



ILUKA

**MODERN
SLAVERY
STATEMENT**

2022





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ABOUT THIS STATEMENT

This Modern Slavery Statement is made in accordance with section 14 of the Australian *Modern Slavery Act 2018 (Cth)* (MSA) for the period 1 January 2022 to 31 December 2022 (the **reporting period**).

This Modern Slavery Statement is a joint statement issued by and on behalf of the following entities, which have been determined as reporting entities under the MSA for the reporting period:

- Iluka Resources Limited (Iluka) (ACN 008 675 018), the Group's parent company.
- Iluka Midwest Limited (ACN 088 763 666), which holds Iluka's Midwest operations and its US operations.
- Sierra Rutile Holdings Limited (SRL) (formerly Iluka International (West Africa) Pty Limited (ACN 613 822 165)), converted to a public company in March 2022 and demerged from the Iluka group on 4 August 2022.

It describes steps taken by the reporting entities and entities owned or controlled by those entities to mitigate the risk of modern slavery in the entities' operations and supply chains.

This is Iluka's third Modern Slavery Statement made under the MSA.

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 have independent policies, procedures and management teams.

Unless stated otherwise, all data presented relates to the 2022 calendar year and parameters are reported for the Iluka, Iluka Midwest Limited and SRL reporting entities. SRL data has been included up to the date of demerger.

Currency is expressed in Australian dollars (AUD) unless otherwise stated.

Managing Director's approval

This Modern Slavery Statement was endorsed by Iluka's Executive and approved by the Board of Iluka Resources Limited on 4 April 2023 on behalf of the reporting entities.



Tom O'Leary

Managing Director of Iluka Resources Limited

4 April 2023

This Statement has been prepared to meet the mandatory reporting criteria in the Australian *Modern Slavery Act 2018 (Cth)*. The table below identifies where each criterion is addressed in this Statement.

Mandatory reporting criteria	Location of Iluka's response in this Statement
Criterion 1 Identify the reporting entity covered by the Modern Slavery Statement	About this Statement, page 4
Criterion 2 Describe the structure, operations and supply chain of the reporting entity	Our structure, operations and supply chains, page 8
Criterion 3 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	Risks of modern slavery in our operations and supply chains, page 14
Criterion 4 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	Our actions to address modern slavery risks, page 16
Criterion 5 Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Assessing our effectiveness of our actions, page 17
Criterion 6 Describe the process of consultation with any entities that the reporting entity owns or controls	Consultation with owned and controlled entities, page 18
Criterion 7 Include any other information that the reporting entity, or the entity giving the statement, considers relevant	Appendix: Iluka's key policies, standards and procedures, page 19 Appendix: Progress against our commitments, page 20

APPROACH TO HUMAN RIGHTS AND MODERN SLAVERY

Human rights commitment

Iluka is committed to respecting human rights within its business and supply chain; and treating all people with dignity and respect.

Iluka's approach to respecting human rights is guided by the Code of Conduct and Human Rights Policy. Embedded in the People Policy and the Health, Safety, Environment and Community Policy, Iluka's approach is to work to align its business activities and practices with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Iluka rejects any form of slavery, forced or child labour, and works to ensure that such practices are not present in our business or supply chain.

Our supply chain is complex; spanning multiple sectors and countries. We are committed to working with suppliers and other stakeholders, including communities associated with Iluka's operations and activities, to assess supply chain risks and support the identification and eradication of modern slavery.

Approach to Managing Modern Slavery Risk

Iluka's approach is centred on three areas:

- » **Governance:** Iluka believes that to succeed in business and human rights endeavours, strong governance is essential. This means that Iluka's policies and processes are clear, easy to follow and have measurable outcomes. This drives accountability and ensures transparency of our actions. Wherever inconsistencies are found, we address them in a systematic way.
- » **Assessing our risk:** Iluka assesses risk at multiple levels to understand potential exposure points and address them accordingly. To build a meaningful analysis we conduct risk assessments on Iluka's direct employees and employment processes, and suppliers. Iluka's risk processes continue to improve as the company enhances its internal systems that assess risk and supplier data.
- » **Action:** Iluka's modern slavery work programme aims to align the business with the UNGPs. The work programme is endorsed by Iluka's Executive and Board of Iluka Resources Limited.

Governance Framework

Iluka's governance framework supports the ongoing assessment and management of modern slavery risks. It underpins the implementation of controls and actions to address potential modern slavery incidents.

We have key policies, standards, procedures and processes in place that set out Iluka's commitments and expectations in relation to respecting human rights, including modern slavery. These are detailed in the Appendix on page 19.

ILUKA'S GOVERNANCE FRAMEWORK TO ASSESS AND ADDRESS MODERN SLAVERY RISKS



OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

About Iluka Resources

Iluka Resources Limited (Iluka) is an international critical minerals company with expertise in exploration, project development, mining, processing, marketing and rehabilitation.

The company's objective is to deliver sustainable value.

With over 70 years' industry experience, Iluka is a leading producer of zircon and high-grade titanium feedstocks (rutile and synthetic rutile). Via the company's development of Australia's first fully integrated rare earths refinery at Eneabba in Western Australia, Iluka is set to become a globally material supplier of separated rare earth oxides.

Iluka's products are used in an array of applications including technology, construction, medical, lifestyle, defence and industrial uses.

As the world moves towards a smarter, safer and sustainable future, Iluka's high quality, Australian critical minerals products are in increasing demand.

Alongside the company's Australian production base and development pipeline, Iluka has a globally integrated marketing network. Exploration activities are conducted internationally; and Iluka is actively engaged in the rehabilitation of previous activities in the United States and Australia.

Headquartered in Perth, Western Australia, Iluka is listed on the Australian Securities Exchange (ASX). Iluka holds a 20% stake in Deterra Royalties, the largest ASX-listed resources focused royalty company.

Over 950 people globally are employed by Iluka and its subsidiaries¹, including over 900 personnel in Australia. Over 30 Iluka employees are based in the United States and there are individuals based in Brazil, China, India and Spain. Iluka's business is supported by a contractor workforce of over 800 people.

Iluka Resources Limited is the Group's parent company. Its owned and controlled entities, including the other reporting entities listed on page 4, include those that hold operating mines and processing facilities, development projects, exploration sites and provide various services to the Group globally.

Read more about Iluka's assets, owned and controlled entities, and investments on www.iluka.com and in Iluka's 2022 Annual Report.

¹ This represents a substantial change in Iluka's workforce following the demerger of Sierra Rutile Limited in 2022. At the time of the demerger there were over 2,100 Sierra Rutile employees.

Products

TITANIUM DIOXIDE

Iluka is a leading producer of synthetic rutile, which is an upgraded, value added form of ilmenite. The company also produces natural rutile. Collectively, these products are referred to as high-grade titanium dioxide feedstocks, owing to their high titanium content. Primary uses include pigment (paints), titanium metal and welding.

RARE EARTHS

Iluka has established a significant position in rare earths elements. Rare earths are among the key building blocks of an electrified economy – essential in a wide range of applications including high performance permanent magnets in electric vehicles, wind turbines and other renewable energy technologies.

The strong outlook for these applications is expected to drive growing market demand for Iluka's rare earth oxides, particularly neodymium, praseodymium, dysprosium and terbium.

Other rare earths minerals produced from Iluka's refinery, such as lanthanum and cerium, are necessary in the manufacture of catalytic converters for vehicle emission control of hybrid and petrol-fuelled cars, in modern rechargeable batteries, and as an alloying agent to create high-strength metals in aircraft engines.

ZIRCON

Iluka is the largest global producer of zircon. From premium grade zircon to zircon-in-concentrate, Iluka can efficiently deliver quality products to a wide range of customers around the world utilising our well-developed logistics and distribution capabilities. Applications for Iluka's zircon include ceramics, refractory and foundry applications and zirconium chemicals.

OTHER

Iluka recovers and markets products produced as part of processing activities, including activated carbon, gypsum and iron concentrate.

OUR LOCATIONS

Operations, resource development, marketing and rehabilitation activities



United States

- » Marketing and distribution
- » Rehabilitation

Europe

- » Marketing and distribution

Asia

- » Marketing and distribution

AUSTRALIA

Western Australia

- » Narngulu processing
- » Cataby mining and concentrating
- » Eneabba rare earths refinery development
- » Capel synthetic rutile processing
- » South West deposits project
- » Corporate support centre
- » Rehabilitation

New South Wales

- » Balranald project
- » Euston project

Victoria

- » Wimmera project
- » Rehabilitation
- » Hamilton processing (idle)

South Australia

- » Jacinth-Ambrosia mining and concentrating
- » Atacama project
- » Rehabilitation

Our Supply Chains

Iluka's supply chain spans 22 countries, with approximately 88% of the company's spend local to our operations in Australia.











We procure a range of goods and services from multiple sectors to support exploration; project development; research and analysis; mining; processing; marketing and logistics; rehabilitation and closure; and corporate support activities.

Procurement is managed by a central function based in the Perth Headquarters. The function is responsible for procurement governance and managing strategically important, high risk or complex categories in accordance with the Procurement Standard.

Snapshot of Iluka's supply chain in 2022

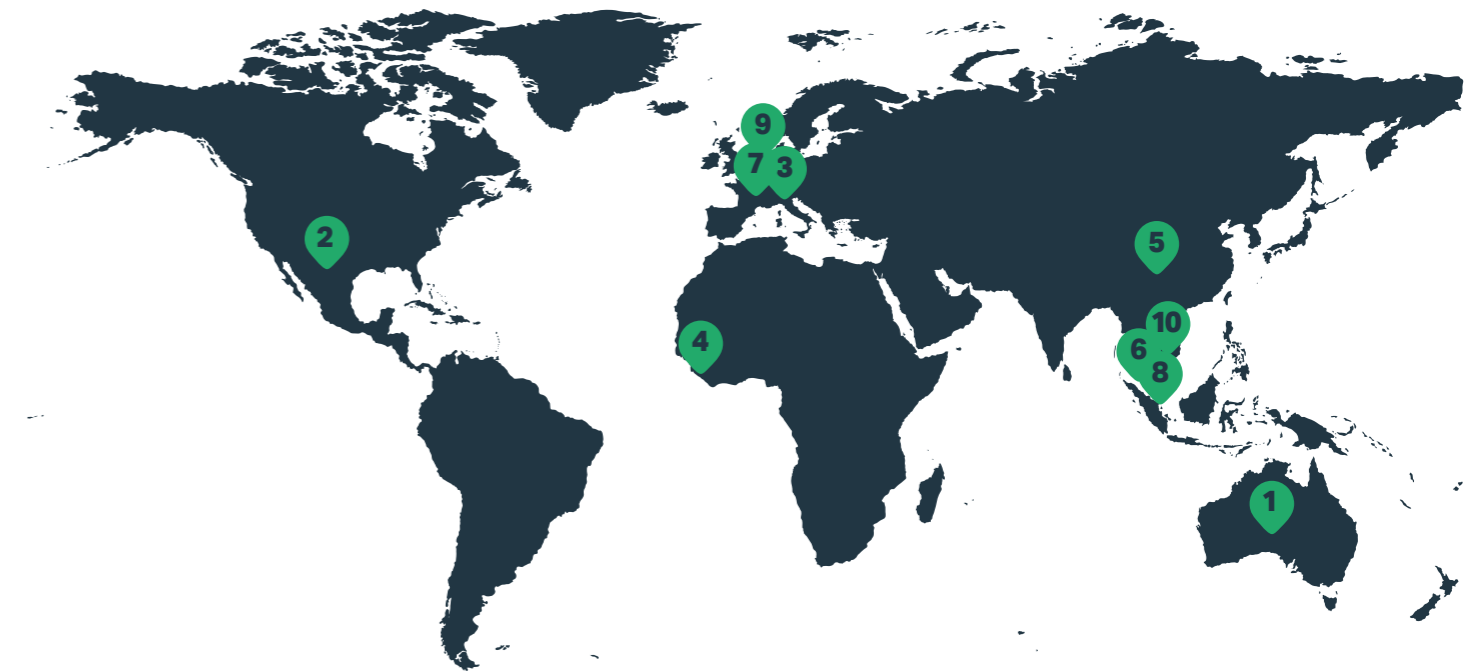
- › Total invoiced spend AUD\$894M
- › 1,898 active suppliers located in 22 countries were engaged
- › 97.6% of total spend was from suppliers in low risk countries (GSI² of 40 or below)
- › 2.4% of total invoiced spend was from suppliers in high risk countries (GSI of 50 or above)
- › 0.2% of total suppliers were identified as high risk from both a geographical and category perspective

2022 TOP SPEND CATEGORIES BY % OF TOTAL ILUKA SPEND

	Bulk freight and cartage	16.8%		Bulk chemicals held in tanks and intermediate bulk containers	3.4%
	Project management services	14.1%		Government Royalty	3.2%
	Contractor mining	11.0%		Fuel - diesel	2.5%
	Site services	5.3%		Contracted services	2.4%
	Consultants and professional service fees	4.7%		Labour hire – mechanical trades	2.3%

2022 TOP 10 ILUKA SUPPLIER COUNTRIES BY TOTAL ILUKA SPEND

1	AUSTRALIA	88.5% of total Iluka spend	4.3 GSI	Top material groups Project management services, Bulk freight and cartage, Contractor mining/ major earth works
2	UNITED STATES	4.5% of total Iluka spend	15.9 GSI	Top material groups Bulk freight and cartage, Contractor mining/ major earth works, Repair plant and equipment services
3	SWITZERLAND	1.3% of total Iluka spend	1.5 GSI	Top material groups Bulk freight and cartage, Bulk chemicals held in tanks and intermediate bulk containers
4	SIERRA LEONE	1.1% of total Iluka spend	55.2 GSI	Top material groups Rutile purchased, Marketing rebates
5	CHINA	1.05% of total Iluka spend	50.6 GSI	Top material groups Storage and handling, Professional services



6	MALAYSIA	0.8% of total Iluka spend	39.2 GSI	Top material groups Bulk freight and cartage
7	FRANCE	0.7% of total Iluka spend	15.3 GSI	Top material groups Contracted services general, Site services, Other consultants and professional services
8	SINGAPORE	0.6% of total Iluka spend	13.4 GSI	Top material groups Bulk freight and cartage, Professional services, Other consultants and professional services
9	DENMARK	0.3% of total Iluka spend	1.0 GSI	Top material groups Bulk freight and cartage, Project management services
10	THAILAND	0.2% of total Iluka spend	51.1 GSI	Top material groups Contracted services general, General freight and cartage services, Zircon purchased

² [The Global Slavery Index | Walk Free](#)

ASSESSING RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS

Assessing Risk in Iluka's Operations

Iluka understands that its operations and supply chain, could cause, contribute or be directly linked to modern slavery practices. As identified on page 8, Iluka's workforce is predominately based in Australia with approximately 30 employees based in the United States and individuals based in Brazil, China, India and Spain. The Global Slavery Index ranks Australia as low risk for modern slavery practices, due to its robust labour laws and enforcement mechanisms, meaning the risk of modern slavery in our direct operations is low.

Iluka's business is also supported by a contractor workforce of over 800 people. We recognise that contingent workers can face increased inherent risk to modern slavery type practices. Third-party contractors that use recruitment agencies of brokers to hire workers present higher modern slavery risks. Iluka seeks to manage these risks through its supplier due diligence and procurement processes described below.

In accordance with the Iluka Health Safety, Environment and Community Management System, the reporting and classification of hazards and incidents is set out in a Group guideline. In 2022 the guideline was revised to include examples of modern slavery incidents that require internal reporting. This provides a framework to ensure visibility on modern slavery occurrences that have been identified at any Iluka operation.

Assessing Risk in Iluka's Supply Chains

Iluka's 2022 modern slavery supply chain risk analysis was conducted by an independent third-party and is based on two key criteria: the country of origin of goods and the category of the commodity or service type. These criteria each quantify a specific risk component associated with a supplier which are then combined to calculate an overall risk score.

The evaluation of supplier data to identify modern slavery indicators utilised externally developed tools and indices including the:

- Walk Free Global Slavery Index (GSI); and
- Australia and New Zealand Standard Industrial Classification (ANZSIC) risk scoring.

In 2022 the supply chain risk assessment indicates a predominantly low risk profile, with 99.8% of goods and services procured from countries with a low or medium risk score, an increase from 78.5% in 2021.

Iluka's purchasing included supplies from two high risk countries representing approximately 0.2% of our total spend. These high risk countries are China and Thailand, where the main goods and services procured were contracted services and general freight and cartage services.

2022 TOP 10 HIGH RISK CATEGORIES

High risk category	Iluka purchasing material groups
Employment services	Advertisement fees, recruitment consultant fees
	Apprentice Labour
	Labour Hire - Other functions
	Labour Hire - IT roles and functions
	Labour Hire - Electrician and other electrical trades
	Labour Hire - Security and medical personnel
	Labour Hire - Mechanical trades
	Labour Hire - Operators, production support
	Labour Hire - Admin, corporate and office support
	Supplementary Labour
Textile, clothing and footwear wholesaling	Helmets, visors, gloves, glasses
	Uniforms and clothing
	Clothing and personal protective equipment
Grocery, liquor and tobacco product wholesaling	Coffee, tea, paper cups, water, hydrolytes, food
	Foods and beverages for site consumption
	Field rations and food
Electrical equipment manufacturing	Isolation, lockout, tape, respirator
	Transformers
	Cable and conduit, saddles, joins, adaptors
	Coils, bushing, connectors
	Fuses, circuits, terminals, switches, plugs, sockets
Building cleaning, pest control and gardening services	Building maintenance, gardening, cleaning, camp management
Timber and hardware goods wholesaling	Construction and building materials
Other transport support services	Bulk freight and cartage
	General freight and cartage services
Fuel retailing	Fuel – Diesel
Telecommunications services	Computer network charge
	Communications - Telephone
	Communications - Mobile
	Communications - Video conferencing facilities
	Communications - Other
Pharmaceutical and toiletry goods wholesaling	Soaps, paper towels, toilet paper

ACTIONS TO ADDRESS MODERN SLAVERY RISKS

Approach to Due Diligence

Iluka expects all existing and new suppliers to meet or exceed the minimum standards outlined in its Supplier Code of Conduct. Suppliers are expected to develop and implement policies consistent with the Code and encourage their respective supply chains to do the same. The Code is referenced in Iluka's procurement contracts.

Iluka seeks to identify potential human rights issues associated with the company's activities including instances of modern slavery in Iluka's supply chain. Human rights due diligence is embedded in Iluka's procurement processes, including new supplier selection and screening procedures. This comprises:

- » screening risk assessment and prioritisation of all active suppliers using data from Iluka's procurement system;
- » the requirement for all new suppliers to complete a modern slavery questionnaire, introduced in 2022; and
- » for cause supplier assessment conducted upon receipt of credible information justifying accelerated assessment.

During 2022 work progressed on revising Iluka's Supplier Risk Framework to add further risk controls and allow a deeper dive into suppliers that carry high residual risks.

Remediation of Non-Conformances

If a modern slavery incident is identified, Iluka will seek to mitigate the situation in line with Iluka's values, policies, standards and internal incident management systems.

If Iluka identifies that it has caused or contributed to a negative human rights impact such as modern slavery, the actions considered include:

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

During 2022 work progressed on developing Iluka's remediation protocol based on the Human Rights Resource and Energy Collaborative generic Response & Remedy Framework.

Grievance and Whistleblower Mechanisms

Iluka's Social Performance Standard describes the process for identifying any social impacts Iluka operations may cause or contribute to. All Iluka sites must have a locally-appropriate grievance mechanism, as described in Iluka's Grievance Management Procedure, which aims to align with the UN Guiding Principles on Business and Human Rights.

Iluka's Whistleblower Policy sets out how employees, suppliers, contractors to Iluka and the general public can report concerns of potential or actual misconduct through an external independent whistle-blower service STOPline.

Training and Capacity Building

Employees gain awareness of human rights implications for the business by completing Iluka's mandatory human rights and modern slavery training module. During 2022 this training module was reviewed and updated to reflect current requirements.

Targeted engagement with Iluka's major suppliers on its modern slavery work programme is in the planning phase and expected to be rolled out during 2023. A training module targeted for Iluka's suppliers is currently being developed as part of Iluka's remediation protocol.

Engagement and Collaboration

Iluka recognises the importance and benefit of a collective approach to managing shared modern slavery risks.

Iluka actively participates in the Australia-based Human Rights Resource and Energy Collaborative to develop industry-specific human rights remediation protocols and audit programmes. This Collaborative provides a forum for the resources and energy sectors to network and share knowledge on respect for human rights, including implementation of the Australian *Modern Slavery Act 2018 (Cth)*. During 2022 Iluka continued to participate in the Collaborative via discussions and attendance at quarterly meetings.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Reviews and Audits

In 2022 a third-party review of Iluka's management of modern slavery risks within its workforce was completed. The review found that Iluka had adequately defined and managed modern slavery risk within its Australian workforce. The report also highlighted the opportunity to continue to provide capability building for both internal and external stakeholders where appropriate.

Human Rights and Modern Slavery Training

Iluka tracks the completion rate for internal mandatory human rights and modern slavery training. In 2022 the completion rate for internal mandatory modern slavery training was approximately 87%.³

Grievance and Whistleblower Mechanisms

Iluka monitors and reviews complaints raised in accordance with its Whistleblower Policy and locally-appropriate grievance mechanisms. In 2022 there were zero grievances raised via the whistleblower service, including in relation to modern slavery.

Future Focus Areas

Iluka will continue to develop its approach to assessing and addressing modern slavery risks in its business and supply chains. Looking ahead, the focus will be on maintaining a consistent approach to modern slavery risks, while strengthening our processes where appropriate. Collaboration with industry partners will be a key focus area to achieve this.

³ Figure excludes SRL.

CONSULTATION WITH OWNED AND CONTROLLED ENTITIES

The development of this Statement was led by members of Iluka's cross-functional Modern Slavery Steering Committee. Inputs were provided by the Communities, Sustainability, Procurement, Legal and People functions. Iluka has consulted with the reporting entities (up to the date of demerger for SRL).

In finalising this Statement, Iluka's Executive Sustainability Committee has reviewed and endorsed the draft. As the parent entity of the Iluka Group, the Board of Iluka has approved, and a responsible member of Iluka has signed this statement on behalf of Iluka, Iluka Midwest Limited and SRL. Refer to the Managing Director's approval on page 4.



APPENDICES

APPENDIX 1 – ILUKA'S KEY POLICIES, STANDARDS AND PROCEDURES

The following table lists key policies, standards and procedures that set out Iluka's commitments and expectations in relation to respecting human rights, including modern slavery. These apply across the Group.

Policy, standard or procedure
Code of Conduct*
Supplier Code of Conduct*
Anti-bribery and Corruption Policy*
Diversity and Inclusion Policy*
Health, Safety, Environment and Community Policy*
Human Rights Policy*
People Policy*
Procurement Policy*
Risk Management Policy
Whistleblower Policy*
Social Performance Standard
Training and Awareness Standard
Procurement Standard
Health, Safety, Environment and Community hazard and incident reporting guideline
Equal Employment Opportunity, Bullying and Harassment Procedure
Flexible Work Arrangements Procedure
Grievance Procedure
Recruitment Procedure
Social Performance Procedure
Iluka's Risk Appetite Statement
External independent whistleblower service STOPline Iluka Resources Online Reporting Externally Managed Disclosure Portal (stopinereport.com)

*Available on www.iluka.com

APPENDIX 2 – PROGRESS AGAINST OUR COMMITMENTS

Iluka is committed to the continuous improvement in its approach to modern slavery. The table below shows our key actions during 2022.

2022 priority	2022 outcome
Governance	
Launch Iluka's Supplier Code of Conduct that specifies Iluka's procurement and respect for human rights expectations	Achieved Launched Iluka's Supplier Code of Conduct on www.iluka.com
Revise the Iluka Health, Safety, Environment and Community (HSEC) incident classification and reporting guideline to include hazards or incidents relating to modern slavery associated with Iluka's operations	Achieved The HSEC guideline was updated to include hazards or incidents relating to modern slavery
Launch the online vendor portal to modernise and streamline Iluka's vendor onboarding management process for suppliers	Achieved Launched Iluka's online vendor portal for new suppliers
Implement the revised supplier risk framework to enable continued screening and more focused assessment of vendors	Partly achieved Work continues on the revision of the supplier risk framework
Develop Iluka's remediation protocol based on the Human Rights Resource and Energy Collaborative generic Response & Remedy Framework	Partly achieved Development of the remediation protocol has progressed with rollout planned for 2023
Assessing our risk	
Review Iluka's management of modern slavery risks within its workforce ⁴	Achieved A modern slavery workforce assessment was completed by an independent third-party
Introduce the requirement for new suppliers to complete a modern slavery questionnaire ahead of working with Iluka	Achieved The questionnaire was implemented for all new suppliers
Complete a third-party risk review of Iluka suppliers to assess the likelihood of modern slavery practices within these businesses, based on key risk factors	Achieved The 2022 supplier risk analysis was conducted by an independent third-party
Action	
Engage with Iluka's major suppliers on Iluka's modern slavery work programme	Partly achieved Planning for engagement has progressed with rollout planned for 2023
Develop Iluka-specific modern slavery training modules for high risk suppliers and Iluka employees	Partly achieved The existing Iluka employee training module was reviewed and updated in 2022 Development of the supplier training module has progressed with rollout planned for 2023
Participate in the Human Rights Resource and Energy Collaborative to build knowledge and share good practice	Achieved Continued to participate in the Collaborative via discussions and quarterly meetings

⁴ Excluding SRL.

