



Adchem (Australia) Pty Ltd

Modern Slavery Statement FY 2021-22

Introduction

Modern slavery describes situations of serious exploitation, where coercion, threats or deception are used to undermine the freedom of victims. The Commonwealth of Australia Modern Slavery Act 2018 (CTH) (“the Act”) has defined practices that constitute modern slavery as:

- Human trafficking
- Slavery
- Servitude
- Forced marriage
- Forced labour
- Debt bondage
- Deceptive recruiting for labour or services, and
- The worst forms of child labour – where children are subjected to slavery, similar practises, or engaged in hazardous work.

The Act requires certain entities based, or operating, in Australia to report annually on the risks of modern slavery in their operations and supply chains, and the actions taken to address those risks, to maintain responsible and transparent supply chains.

Adchem operates solely within Australia and is committed to operating ethically, honestly, and transparently. Adchem is committed to developing and implementing policies and procedures with the aim to reduce the risk of modern slavery within our global supply chains.

This Modern Slavery Statement is Adchem’s second statement in response to the *Modern Slavery Act* 2018, outlining Adchem’s plan to identify and address our modern slavery risk by addressing each of the seven mandatory reporting criteria in the Act.

1. Reporting Identity: Adchem (Australia) Pty Ltd

Adchem (Australia) Pty Ltd (ACN 069 180 258) (**Adchem**) is an Australian chemical manufacturing company, producing Black Copper Oxide (Cupric Oxide) and Basic Copper Carbonate at its manufacturing facility located in Burra, South Australia.

2. Structure, Operations and Supply Chains

2.1 Structure

Adchem is a privately owned proprietary company incorporated in Australia with a registered office in Melbourne, Victoria. The Head Office of Adchem is in Melbourne but its sole production facility is located in Burra, South Australia.

Adchem employs a combination of professional technical staff (chemical engineers, metallurgists, chemists etc) as well as various trades people (electricians, fitters and turners, boilermakers etc), general administration, personnel and process plant operators to support and operate the plant. Adchem values the contribution made by all employees and is committed to providing a safe and healthy workplace.

2.2 Operations

Adchem's production facility uses a hydrometallurgical process to convert purchased copper raw materials to high purity chemical products, Black Copper Oxide (Cupric Oxide) and Basic Copper Carbonate. Each batch of product is produced to meet agreed chemical and physical specifications according to customer requirements. The copper chemicals are sold and distributed both locally (within Australia) and internationally to 25 countries.

Our products are delivered to our customers by road and/or sea freight, with road freight contractors and shipping companies undertaking this service.

2.3 Supply Chains

Adchem's processing plant can consume different types of raw material containing copper – these are categorised as from Primary Sources ('new' or ore body derived such as copper cements or precipitates or copper cathode) or Secondary sources ('recycled' including scrap metal, industrial residues, and by-products from other industries). Adchem sources its raw materials requirements from both local and international sources. Additional inputs for the chemical production process are also sourced from both local and international sources.

Adchem has identified its major suppliers for raw materials, process additives and services based on annual expenditure, and initially assessed the risk of modern slavery practises of these suppliers. Adchem will progress this assessment to lower value suppliers.

3. Risks of Modern Slavery

3.1 Risk Identification

According to the 2018 Global Slavery Index, modern slavery does not have a high prevalence in Australia¹ with a Global Response Rating of BBB². A large proportion of Adchem's raw materials and supplies are sourced from within Australia and is considered a low risk for modern slavery from a geographic point of view.

Adchem also sources raw materials and process inputs from several Asian countries including South Korea, Taiwan, Singapore, and Malaysia, which are considered a medium risk for modern slavery practises from a geographic viewpoint. Adchem has maintained a good working relationship with these suppliers over a long period.

Whilst copper and copper chemicals are not stated as commodities of risk in the list of products as risk of forced labour identified in The Global Slavery Index 2018³, copper and its associated products are high value commodities which may result in some level of exploitation in the supply chain through the preparation and manufacturing of these raw materials. Adchem's supply chain does not feature any of the commodities in the list of products as risk of forced labour other than electronics (laptops, computers, and mobile phones). Adchem purchases electronic equipment in Australia from reliable suppliers and considers that there is not a significant risk for modern slavery practises from this supply.

Adchem only uses reputable shipping companies that operate from an established office in Australia and comply with global shipping regulations and standards. The risk of modern slavery practices in shipping as used by Adchem is considered as low, but the operation of Ports outside of Australia are largely outside of Adchem's control.

In summary, Adchem considers the risk of modern slavery in its operations and supply chain as low but acknowledges that manufacturing of raw materials and process inputs in its supply chain may involves sub-contracting and outsourcing of labour, which does provide inherent risk for modern slavery, particularly outside of Australia.

3.2 Operations

Adchem's operations include the production facility located at Burra, SA, which it owns and operates with the facility operating on a 24 hour/ 7-day basis. The majority of Adchem's workforce is employed directly by Adchem on either permanent or casual contracts, with wages and conditions meeting minimum legal requirements under Australian Law. Approximately 50% of permanent employees are under an Enterprise Bargaining Agreement, which is lodged with the Australian Fair Work Commission.

¹ <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>

² <https://www.globalslaveryindex.org/2018/data/maps/#response>

³ The Global Slavery Index 2018, Walk Free Foundation

The industry sector in Australia, and in particular for a continuous operation of a large-scale chemical operation such as Adchem's, is regulated and is considered as low risk for modern slavery practises.

3.3 Supply Chains

Adchem has reviewed the risk of modern slavery practises by considering its Major Suppliers, based on a value of supply or service basis.

Adchem has 25 major suppliers (by value) of which 80% are predominantly Australian based. Most Australian based major suppliers have provided a Modern Slavery Statement to the Australian Government online register for modern slavery statements. The Australian based suppliers who have not provided Modern Slavery Statements are family-owned businesses who are not considered likely to meet the criteria for reporting. All Australian based suppliers are considered to be low risk in regard to modern slavery practices.

Adchem sources inputs to its manufacturing process from Major suppliers located in the Asian region. The countries are listed below along with the ranking of government response to modern slavery from The Global Slavery Index 2018³ :

- South Korea (ranking CCC)
- Taiwan (ranking CC)
- Malaysia (ranking CC), and
- Singapore (ranking CC).

The government response ranking for these countries identifies that the government in each country has a limited response to modern slavery and as such are considered as a medium risk for modern slavery practices on a geographical basis.

Adchem will further investigate its supply chain by reviewing its major suppliers and considering suppliers of lower annual value based on expenditure, and will report in subsequent Modern Slavery Statements.

During FY2021/2022, no incidents or issues have been specifically identified or brought to the attention of Adchem Senior Management

4. Actions Taken to Assess and Address Modern Slavery Risks

Adchem is committed to develop a Modern Slavery Policy that sets a standard for ethical supply chain management for the business. This policy will be supported by procedures which will incorporate engagement with suppliers on modern slavery risks.

Adchem operates under Quality Accreditation (ISO9001:2015) and manages its operation under an integrated quality management system. The developed policies and procedures will be integrated into the Quality Assurance Manual and will be subject to regular review and audits.

In FY2021-2022

We have;

- Communicated our Modern Slavery Policy with our major suppliers and we are continuing to engage with them on our policy and reviewing appropriate feedback (if any) from these suppliers,
- Established and communicated an Adchem Supplier Code of Conduct as it relates to the Act.
- Established initial audit questionnaire for major suppliers & customers
- Compliance Manager has undertaken training in Modern Slavery
- Reviewed our Modern Slavery Policy

In FY2022-2023

We will;

- Continue to communicate our policy with new & existing major suppliers and customers, encouraging them to review the potential for modern slavery practices in their business
- Continue to ensure employees who have regular contact with suppliers and service providers are trained on the Australian Government response to modern slavery practices and are fully aware of Adchem's policy and procedures.
- Review contracts with existing suppliers and service providers to ensure recognition and assessment of modern slavery practices in future contracts. Seek agreement from suppliers on Adchem's Supplier Code of Conduct.
- Continue to assess lower value suppliers and service providers using a risk-based approach.
- Actively engage with suppliers that are classified as medium or high risk in regard to modern slavery practices in their business.
- Review supplier performance against Adchem's Supplier Code of Conduct and record observations from site visits to suppliers in reports to Adchem Senior Management.

5. How Adchem Assesses the Effectiveness of the Actions Taken

Adchem will undertake regular surveying of suppliers in regards to their position and progress on the potential risk of modern slavery practice in their business. Records of all surveys, site visits and discussions on modern slavery risks with suppliers will be maintained.

The actions identified will be tracked and reviewed on a regular basis. By incorporating the policies and procedures into our Quality Management System, they will be reviewed and audited on a regular basis.

A report will be prepared for discussion at Senior Management Meetings by the Compliance Manager on a six-monthly basis to ensure senior management is active in reviewing Adchem's progress on actions taken to assess and address modern slavery practices.

6. Consultation With Other Entities (Owned or Controlled)

Adchem (Australia) Pty Ltd does not own or control any other entities and as such, no consultation or engagement has been undertaken.

7. Other Relevant Information

Adchem does not consider any additional information is required for inclusion to this Statement.

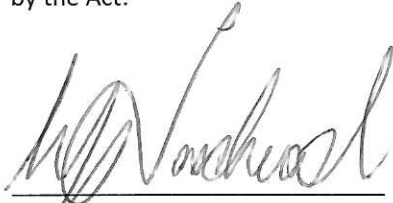
Approval

Principal Governing Body Approval

This modern slavery statement was approved by the principal governing body of Adchem (Australia) Pty Ltd as defined by the Act on

Signature of Responsible Officer

This modern slavery statement is signed by a responsible member of Adchem (Australia) Pty Ltd as defined by the Act:

A handwritten signature in black ink, appearing to read 'M Woodhead', written over a horizontal line.

Mark Woodhead Date: 24/01/2023

Managing Director,

Adchem (Australia) Pty Ltd