



Alcoa

ALCOA OF AUSTRALIA LIMITED

Modern Slavery Statement 2020

This is Alcoa of Australia Limited's inaugural Modern Slavery Statement, pursuant to s16(1) of the Australian Modern Slavery Act 2018 (Cth) (Modern Slavery Act). This statement sets out the actions we've taken to identify and address modern slavery risks in our business and supply chains in the lead up to and during calendar year 2020. References to 'modern slavery' in this statement have the same meaning as that term is defined in the Modern Slavery Act. This statement was prepared as a joint effort by a wide range of functions within Alcoa including procurement, human resources, sustainability, government affairs, legal and ethics and compliance. This statement was approved by the Alcoa of Australia Limited Board of Directors on 24 June 2021.

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We acknowledge the Traditional Custodians of the lands where we operate, the Noongar, Wadawurrung and Gunditjmara Peoples and pay our respects to their Elders, past, present and emerging.



Our commitment

We acknowledge our responsibility to respect human rights as fundamental to the sustainability of our Company and the communities in which we operate.

We are pleased to present Alcoa of Australia Limited's first Modern Slavery Statement under the *Australian Modern Slavery Act 2018 (Cth)*.

It sets out the actions we have taken to identify and mitigate modern slavery risks in our business and supply chains in 2020, as well as key areas of focus for the future.

While we have taken important steps to further strengthen our approach to managing modern slavery risks across our business and supply chains, we recognise that this work will be ongoing. Further, we remain committed to transparent reporting on this complex issue and to the ongoing improvement and refinement of our approach.

This statement was prepared by our Human Rights Working Group and forms part of our annual reporting process.

It was formally approved by the Alcoa of Australia Limited Board of Directors on 24 June 2021.

Michael Gollschewski
Vice President Operations – Australia

Progress in 2020

Modern slavery refers to cases of human exploitation, where the victim cannot refuse or leave and includes human trafficking, servitude, child labour, sex trafficking, forced marriage, forced labour and debt bondage.

No incidents of modern slavery were identified in our Australian operations or supply chains in the reporting period.

Our Western Australian operations gained certification from the Aluminium Stewardship Initiative (ASI) after independent, third-party auditors verified our performance against ASI's responsible production, sourcing and stewardship standards.

We joined the Western Australian Modern Slavery Collaborative to gain and share knowledge on the subject as well as to benchmark programs that have proven to be effective in addressing risks of modern slavery.

We updated our Supplier Standards to explicitly prohibit modern slavery.

We expanded our inbound vessel questionnaire to monitor seafarer crew changes in response to increased human rights risks due to COVID-19.

We established a regional Human Rights Working Group for our Australian operations, bringing together legal, government affairs, human resources, procurement, finance and sustainability expertise to help assess and respond to key risks.

Our structure and operations

ABOUT ALCOA CORPORATION

Alcoa Corporation is a global industry leader in bauxite, alumina and aluminium products built on a foundation of strong values and operating excellence dating back more than 135 years.

Alcoa Corporation is the parent company of Alcoa of Australia Limited. Our policies and the Supplier Sustainability Program apply across Alcoa Corporation and Alcoa of Australia Limited.

Globally Alcoa Corporation has ownership in seven active bauxite mines, seven refineries, 14 smelters and six energy assets.

ABOUT ALCOA OF AUSTRALIA LIMITED

Alcoa of Australia is owned by Alcoa World Alumina and Chemicals (AWAC), an unincorporated global joint venture between Alcoa Corporation and Alumina Limited. Alcoa Corporation owns 60 percent of AWAC with Alumina Limited owning 40 percent.

In this statement, unless expressly mentioned otherwise, references to Alcoa, the Company, we, us and our, refer to Alcoa of Australia Limited and its subsidiaries¹.

Alcoa's operations represent one of the world's largest integrated bauxite mining, alumina refining and aluminium smelting systems and add value to Australia's local, state and national economies at every stage of the value chain.

Each year Alcoa mines approximately 34 million dry metric tonnes of bauxite, refines approximately nine million tonnes of alumina and produces approximately 300,000 tonnes of aluminium. We produce almost 45 percent of Australia's alumina and about 19 percent of Australia's aluminium. Our alumina production in Western Australia accounts for approximately seven percent of total world production.

In 2020, Alcoa's operations supported approximately 4,200 direct jobs predominantly located in regional Western Australia and Victoria. Of those employees, approximately 99 percent work on a permanent basis. We recruit employees using our own internal teams and do not rely on the services of overseas recruitment agencies.

¹ Alcoa Portland Aluminium Pty Ltd is a 100 percent owned subsidiary of Alcoa of Australia Limited that acts as the manager for the Portland Smelter and enters into procurement and other contracts as the agent for the joint venture participants in accordance with the terms of the Portland Aluminium Participants Agreement. Alcoa Portland Aluminium Pty Ltd is subject to Alcoa's Human Rights Policy and Code of Conduct. Alcoa's procurement policies and procedures also apply to Alcoa Portland Aluminium Pty Ltd. No separate consultation was required with Alcoa Portland Aluminium Pty Ltd in the preparation of this statement as the management representative with responsibility for overseeing the procurement function of Alcoa of Australia Limited also has responsibility for the procurement function of Alcoa Portland Aluminium Pty Ltd and the Board of Alcoa Portland Aluminium Pty Ltd wholly consists of directors who are also directors of Alcoa of Australia Limited. The remaining Alcoa of Australia Limited owned or controlled subsidiaries are not involved in operational or supply chain decision making.



Our supply chains

Our procurement team supports our entire product lifecycle through exploration, mining, refining, smelting, waste and residue management, rehabilitation, warehousing and transportation.

In 2020, the value of goods and services procured and managed was \$2.5B of which approximately 87 percent came from suppliers operating within Australia. We engaged 2132 suppliers and placed over 2500 orders per week with these suppliers. Whilst our supplier relationships have a strong Australian focus, we acknowledge that the raw materials and manufacturing of what we buy may be global in origin. This introduces the risk that goods, services and raw materials may be sourced from regions where there is a more vulnerable workforce, including low and semi-skilled workers and/or migrant workers.

We understand the need to thoroughly review our supply chains to ensure that we are not directly or indirectly (through sub-contractors) contributing to modern slavery.

In 2020, our major spend categories included:

- Process chemicals
- Hydrocarbons
- Civil and mining support services
- Labour hire
- Site maintenance services
- Waste management

Our higher risk inputs are:

- Process chemicals
- Lubricants
- Alloying metals
- Lime
- Calcined coke
- Refractories

Our higher risk countries of origin are:

- China
- Qatar
- Indonesia
- Saudi Arabia
- India



IN 2020



\$2.5B
of goods and services
were procured and
managed



2132
suppliers engaged



>2500
orders a week were placed
with these suppliers



With respect to governance, Alcoa Corporation's Board of Directors has created a Safety, Sustainability and Public Issues Committee to provide guidance on matters relating to corporate and social responsibility, including human rights risks.

Members of the Company's global Executive Team sponsor the Human Rights Council which is co-chaired by the Vice President, Sustainability and the Chief Ethics and Compliance Officer. Our Human Rights Council defines and implements management systems that enable us to respect and support individual and collective human rights affected by our operations. The Council includes representatives from each region, including Australia and key resource units. More information on how Alcoa manages Human Rights can be found in the Human Rights section of the [Alcoa 2020 Sustainability Report](#).

In 2020, we established a Human Rights Working Group in Australia, which brings together legal, government affairs, human resources, procurement, finance and sustainability expertise to help assess and respond to key risks.

The group reports to the Human Rights Council and implements initiatives and improvements identified in the Human Rights due diligence process. The Alcoa of Australia Limited Board of Directors is represented on this group.

Our Vice President of Global Procurement and Transportation has responsibility for assessing and managing modern slavery risks within our supply chain. Our Chief Human Resources Officer is responsible for managing modern slavery risks within our business.

Decision making for our procurement activities is supported by our procurement procedures and policies which are applicable to all procurement team members globally. These procedures and policies provide the framework to ensure that our purchasing decisions are aligned with our values. Our approach to supplier selection addresses environmental, health, safety and sustainability management (including human rights), ethical and anti-corruption practices, supplier capability and quality management, financial capacity and continuous improvement.

Alcoa of Australia Limited's Board of Directors is ultimately responsible for ensuring appropriate procedures are in place to identify, assess, manage, remediate and report any modern slavery risks to comply with the Modern Slavery Act.

Our approach

To advance sustainably is a strategic priority for Alcoa Corporation and its operations globally and we strive to contribute to a sustainable future with industry-leading environmental and social standards.

By transforming natural resources into aluminium, we create value for our shareholders, customers, suppliers and the communities where we operate. We continue to seek a balance between maximising benefits for stakeholders while minimising the potentially negative impacts of our operations. Our global Sustainability Strategy guides us as we operate in, or source materials from, countries with less demanding social performance requirements. More information on our Sustainability Strategy can be found in the Sustainability Approach section of the [Alcoa 2020 Sustainability Report](#).

POLICY AND GOVERNANCE

Respect for human rights is fundamental to the sustainability of Alcoa and the communities in which we operate. Our [Human Rights Policy](#) articulates our commitment to ensure people are treated with dignity and respect. The policy is aligned with and refers to, international human rights principles encompassed in the United Nations Universal Declaration of Human Rights, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.

Our Human Rights Policy defines our commitment, expectations and approach regarding the protection of human rights and applies to every employee, supplier, sub-contractor and business partner with whom we engage.

The policy prohibits the use of all forms of forced labour, including prison labour, indentured labour, bonded labour, military labour, slave labour and any form of human trafficking.

Our Human Rights Policy operates in conjunction with our:

- [Code of Conduct](#)
- Employee training
- [Supplier Standards](#)
- Internal and third-party supplier assessment programs for new and existing suppliers
- [Integrity Line](#) for employees, suppliers and the public to report ethical and human rights violations
- Human Rights Council which oversees compliance with applicable United Nations Guiding Principles for Business and Human Rights and the ILO's fundamental conventions, responds to external perspectives and enhances programming based on our most salient priorities

MANAGING MODERN SLAVERY RISKS IN OUR OPERATIONS

Risks of slavery or servitude are well regulated under Australian laws. For instance:

- The *Fair Work Act 2009* regulates the minimum wage in Australia; and
- Minimum age standards are comprehensively regulated at the federal and state level.

Alcoa complies with all local applicable laws and regulations relating to hiring children and our hiring practices conform with the ILO conventions for minimum age and child labour. Alcoa's Australian operations do not employ people under the age of 18 or support the use of child labour. All Alcoa employees are required to provide identification documents that confirm their age and visa status as a condition of employment.

In 2021, with the support of an external third party, Alcoa Corporation conducted a living wage study of all direct employees of Alcoa across all jurisdictions in which we operate. Based on an analysis of 2020 earnings, the results demonstrated that in all cases, Alcoa pays a living wage.

In 2019, Alcoa engaged an independent third party to conduct a comprehensive due diligence assessment of human rights and modern slavery risks and impacts in our Western Australian operations and supply chains. Both the inherent and residual modern slavery risks within our operations were assessed as low. No gaps were identified in the current controls. These controls are applied consistently across our Victorian operations as well.

Other human rights risks identified in the human rights due diligence assessment have been integrated into an action plan that is overseen by our Human Rights Council and implemented by our regional Human Rights Working Group. Actions prioritised for improving the management of human rights risks within our operations include:

- Integrating human rights risk management into our enterprise risk management system; and
- Developing improved guidance for our employees on human rights management, due diligence and remediation.



In early 2020 our Western Australian operations gained certification from the Aluminium Stewardship Initiative (ASI) following verification of our performance against ASI's responsible production, sourcing and stewardship standards by independent auditors.

Alcoa acknowledges the importance of enterprise-wide training to drive awareness of human rights and modern slavery within our specific context and more broadly. In partnership with Trace International, a globally recognised anti-bribery business association and leading provider of shared-cost third party risk management solutions, Alcoa Corporation developed an 'Avoiding Trafficked Labour' training program, the global rollout of which commenced in 2019. By the end of 2020, approximately 97 percent of Australian salaried employees had completed the online training.

MANAGING MODERN SLAVERY RISKS IN OUR SUPPLY CHAINS

In conjunction with our Human Rights Policy, our global Supplier Standards outline our expectations for suppliers who work with us. The Supplier Standards are available on our website including specific regional requirements, referenced in tender documentation and form part of our contracts. In 2020, we updated our Supplier Standards to explicitly prohibit modern slavery.

Our Supplier Sustainability Program (SSP) provides assessment, due diligence and monitoring of our supply chain, addressing environmental, social and governance risks.

Supporting the SSP are three, global third-party program partners:

Descartes MK Denied Party Screening – provides screening of potential suppliers, signatories and maritime vessels to ensure we do not conduct dealings with companies and persons listed on the US Denied Parties List, or sanctions lists due to dealings with parties in denied countries².

Trace International – Trace International's TRAC program screens supplier entities against watch lists, international sanctions, criminal acts and bankruptcy. All suppliers with an annual spend more than US\$1M, or more than US\$50,000 if located in high-risk countries³, are asked to complete a TRAC profile.

EcoVadis – is a leading global environmental, social and governance (ESG) risk assessment provider. Launched in 2018, the EcoVadis ratings and 360 Watch programs support the SSP through digital supplier audits and continuous monitoring of our assessed supply base. Suppliers with an annual spend more than US\$5M and all suppliers operating in high-risk countries or supplying high-risk commodities are asked to complete an EcoVadis ESG audit. The audit covers four aspects – environmental, social (including labour and human rights), ethics and (the supplier's) supply chain. Suppliers are required to provide policies, procedures, performance metrics, action plans and evidence to support their actions and results. A supplier's rating is

² Denied countries include Syria, North Korea and Iran.

³ High-risk countries are defined in the [Trace Bribery Risk Matrix](#) with scores >56 representing high risk.

based on the results of the audit, publicly available data, country risk and commodity risk. Possible ratings are:

- Insufficient (0 to 24)
- Partial (25 to 44)
- Moderate (45 to 64)
- Advanced (65 to 84)
- Outstanding (over 85)

Post rating, suppliers are monitored for adverse and positive ESG risk coverage through EcoVadis 360 Watch and Live News. This ongoing monitoring provides a leading indicator as to a supplier's ongoing performance outside the audit window.

Suppliers are provided feedback on each of the assessed criteria in the form of strengths and weaknesses, along with guidance for improvement. Suppliers rated less than partial (25-44) are required to develop an action plan for improvement and reassessed within 12 months. An insufficient rating does not immediately preclude a supplier from working with Alcoa. Instead, further analysis is undertaken and a supplier's commitment to improve is also taken into consideration. The SSP is a collaborative process and is designed to promote transparency and advance sustainability within our supply chain. The SSP provides the framework to work with our suppliers to improve and progress towards our global Strategic Long-term Sustainability Goals. Further information about our Goals can be found on our [Sustainability webpage](#) and our [2020 Sustainability Report](#).



OUR SUPPLIER SUSTAINABILITY PROGRAM CONTINUES TO BUILD YEAR ON YEAR

Over 120 suppliers, representing 69 percent of procurement spend for our Australian operations, have now been assessed via EcoVadis.

All suppliers to our Australian operations who have gone through the EcoVadis assessment have achieved the required ratings in the labour and human rights section.

One supplier to our Australian operations was identified as requiring a corrective action plan which has since been completed and the supplier has subsequently met the required rating.

Fifty percent of suppliers to our Australian operations who undertook reassessment in 2019/2020 improved their rating.

Descartes MK Denied Party Screening evaluates maritime vessels and vessel owners for any local or international 'denied parties' and/or sanctions list references. Recognising increased human rights risks experienced by seafarers because of the COVID-19 pandemic, we also expanded our inbound vessel questionnaire to include crew change and length of service disclosures, as well as safety, registration, compliance and vessel specifications. Whilst no questionnaire responses raised red flags, the questionnaire provided an avenue that allowed us to influence action for positive change with charters and ship owners.

In 2021, we are investigating becoming a signatory to the Neptune Declaration on Seafarer Wellbeing and Crew Change and the Sustainable Shipping Initiative to pursue improved outcomes for seafarers.

Companies supplying products potentially containing natural resources extracted in a conflict zone are also required to provide certification and evidence of due diligence (on request) to verify that their products are conflict-free.



GOLD SUPPLIER CLASSIFICATION

Alcoa undertakes the EcoVadis assessment and analysis as a supplier on an annual basis.

In 2019/2020 we were awarded Gold supplier classification by EcoVadis. This classification has also been granted to Alcoa in 2021 and remains current.

Gold status indicates that Alcoa Corporation is among the top five percent of companies in our industry and a leader in sustainability categories of environment, labour practices, fair business practices and sustainable procurement.

COLLABORATING WITH OUR PEERS

Alcoa Corporation is a member of the International Council on Mining and Metals (ICMM). ICMM is focused on enhancing industry's contribution to society with safe, fair and sustainable practices. As a member, we must meet the commitments of ICMM's mining principles and all associated performance expectations including respecting human rights, the rights of workers and providing fair pay and working hours. Our representatives are actively involved across ICMM's committees and working groups to embed these sustainable practices across industry.

Members of the energy and extractive industries sector formed the Western Australian Modern Slavery Collaborative in 2019. The collaborative provides a forum for Western Australian-based practitioners to share knowledge and manage operational and supply chain risks of modern slavery. In 2020, Alcoa became an active member of the collaborative.

REMEDATION

No incidents of modern slavery were identified in any area of our operations in 2020.
To manage modern slavery risks that may be identified in the future, we have a grievance mechanism and remediation process in place that addresses a range of adverse human rights impacts, including modern slavery.

We encourage employees and external stakeholders, including suppliers and their employees, who have ethics-related questions or concerns or want to report suspected breaches of laws, policies or our values, to do so through our confidential [Integrity Line](#). The Integrity Line is available to suppliers and their employees within our supply chain. Calls are free of charge and are accessible 24/7 in multiple languages. Reports can be submitted anonymously by phone or online. See the Governance, Ethics and Compliance section of the [Alcoa 2020 Sustainability Report](#) for additional information.

Access to the Integrity Line is publicised via multiple internal and external channels, including our website, corporate policies and procedures and is on display in all locations.

An independent company, Navex Global, receives all issues and concerns reported through the Integrity Line and promptly directs them to our global Ethics and Compliance team for follow-up using the following procedures:

- The reporter is given a private code that they can reference for investigation status updates. The reporter may obtain updates by calling the Integrity Line, checking the web reporting site or contacting the investigator directly.
- The Ethics and Compliance team conducts an initial review of the matter to determine the most appropriate method of investigation. Where appropriate, the Ethics and Compliance team sends the matter directly to the relevant Alcoa location for investigation. Investigations that are not appropriate for the location to handle are retained for investigation by the Ethics and Compliance team.



ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

- Investigations are handled promptly, thoroughly and confidentially.
- If not anonymous, the identity of the reporter is kept strictly confidential throughout the process and only disclosed to authorised persons, when necessary, to carry out the investigation or as otherwise required by law.

A final determination is made as to whether the allegation or concern was substantiated or unsubstantiated. The response to substantiated matters is determined on a case-by-case basis. It is tailored to the seriousness of the substantiated facts.

Where adverse impacts are identified through the grievance mechanism outlined above, or through our risk identification and audit processes, we will determine the extent to which we have caused, contributed to, or are directly linked to that adverse impact. Alcoa endeavours to take a victim-centred approach to incidents of modern slavery in our operations or our supply chains. To ensure we do this, we are developing improved guidance for our employees on human rights management, due diligence and remediation as a priority in 2021.

We verify the effectiveness of our SSP, through contractual compliance audits or field verification. Our standard procurement contract provides us with the right to audit suppliers for this purpose. These audits have typically focused on aspects such as safety culture, invoicing methodologies and accuracy and operating environment. We have prioritised audits of our high value contracts and suppliers transitioning into or out of contracts with us, with data from the EcoVadis process playing a key role. In 2020, only two audits were completed as a result of COVID-19 safety measures.

Contractor compliance audits have typically not focussed on human rights for our Australian operations. However, in other higher risk regions, such as Brazil, human rights have been a focus of Alcoa Corporation's security contractor audits. Incorporating human rights criteria into our Australian supplier audits has been identified as an opportunity for improvement.

We use Navex Global benchmarking to assess the effectiveness of our Integrity Line. Navex Global is a leading vendor of governance, risk and compliance solutions and provides hotline services to 95 Fortune 100 companies, including Alcoa. Navex publishes an annual Ethics and Compliance Hotline Benchmarking Report which contains metrics for report volume, report allegation categories, anonymous versus named reporting, follow up and substantiation rates, case closure times and intake methods.



IMPACTS OF COVID-19

The COVID-19 pandemic required a rapid and coordinated response across our global operations to protect our employees and contractors, their families and the communities in which we operate while ensuring the continuity of our operations, which were deemed essential.

In March 2020, our Global Crisis Response Team coordinated our response to the pandemic by rolling out comprehensive Pandemic Preparedness and Response Plans.

The plans provided clear roadmaps for the company and locations to manage travel, security, health and safety, human resources, operations and more.

With an increased demand for Personal Protective Equipment (PPE) worldwide, global supply chains became strained and some companies diversified their supplier base to meet needs. Our SSP partner EcoVadis supported us by providing access to all Gold and Platinum assessed PPE supplier scorecards and contact details, allowing us to select suppliers with stronger ESG performance.

In the face of unprecedented challenges, our employees around the world worked to keep our operations running safely. None of our locations had to fully or partially close and we had zero missed or delayed customer shipments due to the pandemic. We expanded our inbound vessel questionnaire to monitor seafarer crew changes in response to increased human rights risks due to COVID-19.

Onsite audits and associated administrative requirements for suppliers were scaled back in 2020 in line with our COVID-19 health and safety response and regional lockdown mandates.

For more information pertaining to our COVID-19 response please refer to the [Alcoa 2020 Sustainability Report](#).

Our future focus

Managing modern slavery risks is a significant global challenge and one that Alcoa has a role in tackling.

We will continue to work to ensure that all people – including our employees, customers, suppliers and community members that live near to our operations – are treated with dignity and respect.

Looking ahead, we are committed to collaborating with our partners and industry peers to keep building our joint capacity for mitigating modern slavery risks.

Our current priorities are to:

- Expand our SSP to screen and monitor our entire supply chain
- Incorporate human rights criteria into our supplier audits
- Develop improved guidance for affected employees on human rights management, due diligence and remediation
- Integrate human rights risk management into our enterprise risk management system
- Determine a way forward for high risk supplier audits once the risk of COVID-19 subsides
- Collaborate with our SSP partners and industry peers to identify opportunities for supplier training and capacity building to potentially mitigate future modern slavery risks
- Investigate becoming signatories to the Neptune Declaration on Seafarer Wellbeing and Crew Change and the Sustainable Shipping Initiative to strengthen our approach to managing maritime modern slavery risks.

We are proud of the important steps that we have taken to further strengthen our approach to managing modern slavery risks across our business and supply chains.

However, we recognise that this work will be ongoing across our operations and more broadly across the industries in which we operate.

For further information about any aspect of our operations please visit our website: www.alcoa.com/australia



www.alcoa.com.au