



**Pilbara  
Minerals**

# Modern Slavery Statement FY2021

December 2021

## About this Statement

Pilbara Minerals recognises it has a role to play in exposing and eliminating modern slavery practices, which include slavery, servitude, human trafficking and forced or compulsory labour. For Pilbara Minerals, procuring goods and services ethically is not only a socially responsible business practice, but also a regulatory requirement under the *Commonwealth Modern Slavery Act 2018* (Act).

Pilbara Minerals is pleased to provide its 2021 Modern Slavery Statement. It is the Company's first mandatory statement as its first statement was submitted voluntarily.

The work undertaken in 2021 and described in this statement, builds on the initial work and commitments outlined in the initial, voluntary statement. This voluntary disclosure supported Pilbara Minerals' commitment to identify and act upon the potential occurrence of modern slavery within its supply chain and the associated risk of this practice when procuring goods and services. As a follow up to the initial survey, the suppliers identified as potentially high-risk formed part of a second round of enquiry in FY2021.

During FY2021, Pilbara Minerals also introduced its Modern Slavery Policy and acquired additional lithium operations through the acquisition of Altura Lithium Operations Pty Ltd, which is now known as Ngungaju Lithium Operations Pty Ltd (**NLO**). As a result of the acquisition, supply and personnel needs increased providing an opportunity for the Company to ensure the expanded supply chain further engaged service providers that met rigorous procurement pre-qualification criteria consistent with its Modern Slavery Policy.

In addition, further work to obtain disclosures from the remaining suppliers occurred. In FY2021, Pilbara Minerals established a new sales approach for its uncommitted spodumene concentrate, an on-line auction process using the Battery Material Exchange (BMX) platform. As part of the pre-qualification process for bidders being able to access this auction platform, Pilbara Minerals used the Dow Jones Risk & Compliance tool. This tool provides consideration of modern slavery practices of potential bidders.

Yours faithfully



Ken Brinsden  
Managing Director and CEO



# Introduction

This is Pilbara Minerals Limited's (**Pilbara Minerals or the Company**) second Modern Slavery Statement (**Statement**) under the *Commonwealth Modern Slavery Act 2018* (**Act**). It has been prepared in accordance with the Guidance for Reporting Entities (**Guidance Tool**)<sup>1</sup>.

Pilbara Minerals' annual consolidated revenue during the financial year ending 30 June 2021 (**reporting period**) has now exceeded the A\$100 million threshold, and as such the Company is obligated to report mandatorily.

The purpose of this Statement is to articulate the Company's adopted approach during the reporting period in addressing aspects of modern slavery within its supply chain, as defined within the Guidance Tool.

Other third-party resources were also used, including the "Cause, Contribute, Directly Linked" continuum provided in the United Nations Guiding Principles on Business and Human Rights<sup>2</sup> as well as the Global Slavery Index website<sup>3</sup>.

Benchmarking against leading practice examples helped inform the preparation of this Statement and identify improvement opportunities.

This Statement is made by the Company on behalf of itself and all of its wholly owned subsidiaries (**Group**). The Statement covers the activities of the Group for the financial year ending 30 June 2021.

The Company's Sustainability Committee and Audit and Risk Committee, which includes non-executive directors and relevant management personnel, met on a routine basis throughout FY21. These committees also include relevant Company personnel and consider modern slavery risks and management measures relating to modern slavery systems, and supply chain operations and initiatives throughout the Group. The Board of Directors has overall oversight and accountability.



<sup>1</sup> <https://modernslaveryregister.gov.au/resources/>

<sup>2</sup> [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

<sup>3</sup> <https://www.globalslaveryindex.org/>

# Our Business and Structure

Pilbara Minerals is a company incorporated in Australia and listed on the Australian Securities Exchange (**ASX: PLS**).

Pilbara Minerals owns 100% of its Pilgangoora Project (**the Project**) located 120km from Port Hedland in Western Australia's Pilbara region (Figure 1).

As of October 2021, Pilbara Minerals has two active operating plants. The 2Mtpa stand-alone mining and processing operation (**Pilgan**) can at nameplate capacity produce ~330,000tpa of spodumene concentrate as well as a by-product of a +5% tantalite concentrate. The Company is progressing a staged restart and ramp-up of production at the Ngungaju mining and processing facilities (**Ngungaju**), which is expected to be able to produce an additional 180,000-200,000 tonnes per annum of spodumene concentrate.

The primary product produced, spodumene concentrate, is used in the manufacture of lithium-ion batteries that power clean energy technologies such as electric vehicle and energy battery storage.

With the recent acquisition of NLO, there are now seven wholly owned subsidiaries within the Group as detailed below (Figure 2).

The Group had sales revenue of A\$175.8 million for the reporting period relating primarily to spodumene sales.

As at 30 June 2021, the Group had 159 direct employees and an additional 150+ site-based people through its major contractors.

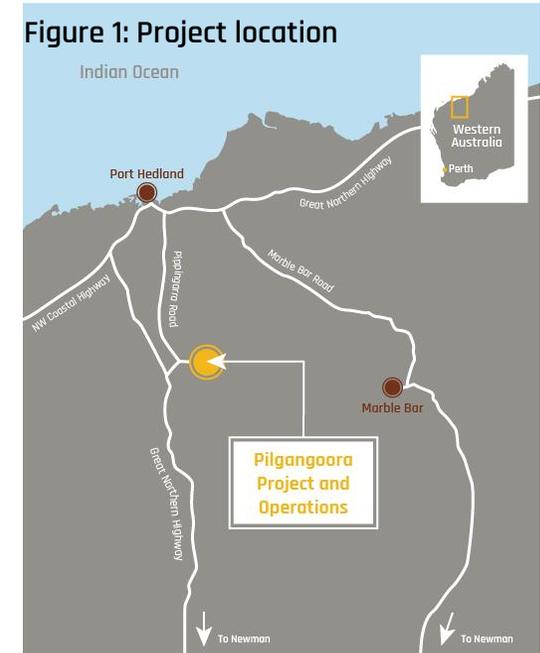
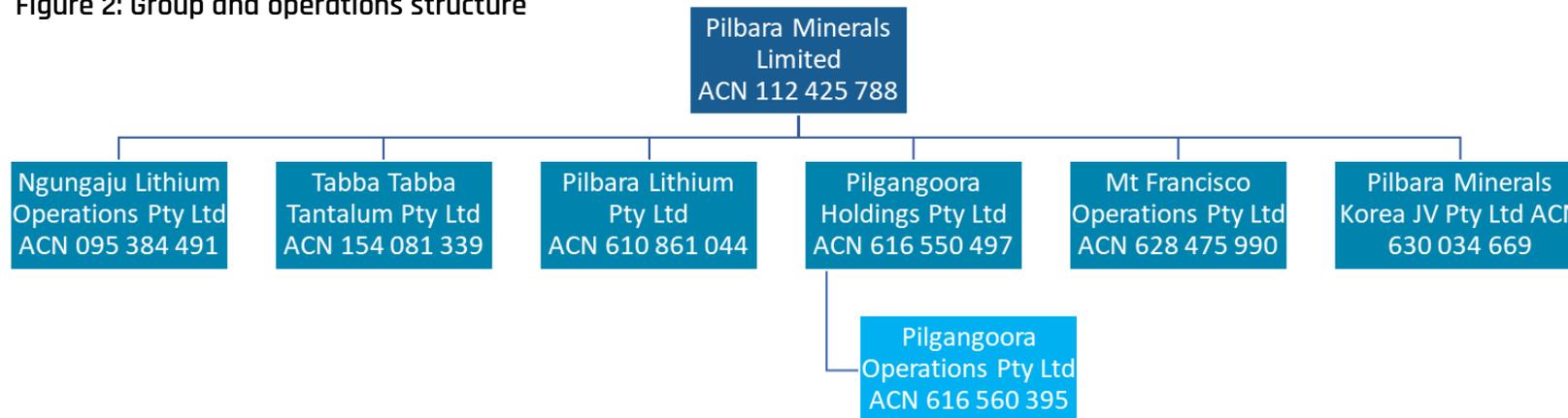


Figure 1: Project location

Figure 2: Group and operations structure



# Our Operations

Pilbara Minerals mines and processes hard-rock lithium to produce a spodumene concentrate. This spodumene concentrate is transported via road to the Port of Port Hedland for shipping to customers in North Asia.

As part of this process, Pilbara Minerals also produces a tantalite concentrate which is transported via road to a customer in the south-west of Western Australia.

Corporate support functions are provided for all Group entities from Pilbara Minerals' registered office located at Level 2, 88 Colin Street, West Perth, Western Australia.



Major services such as mining, crushing, transportation, camp facilities and laboratory are provided by contractors on site, with management, administration, metallurgy and processing activities undertaken by direct employees.

An outline of the key functions undertaken across the Project and the responsibility for those functions is provided in Figure 3.

**Figure 3: Corporate and operational functions**



\*Pilbara Minerals and its subsidiaries have entered into various operational agreements with a number of specialist contractors for specified terms depending on the type of agreement and nature of the work or services provided.

# Our Workforce and Supply Chain

As of June 2021, Group employees were made up of:



As of June 2021, key goods and services supplied to the Group by ~400 active suppliers that were made up of:

- Operational contracting services
- Construction services
- Professional services
- Consultancy services
- Plant and equipment hire
- Consumable supply (including fuel and hydrocarbons)

Figure 4 - Goods/services provided by Tier 1 contractors (by % annual spend)

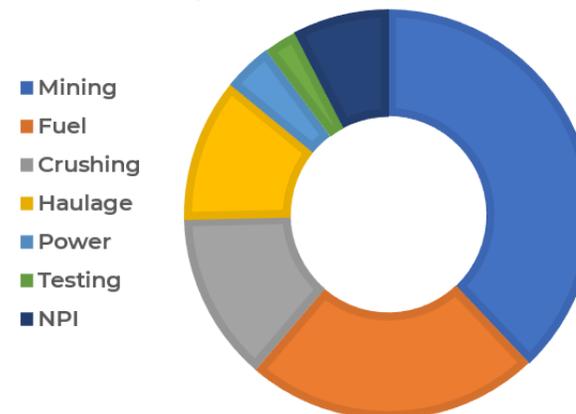
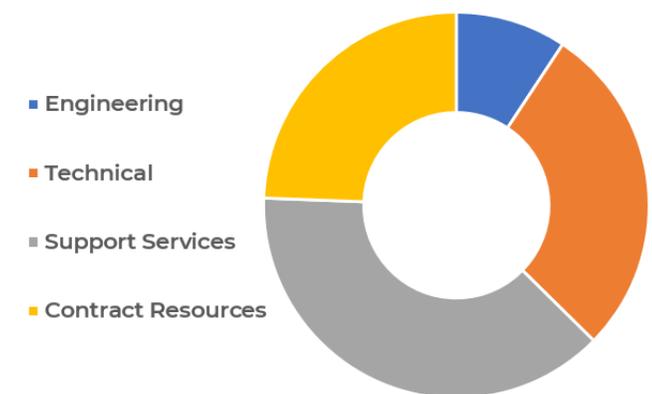


Figure 5 - Operational support services (by % annual spend)



# FY2021 Highlights

## Modern Slavery Policy - delivered and implemented

In April 2021, Pilbara Minerals implemented its Modern Slavery Policy for the Group. The policy articulates the Company's support to reduce the risk of modern slavery throughout its supply chain by actively engaging with Suppliers and Contractors. To ensure that its own workforce understands modern slavery, Pilbara Minerals introduced the policy to existing staff via a Business Update, an internal communication tool, and also included it in the induction process for new starters. In addition, the policy was posted on the Company's intranet and referenced in the Sustainability Report section of the FY21 Annual Report. Pilbara Minerals also committed to ensuring that its own workforce understands modern slavery and that appropriate training would be provided.

To address modern slavery risks inherent in the broader mining sector, Pilbara Minerals routinely liaises and collaborates with members of industry associations such as the Chamber of Minerals and Energy of WA to help stay informed of relevant modern slavery developments and to leverage improvements in modern slavery risk management.

## Risk Management – developed measures

The Group's Enterprise Risk Register includes modern slavery and management measures developed including the following:

- **Contract and agreement processes - developed**

Modern slavery mitigation requirements were integrated into the Group's standard contract and agreement templates and processes. This included amending the Group's New Supplier process to include a Modern Slavery Questionnaire.

Furthermore, Pilbara Minerals amended its Recommendation for Award (RFA) process to include checks to ensure that any contractor recommended for a contract award complies with the Group's Modern Slavery Policy.

- **Supplier queries - feedback provided**

Through the initial survey, Pilbara Minerals identified ten companies in the Group's supply chain who had responded that they actively sourced goods in higher prevalence areas of modern slavery.

The Company subsequently revisited each of these suppliers and re-rated their risk profile based on the supplier's response that each supplier:

- no longer actively operated in that area; and/or
- recognised that their responsibilities extend to their supply chain and their relationships with their suppliers in achieving the best performance, product, delivery, service and total cost in an ethical and sustainable manner.

The follow up survey process was completed with no material issues noted from new supplier declarations received.

- **Whistleblower Policy - updated**

Implementation of the Whistleblower Policy included notification to all staff and a formal mechanism for lodging any complaints. The policy is included on the Company website as well as the intranet.

The ongoing monitoring and risk review process, which includes stakeholder feedback, supports the Company's commitment to continual improvement. For example, the initial supplier surveys undertaken are being reviewed to further identify suppliers operating within high prevalence areas and additional measures are being identified.

## FY2021 Highlights - KPIs

A summary of initiatives and results, approved by the Board, has been updated from the Company's previous Modern Slavery Statement (Table 1):

Table 1: FY2021 Initiatives and KPIs

Initiative	FY21 KPI	Result
Develop and roll out Modern Slavery Policy	Complete and formally rolled out through the Group and to suppliers.	ACHIEVED Modern Slavery Policy was rolled out within the Group and issued to suppliers in FY2021
Conduct modern slavery training across organisation	Minimum of 50% of employees taken through a modern slavery familiarisation presentation to increase awareness	ONGOING The Company introduced the policy to all existing staff and included it in induction packages for new staff. It also looked at several suitable training packages during the year, and whilst a preferred vendor was selected, the training did not commence prior to end of the reporting period. Training has been scheduled during the first half of FY2022.
Clauses relating to modern slavery included in Group agreements	Target 100% to update existing Group template agreements	PARTIALLY ACHIEVED The Company did not update all of the Group's standard agreements by the end of the reporting period. However as of September 2021, all of the Group's procurement goods and services agreements address obligations for modern slavery.
Analysis of suppliers who responded to be sourcing in higher prevalence areas	Target 100% completion	ACHIEVED 100% response received reviewed and assessed.
Awareness paper on modern slavery issued to suppliers	Minimum of 75% of active supplier base	PARTIALLY ACHIEVED The Company has decided to provide the Modern Slavery Policy to suppliers as part of its general awareness process.

# Complete Picture (risks/ supply chain & mitigations)

During FY21, Pilbara Minerals continued to assess its modern slavery exposure risks, either directly or indirectly through the regions in which it and its suppliers operate, the industry it is in and that of its suppliers, and the goods and services that it actively procures. As a Company, Pilbara Minerals continued to collect data, manage and monitor its modern slavery risk as shown by the following FY21 statistics snapshot.

## Geographical risk

- Australia has one of the lowest prevalence of modern slavery in the world with an estimated proportion living in modern slavery of 0.065%<sup>1</sup>
- To date, Pilbara Minerals has queried 73 of its suppliers, many of whom operate across multiple areas.
- Regions where Pilbara Minerals suppliers operate<sup>2</sup> (Figure 6)
  - Africa
  - Asia (incl. India)
  - Australia/NZ
  - Europe
  - Middle East
  - North America
  - South/Latin America
- Proportion of suppliers with activities in areas rated with a high prevalence of modern slavery = ~1%<sup>3</sup>

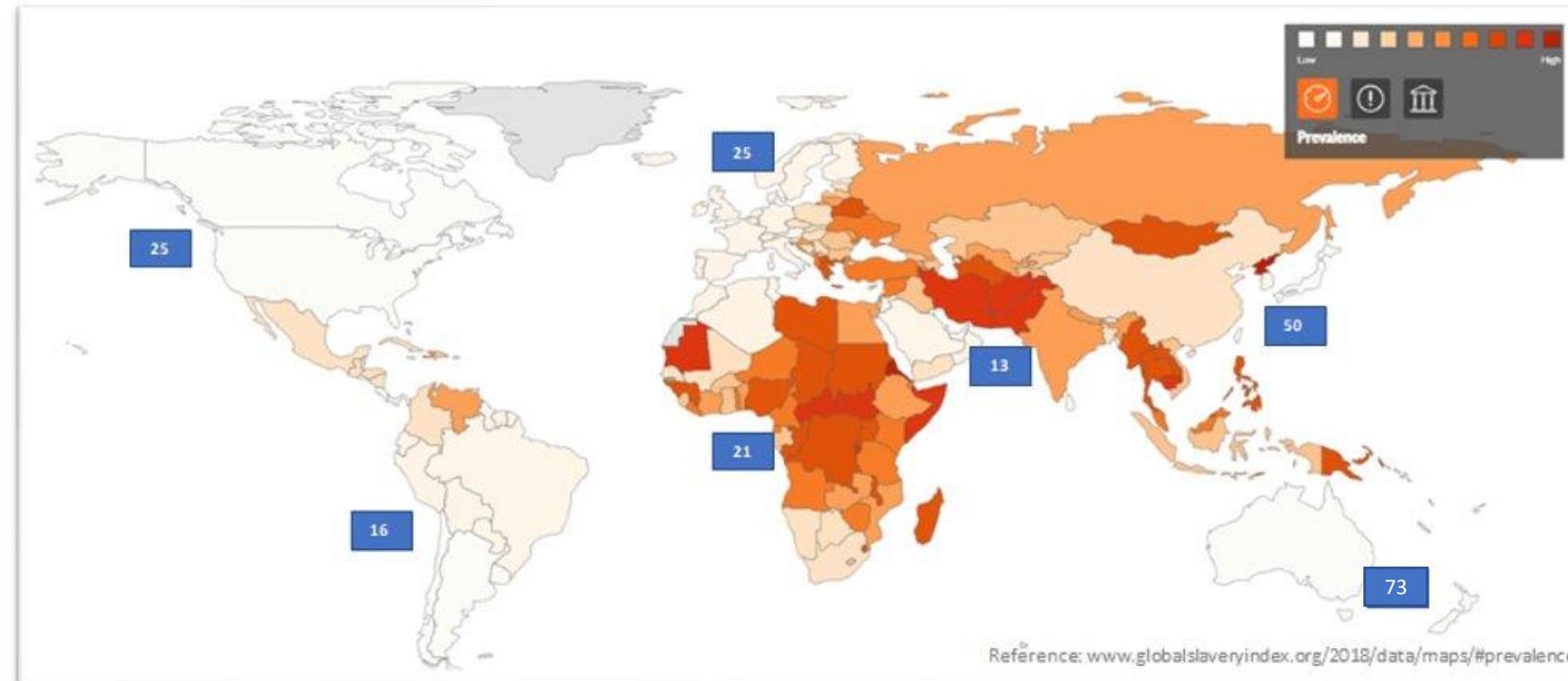


Figure 6: Regions where Pilbara Minerals' suppliers surveyed operate [some suppliers operate across multiple areas]

<sup>1</sup><https://www.globalslaveryindex.org/2018/data/maps/#prevalence>

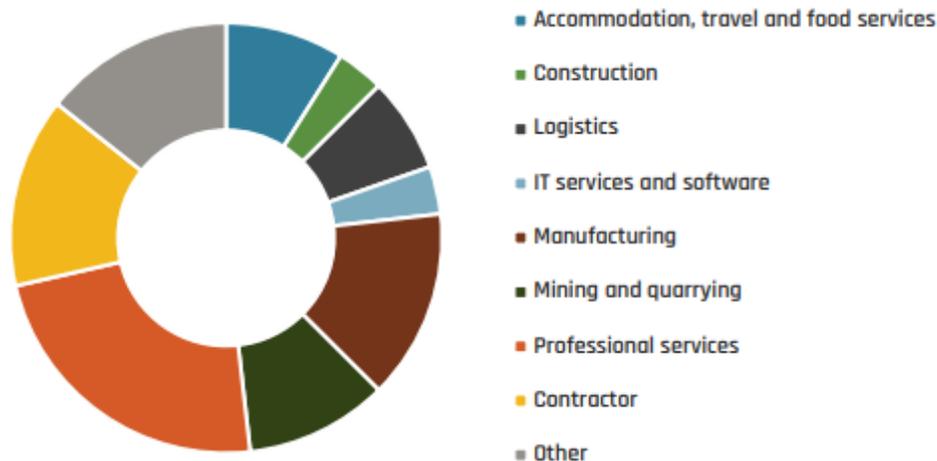
<sup>2</sup>Many of the survey respondents were shown to actively operate in and/or source from more than one geographical location

<sup>3</sup>Suppliers operating in high-risk areas had a supply chain policy in place setting out minimum standards expected from their suppliers that included business ethics addressing modern slavery

# Complete Picture (risks/ supply chain & mitigations cont.)

## Industry risk

- Industries the Group's suppliers operate in:



- Exposure to modern slavery in each of these industries was considered and Pilbara Minerals identified a higher risk in large scale manufacturing, and cleaning services.
- Pilbara Minerals has ensured working and pay conditions have been benchmarked with that of its industry peers.

## Product/service risk

- Top imported products subject to modern slavery in Australia:
  - Electronics (China)
  - Garments (China)
  - Fish
  - Rice
  - Cocoa
- Of these, Pilbara Minerals actively procured:
  - Electronics – computers, phones, laptops sourced from Western Australian suppliers
  - Garments - PPE sourced from Western Australian suppliers
- The Group endeavours to deal with reputable, and established suppliers. For example, Pilbara Minerals uses the Modern Slavery Questionnaire to assess suppliers about their level of due-diligence throughout the supply chain.

## Development

- Third party subject matter expertise, has been considered. However, given the competencies available internally within the Company and the low risk profile (i.e. 1% of suppliers with activities in areas rated with a high prevalence of modern slavery ) such expertise was not considered necessary.

# Pilbara Minerals FY22 initiatives

Pilbara Minerals is continuing to take proactive steps in reducing the risk of modern slavery, and ensures it maintains a level of transparency throughout its business dealings.

To support the Company's ongoing development, initiatives and KPIs have been set for the next reporting period (Table 2).

**Table 2: FY2022 Initiatives and KPIs**

Initiative	KPI
Prepare and submit mandatory Modern Slavery Statement for FY2022 activities	By 31 December 2022
Conduct modern slavery training for key areas of the organisation, in particular Contracts & Procurement	100%
Update standard procurement based legal agreements to contain relevant obligations as they relate to modern slavery and the expectations thereof	100%
Consider introducing a Supplier Code of Conduct setting out expectations from the Company's active suppliers	By end of FY 2022
Conduct a deeper analysis of modern slavery risk on selected suppliers (e.g. via an external database or third-party provider)	By end of FY 2022
Review the existing questionnaire and update as, and if, required	By end of FY 2022





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