

# **Modern Slavery Statement for Vulcan Steel Limited**

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Reviewed and adopted by the Board on 19 October 2022

This modern slavery statement (**Statement**) describes the steps taken by Vulcan Steel Limited and its subsidiaries including Vulcan Steel Pty Limited, Ullrich Aluminium Co Limited and Ullrich Aluminium Pty Limited (**Vulcan**) during the financial year ended 30 June 2022 (**FY22**) to address modern slavery risks in its business and supply chains.

This statement is made in accordance with the Modern Slavery Act 2018 (*Cth*) (**MS Act**).

## 1. Introduction

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Vulcan has a zero-tolerance policy for human rights violations including modern slavery practices. This Statement outlines Vulcan's commitment to identify and address the risks of modern slavery practices in its operations and supply chains. With a company culture proudly centred around a safe and enjoyable workplace, ensuring modern slavery practices are not present in Vulcan's operations, as well as Vulcan's supply chains, are of the highest priority. Vulcan recognises that modern slavery practices are not always easy to identify in supply chains outside of their direct control, therefore takes a risk-weighted approach in identifying supply chains most at risk.

This Statement aligns with the MS Act in which modern slavery offences refer to situations where coercion, threats, deception, violence, or abuse of power are used to exploit victims and undermine or deprive them of their liberty. These could include slavery, servitude, human trafficking, forced labour, debt bondage, forced marriage, deceptive recruiting for labour or services, and the worst forms of child labour. Referencing international steel mills, forced and deceptive recruiting for labour will be two areas of focus.

Vulcan is committed to assessing risks and enabling a level of confidence to shareholders and stakeholders that modern slavery practices are effectively identified and managed. Vulcan has senior staff assessing risks on an ongoing basis. Vulcan recognises that tackling the risk of modern slavery in their supply chains will take ongoing commitment, time and resources and requires awareness and education of all stakeholders.

## 2. Organisational Structure and Operations

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A successful Australasia distributor and value-added processor of metal products with an appetite for profitable and value accretive growth, Vulcan is one of the largest leading steel distributors in Australasia. With a purpose to be the most efficient metals distributor in the Australasian market, Vulcan offers distribution of metal products including aluminium, carbon, engineering and stainless steels, as well as coil and plate processing services to a wide range of industries including manufacturing, transport, forestry, engineering, medical, construction, agriculture and marine.

During FY22, Vulcan operated in 16 locations in Australia and 13 locations in New Zealand. Since August 2022 (when Vulcan acquired its aluminium operations), Vulcan has been operating from 72 locations across New Zealand and Australia, with 41 locations across all states and territories in Australia and 31 locations in New Zealand (with 20 in the North Island and 11 in the South Island).

All Directors actively support the Company's commitment to identify and address modern slavery risks, having appropriate policies, processes and planning for situations where corrective action is needed. Management provides an update to the Board on Vulcan's compliance with this Statement annually.

### **3. Supply Chain**

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Vulcan has more than 100 direct spend suppliers across carbon, stainless and engineering steel as well as aluminium products with the top 20 representing more than 90% of spend. Vulcan's suppliers span across the globe, risk assessments consider countries of origin, annual spend as well as the term of the relationship with Vulcan. Suppliers comprise steel mills, smelters, rolling mills and service centres along with "traders". Traders buy and sell different steel products from steel mills and rolling mills worldwide and specialise in specific product ranges. Traders also offer extended payment terms, supplier relationship management and handling of freight. Six of Vulcan's top 20 suppliers are traders and represent approximately 22% of Vulcan's direct spend.

Vulcan's procurement strategy focuses on long term supplier relationships, analytics and risk management. Supplier choice reflects purchasing scale, product quality and supply chain risk mitigation.

### **4. Risk Assessment**

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Vulcan's business relies on global supply networks. Therefore, it is important to identify and take action to remedy modern slavery risks in global supply chains where local laws and regulations may be wanting. As well as assessing offshore supplier risks, Vulcan recognises the importance of identifying where issues may arise in domestic operations. Vulcan understands that a safe and ethical business incorporates not just the human rights of their direct operations but also that of their suppliers.

The following assessment of risk is based around whether a practice in Vulcan's operations or supply chain may cause, contribute to, or be directly linked with modern slavery. Vulcan is in the process of assessing risk for its tier 1 suppliers, meaning those with whom Vulcan has a direct relationship. Vulcan will look to move to tier 2 (vendors to our suppliers) in the future once there is maturity in its approach regarding tier 1.

#### **4.1 Operations**

Vulcan has assessed its operations and considers there to be low risk of modern slavery. Vulcan's human resources team have strong processes in place for vetting new employees and ensuring they have the requisite visa status. There are also robust processes in place for assessing wages and salary agreements and verifying payments. All new employees are taken through a comprehensive induction process where they are made aware of Vulcan's standards and policies, ensuring they have been fully understood. The majority of Vulcan's employees are permanent and full time.

#### **4.2 Supply Chain**

Vulcan prides itself in maintaining long term, trusting relationships with suppliers who have strong reputations, ethics and reliable business practices. Vulcan does not knowingly engage with any supplier who is in violation of fundamental human rights or is partaking in modern slavery practices, however Vulcan acknowledges that there is always some risk when operating with third parties as part of a global supply chain. Risk assessment is conducted via the use of a risk matrix designed by Vulcan.

Vulcan’s risk matrix considers three factors, being spend, term of relationship and origin risk, with the origin risk having 50% of the total weighting.

- Spend = degree of exposure to the supplier, products and practices.
- Term of relationship = maturity and transparency of mutual collaboration.
- Origin = The risk score is presented as a percentage, allowing ongoing monitoring of supplier risk scores.

	25%	25%	50%		
<b>Supplier</b>	<b>Spend</b>	<b>Term of Relation- ship</b>	<b>Origin Risk</b>	<b>Total Risk Score</b>	<b>Risk Score%</b>

The risk matrix is then aligned to Vulcan's direct spend, focusing on suppliers that provide products sold to customers. Vulcan has no suppliers flagged as high risk or in need of remediation.

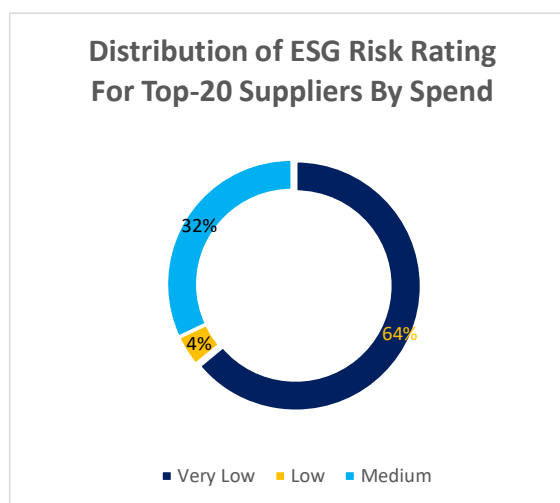
Below is a summary of the assessed risk relating to modern slavery of Vulcan’s top 20 suppliers (excluding suppliers to Ullrich Aluminium (which group was acquired by Vulcan in August 2022)):

**Modern Slavery Management Plan**

<b>Risk Score %(RS%)</b>	<b># of Suppliers</b>	<b>Course of Action</b>
RS% >75%	0	Further investigate and act
RS% >50%, <75%	10	Closely monitor on changes to the score
RS% < 50%	10	Deemed as low risk

Vulcan will continue to develop its risk matrix and consider adding additional fields such as types of labour and training registers in the future. Further, Vulcan intends that suppliers to Ullrich Aluminium will be assessed as information relating to those parties is collected, and those suppliers will be included in Vulcan’s risk assessment and reported on in Vulcan’s modern slavery statement relating to the financial year ending 30 June 2023.

Vulcan is undertaking risk assessments of modern slavery based on geographical location of their suppliers. Using Global Risk Profile’s ESG Index (ESGI) which measures risks related to the environment, human rights, and health and safety as reference points for assessing country risk, Vulcan determined that 65% of spend by origin is very low or low. No high-risk countries were identified.



The other area of supply chain risk identified is within labour intensive services supplied by industries considered moderate to high risk. These services include cleaning services, IT services, apparel manufacturers, maintenance services and waste management. These are defined as indirect spend focusing on suppliers linked to business support functions. Modern slavery risks within these industries could include fraudulent contracting arrangements, below minimum wage payments, health and safety issues and poor ethical treatment of workers. Vulcan’s suppliers of these services are based in New Zealand and Australia and, following analysis, Vulcan considers such suppliers to be largely low risk.

Cleaning services were identified as medium and therefore, will result in provision of Vulcan policy documents and education.

Risk Category	Indirect Spend Type	Identified Risks
High	N/A	
Moderate	Cleaning	Breach of workplace Laws, Below minimum wage payments, OH&S issues, Excessive Overtime
Low	Transport, Leases, Electricity, Gas, Water, Professional Services, IT, Maintenance, Fuel, Packaging, Waste Management	

## 5. Risk Management - Due Diligence and Remediation

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Vulcan has policies and standards in place to actively protect human rights within operations and supply chains. These documents outline the principles, standards and behaviours expected to be upheld by Vulcan employees, contractors, and suppliers. Policies that set out Vulcan's commitment to addressing modern slavery include the Whistleblower Protection Policy, Anti Bribery and Corruption Policy, Health and Safety Policy, Supplier Code of Conduct, and Procurement Policy.

Vulcan’s procurement personnel all receive regular mandatory training on the MS Act and Vulcan's applicable policies to ensure that they are able to identify and take action in relation to any incidents of modern slavery in Vulcan’s supply chain. Vulcan will provide future updates on extended internal and external training as these progresses.

Vulcan’s procurement personnel manage the due diligence and onboarding of all new tier 1 suppliers, supplier agreements and standard purchase arrangements, to ensure that they address modern slavery where practical. All new suppliers are provided copies of or links to Vulcan's relevant corporate governance policies as part of the onboarding process, Vulcan requires confirmation of their acceptance. Existing suppliers will follow the same process if they are within Vulcan's top 20 suppliers or classed as a moderate risk for indirect spend.

For the management of ongoing risks, Vulcan reviews and updates risk profiles for > 80% of supplier spend and higher risk industries annually. Supplier review meetings (held annually), training sessions, and internal meetings will serve to support ongoing risk management.

Remediation and reform processes will be updated and disclosed as Vulcan strengthens its internal modern slavery management structure. Currently, Vulcan has a low level of risk and therefore considers that it has no immediate remediation requirements.

## 6. Reporting a Breach

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In line with Vulcan's Whistleblower Protection Policy, suspected modern slavery practices or concerns can be reported anonymously via the "report an incident" page on the Vulcan investor website (<https://investors.vulcan.co/Investor-Centre/>).

Vulcan will record formal or anonymous reports of breaches and assess the appropriate course of action in relation to the certainty of the breach and further investigation.

## 7. Assessing Effectiveness and Improvement

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Vulcan recognises that tackling the risk of modern slavery in supply chains will take ongoing commitment, time and resources and requires awareness and ongoing education of all stakeholders.

Vulcan will conduct ongoing risk assessments using a risk assessment matrix to determine whether our suppliers are becoming more or less effective at reducing risk of modern slavery in their supply chain.

Vulcan is committed to engaging with suppliers and working alongside them to ensure that standards relating to modern slavery are improved.

## 8. Review

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Vulcan's Board will review and update this Statement and its supporting policies and procedures annually.

## 9. Document Review

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Final approved	19 October 2022
Effective date	19 October 2022
Owner	Chief Executive Officer
Next review date	October 2023

**This Modern Slavery Statement was approved by Vulcan Steel Limited's Board of Directors on 19 October 2022**



Rhys Jones  
Managing Director and Chief Executive Officer