

FY 2021

# JOINT MODERN SLAVERY STATEMENT.

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## DOCUMENT CONTROL

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# 1. Introduction.

## 1.1 Approval

This statement has been produced to comply with the Modern Slavery Act 2018 (Commonwealth Act) modern slavery reporting requirement for Australian entities and is prepared for Liberty Primary Metals Australia ABN 29 631 112 573 (“**Liberty**”) and Liberty Bell Bay Ltd ABN 23 004 456 035 (“**Liberty Bell Bay**”) and its wholly owned subsidiaries.

This Modern Slavery Statement has been approved by the principal governing body for the reporting entities, being Liberty and Liberty Bell Bay. The governing body for each of Liberty and Liberty Bell Bay are its Board of Directors. Each Board of Directors approved this statement on **22 December 2021** by circular resolution in accordance with each’s governance requirements.



**Paramjit Kahlon**  
CEO Primary Steel and Mining,  
GFG Alliance



**Richard Curtis**  
General Manager, Liberty Bell Bay,  
GFG Alliance

## 1.2 Joint Statement

For Liberty and Liberty Bell Bay it is appropriate that they make this statement jointly. The group of entities set out in Attachment A share common control, policies, management and have a legal relationship that also includes similarly coordinated reporting systems and processes. Liberty Bell Bay was previously reported on jointly, under its previous owner South32. As its new owner, we believe this joint reporting remains appropriate. The ultimate holding structure is complex however the common policies and procedures and the common attributes of Liberty and Liberty Bell Bay are the reason why the report is being made jointly.

## 1.3 Background

Modern slavery is often difficult to identify in supply chains all over the world but it is still prevalent in many industries and countries. While many economies bring people prosperity, many are affected by the hard reality of human trafficking, child labour, coercion, and other forms of modern slavery. The Australian Government, like many other governments, is taking steps to address this issue.

Throughout FY2021, the global pandemic exacerbated issues around modern slavery as communities and countries faced extreme economic and social impacts. In particular people who make up the labour forces are even more susceptible to exploitation and human rights abuses as normal market and trade conditions were severely compromised or disrupted.

With this statement, Liberty and Liberty Bell Bay demonstrates the steps it takes in respecting human rights in our operations and supply chain. We believe that all human rights must be respected and that we must address any modern slavery that takes place in the supply chain we form part of. We recognise that the practise of modern slavery is insidious and not always easy to identify in supply chains outside our direct control. Accordingly, we are taking a risk-based approach to identify supply chains most likely to be affected.

Throughout FY2021, Liberty and Liberty Bell Bay continuously focused on making sure they were able to address the risk of modern slavery and changing our systems and processes. Executives and employee representatives jointly prepared and approved this statement which includes information and steps taken and completed in FY2021, and future steps we intend taking in FY2022.



## 1.4 Consultation with owned and controlled entities

During the reporting period this statement covers, Liberty and Liberty Bell Bay actively engaged and consulted with all the companies it owned or controlled in the development of this statement (**The key entities are outlined in Attachment A**). The joint report covers 7 companies. The consultation and knowledge of the report and its contents occurs as a matter of course, as both companies and the Liberty group have integrated and implementing common control across its procurement processes. We discussed, consulted and undertook training with respect to the details of the Modern Slavery Act 2018's reporting requirements. We kept all the reporting and wholly owned entities up to date with information regarding the actions we intend to take to address these requirements and provided them with relevant materials and updates during the reporting period. Individuals within separate business areas that form part of the controlled entities also assisted with the preparation of this statement.



## 2. Description of our Structure, Operations and Supply Chains.

### 2.1 Liberty and Liberty Bell Bay

With 100 years of continuous operation, Liberty and Liberty Bell Bay is Australia's largest vertically integrated steel manufacturing, distribution Liberty and Liberty Bell Bay is Australia's largest processor and distributor of steel long products, including reinforcing bar. Through its LIBERTY group, GFG Alliance owns the iconic Whyalla Steelworks.

Liberty was founded in 1941 and acquired by GFG Alliance ("GFG") in 2017. In January 2021, GFG completed the acquisition of Tasmanian Electro Metallurgical Company Pty Ltd ("**Liberty Bell Bay**" or "**LBB**"), a commercial ferroalloy operation in Tasmania. LPMA and LBB and each of their Australian subsidiaries have combined operations across 4 primary operating business units:

- Manufacture of billet, rail and structural steel products in Whyalla, South Australia ("**Steelworks**")
- Mining of iron ore from the Middleback Range of South Australia ("**Iron Ore**")
- Mining of hard coking coal in Tahmoor, New South Wales ("**Coal**")
- Manufacture of ferroalloys, such as high carbon ferromanganese and silicomanganese in Bell Bay, Tasmania ("**LBB**")

Operations also include the transport, rail and port infrastructure to move Iron Ore inventory downstream to Steelworks and Whyalla Port for ultimate sale to customers.

- Liberty retains its status as a leading Australian producer of:
  - Hematite and magnetite lump, fines, concentrate and pellets
  - BOS-method semi-finished and structural steel products
  - Commercial-grade ferroalloys
- Together with related party InfraBuild, LPMA is the 2nd largest steel producer in Australia, behind BlueScope and it is the largest producer/distributor of 'long steel'. The entities employ ~1,450 FTE in addition to a contractor base of +500.
  - Steelworks is the largest employer in Whyalla, S. Australia, with ~1,300 FTEs.
- Operations include an integrated basic oxygen furnace steel making ("**BOS**") steelworks in Whyalla, mining and transportation of iron ore from the Middleback Range of South Australia to Whyalla Steelworks and Port, mining of hard coking coal in Tahmoor, New South Wales and production of ferroalloys in Bell Bay, Tasmania.

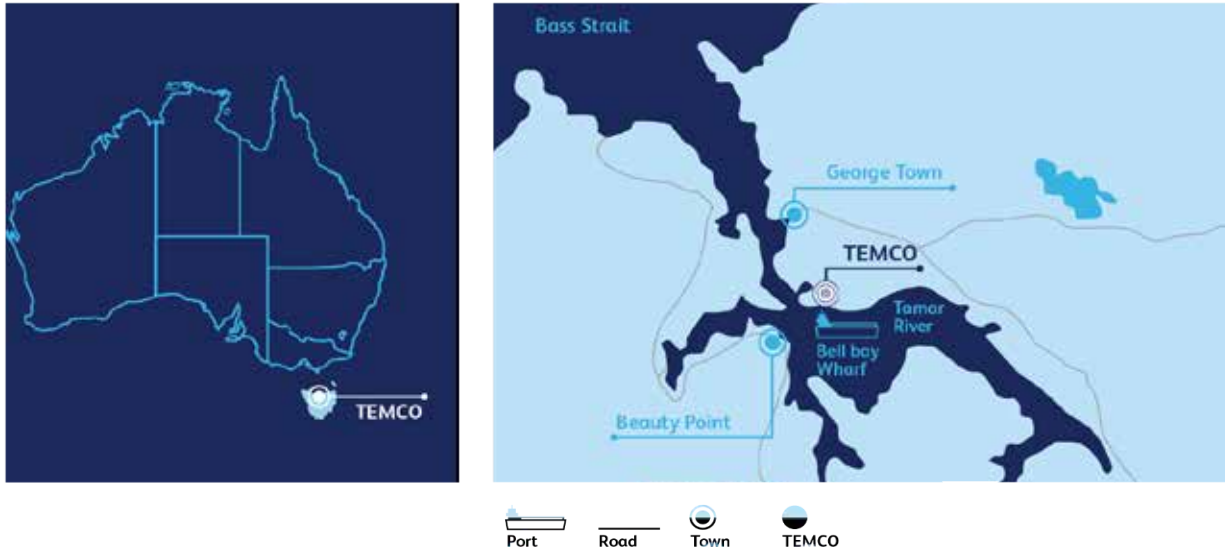
### Liberty and Liberty Bell Bay's history and locations



### Company Locations



## Liberty Bell Bay



Liberty Bell Bay operations comprises of:

- 4x submerged arc furnaces
- 1x sinter plant
- Energy recovery unit
- State of the art control centre
- Raw material / finished material stockpiles
- Access to adjacent Bell Bay Port





## 2.2 External sourced goods and services

For Liberty and Liberty Bell Bay to run its operations, it purchases various goods and services from local, domestic and international suppliers. The table below outlines Liberty and Liberty Bell Bay’s main spend categories.

SPEND CATEGORY	DESCRIPTION
<b>Raw materials</b>	The largest component of our cost of sales is the cost of purchasing raw materials used to produce Construction Steel and Other Steel Long Products. Most of these costs represent the cost of ferrous scrap material, ferro-vanadium, graphite electrodes and zinc.
<b>Freight</b>	Relates to transport costs to deliver our products to the customers’ sites.
<b>Utilities</b>	Consists of costs of gas, electricity, water and related costs at each production facility. These costs are largely variable in nature, driven by the level of production at Liberty and Liberty Bell Bay’s furnaces and rolling mills.
<b>Repairs &amp; Maintenance</b>	Represents the costs incurred to keep an asset operating at its current condition, which primarily relates to the maintenance of ageing equipment and planned plant shut-down periods.
<b>Services</b>	Includes costs relating to finance services, information technology, human resources and procurement services as well as costs associated with head office operations.
<b>Other</b>	Consists of costs including facility costs which are incurred for buildings, plant and offices and other operating costs.



# 3. Description of Risks of Modern Slavery Practices in our Operations and Supply Chains.

## 3.1 Our Operations

Liberty team of about ~1300 employees and Liberty Bell Bay’s team of ~150 work at more than 5 locations around Australia as integral partners to the infrastructure industry to deliver innovative, forward-thinking, sustainable, and certified steel solutions. Liberty and Liberty Bell Bay acknowledges that modern slavery has emerged as a compliance issue for industry and has been proactive in revising its policies and principles to address this and changes to Australian legislation. In the long-term, Liberty and Liberty Bell Bay will continue to seek greater transparency of all its supply chains by direct engagement and additional risk identification strategies. Furthermore, Liberty and Liberty Bell Bay seeks to partner only with those companies who demonstrate an equal commitment to the eradication of modern slavery.

The risk of modern slavery in our operations is assessed as low. We have strong human resource processes in place for new starters, vetting new employees, assessing employees’ wages and salary agreements, and verifying corresponding payments. In GFG Alliance’s Australian businesses, most employees are covered by enterprise or industrial agreements. Our employee induction process includes employment checks managed by either our internal or external HR specialists in Australia and checking that all new employees have the requisite visa status. The employee induction process is designed to ensure that all new employees confirm they have read and understood GFG Alliance’s policies and minimum standards.

## 3.2 Our Supply Chain

Modern Slavery in our supply chain is assessed on country of origin and category risk. Country of origin risk, adopted from the Global Slavery Index, is based on where our suppliers are located and, if known, the country of our “supplier’s supplier”. Category risk is determined by understanding the level of labour, unskilled labour, and supply chain complexity. Understanding supply chain complexity helps with understanding complex supplier relationships, complex contract structures, and complex supply chains where it is difficult to exactly label a country of origin. Both the country-of-origin risk and the category risk provide an overall risk rating per supplier as shown in our risk matrix for modern slavery.

		COUNTRY OF ORIGIN RISK				
		Negligible	Minor	Medium	Major	Extreme
Category Risk	Almost certain	H	H	VH	VH	VH
	Likely	M	H	H	VH	VH
	Possible	L	M	H	VH	VH
	Unlikely	L	L	M	H	VH
	Rare	L	L	M	H	H

L=Low, M=Moderate, H=High, VH=Very High

Whilst the risk assessment approach has not changed compared to FY2020, we have made further improvements and refinements. Improvements include the operationalisation of risk levels to give the procurement professional

guidance on assessing risks in a spend category. This supports a consistent risk rating across different spend categories. Additionally, the risk assessment has been reviewed in its entirety, including a risk assessment of sub-category level. This has resulted in a more accurate and realistic risk assessment. Consequently, additional suppliers have been marked as a potential risk where modern slavery may occur.

### 3.3 Risk Approach

The total risk rating covering both, spend risk and country risk determines the phasing for addressing modern slavery amongst our supply base. We are implementing modern slavery and evaluation criteria in our supplier selection and tenders. For existing suppliers and new contracts where ongoing management is required, we have developed a risk mitigation plan for a specific sub-category or supplier. For those spend categories and suppliers with a high risk, mitigation plans are gradually being developed and implemented. A summary is provided below:

RISK RATING	EXISTING SUPPLIERS		NEW SUPPLIERS		ONGOING MANAGEMENT
	Existing strategic or preferred suppliers	Risk assessment on supplier level	New approved suppliers	New strategic or preferred suppliers	
<b>Very High</b>	Below + Special Conditions in Contract	Standard purchase conditions with reference Modern Slavery	Below + 3rd Party Assessment or supplier visit	Supplier specific risk mitigation plan	
<b>High</b>			Below + Supplier Questionnaire as part of sourcing event	Category specific risk mitigation plan	
<b>Moderate</b>	Supplier Standard (covering Modern Slavery)		Below + Special Conditions in Contract	Not applicable	
<b>Low</b>			Supplier Standard (covering Modern Slavery)		

## 4. Actions Taken.

Description of actions taken to assess and address modern slavery risks, including Due Diligence and Remediation Processes. During FY2021, we have completed the following actions:

- Updated risk assessment to determine the key actions for FY2021
- Modern Slavery Awareness training has been included in all procurement staff training profiles
- Introduced online Modern Slavery Awareness training
- Supplier self-assessment for suppliers engaged in annual spend greater than \$1million, high risk countries and categories

### 4.1 Risk Assessment

The risk of modern slavery risk in our supply chain is real. Consequently, our modern slavery risk assessment (MSRA) focuses on reviewing our spend categories and the country of origin. Our risk assessment focuses on our operations and supply chain, suppliers with over \$1m annual spend, which includes Tier 1 suppliers: those we have a direct arrangement with; and Tier 2 or 3 suppliers where known. The assessments also included high risk countries and high risk categories. The results of this assessment are described below.

#### 4.1.1 Country of origin risk

Our MSRA attributes an initial inherent risk rating to our suppliers – from low to very high, based on the risk of modern slavery practices in the jurisdictions and industry sectors in which they operate. Liberty and Liberty Bell Bay is cognizant of the key modern slavery risk characteristics – poor governance, lack of basic needs, inequality, disenfranchised groups, and conflict. The countries we purchase from and its risk rating is outlined in the table below.

RISK RATING	COUNTRIES FROM WHICH WE PURCHASE
Very high	None identified
High	Hong Kong, mainland China, India, South Africa
Moderate	Malaysia, Japan, Taiwan, Singapore, Korea
Low	Australia, New Zealand, Switzerland, United States, United Kingdom, Italy, Germany, Spain, Norway, Denmark

**Note:** the country risk scoring is adopted from the Global Slavery Index 2018 dataset.



### 4.1.2 Category risk

Liberty and Liberty Bell Bay have identified spend categories that are at higher risk of modern slavery practices. The category risk rating is determined by the level of labour, the portion of unskilled labour, and the supply chain complexity. Risk rating for our spend categories are listed below.

RISK RATING	SPEND CATEGORIES
Very High	None identified
High	Cleaning, waste management, refractory traders, alloy traders
Moderate	Professional services, engineering services, facilities management, IT, telecom, mobile assets & hire equipment, consumables, production operations, scrap, transport, repairs & maintenance
Low	Travel, financial services, marketing & print, government fees

## 4.2 Risk Rating

By considering the spend, country of origin risk and category risk, we have identified the areas of our supply chain at highest risk of modern slavery practices. In FY2021, Liberty and Liberty Bell Bay’s assessment of modern slavery determined that Liberty and Liberty Bell Bay had 160 suppliers with an overall potential high-risk rating.

## 4.3 Online Training

Due to COVID, we have decided to work with work force development in creating an online training program for Modern Slavery Awareness. This training has been assigned to all procurement staff within Liberty and Liberty Bell Bay as part of their training and professional development profile. Managers monitor staff completions as part of their performance review.

## 4.4 Contract Amendments and New Contracts

During FY2021, all new contracts that were executed during FY2021, including new human rights provisions to address modern slavery. All purchase orders sent to contracted and uncontracted suppliers already reference our updated standard purchase conditions and supplier code of conduct which were rolled out in FY2020.

## 4.5 Risk Mitigation Plans

Cleaning, refractories and alloy traders were identified as a potential high or very high risk. We have conducted further due diligence on the relevant sub-categories to understand the potential risks and how best to mitigate these. Potential risks that were flagged as part of the assessment include level of migrant workers, the delivery model (outsourcing, third party labour, recruitment agencies), supply chain complexity and conflict countries and areas. Key mitigation strategies include updating contracts, supplier self-assessment questionnaires, supplier audits, alternative suppliers with a lower risk profile, and due diligence amongst potential new suppliers. In FY2020, we updated our contracts while in FY2021 and the start of FY2022, we focused on supplier self-questionnaire, gaining further understanding of the potential risks, and what suppliers have in place from a policy, process, structure and governance point of view.

## 4.6 Supplier Self-Assessment

Excluding all government agencies, we conducted 'supplier self-assessments' of greater than 65 % of our annual spend. This consist of 160 suppliers based on our initial risk assessment. We contracted Centrl to utilise their MSA 360 platform to assess our suppliers. The platform consists of a questionnaire that complies with the Modern Slavery Act 2018. The platform allows us to evaluate, correspond and clarify the operations of suppliers, within their company portfolios. 58 % of returned responses were evaluated as low risk and 42 % were initially assessed as medium risk with whom we are further corresponding with for clarity. We will be engaging with those who have not responded to assist them with the process in FY2022. We believe that this will be an ongoing process of partnership in gaining better transparency.



## 4.7 Description of the Effectiveness of the Actions taken

Started in FY2020, addressing modern slavery is becoming part of our way of working:

- Suppliers through engagement with our process are becoming more aware of Modern Slavery and have engaged with us to better understand its impacts in the context of our supply relationships
- Updated standard contract templates are used in new supplier engagements
- Our updated standard purchase conditions are referenced in all our purchase orders
- Our risk assessment is becoming more mature and robust

Online training is now a standard part of the staff procurement profile.

Regarding specific actions and minimum standards completed in FY2021, the table below summarises our actions, the status and the rated effectiveness:

ACTION	EFFECTIVENESS DESCRIPTION	EFFECTIVENESS RATING
<b>Supply chain mapping and assessment</b>	The risk assessment focused primarily on identifying potential modern slavery risks amongst Tier 1 suppliers. The risk assessment is the first step in prioritising supplier for follow up assessment and actions. We focused on high potential high-risk countries of origin and high-risk spend categories.	High
<b>Contract amendments</b>	Amending contracts is typically the first engagement with suppliers around modern slavery and creating awareness.	Med-high
<b>Training</b>	Online training creates awareness amongst procurement personnel. The online training has been used to create awareness of modern slavery and what tools are available to identify and raise concern.	Med
<b>Risk mitigation plan</b>	For potential high risk spend categories, detailed risk mitigation plans have been developed. Specific actions identified are being worked upon during FY2021 and FY2022.	Low-Med
<b>Supplier self-assessment</b>	A detailed supplier self-assessment was developed in FY2021 to provide due diligence amongst our supply base. 160 contracted suppliers were requested to respond to this assessment.	High
<b>Fair call</b>	A fair call whistleblowing was introduced in FY2021 where employees or external stakeholders can anonymously raise concerns. Throughout FY2021 no fair calls have been received in relation to modern slavery.	Med-high
<b>Review</b>	Liberty and Liberty Bell Bay Procurement monitors and annually reviews the effectiveness of its risk management measures.	Med

**Liberty and Liberty Bell Bay are committed to further imbedding Modern Slavery within the broader business with business accountability, identifying Modern Slavery champions within the business, increase supplier audits and training a broader internal and external stakeholder group.**

## 5. Description of the consultation process.

Liberty and Liberty Bell Bay Procurement is working closely with its wholly owned subsidiaries to continually approach and improve processes that address modern slavery, with overarching GFG policies, systems and processes in place and consistently applied across the company Liberty and Liberty Bell Bay also look to the more operative aspects of its business for more bespoke approaches where required.

Procurement professionals from the procurement team and other critical business functions are involved in the implementation of this program across our supply base and internally in corporation with our General Counsel, wider Legal Team, HR and Communications teams.

The key teams collaborate to deliver our human rights identifications, assessment, and management processes, including modern slavery and human trafficking, for our operations and supply chain. Initiatives and its outcomes have been reviewed and endorsed by senior management.



## 6. COVID 19 Impact.

Liberty and Liberty Bell Bay have observed that the adverse economic impacts of the pandemic in 2020 and now 2021, may likely exacerbate the conditions in which modern slavery may arise. This is particularly a focus in countries where such populations may already be prone to human rights issues. Given the particularly disruptive impact of a pandemic on such jurisdictions, this additional risk is being factored into the assessment of GFG Alliance's suppliers and will be considered in our assessment approach of any suppliers that may be high risk especially. In response to significant waves of COVID-19 in supplier countries, we implemented COVID workplace safety guidelines to ensure the safety and wellbeing of our employees, customers suppliers and community provided safe workplace safety guidelines. Liberty and Liberty Bell Bay have continued to engage with suppliers fairly, and this included maintaining orders to ensure business continuity.





## 7. Planned Initiatives.

During FY2021, Liberty and Liberty Bell Bay have not received any reported concerns of modern slavery practices, nor did it identify any instances of modern slavery in its operations or amongst our suppliers. Even though no cases have been reported, we continue to promote the awareness of modern slavery, support our staff in the identification of modern slavery as well as mitigation and management. We continue to work on initiatives as defined on our roadmap:

1. Continued improvements in the roll out of contracts and communication of our Supplier Standards across our supply base; allowing for greater awareness and action.
2. Active business stakeholder awareness and engagement in our annual modern slavery risk assessment.
3. Review and implement systems to support in the identification, management, assessment and reporting of modern slavery risks.
4. Review and engage with partners to conduct supplier modern slavery risks assessment and on-site inspections on our behalf.
5. Continue to embed addressing modern slavery in our structure and develop processes to coordinate, document and track new actions and any incidents.
6. Provide reporting for employees in case of concerns to modern slavery practices. This include a hotline and via internal reporting channels by contacting our Senior Management, Human Resources, Internal Audit or Legal teams.
7. Continue to promote awareness of the Fair Call reporting mechanism among our suppliers by providing online information on how to lodge modern slavery concerns. In GFG Alliance, local community members can also raise concerns through our regional Stakeholder Engagement Managers.



## 8. Attachments.

