

2 April 2020

ALS Coal Australian Superintending and Certification unit – completion of independent investigation

ALS Limited (ASX code: ALQ) provides the following update on the outcomes of an independent investigation into allegations that certificates of analysis issued by the Company's Australian Coal Superintending and Certification Unit were amended without justification.

Independent investigation of certification of coal samples

An independent forensic investigation has been completed into the certification of coal samples in the Coal Superintending and Certification Unit within the ALS Coal business stream, which accounted for less than 3% of ALS Group underlying EBIT in the financial year ended 31 March 2019.

The investigation has identified evidence that approximately 45-50% of the certificates of analysis were manually amended without justification in the Company's laboratories in Newcastle, Mackay, Gladstone and Emerald since acquisition of the ACIRL business by ALS in 2007. No evidence of bribery or other third-party payments involving ALS staff has been found or indicated.

As previously announced, the four most senior staff of the Coal Superintending and Certification Unit were suspended pending the outcome of the investigation. The employment of the GM Coal Services has since been terminated and the other three staff are no longer employed by the business.

ALS has continued to communicate with clients of the Coal Superintending and Certification Unit about the progress of the investigation and the Company's remedial actions. To date there has been no material change to the performance of the business. Stringent additional measures have been put in place to stop the amendment of certificates without proper justification. The Company is also planning several enhancements to further automate the certification and reporting process to ensure the issuance of certificates of analysis is tightly controlled within the Company's laboratory information management system COAL 8, used by the Coal business stream.

ALS and its relevant subsidiary are in the process of referring the matter to the NSW Police, in accordance with legal obligations.

Independent review of Group certification and reporting processes

The independent review of controls relating to the certification and reporting of other sampling and testing results within the Company's global business operations has also been completed.

The review was separately commissioned as soon as the Company became aware of the allegations that certificates of analysis had been amended without justification within the Australian Coal Superintending and Certification Unit.

The review examined testing practices within the Group's Laboratory Information Management Systems and the controls in place for reporting results to clients across all business streams (excluding ALS Coal); reviewed standard operating procedures against relevant international standards; and assessed the broader integrity, ethics and governance framework and environment in which all ALS staff operate.

The review validated preliminary findings that the risks associated with coal certificates of analysis are isolated to the Australian Coal Superintending and Certification Unit and that similar practices had not been identified elsewhere in the Company's operations.

The review concluded that the controls relating to the Company's testing and reporting practices are in place and operating effectively and no material risks were identified.

CEO and Managing Director, Raj Naran said, "This is a very serious breach of the ethical standards we expect from everyone who works for ALS, and we have taken strong action to put an end to the behaviour.

"Now that we have established the extent of the issues within the coal superintending unit, our focus is on upgrading systems and processes to ensure the integrity of coal certifications and reassure our clients.

"While the findings of the investigation are very disappointing, we are pleased that the review found no evidence of any similar practices elsewhere in the Group.

"How we have responded to this situation demonstrates the importance of our Code of Conduct and the standards of behaviour and business ethics we expect of everyone who works for and with ALS."

This announcement was approved for release by the Board of ALS Limited.

Further information:

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About ALS Limited

ALS is a global Testing, Inspection & Certification business. The company's strategy is to broaden its exposure into new sectors and geographies where it can take a leadership position.