



GRANGE RESOURCES LIMITED

ABN 80 009 132 405

MODERN SLAVERY STATEMENT

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

REPORTING PERIOD: 1 January 2021 – 31 December 2021



This Modern Slavery Statement was approved by the board of Grange Resources Limited in their capacity as the principal governing body of Grange Resources Limited on 25 August 2022.

Pursuant to the requirements of the Modern Slavery Act 2018 (Cth), the contents of this Statement have been reviewed and confirmed as accurate by a duly authorised person.

This statement is signed by Mike Dontschuk in his role as a Director and Chairperson of the Audit and Risk Committee of Grange Resources Ltd.

Director and Chairperson of the Audit and Risk Committee

Dec 16, 2022

Date



Part One: Who we are and what we do

1. Grange Resources is a leading Australian magnetite (iron ore pellets) producer based in Tasmania.
2. This Modern Slavery Statement is made pursuant to the *Modern Slavery Act 2018 (Cth)* (the **Act**) for the reporting period ending 31 December 2021.
3. Grange Resources only became aware of its obligations to lodge a statement as a mandatory reporting entity after the conclusion of the 2021 reporting period. As soon as this oversight was brought to our attention, Grange Resources promptly took steps to engage with an external subject matter expert to remedy our earlier inaction and address the mandatory reporting requirements. This has included undertaking a modern slavery risk assessment of our supply chains and operations using data and other requisite information from 2021.
4. Accordingly, all of the modern slavery related measures described in this statement were undertaken between the end of the reporting period and prior to lodgement of the statement, unless otherwise stated. The procurement information that formed the informational basis for our initial risk assessment, and all other information relating to our structure, operations and supply chains are as was applicable during the subject reporting period.

Our Structure

5. The mandatory reporting entity under the Act is Grange Resources Limited ABN 80 009 132 405 ("**Grange Resources**" or "**Grange**").
6. Grange Resources is an Australian Public Company, listed on the Australian Securities Exchange (ASX: GRR). We are majority owned by Shagang International Holding Ltd (Hong Kong), which in turn is under the ownership of Jiangsu Shagang International Trade Co. Ltd. ("**Shagang Group**").
7. Grange Resources owns and/or controls the following entities that are not, individually, mandatory reporting entities under the Act:
 - Ever Green Resources Co., Limited¹
 - Grange Tasmania Holdings Pty Ltd
 - Beviron Pty Ltd
 - Grange Resources (Tasmania) Pty Ltd
 - Grange Capital Pty Ltd

¹ This entity is incorporated in Hong Kong, registered as a foreign company under the *Corporations Act 2001 (Cth)*
Registered Office: 34a Alexander Street, Burnie, Tasmania 7320



- Grange Administrative Services Pty Ltd
- Barrack Mines Pty Ltd
- Bamine Pty Ltd
- BML Holdings Pty Ltd
- Horseshoe Gold Mine Pty Ltd
- Grange Resources (Southdown) Pty Ltd
- Grange Resources Investments Pty Ltd
- Grange ROC Property Pty Ltd
- Southdown Project Management Pty Ltd

(Referred to collectively throughout this Statement as “Grange Resources”, “we”, “us”, and “our” unless otherwise specified)

Our Operations

8. We have over 50 years of mining and production from our Savage River mine and Port Latta processing plant.
9. Grange’s operations consist principally of owning and operating the Savage River integrated iron ore mining and pellet production business located in the north-west region of Tasmania.
10. Grange Resources also owns a downstream pellet plant and port facility producing over 2.5 million tonnes of premium quality iron ore pellets annually, which is based at Port Latta, on the NW coast of Tasmania.
11. Grange has a combination of spot and contracted sales arrangements in place to deliver its pellets to customers mainly throughout the Asia Pacific region.
12. Grange Resources Ltd is a majority joint venture partner in a magnetite development project at Southdown, in Western Australia. Once developed, this project is expected to have the capacity to supply double the amount of iron ore currently produced at the Savage River mine, with an initial annual production rate of 5 million tonnes of premium magnetite concentrate.
13. During the reporting period, Grange Resources directly employed 598 workers across our operations at the Pellet Plant at Port Latta; Concentrator and Mining Operations at Savage River; and in our head office in Burnie, Tasmania.
14. These employees undertook a broad range of trade operations and professional roles including plant and mining equipment operators, maintenance roles including mechanical fitters, electricians and welders, engineers, geologists, environmental officers, long term planners, IT services, human resources, financial services, and administrative support.



15. Grange Resources also employed a small number of personnel on fixed term contracts. We also relied on local labour hire companies for personnel who worked on a casual basis. Typically, we employ an average of 100 contractors on a rolling monthly basis, with approximately half of these employees fulfilling mining operator roles.

Our Supply Chains

16. A broad range of suppliers support our mining operations and head office functions. During the reporting period, we procured goods and services from 781 suppliers, which ranged across the following industry categories:

- Mining equipment and related parts;
- Electricity and gas;
- Blasting services and materials
- Civil and building construction
- Exploration drilling
- Chemical products;
- Industrial machinery and equipment;
- Motor vehicle parts;
- Non-building construction providers and equipment;
- Petroleum and coal products;
- Computer and technical services;
- Education and training providers;
- Pumps and appliances;
- Catering and cleaning services;
- Waste disposal;
- Freight and logistic services;
- Accommodation;
- Electrical equipment;
- Advertising and promotional material;
- Business and consulting services;
- Engineering services;
- Australian based labour hire providers;
- Equipment hire
- Fabricated metal products;
- Technical services;
- Consumables;
- Tyres;
- Security services.

17. These suppliers are predominantly located in Australia. We also have supplier relationships with the following international suppliers:

- Machinery and mechanical parts suppliers from Germany, Canada and Malaysia;



- Business, legal, consulting and subscription services based in New Zealand, Singapore, USA, India, Canada and the UK
- Wholesale traders in the USA,
- A Filter material supplier in the USA
- Non-metallic mineral supplier based in India
- Software providers based in the USA and UK
- An e-commerce subscription service supplier in China

Part Two: Assessing Modern Slavery Risks in our Operations and Supply Chains

18. There were no reported incidences of actual or suspected modern slavery practices in our supply chains or operations during the reporting period.
19. Grange Resources engaged an external subject matter expert to undertake a risk assessment of our operational supply chains for the subject reporting period. This risk assessment analysed a total of 781 of our direct (first tier) suppliers.
20. The risk assessment used proprietary technology to assess the interaction between the following range of factors to assess potential exposure to modern slavery to the tenth tier of our supply chain:
- Total supplier spend amount (i.e. the value of our direct supplier contracts);
 - Industry category, including industries that, in turn, feed into particular categories further down the supply chain;
 - Geographical area of operation; and
 - Depth of tiering within the supply chain(s)- e.g., 3rd tier supplier, 5th tier supplier, etc.
21. The Appendix to this statement includes a summary of the proprietary risk assessment methodology used for the initial risk assessment.
22. The risk assessment identified that **direct (tier one) suppliers** in the following industry categories presented the greatest cumulative potential modern slavery risk in our supply chains:
- *Non-Metallic Mineral suppliers in India;*



- *Australian Petrol and Diesel Suppliers; and*
- *Australian Non-building Construction suppliers.*

Non-Metallic Minerals from India

23. The industry category of non-metallic minerals sourced from suppliers based in India has been assessed as having the highest potential modern slavery risk exposure, accounting for almost 24% of the identified total relative slavery risk in our supply chains.
24. Suppliers operating in this category are considered higher risk because of the ‘multiplier effect’ of being a high-risk industry operating in a high-risk geography.
25. The Global Slavery Index estimates that India has an incidence of modern slavery at almost 6.1 victims for every 1,000 individuals in the national population. Within the mineral extractives industry in India, the risk is elevated with the reliance on migrant, low skilled or low socioeconomic workers, who may be tricked into circumstances of forced labour or debt bondage. The potentially hazardous and geographically isolated nature of the work is also another significant risk factor.

Australian Petrol and Diesel

26. Australian suppliers of Petrol and Diesel-related products are also a potential source of modern slavery risk exposure. Unlike the *Non-Metallic Minerals from India* category, the potential risks associated with this industry are concentrated at the second tier of the industry supply chain (i.e. our supplier’s suppliers). This second tier likely includes the actual extractive and refinery suppliers, which are likely to have offshore operations in higher risk geographies, including similar risks to the kind identified in relation to *Non-Metallic Minerals in India*.

Australian Non-Building Construction

27. The final industry category that presents a potentially elevated risk of modern slavery risk is ‘Non-building Construction’ Australian based suppliers. Similar to our own operations, this industry may be characterised by a low barrier to entry for vulnerable migrant workers without formal qualifications. Positions may often be of a temporary or sub-contracted nature, which may hinder oversight of labour conditions. Commonly used construction tools and equipment are also commonly manufactured offshore in high-risk locations in South East Asia, and may be comprised of high-risk raw materials originating from locations that have reported instances of child and forced labour.



Risks in Our Operations

28. Grange Resources recognises that, on a global scale, there are potentially elevated modern slavery risks associated with mining operations. This global, industry-category-based risk includes factors associated with the use of labour hire services.
29. Our initial risk assessment included the assessment of 57 different labour hire providers of various kinds.
30. Our contracted workforce includes a combination of highly skilled professionals (such as engineers and specialised technicians), along with tradespersons in lower skilled positions such as machinery operators. We understand that, in certain circumstances, contracting arrangements can elevate risks of modern slavery, because of a lack of direct visibility over labour hire conditions.
31. Our current whistle-blower policy is open to all contracted workers. We encourage union membership for our direct and temporary staff.

Part Three: Actions Taken to Assess and Address Modern Slavery Risks

32. Grange Resources recognises that we are in still, in many respects, in the early stages of developing a long-term framework for assessing and addressing our overall modern slavery risks. We understand that visibility over our risk exposure is the first step to formulating a long-term modern slavery framework, because unless we know where our risks lie, our ability to undertake tailored and targeted action, and to continually improve in our approach, will remain limited.
33. This is why one of our key substantive steps to date has been a comprehensive risk assessment of our supply chains using a proprietary analysis of our actual procurement information.
34. We intend to utilise the results of this risk assessment to direct specific supplier due diligence measures in future reporting periods, such as desktop auditing of our highest risk suppliers.

Training and Education

35. An external subject matter expert has delivered interactive training to our executive leaders, management, and procurement team, addressing the following areas:



- Building a deeper understanding of the forms of modern slavery
- Details on the prevalence of modern slavery, both domestically and globally
- Providing an overview of the risks present in our industry, at an operational and supply chain level
- Advice about our ongoing compliance requirements under the Act
- Guidance for our potential priority areas for upcoming reporting periods, including suggested focus areas for due diligence
- Procurement specific training for assessing the risk of suppliers, including case studies to identify risk factors and supplier 'red flags'
- Advice for onboarding and engaging with suppliers, including assessing modern slavery statements / related policy documents
- Guidance in conducting onsite audits, to address the risks presented by our use of labour hire contractors at our mine sites (including specific indicators for forced labour victims and information on requesting worker identification documents).

36. Members of our executive team have also attended an educational webinar delivered by our consultants focused on the 'pathway to compliance' to assist with building our internal capabilities to prepare for the lodgement of this statement.

Internal Governance and Policies

37. Grange has commenced the process of developing modern slavery specific clauses to incorporate into our supply agreements and standard purchase order terms. This has involved a review of our standard contract terms by our internal Commercial department. We will look to roll out clauses that place express modern slavery due diligence requirements on our suppliers in the near future.
38. Grange has also undertaken an industry review of best practice modern slavery-focused supplier codes of conduct, to inform further updates to key policies during the next reporting period.
39. We have engaged an impact monitoring technology platform 'Socialsuite', to assist with developing baseline ESG reporting metrics and indicators. We intend to use this broader initiative as a platform to bolster our modern slavery risk disclosure and executive oversight of our overall progress in assessing and addressing modern slavery risks.



Part Four: Measuring Effectiveness

- 40. Grange Resources recognises the need to continually assess our effectiveness in identifying, assessing and responding to potential areas of modern slavery risk.
- 41. To assist with monitoring our action over consecutive reporting periods, we have developed the following key indicators as progress benchmarks. We have done so with the aim of continuing to improve, and to consistently be building upon the steps taken in each successive reporting period:

| Focus Area | KPIs for 2022 and 2023 |
|--|--|
| <i>Risk Identification</i> | Increased supply chain mapping, including of our controlled entities. Comprehensive review of labour hire practices for mine site contractors. |
| <i>Supplier Engagement</i> | Issuing of supplier self-assessment questionnaires. |
| <i>Due Diligence</i> | Undertaking desktop auditing on highest risk suppliers, focusing on the industry categories identified at Part Two. Developing modern slavery procurement assessment framework to inform purchasing decisions. |
| <i>Internal Governance & policy Frameworks</i> | Developing and operationalising full suite of modern slavery related policies, including a Supplier Code of Conduct and modern slavery contract provisions. Facilitation of the modern slavery working group including expanding the mandate and makeup of the group. |
| <i>Remediation</i> | Respond to any instances of modern slavery identified and implementation of appropriate corrective action. |



Part Five: Consultation with controlled entities and other information

42. Grange Resources has consulted with all owned and controlled entities (as listed above at paragraph [7]) in the preparation of this Modern Slavery Statement. We will continue to ensure we engage all entities to ensure that our overall response to modern slavery is uniform and focused.

Impact of COVID-19 pandemic & Other relevant information

43. While the ongoing COVID-19 pandemic and resulting supply chain issues continued to present challenges for Grange Resources, we were still able to maintain services and supplies from our existing supplier base through proactive ordering practices. As a result, the unprecedented supply chain pressures, fortunately, did not materially impact our overall procurement practices such that it elevated our overall modern slavery risk profile.
44. Grange Resources also frankly recognises that we have lodged this Statement after the deadline for the 2021 Calendar year reporting period. Upon become aware of our status as a mandatory reporting entity, we immediately sought to undertake necessary steps to fulfil our obligations under the Act and subsequently prepare this Statement. However, this did not occur in time for the Board to meet prior to the lodgement deadline for the purpose of approving the Statement.



Appendix – Initial Risk Assessment Methodology Summary

1. As discussed in Part Two of this Statement, we engaged with an external subject matter expert to carry out a comprehensive risk assessment in relation to certain suppliers. This baseline exercise provides the basis for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years.
2. Incorporating company spend data throughout global markets, we have utilised external consultants with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain of Grange Resources' top suppliers by spend.
3. This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors. This MRIO table is assembled using the following sources:
 - a. The United Nations' (UN) System of National Accounts;
 - b. UN COMTRADE databases;
 - c. Eurostat databases;
 - d. The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
 - e. Numerous National Agencies including the Australian Bureau of Statistics.
4. The MRIO is then examined against the following international standards:
 - a. The UN Guiding Principles on Business and Human Rights;
 - b. The Global Slavery Index;
 - c. International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
 - d. The United States' Reports on International Child Labour and Forced Labour.
5. A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier.
6. This analysis was performed for the purposes of risk identification under the Act. It does not purport to confirm the actual existence (or non-existence) of slavery in Grange Resources'



supply chains and operations. Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.

7. The multi-faceted approach to modern slavery risk assessment that we have undertaken has included examination and analysis of the following:
 - a. The individual suppliers and industries with the most elevated risk of modern slavery;
 - b. Supply chain plots to provide a visual representation of the supply chains for Grange Resources' top 3 first tier industries;
 - c. Plotting the relative slavery risk in the supply chain by tier, up to tier 10;
 - d. Geographical depiction of the cumulative risk of modern slavery across the supply chain around the world; and
 - e. An overview of the classification of the first tier of our supply chain by country and industry, including relative modern slavery risk.
 - f. Suppliers in our supply chains and operations that posed any calculated risks in relation to modern slavery were identified.