



Modern Slavery Statement
1 January 2021 to 31 December 2021

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1. Introduction

The Australian Modern Slavery Act 2018 (the **Act**) requires Silicon Metal Company of Australia Pty Ltd ACN 009 401 736 (**Silmet**) and Simcoa Operations Pty Ltd (**Simcoa Operations**) ACN 009 064 653 to report on how they are identifying and addressing the risks of modern slavery in their operations and supply chains.

The Act's definition of "*modern slavery*" captures:

- conduct that would constitute slavery and slavery-like offences including forced labour, deceptive recruitment and debt bondage; and
- human trafficking; and
- unacceptable child labour.

The Simcoa Group, comprising Silmet, Simcoa Operations, Microsilica Pty Ltd and Simcoa Mines Pty Ltd (**Simcoa**), is committed to respecting and upholding the human rights of its people, customers, suppliers, and all other stakeholders that Simcoa interacts with, in line with the United Nations Guiding Principles on Business and Human Rights, and to ensure no individuals are exploited.

Simcoa recognises the importance of the Act to ensure modern slavery risks in connection with its operations and supply chains are identified and addressed.

This Modern Slavery Statement (**Statement**) is made by Simcoa for the reporting period **1 January 2021 to 31 December 2021**.

This Statement is prepared on the basis of detailed guidance material issued under the Modern Slavery Act, which provides a standardised framework. This resource is used to identify the opportunities for improvement against key points in each criterion.

2. The reporting entity covered by this Statement - Simcoa's structure, operations and supply chains

2.1 Corporate Structure

The Simcoa Group comprises 4 companies based in Australia. An organisational chart of the group is attached.

Simcoa was purchased by Shin-Etsu Chemical Co., Ltd. (**Shin-Etsu Chemical**) in 1996.

Shin-Etsu Chemical was established in 1926 and is listed on the Tokyo Stock Exchange. It is the largest chemical company in Japan. It has the largest global market share for polyvinyl chloride, semiconductor silicon and photomask substrates.

Shin-Etsu Chemical and its related entities, including Simcoa, complies strictly with all laws and regulations, conducts fair business practices and creates unrivalled value for society and industry through the provision of key materials and technologies.

Shin-Etsu Chemical and its related entities are committed to upholding the human rights of all employees with whom they interact in their business activities in strict accordance with the principal labour standards of the International Labour Organisation (ILO).

2.2 Simcoa's Operations

Simcoa's headquarters are located at the Kemerton Industrial Park, 973 Marriott Road Wellesley, approximately 20 kms north of Bunbury, Western Australia. Simcoa employs approximately 180 people.

Simcoa produces the world's highest quality silicon to meet customers' precise needs. It operates the only fully integrated silicon metal production plant in the world. It is Australia's only silicon producer.

Simcoa's furnace operation was commissioned in December 1989 at Kemerton and presently comprises a sawmill; two charcoal retorts; three submerged arc electric furnaces; a filter house (for cleaning the furnace off-gases); a product handling plant and baghouse (for product packaging and despatch); and site services including a laboratory, administrative and maintenance areas.

This modern plant uses the highest quality raw materials, including low ash charcoal made from timber residues, coal and a high purity quartzite. With highly skilled operators and technical expertise, the product is unique in terms of consistency and quality.

The quartzite is quarried from the Mine owned and operated by Simcoa at Moora, approximately 180kms north of Perth. The quartzite deposit contains more than one million tonnes of proven reserves and at least a further four million tonnes in the indicated and inferred resources category. The quartz is transported to the Kemerton plant daily via road transport.

The wood used to manufacture charcoal is a mixture of forest residues (from third party bauxite mining clearing operations, and commercial logging), and sawmill off-cuts.

Simcoa is capable of producing in excess of 50,000 tonnes of high purity silicon annually. In addition, approximately 14,000 tonnes of Microsilica (silica fume) are extracted from the furnace off-gases and sold as a by-product. Simcoa exports 85% of its product.

2.3 Simcoa's supply chain

Procurement at Simcoa

Simcoa has three employees in the Purchasing Department, all of whom are located at Kemerton, comprising: one Stores Officer, one Purchasing Officer and one Procurement Supervisor. The Purchasing Department is overseen by the President Director / Vice President – Site Services & Marketing. The Managing Director and Manager, Accounting and Financing and the Director / Vice President – Site Services & Marketing ultimately have the overall decision-making authority in regard to where and from whom Simcoa purchases goods.

We understand the need to thoroughly review our supply chains to ensure that we are not directly or indirectly contributing to modern slavery.

In 2020, 22% of our suppliers were based overseas while 76% were based in Australia. Our major procurement categories (in expenditure terms) in that year were:

- Electrodes
- Coal
- Timber
- Silicon re-melt

We understand that as the entirety of our supply chain stretches across borders and sectors, this may carry elevated risks of modern slavery.

We consider our higher risk countries in terms of supply are:

- China
- India
- Thailand

We consider these countries high risk as Simcoa purchases goods via third parties. We do not have direct relationships with some suppliers in these high-risk companies. To ensure we reduce the risk to modern slavery, Simcoa requires a "Supplier Declarations for Prevention of Modern Slavery" to be signed by a senior staff member of these companies.

Snapshot of Simcoa's Supply Chain:

- ⇒ Number of suppliers: Australian 3308 – International 125.
- ⇒ List of industries Raw Material Supply – Electrodes, Silicon Remelt, Coal, Timber, Quartz / Others - Packaging Materials, Machinery Parts, Safety Supplies, Electrical Spares
- ⇒ Tenure of supplier relationships 60% - long term suppliers, 10 years +

3. Modern slavery practices in the operations and supply chain

3.1 Operations

Simcoa's operational modern slavery risk is considered very low due to several factors.

The nature of services and products supplied do not, in our view, pre-dispose themselves to modern slavery practices.

The level of risk is further reduced by Simcoa's current procedures and policies. Policies include Simcoa's Code of Conduct, Human Rights Policy and Whistle-blower Policy.

Furthermore, the risk is, in our view, reduced by the fact the employees and contractor labour workforce used by the vast majority of our suppliers are predominately located in Australia. Simcoa is confident that, as result of Australian recruitment, remuneration, workplace, health and safety and compliance laws and practices, there is a very low risk that any of their employees or contractors are victims of modern slavery.

3.2 Supply Chains

Our approach is assessing supply chain modern slavery risk is focussed on product, sector, geography and entity risks.

Certain industries and product types are more exposed to modern slavery risk than others. Simcoa vetting and selection of its suppliers and sub-contractors of the purchase of assets and, goods and services are carried out in accordance with the Simcoa's Code of Conduct and Human Rights Policy.

4. Actions taken to assess and address risks of modern slavery practices and actions to address, including due diligence and remediation

4.1 Governance and Management

The Simcoa Board of Directors has ultimate responsibility for Simcoa's approach to the management of human rights risks, including risks of modern slavery.

Simcoa's Management Team, including its Managing Director, Director / Vice President - Site Services & Marketing, Procurement Supervisor, Finance Manager, and Human Resource Superintendent reside in Australia at Simcoa's Kemerton location.

The Management Team proposes to the Simcoa Board for approval, and subject to approval, implements all policies and procedures.

The Management Team oversees implementation of policies, management systems, performance, reporting and compliance related to health, safety, environmental, community

and human rights. The Management Team is responsible for upholding policies and implementing management controls that relate to human rights and modern slavery.

4.2 Policies and Procedures

Simcoa's approach to managing human rights and modern slavery is supported by a framework of policies and procedures which have been reviewed and are specifically related to modern slavery. Our standards include Human Rights Policy - respect human rights perpetually in accordance with the international Code of Conduct. The International Code of Conduct follows the universal Declaration of Human Rights, ILO, the UN (United Nations) Guiding Principles of Business and Human Rights and the United Nations Global Compact's 10 Principles. Our Procurement, Finance, Commercial and Human Resources functions have recently undergone training / advised of the potential of the risk of Modern Slavery.

4.3 Due Diligence

Simcoa will continue to regularly implement the identification, evaluation, preventative/corrective measures, investigation, monitoring, and information disclosure of human rights risks in accordance with the Human Rights Policy.

4.4 Remediation

No incidents of modern slavery were identified by our operations in the reporting period from the 1 January 2021 to 31 December 2021. Simcoa has a policy for reporting such incidents for the protection of human rights. Simcoa's Compliance Reporting and Consultation Systems (Policy Number 10.6) allows all employees to report any unlawful and unethical practice.

5. Assessing the effectiveness of actions

Simcoa has focussed its efforts of understanding supply chain risk and educating key personnel in relation to such risk. Simcoa will continue to assess and address modern slavery risk in its operations and supply chains by implementing the following:

- Requesting Australian suppliers to provide a copy of their Modern Slavery Statement.
- Requesting Australian suppliers to complete and return a Supplier Declaration for Prevention of Modern Slavery.
- Requesting international suppliers to complete and return the Supplier Declaration for Prevention of Modern Slavery, signed by a Senior Manager within their organisation.
- Measuring performance by establishing key performance indicators for Management and Procurement Teams. Examples include:
 - The number of modern slavery training and awareness sessions delivered.
 - The number of procurement/purchasing Supplier Declaration for Prevention of Modern Slavery responses received.
- Updating policies and procedures to include modern slavery practices and processes.
- Further developing and strengthening modern slavery risk assessments as part of our procurement processes.
- Further action is required to develop supplier remediation plans such as

- Vendor Screening - Simcoa's pre-qualification process to flag high risk suppliers according to product type, sector classification, geography and spend.
- Risk Detection - assess the risk and performance of tier 1 suppliers within our supply chain
- Vendor Engagement - engage more of our higher-risk suppliers to determine the extent to which modern slavery risk is adequately managed.
- Vendor Remediation - develop remediation plans to assist in effectively remediating any modern slavery case.
- Documentation Review – review contracts and policy documentation to develop, improve and further imbed modern slavery considerations and supplier contract clauses within existing procurement and contracting processes.
- Reviewing Simcoa's internal and external policies, procedures and other documentation.
- Benchmarking our performance against industry standards, and customer and investor expectations.
- Establish a process to provide regular engagement and feedback on modern slavery issues between functional areas such as Procurement, Finance, HR and Management.
- Collaborating with industry partners to share knowledge and identify gaps.

6. Process of consultation

Simcoa adopts a group-wide approach to the management of modern slavery risk. By engaging with key internal stakeholders and functional leads, we are engaging with personnel who can provide information to inform this approach.

7. Report any other relevant information

The Covid-19 pandemic required a rapid and co-ordinated response. Covid-19 caused unparalleled disruption, none more so than within our supply chain.

Several factors may have increased the risk of the occurrence of modern slavery in our supply chain. This increased risk related to the challenge of obtaining good and services during the Covid disruption. Examples include the following:

- Being required to engage new/unfamiliar suppliers quickly to meet site demand for goods and services such as increased demand for items such as Personal Protective Equipment (PPE), cleaning products, soaps, and hand sanitiser.
- Scarcity of supply of on-demand items that put direct pressure on our suppliers which could have resulted in adverse working conditions for their or our employees.
- Wellbeing stress for suppliers' and our own employees and their families who were either unable to work due to personal or family health vulnerability during lockdown periods.
- More rapid than usual on-boarding of suppliers to meet site demands for items such as PPE, cleaning products, soaps, and hand sanitiser.
- Challenges of physical distancing in work areas.


- As an essential industry with a 24/7 operation, the wellbeing stress of being required to work whilst much of the community was locked down or otherwise unable to work.

To mitigate these risks, Simcoa endeavoured to:

- Work closely with our suppliers to ensure understanding and management of the risks.
- Leverage our excellent supplier relationships to ensure security of supply.
- Work with our employees to ensure no adverse impacts due to quarantine or isolation requirements and flexibility to work from home where possible.

Approval

This statement was endorsed by Simcoa's Management Team, and approved by the Board of Simcoa.



Mr Kikuo Nakajima
MANAGING DIRECTOR
SIMCOA OPERATIONS PTY LTD

ORGANISATIONAL CHART – SIMCOA GROUP

OWNERSHIP STRUCTURE OF THE SIMCOA GROUP OF COMPANIES

COMPRISING OF SILICON METAL COMPANY OF AUSTRALIA PTY LTD, SIMCOA OPERATIONS PTY LTD, SIMCOA MINES PTY LTD AND MICROSILICA PTY LTD

