

Modern Slavery Statement

Reporting period 1 July 2019 – 30 June 2020

Context

This statement outlines the identified risks as well as strategies implemented with a view to controlling the risks of modern slavery in connection with Molycop's Australian operations and supply chains.

This is Molycop's first statement prepared and submitted pursuant to the requirements of [Modern Slavery Act 2018 \(Cth\) \(MS Act\)](#).

Molycop appreciates the opportunity to highlight the various initiatives implemented in addressing potential modern slavery risks and highlights it:

- does not tolerate any form of slavery or human trafficking practices, and
- is fully committed to operating responsibly and maintaining the highest ethical standards in the conduct of its businesses.

Identify the reporting entity

Molycop has three wholly owned corporate entities operating or carrying on business in Australia; namely:

Entity Name:	Australian Company Number (ACN):
Commonwealth Steel Company Pty Ltd (CSC)	000 007 698
Grinding Media Pty Ltd (Grinding Media)	615 611 759
Donhad Pty Ltd (Donhad)	009 009 054



These entities function collectively for Molycop predominantly under the 'Molycop' and 'Comsteel' brands and with CSC being the primary entity for transactional and operational matters.



All registered business names for Molycop in Australia are attached to CSC (ABN: 58 000 007 698) and comprise the following:

- Comsteel
- Comsteel Grinding Media
- Molycop
- Molycop Australia
- Molycop Australasia
- Moly-cop
- Moly-cop Australia, and
- Moly-cop Australasia.

In the 2019 / 2020 financial year, CSC had a consolidated revenue – incorporating that generated from Grinding Media and Donhad - that renders it a reporting entity under the MS Act.

Identify the structure, operations and supply chains of the reporting entity

Molycop is a global corporate group that is the largest and most experienced supplier of forged grinding media and associated services in the world.

The group:

- coordinates functions under a US registered and based parent company, AIP MC Holdings LLC, and
- has business operations in multiple regions including North America, Central America, South America, Europe and Australasia.

Each region operates with a degree of autonomy but with shared resources (such as global support teams, policies and procedures) and common senior leadership structures to ensure consistency in functionality and coordination of activities.



Figure 1: Overview of Molycop corporate group global operations and locations

The Australian Molycop entities are proprietary limited companies constituted under the [Corporations Act 2001 \(Cth\)](#) – CSC, Grinding Media and Donhad (collectively, **Molycop Australia**). All operations are conducted by CSC.

Donhad previously operated in the 2019 / 2020 financial year but was in a transitional phase of transferring operations and functions to CSC.

At present, Grinding Media and Donhad are both non-operating entities.

The directors of CSC are senior executives within the broader Molycop corporate group.

Steel production is the focus of Molycop Australia – with CSC operations having been established in Australia for over 100 years - and comprises five main business product streams:

- grinding media (such as steel balls for milling and grinding of bulk powder or granular materials)
- rail (such as axles and wheels)
- fasteners (such as pins bolts)
- bars (such as straight steel and toll manufacturing), and
- special items (such as alloys).



As at 30 June 2020, Molycop Australia had 591 employees (550 employed with CSC and 41 employed with Donhad) working across:

- a production plant and associated office in Bassendean / Perth - Western Australia (**WA**)
- a production plant and associated office in Waratah / Newcastle - New South Wales (**NSW**)
- a regional head office in Sydney - NSW, and
- specialised sales offices and depots in strategic locations including Bernie – Tasmania, Darwin – Northern Territory, Kalgoorlie – WA, Melbourne - Victoria, Mount Isa – Queensland (**QLD**), Townsville – QLD and Whyalla – South Australia.

Most employees are engaged and perform their duties from the Perth, Newcastle and Sydney workplaces. Typical and indicative skilled roles performed by employees include operators, trades, apprentices, engineers and professional support staff (such as sales specialists and procurement experts).

Molycop Australia recently streamlined employment arrangements that involved transitioning and transferring all employees to CSC. This was completed in October 2020 and all employees are now employed by CSC. This process was intended to reflect the existing arrangements that CSC is the sole operating and functioning entity nationally for Molycop Australia.

In the 2019 / 2020 financial year, Molycop Australia had over 650 suppliers and vendors with a collective expenditure exceeding \$300 million and with 93% of these providers being Australian based. These suppliers and vendors may be grouped or categorised in terms of the following services and/or products provided (listed in order of the highest to lowest spend by Molycop Australia):

1. scrap products
2. intercompany purchases
3. raw materials
4. freight
5. utilities
6. maintenance services
7. finance and information technology
8. operational support, and
9. consumables.

It is noted that the top three categories of expenditure accounted for approximately 60% of all spend in the 2019 / 2020 financial year.

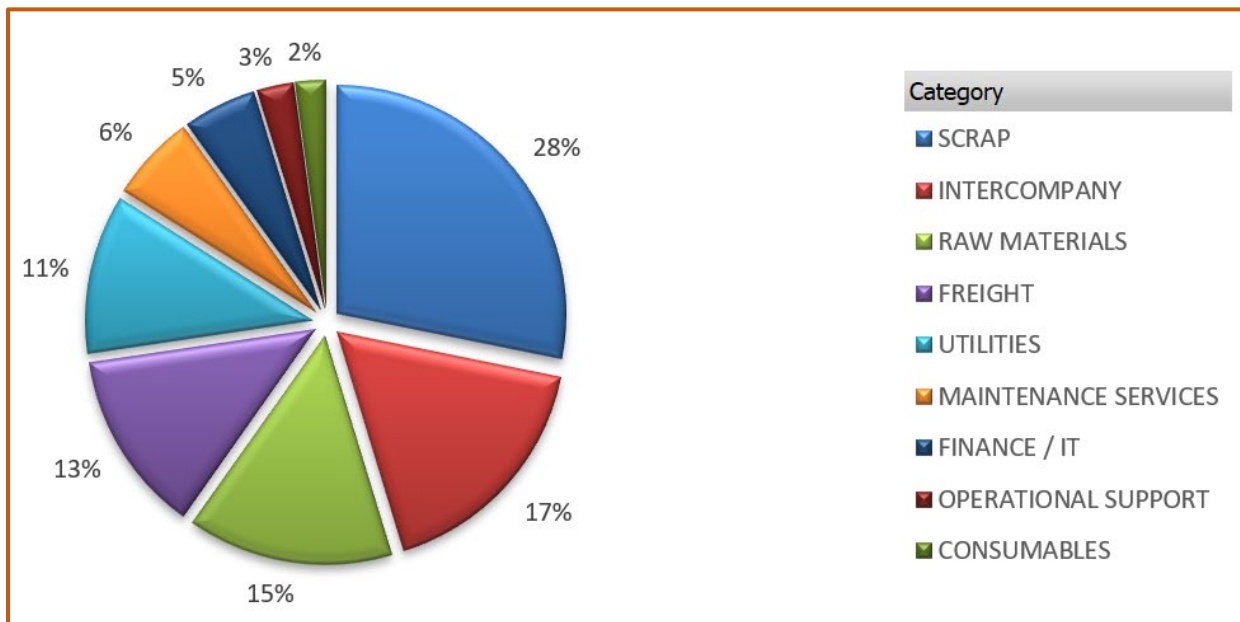


Figure 2: Summary of supply chain and vendor expenditure for 19/20 FY

Most suppliers and vendors engaged by Molycop Australia were located and based in Australia. For example:

- two Australian based companies accounted for 90% of the scrap materials supplied to Molycop Australia (the number one category of expenditure), and
- the majority of peripheral and associated services or products (such as freight, utilities, finance and IT) are dependent on domestic providers given the geographic focus and location of Molycop Australia's operations.

However:

- intercompany purchases from within the Molycop corporate group (the second highest category of expenditure) are commonly sourced from related operations elsewhere in the Australasian region (such as Indonesia) or more broadly (such as Canada or Chile), and
- other raw materials necessary for steel product production (excluding scrap materials) predominantly originate and are sourced from overseas either:
 - directly by Molycop Australia, or
 - through engagement with brokers (mainly based in Australia) that facilitate and arrange the provision of materials from 'downstream' suppliers and vendors that operate in foreign jurisdictions.

It is projected that – at most - around 15% of the total services and goods procured by Molycop Australia to operate derive (including indirectly) from suppliers and vendors in foreign jurisdictions (mainly in the form of raw materials and maintenance equipment required for the steel production and manufacturing processes).



While Molycop Australia has a global sales and distribution reach, it maintains a large market focus and share in supplying steel specialised products and services to vital Australian industries.

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity

Since the anticipated and subsequent introduction of the MS Act, Molycop Australia has undertaken detailed consideration of their operations and supply chains to identify potential risks of modern slavery practices. This has primarily involved an evaluation of common 'risk factors' including situations where:

- workers may have limited legal protections or avenues of redress due to:
 - inadequate laws and regulations
 - weak or non-existent enforcement mechanisms, and/or
 - poor business and government accountability
- there are high levels of poverty or social instability (for example, civil and/or regional conflict)
- there is widespread social inequality and discrimination against certain classes of workers (such as certain religious groups and/or women)
- there is a prominent reliance on potentially transient or vulnerable workforces (such as migrant, young and/or casual workers), and
- operations intersect with or otherwise involve certain high-risk industries (such as those involving mining and mineral extractions, international transportation and shipping as well as construction and manufacturing).

While there have not been any known instances or reports of such practices occurring in connection with the operations of Molycop Australia, the primary risk factors are that:

- the purchase of raw materials (which was the third largest category of supplier and vendor expenditure for Molycop Australia in the 2019/2020 financial year) from overseas locations with some reports of potential modern slavery practices; for example, China and India (see Figure 3 below)
- the operations of Molycop Australia involve manufacturing and have an intrinsic reliance on other industries (such as mining and transportation) that are known to have a degree of modern slavery risk; and
- Molycop Australia may not have a direct contractual relationship with 'downstream' suppliers and vendors operating in risk locations and industries with potential risks of modern slavery practices as these services or products may be procured through intermediaries such as local 'brokers' (therefore potentially limiting the level of transparency and control able to be exercised).

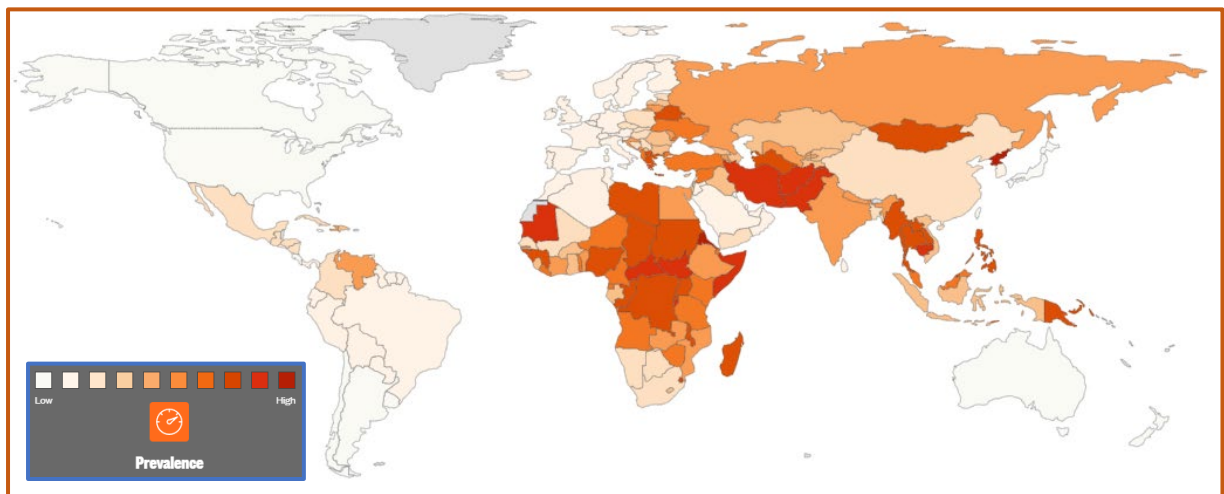


Figure 3: 2018 Global Slavery Index detailing the prevalence of modern slavery practices by reference to individual countries (Source: [Walk Free Foundation](#))

The assessed risk of modern slavery practices in the supply chain of Molycop Australia is moderated by various factors including:

- Molycop Australia adopts a risk-based approach to managing procurement processes intended to assess and control potential risks (including safety, environment, sustainability and human rights) with respect to their supply chain to the extent reasonably practicable
- most suppliers and vendors directly engaged by Molycop Australia are based in Australia which has a low prevalence rate (in particular, noting the various legal protections prohibiting such practices and extensive proactive engagement on workplace rights and entitlements by bodies including government agencies, not for profit organisations and unions)
- the provision of services or products from overseas is relatively constrained (considering the scale of Molycop Australia’s operations) and effectively monitored as:
 - intercompany purchases from within the global Molycop corporate group are dictated by similar policies, procedures and governance structures with respect to the responsible sourcing, manufacturing and supplying of items, and
 - raw materials – even if secured overseas and through an intermediary broker – are generally from a collective of sophisticated regular suppliers (many of which are known large or global businesses) that have worked with Molycop Australia for a number of years (noting that in the 2019/2020 financial year over 75% of raw materials were sourced from ten existing vendors) and there has been demonstrated positive engagement on relevant compliance standards and expectations



- Molycop Australia is able to leverage and utilise the collective expertise as well as resources of the global Molycop corporate group to ensure sustainable and socially conscious practices are being adopted in connection with their operations.

Notwithstanding these circumstances and the absence of any evidence to indicate the existence of any modern slavery practices in the supply chain of Molycop Australia, the most likely potential risk is in relation to forced labour which may occur with 'downstream' or 'third party' suppliers and vendors that provide raw materials from developing economic markets such as India and China. In this regard, the global slavery index has (generally and not specific to Molycop Australia) reported that bonded labour practices (including the confiscating of passports and enforcing of wage deductions or repayments) repayment plans have continued to be reported in these locations and in connection with the mining and resources sector despite such acts being criminalised in these jurisdictions.

Describe the actions taken by the reporting entity to assess these modern slavery risks

During the relevant reporting period of the 2019/2020 financial year, Molycop Australia had (and continues – at the present date - to further refine and develop) a range of mechanisms to appropriately assess and address the potential risk of modern slavery practices within its supply chain which are summarised as follows:

Action and/or Mechanism: Description:	
Policies and procedures	
Key documented instruments	<p>The Molycop corporate group outlines their overarching values and expectations for the provision of services and delivery of products in connection with their organisation through a range of global policies.</p> <p>These policies provide workers, suppliers and vendors of Molycop Australia with a general framework on topics including:</p> <ul style="list-style-type: none">• the Code of Conduct (Code)• Diversity• Fair trading• Whistleblower policy• Fraud and corruption policy, and• Work health and safety (WHS).



Action and/or Mechanism:	Description:
	<p>This is intended to assist in ensuring that all work performed in the supply chain for Molycop Australia is to the highest ethical standards and with a commitment to fair and responsible trading practices. Collectively, these policies demonstrate the general risk management and control strategies implemented by Molycop Australia to various legal and ethical challenges. Relevantly, they expressly denounce as well as prohibit modern slavery practices.</p> <p>Copies of these policies and procedures are publicly accessible (upon request from the Molycop website), are commonly offered or provided to suppliers and vendors (including upon their initial engagement) and are also the subject of internal training modules for Molycop Australia employees.</p> <p>These global instruments are also complemented by a range of local and jurisdictional specific mechanisms such as Molycop Australia procedures, standards or guidelines that provide more practical and operational details for facilitating compliance with these overarching principles.</p>
Code of Conduct	<p>The Code is a global policy which sets the expected standards for any work performed in connection with the operations of the Molycop corporate group. Relevantly, it:</p> <ul style="list-style-type: none">• requires all employees, contractors, consultants, suppliers and agents to comply with the specified principles in the Code, act ethically, comply with any applicable laws, deliver agreed outcomes and be accountable for their acts or omissions• stipulates that managers within the Molycop group have responsibility for ensuring operational compliance with the Code by way of implementing and maintaining:<ul style="list-style-type: none">• internal reporting and approvals processes• adequate training and induction programs for relevant workers, and• procedures for reviewing supplier and vendor credentials and suitability for engagement• expressly notes that modern slavery presents significant legal and ethical issues and that such practices will not be tolerated



Action and/or Mechanism:	Description:
	<ul style="list-style-type: none"> • highlights that the Molycop group is committed to continuous improvement on WHS and welfare matters by having regard to evolving community expectations as well as proactive engagement with relevant stakeholders (including suppliers and vendors) • confirms that the workforce will be selected on merit against a specific and multi-dimensional criteria that ensures adherence to legislative requirements (particularly with regards to equal employment opportunities, diversity and WHS) • details the methods for consultation between (internal and external) stakeholders as well as reporting processes and the manner for escalating concerns of potential non-compliance with the Code, and • emphasises that non-compliance with any of the applicable principles may result in the cessation of engagement with the Molycop group.
<p>Work Health and Safety Policy & Safety Principles</p>	<p>The global WHS Policy & Safety Principles demonstrates the commitment of the Molycop group to:</p> <ul style="list-style-type: none"> • implement systems to identify and control potential hazards to health, safety and welfare arising from their operations (which may include the risk of modern slavery practices) • consult with relevant stakeholders (such as suppliers and vendors) on potential and identified issues, and • continually monitor and review their relevant risk profile and available controls that may be implemented. <p>The related WHS Monitoring and Measurement Policy as well as the Workplace Environment and Health Monitoring Procedure and Internal WHS management System Audits Procedure also assists management teams within Molycop Australia to establish:</p> <ul style="list-style-type: none"> • tangible objectives, targets and measures, and • a schedule of regular reviews and audits to evaluate actual performance and identify any areas for enhancement.



Action and/or Mechanism:	Description:
	<p>In effect, these documented instruments highlight the organisational risk management approach adopted by Molycop Australia in identifying potential risks and associated mitigation strategies.</p>
Fair Trading Policy	<p>The Molycop group has a global Fair Trading Policy which notes that it (and members of the corporate group including Molycop Australia):</p> <ul style="list-style-type: none">• endorses and embraces competitive culture and compliance with trade practices laws• will refrain from engaging or otherwise encouraging unfair or oppressive business practices• is committed to developing and maintaining appropriate education and compliance programs for its workers, and• will endeavour to review or investigate any potential practices in its supply chains that may not adhere to these objectives or present issues of potential non-compliance and/or illegality.
Whistleblower Policy	<p>The Whistleblower Policy is a global instrument issued by the Molycop group that encourages the reporting of any potential breach of law, regulation and/or internal policy (including the Code).</p> <p>Relevantly, it notes there are established confidential reporting telephone hotline services (administered by third-party providers) that allow any individual connected with the Molycop group (including employees as well as external suppliers and vendors) to anonymously raise a concern or issue of potential illegality (such as modern slavery practices). It is also emphasised that the Molycop group will endeavour to investigate any reportable conduct and take steps to protect the reporting party from any risk of reprisal.</p> <p>The Whistleblower Policy is also complemented by the Molycop Australia Grievance Policy which details various additional processes and approaches for employees to raise 'work-related' concerns 'quickly, sensitively and confidentially' (for example, with the support of management and specialist human resources personnel).</p>



Action and/or Mechanism: Description:

Supplier and vendor engagement

Dedicated procurement team

Molycop Australia has specialist and dedicated team of procurement and supply chain personnel that lead the supplier and vendor engagement processes.

All team members are based in Australia, and the main conduits involved with suppliers and vendors are 'buyers'. These personnel have certifications and various trade qualifications in purchasing and supply chain management. In addition, they undertake initial and regular ongoing internal training on core requirements of their role including with respect to the Code, WHS and Fair Trading as well as systems and procedures to be utilised in the performance of their role (for example, covering assurance and record maintenance processes).

The Molycop Australia procurement team have regular engagement and input from other business areas including WHS personnel and operational business leaders. There are also defined levels of authority and prescribed requirements for relevant transactions to be subject to verification as well as approval by senior leaders within the business (for example, if these proposed arrangements are of an elevated risk and/or of significant value).

The key functions of buyers are to:

- identify potential suppliers and vendors to meet the operational needs of Molycop Australia
- consider, pre-qualify and determine (with relevant approvals) the suitability of suppliers and vendors for engagement, and
- assist with the ongoing relationship with any suppliers and vendors (including by triaging and liaising with stakeholders to help resolve any identified issues or concerns).

These functions and expected associated standards are detailed in a range of documented processes and mechanisms prescribed by Molycop Australia (detailed immediately below).



Action and/or Mechanism: Description:

Procurement Guidelines

The Procurement Guidelines of Molycop Australia are a documented consolidated resource that assists personnel in assessing, selecting and engaging with suitable contractors (including suppliers and vendors). Relevantly, the Guidelines:

- state that the document is intended to help ensure external contractors meet minimum requirements and standards of performance of Molycop Australia (including the Code)
- emphasises that in engaging with external third parties, Molycop Australia aims to maintain continuity of supply to support its operations while creating long-term, ethical and mutually beneficial relationships
- nominate responsibilities with respect to:
 - the selection and approval of suppliers and vendors
 - initial and ongoing verification activities, and
 - the cessation or termination of engagements
- confirms that any sub-contracting by a supplier or vendor of Molycop Australia in connection with the provision of the applicable service or product must be disclosed and approved by the procurement team
- stipulate that they are supported by other instruments – such as Contractor Management Business Rules and the Third-Party Due Diligence Policy and Procedure – that are utilised to assist in verifying ongoing compliance with applicable quality, legal, WHS and environmental requirement
- notes (and details) the usual process for engagement which is summarised as follows:
 - the prospective supplier or vendor submits a Vendor Registration Form, associated quote and any other relevant additional documents regarding their applicable work systems (such as an overview of their operations as well as evidence of their workforce management and WHS processes) for consideration by the Molycop Australia procurement team



Action and/or Mechanism:	Description:
	<ul style="list-style-type: none">• this information is then considered by Molycop Australia – ordinarily by a buyer – to verify the suitability of the supplier or vendor for engagement• if necessary, the buyer may seek additional information or supporting details to ensure compliance with the expected standards and requirements• the engagement of the prospective supplier or vendor is also required to be considered and endorsed by another senior delegate (often the supply chain supervisor) before any supply of a service or product may commence• the successful supplier or vendor will then be issued a Purchase Order for any service or product to be provided to Molycop Australia, and• the supplier or vendor will be subject to monitoring and review with respect to their performance and continued engagement with Molycop Australia (for example, by way of scheduled audits and contract evaluations). <p>The Procurement Guidelines are a central component in the strategies implemented by Molycop Australia in identifying and managing risks of modern slavery practices as it:</p> <ul style="list-style-type: none">• specifies the various steps used to determine supplier and vendor suitability (initially and on an ongoing basis), and• details how the various risk mitigation processes and instruments may be utilised collectively or cumulatively.
Vendor Registration Form	Prospective suppliers and vendors are required to submit a registration form (with supporting documentation, as appropriate) that detail: <ul style="list-style-type: none">• the corporate structure and key contact information (including communication escalation points) for the supplier or vendor



Action and/or Mechanism:	Description:
	<ul style="list-style-type: none">the core business activity of the supplier or vendor including their previous and/or anticipated interactions with other entities (including those within the Molycop group) in the provision of their services and/or productscommercial arrangements (including the types of insurance policies in place, payment arrangements, recent annual turnover and workforce demographics as well as composition)environmental, WHS and quality assurance systems utilised by the supplier or vendor (including confirmation of any third-party accreditation, audit processes, training and induction provided to workers, procedures for incident or significant event reporting and steps taken to consult with as well as encourage adherence to associated requirements by 'downstream' workers), andany relevant workplace related incidents or events (including an assessment of safety performance in the previous 12 months). <p>This information is considered and assessed by the Molycop Australia procurement team to determine the suitability of the supplier or vendor for engagement. If deemed necessary, additional details and/or supporting evidence may be sought by the procurement team (for example, if the supplier or vendor is known to procure services or products from locations with an elevated risk of potential modern slavery practices, additional information may be sought with respect to workforce management and third-party engagement processes which seek to mitigate these potential risks).</p>
Purchase Order	<p>If a prospective supplier or vendor is successful in being selected and approved by Molycop Australia to supply a particular service or product, they are issued with a Purchase Order that expressly notes:</p> <ul style="list-style-type: none">the specific key aspects involved in the transaction (including the items being supplied, the prescribed timeframes and associated costs)the standard terms and conditions that applyall items (whether services or products) supplied are required to comply with the AS/NZS ISO 9001 Standards with respect to quality assurance processes



Action and/or Mechanism:	Description:
	<ul style="list-style-type: none">• other applicable standards of Molycop Australia (such as the Code and the Responsible Sourcing Standard) which are to be adhered to by the supplier or vendor, and• supplier or vendor systems and performance may be subject to ongoing monitoring and auditing. <p>The template Purchase Order provides links (accessible via the internet to external parties) to key documents including the standard terms and conditions of supply as well as the Responsible Sourcing Standard of Molycop Australia. In effect, this provides a reminder to suppliers and vendors of the expectations imposed as part of their engagement with Molycop Australia (including the requirement to ensure that all risks of potential modern slavery practices are identified and appropriately controlled).</p>
Standard Terms & Conditions for Purchase of Goods and/or Services by Molycop Australia	<p>The documented Standard Terms & Conditions that apply to suppliers and vendors relevantly stipulate that by engaging with Molycop Australia, these suppliers and vendors:</p> <ul style="list-style-type: none">• must:<ul style="list-style-type: none">• provide any reasonably requested information by Molycop Australia to monitor and assess their compliance• maintain relevant records of transactions and activities undertaken in connection with the provision of the relevant products or services, and• comply with all applicable laws and any reasonable directions or requirements issued by Molycop Australia• warrant to Molycop Australia that their services and/or products supplied are compliant with applicable laws, standards and requirements, and• acknowledge that Molycop Australia may cancel or suspend arrangements as well as require certain rectification action in the event of any potential non-compliance with these terms & conditions. <p>This document forms a pivotal aspect of the contractual relationship between Molycop Australia and a supplier or vendor so as to enable Molycop Australia to take appropriate</p>



Action and/or Mechanism:	Description:
	<p>action (such as directing rectification initiatives and/or ceasing the relationship) in the event that modern slavery practices are identified within the relevant supply chain.</p>
<p>Responsible Sourcing Standard</p>	<p>The documented Responsible Sourcing Standard highlights that Molycop Australia seeks to maintain effective supply chains based on ethical and sustainability principles.</p> <p>Relevantly, it states that suppliers and vendors are to:</p> <ul style="list-style-type: none"> • comply with all requirements imposed by Molycop Australia and/or any applicable laws • partner with Molycop Australia in ‘respecting human rights’ within their operations and supply chains by rejecting all forms of forced and/or compulsory labour • assist Molycop Australia in verifying compliance with these requirements by: <ul style="list-style-type: none"> • fully and honestly responding to requests for information, and • undertaking regular assurance activities (such as site visits and arranging third-party assessments), and • appropriately respond to any identified potential issues with respect to the expected standards in the supply chain (for example, by way of investigation and/or by reporting these matters to Molycop Australia through channels such as the Whistleblower hotline). <p>This instrument was developed during the 2019/2020 financial year and subsequently introduced into the Molycop Australia risk management framework as part of its continued commitment to enhancing ethical and sustainable practices in connection with their operations.</p>
<p>Ongoing consultation and engagement</p>	<p>In order to remain competitive and commercial, Molycop Australia continually explores the possibility of engagement with new suppliers and vendors. However, this is balanced with the desire to develop and maintain long-term partnerships which ultimately helps in ensuring:</p> <ul style="list-style-type: none"> • certainty of supply



Action and/or Mechanism:	Description:
	<ul style="list-style-type: none">• an understanding and alignment of operational considerations, and• greater trust, transparency and verification of compliance with applicable requirements. <p>Most suppliers or vendors utilised by Molycop Australia in the 2019/2020 financial year have been engaged for numerous years. As such, there are established positive relationships with openness, cooperation and consultation in relation to the functioning of the supply chains. Relevantly:</p> <ul style="list-style-type: none">• in view of the introduction of the MS Act, the Molycop Australia procurement team has had a number of discussions with suppliers and vendors to canvas the respective steps being taken to address potential modern slavery risks; with many suppliers and vendors providing examples of new or updated documented systems (such as modern slavery statements and revised auditing processes)• there have been instances of proactive reporting and engagement by supplier and vendors with Molycop Australia where there have been potential issues or concerns with respect to the relevant supply (albeit these have been relatively minor non-conformances and unrelated to modern slavery risks), and• even in instances where services or products are secured by Molycop Australia through an intermediary (such as a broker or agent), it is common practice for meetings and dialogue to occur with relevant parties involved as part of the supply to enable appropriate enquiries and verification of arrangements (including in relation to potential modern slavery risks). <p>Ultimately, ongoing collaborative relationships developed and maintained as part of the Molycop Australia supply chain assist in the identification and management of modern slavery risks.</p>
International Procurement Hub	The global Molycop corporate group has an international procurement hub based in Singapore (recently relocated from Hong Kong). This is a shared advisory resource in which the various regional operations (including Molycop Australia) can seek assistance in assessing and verifying the suitability of overseas based suppliers and vendors. This may entail international procurement personnel:



Action and/or Mechanism:	Description:
	<ul style="list-style-type: none">searching and pooling information available across the Molycop group or otherwise publicly available with respect to (prospective and/or existing) suppliers and vendors, andtravelling to and physically attending the workplaces of these suppliers and vendors to check compliance against stated standards and requirements. <p>In the 2019/2020 financial year, Molycop Australia utilised the international procurement hub on numerous occasions to assist with these types of initiatives and in conducting audits of overseas suppliers and vendors (particularly, those engaged in the supply of raw materials). However, the scale of these initiatives was limited to an extent due to the impact of the COVID-19 pandemic and the associated restrictions on travel as well as physical interactions.</p>
Training and education	
Induction, refresher information and workplace updates	<p>Molycop Australia has existing initial and ongoing internal education initiatives for staff. Relevantly:</p> <ul style="list-style-type: none">all employees (and contractors that work from Molycop Australia sites) undergo an induction program upon commencement and regular refresher training covering important topics including the Code and applicable risk management systems (particularly with respect to WHS)the qualifications and competencies of employees are verified upon their commencement in their roles with Molycop Australia and may be further enhanced by job-based training and development initiatives, andcertain operational areas of the business have specific information sharing sessions and briefings to assist them in effectively performing their roles and staying up to date on relevant developments (for example, this will commonly occur when specific internal procedures and/or guidelines for particular tasks are updated to reflect contemporary practices and/or legislative changes). <p>Many of these initiatives (such as those pertaining to the Code and procurement processes) have recently been reviewed to identify potential enhancements to ensure they appropriate reflect and emphasise the expected standards of Molycop</p>



Action and/or Mechanism:	Description:
	<p>Australia (for example, in relation to the identification and management of potential modern slavery risks). In addition, there have been – and continue to be – regular internal presentations detailing Molycop Australia’s commitment to ethical and sustainable business practices with details of anticipated ongoing developments in relation to important matters (such as safety, the environment, human rights and workforce as well as – domestic and overseas - supply chain management).</p>
<p>Due diligence</p>	
<p>Senior leadership engagement and functions</p>	<p>The senior leadership team of Molycop Australia are appropriately involved and informed in the functioning of the business and supply chains. In this regard, they participate in regular briefings, communications and meetings to:</p> <ul style="list-style-type: none"> • consider and acquire relevant information of any recent developments and trends (including with respect to business operations and the applicable legal framework) • understand the nature of operations as well as associated risks • ensure there are appropriate resources and processes in place to minimise these risks • obtain relevant reports on any relevant issues, incidents and/or rectification action implemented, and • verify the appropriateness of existing processes and allocation of resources. <p>While these processes may cover a range of matters (including financial performance as well as environment and WHS considerations), in response to the introduction of the MS Act, the Board and senior leadership team have:</p> <ul style="list-style-type: none"> • been briefed on the introduction of this legislation as well as the associated rationale, principles and requirements • considered and approved revised processes and systems (such as with respect to the Code) • approved the engagement of an external third-party body to assist Molycop Australia in continuing to evaluate their supply chains with respect to modern slavery risks, and



Action and/or Mechanism:	Description:
	<ul style="list-style-type: none"> facilitated the formation of an internal project team (comprising relevant personnel from different business areas including procurement, legal and human resources) to consider, implement and advise on any further initiatives directed at addressing risks of modern slavery practices in the Molycop Australia supply chain.
<p>Established risk management processes</p>	<p>As noted in relation to various policies and procedures (detailed above), Molycop Australia has an established organisational risk management framework and system that:</p> <ul style="list-style-type: none"> identifies potential risks implements controls to minimise these potential risks, and continually evaluates the effectiveness of these initiatives. <p>The various components of this framework and system include:</p> <ul style="list-style-type: none"> the clear delineation and allocation of role responsibilities supervision, escalation and reporting processes, and defined performance targets and auditing schedules (for example, the Workplace Environment and Health Monitoring procedure prescribes requirements around the development of monitoring schedules to help inform senior leadership on performance and/or compliance matters). <p>Ultimately, these arrangements enable Molycop Australia (including senior leadership personnel) to remain informed on potential risks (such as in relation to modern slavery practices) and implement any appropriate action.</p>
<p>Remediation processes</p>	
<p>Contractual rights and responsibilities</p>	<p>If Molycop Australia identifies any issues with a supplier or vendor (for example, with respect to potential modern slavery practices), it retains the legal and contractual right to suspend or terminate their ongoing engagement with these parties under the applicable terms & conditions.</p>



Action and/or Mechanism:	Description:
	<p>While Molycop Australia has not experienced nor identified any evidence of modern slavery practices in their supply chains to date, should this occur or be identified, it is likely that the response would be consistent with that adopted in relation to other types of risks (such as environment, WHS and/or quality assurance) in which:</p> <ul style="list-style-type: none">• Molycop Australia would likely suspend the ongoing supply or relationship while enquiries are undertaken, and the relevant parties are informed of the concerns• the relevant parties may be afforded the opportunity to rectify or redress the potential issues• there would be consideration of any applicable reporting requirements and obligation to cooperate with any relevant regulatory bodies• if it is established that the supplier or vendor has not complied with the expected standards and values of Molycop Australia, their engagement may be terminated, and• Molycop Australia would likely share details of the relevant issues internally (including with the International Procurement Hub) to ensure that other businesses within the Molycop corporate group may be appropriately informed of any previous issues or concerns.
Reporting of potential issues	<p>Molycop Australia has a range of established methods for persons to raise and escalate any concerns associated with their supply chain. This includes:</p> <ul style="list-style-type: none">• the grievance procedure prescribed for employees• the Whistleblower Hotlines that may be utilised by anyone (irrespective of whether they are an employee or an external person), and• nominated key contact persons within Molycop Australia (for example, a buyer or contracts manager for an external supplier or vendor). <p>Under the terms and conditions of engagement for suppliers, vendors and employees, any serious issues of potential legal</p>



Action and/or Mechanism:	Description:
	non-compliance (such as suspected modern slavery practices) are to be notified to an appropriate contact at Molycop Australia so that any appropriate action (including investigation and/or rectification strategies) may be implemented.

Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks

As noted immediately above, many of the mechanisms implemented by Molycop Australia to appropriately assess and address potential risks of modern slavery practice in its supply chain have related and complementary components intended to enable the continual evaluation of the effectiveness of the actions taken.

Relevantly, this is undertaken by way of:

- the development and imposition of Key Performance Indicators for suppliers and vendors on relevant competencies (including with respect to their risk and people management systems and strategies)
- auditing schedules and related template evaluation documentation that prompts consideration of worker conditions within the supply chain
- information sharing and engagement between the various levels of the supply chain, and
- independent reviews or audits of suppliers or vendors undertaken by third parties and/or the International Procurement Hub.

Molycop Australia recently had an independent specialist attend the workplaces of two long-term suppliers - located in India and China - to undertake comprehensive reviews and evaluate their compliance with applicable requirements associated with their supply and operations. While these processes were not solely directed at modern slavery risks, this was an inherent and essential consideration as the applicable criteria involved an assessment of the suppliers' 'people and training' processes.

Describe the process of consultation with any entities the reporting entity owns or controls and in issuing this joint modern slavery statement

In preparing this joint statement for Molycop Australia, the following key steps were implemented:

- relevant information was located and collated by an internal project team (comprising members of the procurement and legal business areas)



- evidence and practical examples of the actions implemented by Molycop Australia in the relevant reporting period were sought and evaluated
- numerous meetings were conducted with key stakeholders to verify the relevant circumstances and information gathered
- an external consultant was engaged to assist in:
 - mapping the supply chain of Molycop Australia
 - discussing strategies (as well as those contemplated into the future) with respect to addressing risk of modern slavery practices, and
 - summarising the components of Molycop Australia's approach to addressing these risks for the purposes of preparing a draft statement, and
- the Board of CSC (and key members of the senior leadership team) for each entity were provided a draft version of the statement and afforded the opportunity to consider, verify and provide feedback on the content prior to finalisation and submission.

Ultimately, there was an extremely high level of consultation, cooperation and coordination between the various entities in preparing this statement given they effectively operate as a joint and consolidated business.

Other relevant information

The introduction of the MS Act was a factor that prompted Molycop Australia (and the broader Molycop corporate group) to review and consider various potential enhancements to their existing systems and processes to ensure they are adequately addressing potential risks of modern slavery practices in their supply chain. While this has seen numerous positive initiatives introduced and refined (such as updated components of the Code and associated training) to specifically address modern slavery risks, there have been some inadvertent challenges to the enactment of other planned initiatives in the 2019/2020 financial year due to the COVID-19 pandemic. For example:

- certain activities were required to be deferred or were unable to be implemented to the scale anticipated (for example, the ability to undertake additional in person audits and reviews of overseas suppliers or vendors was limited due to travel restrictions), and
- restrictions and disruptions to supply chains and businesses generally has meant there has been a necessary reluctance to impose potentially new and prescriptive requirements or processes on suppliers or vendors at this time as this could adversely impact their ongoing operational viability.

Despite these hurdles, Molycop Australia has continued to make positive progress in their dynamic approach to addressing modern slavery risks in their supply chain and is committed to maintaining effective initiatives. Relevantly, Molycop Australia:

- is a member of numerous industry bodies (including the Australian Industry Group, the Australian Steel Institute, the Chartered Institute of Procurement & Supply and the



Bureau of Steel Manufacturers of Australia) which enables the sharing of practices and experiences amongst similar organisations to inform future developments, and

is already considering future enhancements and initiatives arising from the observations and findings deriving from the process of preparing this statement which will be canvassed in the next reporting period.

This statement was approved and endorsed by the Board of CSC for and on behalf of Molycop Australia.

Executed for:

Commonwealth Steel
Company Pty Ltd

ACN: 000 007 698

By the following authorised delegates:

Paul Griffiths

Name:

Signature:

Director

30 March 2021

Position:

Date: