



Detera
ROYALTIES

Modern Slavery Statement FY2023

Detera Royalties Limited
ACN 641 743 348

1. Introduction

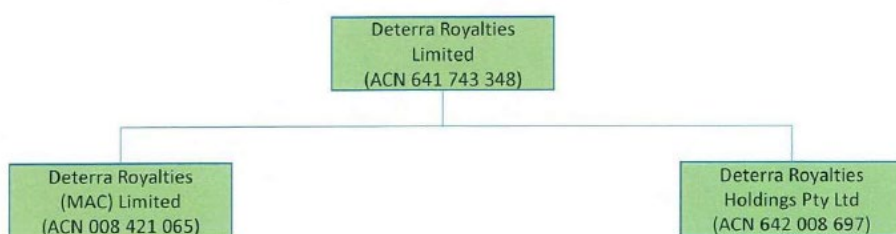
We are committed to operating with integrity and growing responsibly. We uphold fundamental human rights and believe that all people should be treated with dignity and respect.

This is our third statement, published in accordance with Australian Modern Slavery Act 2018 (Cth) for the financial year ending 30 June 2023 (**FY23**). The statement details the steps we have taken to assess modern slavery risks within our operations and supply chains, the actions we have taken to address those risks and how we evaluate the effectiveness of our actions.

We have not identified any actual instances of modern slavery in our operations or supply chain in this reporting period.

This statement is a consolidated joint statement that covers the activities of Deterra Royalties Limited ACN 641 743 348 and its wholly-owned subsidiaries Deterra Royalties (MAC) Limited ACN 008 421 065 and Deterra Royalties Holdings Pty Ltd ACN 642 008 697 (together, **Deterra**).

The structure of the reporting entities is illustrated below.



Deterra Royalties (MAC) Limited is the owner of the Mining Area C, Yoongarillup/ Yalyalup and Wonnerup Mineral Sands assets and Eneabba asset; Deterra Royalties Holdings Pty Ltd is the owner of the St Ives assets (see “Our Operations” below for more details).

2. About us

2.1. Company structure

Deterra is an ASX 200 listed company headquartered in Perth, Western Australia.

Our principal activity is the management and growth of a portfolio of royalty assets across a range of commodities, with a focus on bulk, base and battery metals. Our business model is simple and transparent, focused on high margins and dividends and disciplined growth as outlined in the figure below.



2.2. Operations

Our business model involves investing, principally through holding royalties, in mining projects that are owned and operated by third parties. Deterra does not directly control or influence the operations in which we have a financial interest. Deterra holds six royalty assets in our current portfolio, all located within Western Australia, shown in the figure below.



Our existing portfolio of royalties include:

- **Mining Area C.** Deterra owns a royalty over Mining Area C, a BHP majority-owned and operated iron ore mine located in the Pilbara region of Western Australia. The mine will be the largest operating iron ore hub in the world, producing 145 million tonnes of iron ore per year, when the recently completed South Flank expansion reaches full production. The Mining Area C royalty is our cornerstone asset.
- **Yoongarillup/ Yalyalup Mineral Sands Mines.** Deterra owns two royalty agreements over mineral leases near Busselton, Western Australia, currently operated by Doral Mineral Sands Pty Ltd. The Yoongarillup site is in the decommissioning phase and has been replaced by the Yalyalup mine (over which Deterra retains a royalty) 6km north-east of the previous operations, which reached full production capacity in 2023.
- **Wonnerup Mineral Sands.** Deterra owns a royalty agreement over mineral leases near Busselton, Western Australia, currently mined by Tronox through its subsidiary Cable Sands (W.A.) Pty Ltd. Mining at Wonnerup North using existing facilities is underway. Approvals for extension have been received and mining has commenced.

- **Eneabba Project.** Deterra owns a royalty agreement over mineral leases located 200km north of Perth in Western Australia. These leases have been acquired by Image Resources NL.
- **St Ives Gold Project.** Deterra owns a royalty agreement over mineral leases located near Kambalda currently held by St Ives Gold Pty Ltd. No mining activity is anticipated on these leases in the immediate future.

Deterra has nine employees bringing together a blend of corporate finance and mining expertise. Our workforce is based at our Perth office.

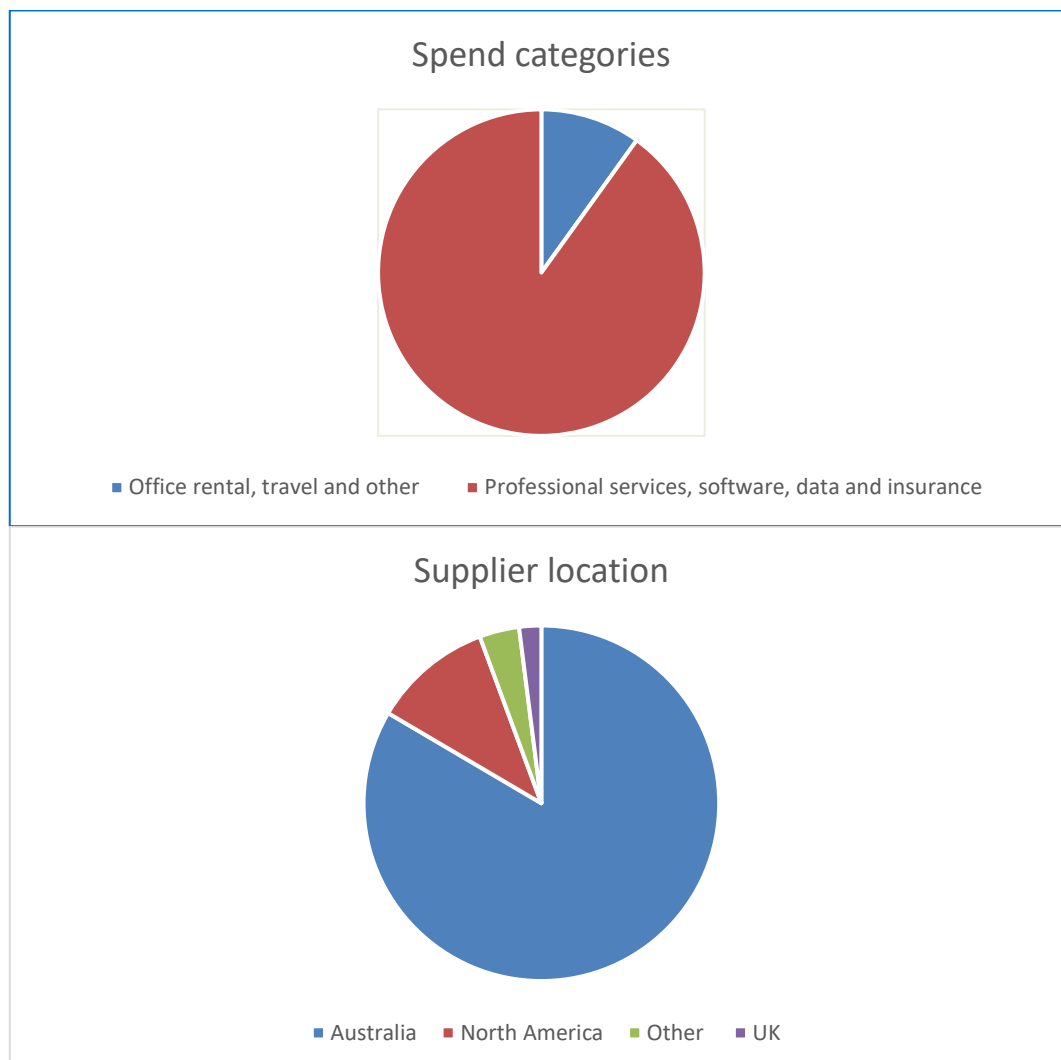
2.3. Supply chains

Tier 1 suppliers are suppliers that Deterra directly engages to provide goods and services to support our operations. Tier 2 suppliers are suppliers that are engaged by Deterra’s Tier 1 suppliers to provide goods and services in support of Deterra’s operations.

Deterra had over 70 active Tier 1 suppliers in FY23 with a total supplier expenditure of \$5.2 million*.

Our highest value suppliers provide consulting services, data subscription and information technology support and travel services.

Most of Deterra’s Tier 1 suppliers are based locally in Australia or in North America, with some large professional services and data subscription providers using employees working across global offices.



* Analysis excludes suppliers with a spend below \$10,000.

Our highest value tier 2 suppliers are global airlines and global insurers.

2.4. Corporate Governance

Deterra seeks to conduct its business activities with appropriate due diligence and in accordance with relevant standards, laws and regulations, including the UN Guiding Principles on Business and Human Rights.

Deterra’s Board has ultimate responsibility for this modern slavery governance and risk management, supported by the Sustainability Committee.

Our governance framework is designed to support our team in delivering our strategy and guide effective and responsible decision making (outlined in the figure below). Our commitment to respecting human rights is embedded in our governance framework and is communicated to all stakeholders, including via employee training and supplier onboarding. The following policies form part of our framework:

Human Rights Policy	This policy outlines our commitment to respecting human rights and conducting business with appropriate due diligence. Deterra rejects any form of slavery, forced or child labour, and we will work to ensure that such practices are not present in our business or our supply chain. Our employees will be treated fairly without discrimination and we will promote diversity in the workplace. Our Human Rights Policy is embedded in our onboarding process for suppliers and forms part of our induction process for new employees.
Whistleblower Policy	This policy provides an easily accessible complaints mechanism to respond to grievances in a timely manner and is designed to promote a workplace in which everyone feels safe, supported and encouraged to report potential misconduct without fear of retaliation.
Directors and Employees Code of Conduct	Our Code of Conduct specifies standards of behaviour for all directors, employees and contractors. We are committed to conducting business honestly, with integrity, and in accordance with our values and standards.
Diversity and Inclusion Policy	We are committed to attracting and retaining the best people while building and maintaining a diverse, sustainable and high achieving workplace, as reflected in this policy. We seek to provide a safe and inclusive workplace, free from harassment and discrimination.
Anti-bribery and Corruption Policy	We are committed to complying with the laws and regulations of the countries in which we operate, conducting business ethically and have zero tolerance for bribery and corruption, as reflected in this policy.
Environmental, Social and Governance (ESG) Investment Policy	This policy outlines our commitment to assessing ESG risk exposure and opportunities when considering new investments. This includes committing to assessing the modern slavery risks we are exposed to through our investments.

3. Risk assessment and due diligence

3.1. Operational risks

Our employment practices ensure that our direct workforce of nine people is not at risk of exploitative treatment such as slavery, forced labour or servitude.

Our business model involves investing, principally through holding royalties, in mining projects that are owned and operated by third parties. Globally, there is a material risk of modern slavery practices such as human trafficking, child labour, force labour or bonded labour in the operations and supply chains of mining assets due to:

- operations in jurisdictions at high risk of corrupt practices;
- challenges overseeing multi-tiered supply chains; and
- reliance on low-skilled workers and labour outsourcing practices.

To ensure that these risks are minimised, we are committed to carefully assessing not only the location and quality of the assets but also our operating partners prior to making an investment. Deterra has adopted ESG Assessment Criteria for New Investments, which describes our due diligence framework. Deterra declines to invest where our due diligence process identifies unacceptable risk.

At present, our largest royalty exposure is to Mining Area C, which, through the South Flank expansion, is growing to become one of the world's largest iron ore mining hubs. There are inherent risks of modern slavery in the resources sector. [BHP's approach](#) to managing modern slavery risks is embedded in its Human Rights Policy Statement and supporting standards and implemented through BHP's management and due diligence systems across its assets, as detailed in BHP's own [modern slavery statement](#) from time to time.

3.2. Supply chain risks

In FY23 we continued to expand our supplier diligence to assist in better understanding our suppliers, including their policies and practices relevant to modern slavery. We targeted high value suppliers that were not captured in previous surveys as well as those suppliers who previously demonstrated room for improvement. We supplemented our supplier questionnaire with a review of public disclosures made by selected suppliers.

Key criteria against which we assessed our suppliers were:

- **visibility of their supply chain**, in order to understand if they are assessing modern slavery risks in their supply chains, beyond Tier 1 suppliers;
- **implementation of policies and procedures** to deal with modern slavery risks, to understand what each organisation is doing to manage modern slavery risks;
- **remediation procedures**, to address allegations of modern slavery or substandard working conditions in its operations or supply chains;
- **governance**, to ensure proper management of modern slavery risks;
- **implementation of training**, to understand if employees are trained on how to identify, assess and respond to modern slavery risks; and
- **due diligence activities**, undertaken to identify, prevent and mitigate risks specific to modern slavery in its operations and supply chains.

Our supplier survey and supplementary diligence covered 75% of our supplier expenditure in FY23.

Deterra assesses that the risk of modern slavery in its Tier 1 suppliers is low because our Tier 1 suppliers are predominantly within the low-risk professional services sector based in jurisdictions which are low-risk for modern slavery due to strong governance and rule of law. Our Tier 1 suppliers also typically demonstrate a high degree of maturity in their governance practices.

We identified a small number of suppliers who are still in an early stage of implementing formal modern slavery governance. In each case, these suppliers rely on a small, highly-skilled workforce for the delivery of professional services, so the Company considers that the risk of modern slavery occurring directly within the suppliers is low. However, the Company will continue to monitor the progress of these suppliers and encourage them to adopt formal mechanisms to manage modern slavery. The Company was heartened to see substantial year-on-year improvement with our largest continuing supplier who was flagged as having an immature approach to modern slavery in its FY22 supplier survey response.

We recognise that some modern slavery risk exists at our Tier 2 supplier level, for example due to the outsourcing of some labour by our Tier 1 suppliers. We continue to address this risk through supplier diligence to gain confidence that modern slavery risks are addressed within our Tier 1 suppliers' operations and supply chain.

4. Managing modern slavery risks

Deterra has progressed several actions in FY23 to mitigate the risk of modern slavery including:

- **Participating in the UN Global Compact**, which will help guide and further develop internal capacity to assess, measure and communicate our commitment to respecting human rights.
- **Continuing to refine implementation of our ESG Investment Assessment Criteria for New Investments**, ensuring the Company's investment decisions will be guided by factors including, but not limited to:
 - Health and safety, including incidents, fatalities, and injury frequency rates.
 - People, including diversity and inclusion, attraction and retention, training and development.
 - Human rights (inclusive of modern slavery commitments and assessments) and supply chain management.
 - Engagement with Indigenous people and communities including social impact management, stakeholder engagement and local content.
- **Expanding the scope of our supplier questionnaire** and other due diligence to better understand our suppliers, including the mechanisms that they have in place to manage modern slavery risks (see above).
- **Developing and delivering training to employees** business-wide on modern slavery, to increase knowledge and understanding of potential risks within the Company including our supply chain.

5. Remediation

Deterra has not identified any instance of having caused or contributed to modern slavery.

Our Whistleblower Policy contains a step-by-step guide to our grievance investigation and resolution process and is publicly available on our website. However, no modern slavery issues have been raised via our grievance resolution process.

With no issues yet requiring remediation, our focus has been on prevention.

6. Evaluating the effectiveness of our actions

To evaluate the effectiveness of our actions, we consider quantitative measures such as:

- percentage of supplier spend subject to screening;
- number of suppliers identified as medium or high risk;
- percentage of employees completing training; and
- number of grievances raised in relation to modern slavery or human rights issues.

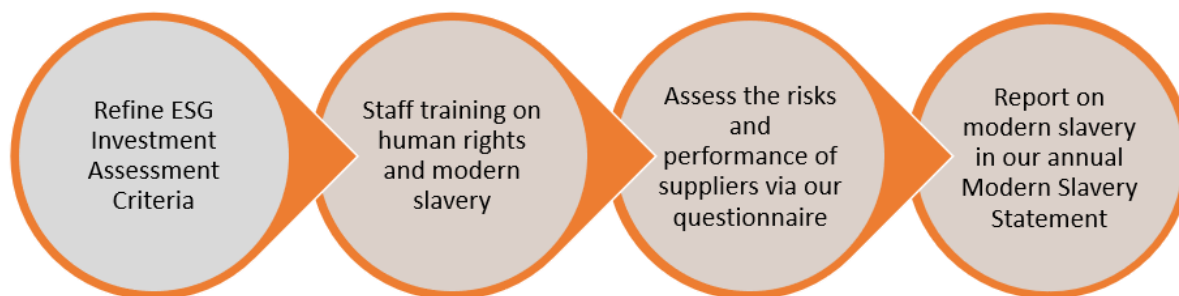
We also consider qualitative measures such as:

- alignment of our governance documents with best practice guidance;
- improvements in our understand of modern slavery and associated risks; and
- outcomes of supplier due diligence and ESG investment due diligence.

7. Future Actions

To continue to mitigate modern slavery risks across our business, including our supply chain in FY24 Deterra will:

- **Continue to refine our ESG Investment Assessment Criteria for New Investments** to ensure alignment with Deterra’s commitment to human rights. In making new or further investments we will seek to understand and take into account ESG risks, and endeavour to negotiate appropriate contractual protections with a view to seeking full disclosure and transparency over each mining operations’ ESG performance.
- **Continue to train employees** about human rights, including the risks of modern slavery, to increase knowledge and understanding of potential risks within the Company, including our supply chain.
- **Continue to assess the risks and performance of suppliers** via our questionnaire in relation to modern slavery risks, and informing future procurement decisions.
- **Continue to report on modern slavery risks**, including management of such risks, within our annual modern slavery statement.



8. Consultation

Deterra operates as an integrated group, with shared management and centralised services such as legal, finance and IT. All entities within the integrated group are governed by the same risk management framework and governance practices. Policies, processes and systems apply consistently to all members of the group. All key Deterra functions have been consulted in the development of this Statement.

9. Approval

The Deterra Board authorised and approved the publication of this Statement on 30 October 2023.

Julian Andrews
Managing Director and Chief Executive Officer