest ASX-listed resources focussed royalty company.

This report covers Iluka's operations globally, including exploration, project development, mining, processing, marketing and rehabilitation activities.

## OUR LEADERS

### Tom O'Leary

Managing Director and  
Chief Executive Officer

### Sarah Hodgson

General Manager, People  
and Sustainability

**"Respecting human rights is a collective responsibility.**

**We are committed to working with our employees, contractors, customers and suppliers to continuously improve our approach and response to modern slavery risks in our business."**



## OUR SUSTAINABILITY APPROACH

Our sustainability approach spans six pillars; commitment to respecting human rights is reflected in our approach to Our People, Our Communities and Governance and Integrity.



### HEALTH AND SAFETY

We strive to protect the health and safety of our people through identifying risk and taking appropriate action to eliminate workplace fatalities and minimise injuries and illnesses.



### OUR PEOPLE

We seek to attract and retain the best people while building and maintaining a diverse, inclusive and high-achieving workforce.



### OUR COMMUNITIES

We respect human rights, engage meaningfully with stakeholders and look to make a positive difference to the communities where we operate whilst minimising and managing potential impacts.



### ENVIRONMENT STEWARDSHIP

We seek to manage our impact on the environment, use resources efficiently and leave positive rehabilitation and closure outcomes.



### GOVERNANCE AND INTEGRITY

We conduct our business by adhering to the highest standards of corporate governance whilst acting with integrity by being transparent and honouring our commitments.



### VALUE CREATION

We aim to create sustainable economic outcomes, which allow us to share economic benefits with our host communities and deliver sustainable value.

## OUR VALUES

Our values shape and guide the way we do business and project what Iluka stands for – to employees, suppliers, customers, shareholders and the communities in which we operate.

### ACT WITH INTEGRITY

- Do the right thing
- Be transparent and honest
- Honour our commitments

### DEMONSTRATE RESPECT

- Treat everyone with dignity
- Listen
- Value our differences

### SHOW COURAGE

- Innovate
- Challenge the status quo
- Take considered risks

### TAKE ACCOUNTABILITY

- Take responsibility for our workplace
- Be committed to what we do
- Take ownership for our actions

### COLLABORATE

- Seek input and value feedback
- Presume trust
- Help each other

## OUR SUPPLY CHAIN

Iluka's global supply chain spans 35 countries, with more than 80% of the company's spend local to our operations in Australia and Sierra Leone. Iluka uses the Walk Free Foundation 2018 Global Slavery Index to assess each country's modern slavery risk. Iluka's purchasing includes supplies from four countries with a GSI of 30 or less (high risk countries), representing approximately 1% of our total spend in 2020.

As part of Iluka's modern slavery risk assessment, the type of goods and/or service purchased (referred to as material groups) is considered. Some of our top material groups represent known risk factors for modern slavery.

MATERIAL GROUP	RISK FACTOR
Contracted services	<ul style="list-style-type: none"> <li>Labour rights</li> </ul>
Freight and cartage	<ul style="list-style-type: none"> <li>Seafarer welfare</li> <li>Labour rights</li> </ul>
Vehicle spares and consumables	<ul style="list-style-type: none"> <li>Goods containing conflict materials</li> <li>Manufacturing</li> </ul>
Fuel, lubricant and filters	<ul style="list-style-type: none"> <li>Goods containing conflict materials</li> <li>Manufacturing</li> </ul>
Buying house	<ul style="list-style-type: none"> <li>Unknown origin of goods</li> </ul>
Supplementary labour	<ul style="list-style-type: none"> <li>Labour rights</li> </ul>
Storage and handling	<ul style="list-style-type: none"> <li>Labour rights</li> </ul>

## SNAPSHOT OF ILUKA'S SUPPLY CHAIN

- Number of suppliers: 2,157
- Supplier locations: 35 countries
- AUD\$ spent globally in 2020: \$813 million
- Suppliers in low risk countries (GSI of 60 or above): 68% of Iluka's total spend
- Suppliers in high risk countries (GSI of 30 or less): 1% of Iluka's total spend represented by four countries: South Korea, Guinea, Hong Kong and Liberia
- Contracted labour and freight are Iluka's highest risk supplier categories and represent our highest spend

## OUR APPROACH TO MODERN SLAVERY

Iluka's approach to tackle modern slavery targets three key areas.

### 1 GOVERNANCE

Iluka believes that to succeed in our business and human rights endeavours, strong governance is essential. Good governance ensures that our policies and processes are clear, easy to follow and can have measurable outcomes. Furthermore, where inconsistencies are found, we can address them in a systematic way. Good governance is transparent and drives our accountability.

Iluka has implemented a due diligence programme to periodically assess our work and ensure it is effective. The programme includes an internal assurance process, with external audit every three years, and extends to our suppliers. We expect to commence supplier audits and other assurance work in 2021.

### 2 ASSESSING OUR RISK

Iluka assesses risk at multiple levels to understand potential exposure points and address them accordingly. We are conducting risk assessments on our suppliers and through our internal workforce and employment processes to build a meaningful analysis. Our risk process will continue to improve as we enhance our internal systems to assess risk, as well as our supplier data.

### 3 ACTION

Iluka's Human Rights Work Programme aims to align our business with the UN Guiding Principles for Business and Human Rights. Our modern slavery work is part of this overarching programme across Iluka's businesses in Australia and Sierra Leone. The annual work programme is approved by Iluka's Executive and Board.

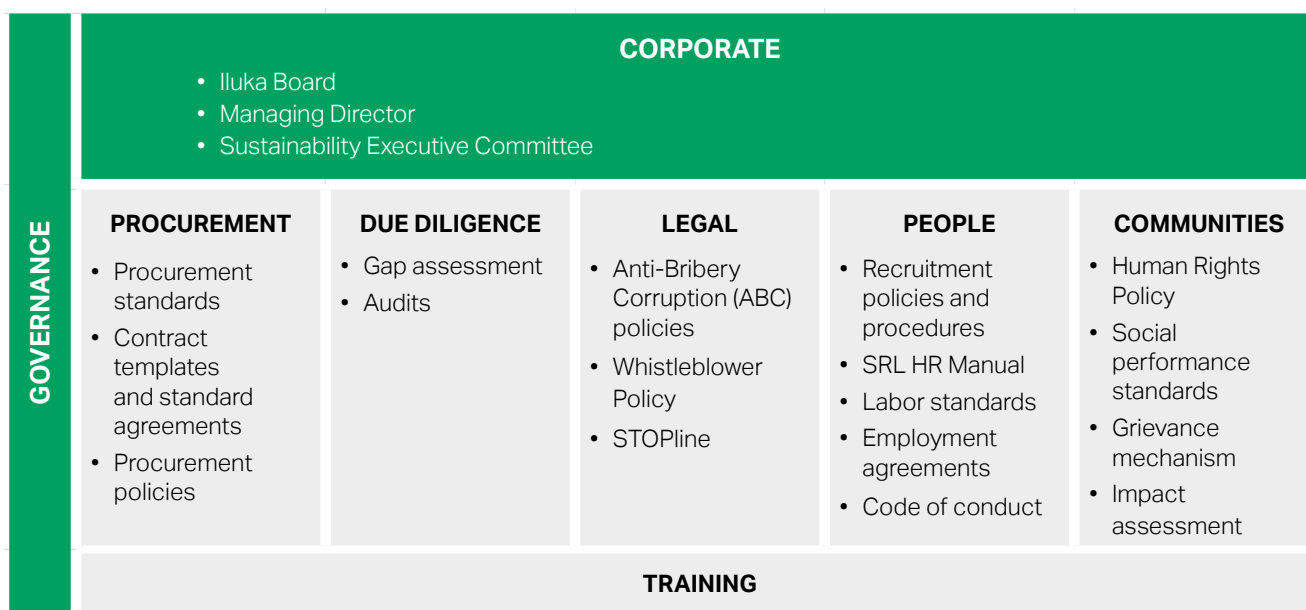


## GOVERNANCE

Iluka's Human Right's Work Programme was enacted in 2017 including the development of a Modern Slavery framework. Throughout 2020, Iluka has taken steps to embed modern slavery prevention practices within our organisation. The work programme addresses the requirements in the *Australian Modern Slavery Act (2018)*, and will continue to develop as we gain further understanding of our supply chains.

Iluka's governance framework to address modern slavery is summarised by the figure below.

**Figure one** Iluka's governance framework approach to address modern slavery.



The governance framework supports ongoing assessment and management of modern slavery risk. It underpins the implementation of procedures and actions to target potential modern slavery incidents.

## DUE DILIGENCE

### GAP ASSESSMENT AND RECOMMENDATIONS

To validate our programme of work, and as part of Iluka's due diligence programme, a third party legal firm, specialising in human rights, was commissioned to undertake a gap assessment of Iluka's modern slavery related controls. This assessment was based on current best-practise and identified 24 recommendations across the following areas:

- leadership and risk ownership;
- policies and procedures;
- supplier due diligence and engagement;
- risk assessment;
- contractual controls;
- monitoring;
- training;
- remediation; and
- oversight, review and resourcing.

Iluka continues to work towards closing identified gaps as part of its work programme.

### AUDITS

Iluka has internal governance and assurance processes in place to provide technical and performance insight to the implementation of and the adherence to our Health, Safety, Environment and Community management system. Iluka's assurance programme includes regular audit by internal and external parties Oversight is provided by the company's Risk function, with findings reported to the Board via its Audit and Risk Committee. Monitoring of completion rates for modern slavery training will be undertaken to ensure effective roll-out.

## ASSESSING OUR RISK

Iluka's process to assess the risk of modern slavery in our supply chain currently comprises:

- screening risk assessment and prioritisation of active suppliers using data from our procurement system;
- supplier Self-Assessment Questionnaire (SAQ) sent to vendors (in 2020, this was completed as a pilot test); and
- reprioritisation and accelerated assessment of suppliers is conducted upon receipt of credible information relating to supplier risk.

### SCREENING ASSESSMENT

Iluka conducts biannual supplier risk assessments on all active suppliers in our SAP and PRONTO procurement systems. We acknowledge that for SRL operations, there are local providers not in either of these systems and we are working to ensure they are included as soon as possible.

The assessment considers the following criteria:

- country of origin (ideally the material/service origin, not the company headquarters);
- product category (the type of product can indicate a proclivity to slavery);
- labour type (casual/seasonal, dangerous, dirty or difficult labour can increase risk of slavery); and
- supplier capability (the supplier's response to modern slavery and ability to access resources).

The supplier data is then evaluated by Iluka, utilising externally developed tools and indices to assist in identifying modern slavery indicators including:

- Walk Free Foundation Global Slavery Index;
- US State Department of Labor: List of Products Produced by Forced or Indentured Child Labor; and
- International Labour Organisation: Indicators for Labour Standards.

### SUPPLIER SELF-ASSESSMENT

Based on the outcomes of Iluka's initial screening, suppliers are grouped into high, medium and low risk categories. Our initial focus is to complete an in-depth assessment with suppliers with the highest risk. This process commenced in 2020 and requires suppliers to complete the SAQ and a subsequent interview to determine their next steps. Further actions may include:

- request(s) for additional documentation relating to policies, standards and procedures;
- creation of a monitored action plan to improve aspects of their supply chain or to create greater transparency; and/or
- auditing the supplier.

## OUR WORKFORCE

With respect to the assessment of modern slavery risk attributable to our own workforce, Iluka will regularly review employment practices and grievances for indicators of increase in risk profile. Currently Iluka's workforce comprises minimal casual labour (less than 1%), which can carry a higher risk.

## WA MODERN SLAVERY COLLABORATIVE

The Western Australia Modern Slavery Collaborative (WAMSc) was co-founded by a number of companies including Iluka, and provides a forum for practitioners to collectively network and share knowledge pertaining to the implementation of the *Australian Modern Slavery Act (2018)*.

Recognising the potential burden company requests for information were putting on suppliers, the first project for WAMSc was to develop a supplier self-assessment questionnaire (SAQ). The mandate was to create an easy and short questionnaire that could be used across industries to reduce duplication. An 18 question survey and frequently asked questions document were developed. The SAQ is available as open source on the Walk Free Business Toolkit website and has been printed in four languages.

## SAQ PILOT PROGRAMME 2020

In 2020, Iluka tested the SAQ with a cross-section of suppliers. SAQs were sent to 30 active vendors from our Australian operations and 20 vendors from our Sierra Rutile operations. Learnings from this process identified the need to:

- continue to help inform and educate vendors on modern slavery and its impacts and indicators; and
- improve and automate the SAQ process to improve the ease of data provision, collection and assessment, potentially within an online supplier portal;

It is proposed that active suppliers update their SAQ every two years to demonstrate required standards are maintained unless they are subject to a monitored action plan to address identified issues.

## OUR RISK PROFILE

### TOP 10 ILUKA SUPPLIER COUNTRIES AND GLOBAL SLAVERY INDEX

1

#### AUSTRALIA

68.9 GSI

**57.69%**

% of total Iluka spend

Top material groups  
**Contracted services**  
and freight and  
cartage

2

#### SIERRA LEONE

49.2 GSI

**24.54%**

% of total Iluka spend

Top material groups  
**Services and fuel**  
and lubricants

3

#### UNITED KINGDOM

80.1 GSI

**3.70%**

% of total Iluka spend

Top material groups  
**Freight and cartage**  
and contracted  
services

4

#### USA

74.7 GSI

**3.18%**

% of total Iluka spend

Top material groups  
**Contractor Mining/**  
**Major Earth and**  
**Contracted services**

5

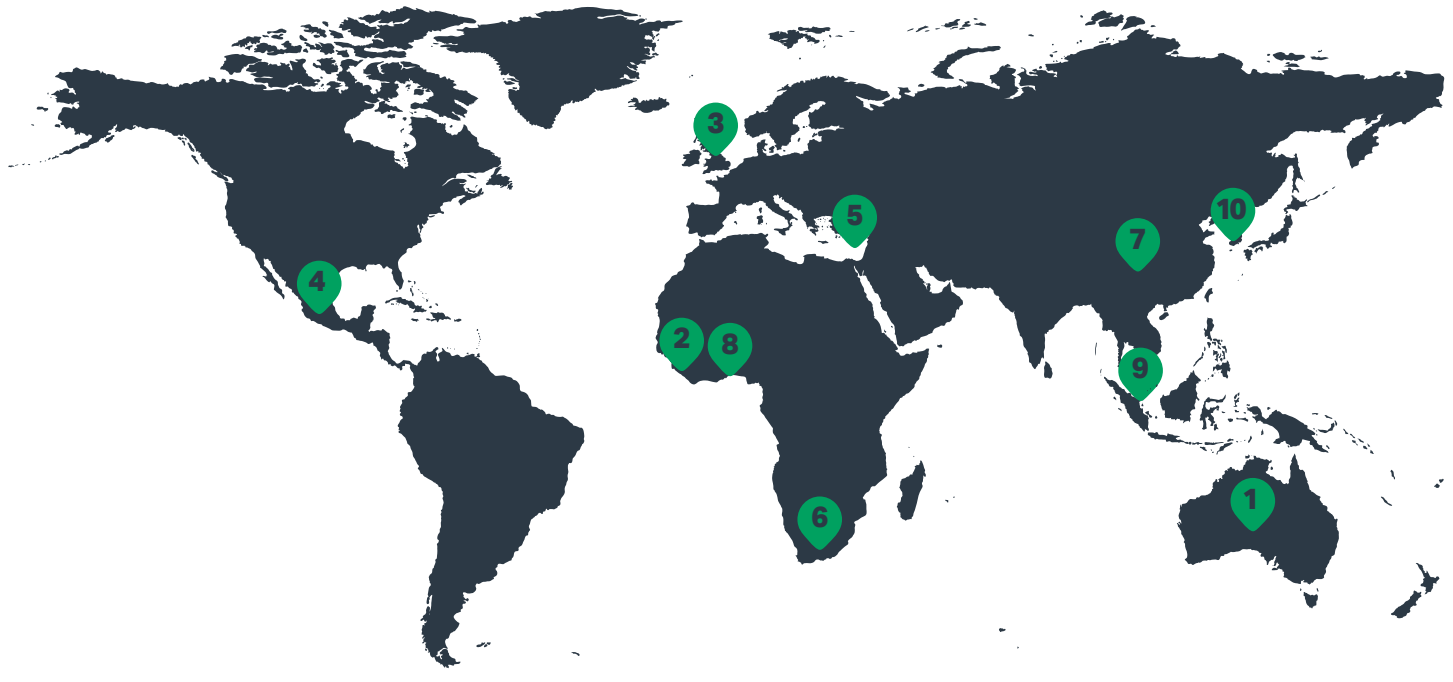
#### CYPRUS

65.9 GSI

**2.80%**

% of total Iluka spend

Top material groups  
**Equipment spares**  
and service



6

#### SOUTH AFRICA

49.2 GSI

**1.75%**

% of total Iluka spend

Top material groups  
**Buying house**  
and consultancy  
services

7

#### CHINA

35.2 GSI

**1.53%**

% of total Iluka spend

Top material groups  
**Storage and**  
handling and freight  
and cartage

8

#### GHANA

44.4 GSI

**1.49%**

% of total Iluka spend

Top material groups  
**Plant spares and**  
consumables and  
tyres

9

#### SINGAPORE

35.6 GSI

**0.76%**

% of total Iluka spend

Top material groups  
**Freight**  
and cartage

10

#### SOUTH KOREA

30.6 GSI

**0.29%**

% of total Iluka spend

Top material groups  
**Freight**  
and cartage

## ACTION

The actions outlined in Figure Two demonstrate the work undertaken by Iluka to 31 December 2020 to assess and address the risk of modern slavery in our supply chain.

**Figure two** Iluka's actions completed to December 2020 to address modern slavery.

ACTION	COMPLETE
Iluka Modern Slavery Working Group established	✓
Human rights and modern slavery training rolled out to Iluka employees (excluding SRL)	✓
Pilot SAQ with cross section of Iluka vendors	✓
Vendor mapping and two initial risk assessments of current vendors	✓
Updated all Iluka and Sierra Rutile terms, conditions and contracts to include corporate citizen obligations (including modern slavery)	✓
Published a Procurement Policy	✓
Remedy response in development	✓
Updated internal standards, policies and procedures to include modern slavery	✓
Active member of WAMSc	✓
Gap assessment	✓

## REMEDY

If a modern slavery incident is identified, we will seek to mitigate the situation in line with Iluka's values, policies, standards and internal incident management systems. Grievance mechanisms are in place and we are working on improving their accessibility. Iluka further aims to support and work with suppliers to improve their own mechanisms and transparency.

Iluka is developing a remedy response aligned to the United Nations Guiding Principles on Business and Human Rights. The response will detail the actions to be undertaken if Iluka identifies that it has caused, or contributed to a negative human rights impact (such as modern slavery). These actions include:

- cessation of the action causing the harm;
- use of leverage to mitigate any harm; and
- remediation for those who have been impacted.

## ENGAGEMENT

Iluka adopts a group-wide approach to the management of modern slavery risk. By engaging with key internal stakeholders and functional leads we are engaging with personnel who are able to provide information to inform this approach.

In 2020, significant engagement was undertaken with internal stakeholders to address identified gaps in Iluka's policies and procedures that could allow modern slavery to present in our supply chain.

Mandatory online human rights and modern slavery training was rolled-out to all employees within Australia. In Sierra Leone, training commenced with key personnel. In 2021, we will continue to expand training to the rest of the workforce and high risk suppliers.

## PROCUREMENT POLICY

In 2020, Iluka updated and published its Procurement Policy; one of nine public policy documents that outline our high level values and requirements relating to procurement. One of the recommendations from Iluka's modern slavery framework gap assessment was to implement a Supplier Code of Conduct that specifies our procurement expectations. Work on Iluka's Supplier Code of Conduct is underway and aims to provide information and details to suppliers to ensure they are aware of the policy and contractual obligations.

## COLLABORATION AND UNDERSTANDING

Through WAMSc, Iluka is collaborating with peers in the energy and extractive industry to improve our understanding and inform our approach. The Walk Free Foundation is assisting WAMSc in its efforts, including the development of a remediation protocol appropriate for its member's businesses. The members, including Iluka, will adapt and test the protocol and provide feedback to Walk Free.

## COVID-19

Like all businesses, COVID-19 had an impact on our business and operations. Iluka sites experienced varying levels of supply shortages, and in certain cases sought supply from alternate vendors. While there were no significant impacts to our supply we remain cognisant about the problem of exacerbating incidents of modern slavery, particularly in the areas of manufacturing and shipping. Our risk assessment process will continue to evolve to ensure we remain focussed on high risk areas.

## MODERN SLAVERY WORKING GROUP

In 2018, Iluka established an internal Modern Slavery Working Group (Working Group) including representatives from the Procurement, Risk, Legal, People and Communities teams. The Working Group progresses the modern slavery work plan and provides regular updates to the Executive and Board.

## SOCIAL PERFORMANCE STANDARD AND GRIEVANCE MANAGEMENT PROCEDURE

Iluka's Social Performance Standard describes our process for identifying social impacts Iluka operations may cause or contribute to. In 2020, the Standard was updated to include a human rights impact assessment and a social impact assessment in order to identify potential indicators of modern slavery.

The Social Performance Standard also references Iluka's Grievance Management Procedure. Each site has a site level procedure that is tailored to its community.

Iluka has a Whistleblower Policy which sets out how, employees, suppliers, contractors to Iluka and the general public can report concerns of potential or actual misconduct through Iluka's whistleblower line, referred to as STOPline. The STOPline and grievance mechanisms are active, however increasing awareness and promotion to suppliers and their workers is targeted for 2021.

## LOOKING FORWARD

In 2020, we built the foundation for our response to modern slavery. In 2021 Iluka's priorities include:

- Continue implementation of screening and assessment of vendors (including SRL), prioritising completion of an SAQ by those assessed by Iluka as high risk.
- Conduct our first supplier audits.
- Support our suppliers through sharing our knowledge of human rights and modern slavery, primarily through our training materials;
- Develop a Supplier Code of Conduct.
- Engage and undertake a risk assessment of our local suppliers in Sierra Leone who may not be on our PRONTO vendor management system.
- Support through WAMSc the development of a remediation protocol.
- Review the efficiency and efficacy of our grievance mechanisms (and STOPline).

## APPENDIX

The sections of the Statement that address the mandatory content required by the *Australian Modern Slavery Act (2018)* are outlined below.

<b>Australian Modern Slavery Act (2018) mandatory reporting criteria</b>	<b>Iluka response</b>	<b>Page number</b>
Identify the reporting entity covered by the Modern Slavery Statement	• About this statement	2
Describe the structure, operations and supply chain of the reporting entity	• Our structure • Our supply chain	4 6
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	• Our risk profile	10
Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address the risks, including due diligence and remediation processes	• Assessing our risk • Action	9 11
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	• Due diligence	8
Describe the process of consultation with any entities that the reporting entity owns or controls	• Engagement	11
Include any other information that the reporting entity, or the entity giving the statement, considers relevant	• Gap assessment recommendations • 2021 Modern Slavery Work Plan	8 12

## APPROVAL

This statement was endorsed by Iluka's Executive and approved by the Board of Iluka Resources.



**Tom O' Leary**  
Chief Executive Officer  
Date: 23 April 2021