



# **POSCO Australia Pty Ltd**

## **Modern Slavery Statement 2021**

This Modern Slavery Statement, made by Posco Australia Pty Ltd, is the second statement to be made in compliance with the Modern Slavery Act 2018 (Cth) (the “Act”) and has been prepared in respect to the financial year ending 31 December 2021.



## Introduction

This *Modern Slavery Statement 2021* has been prepared by POSCO Australia Pty Ltd (**POSA**).

We have been committed in mitigating the risk of modern slavery occurring within its own business, in its supply chains and through other business relationships.

We understand that modern slavery can take many forms but fundamentally is a range of exploitive practices including human trafficking, forced labour, servitude, deceptive recruiting and child labour. We do not tolerate modern slavery and will not knowingly engage with any consultants, suppliers or contractors that engage in modern slavery.

## Purpose

POSA is committed to having a robust framework and processes in place to minimise the risk of modern slavery in its business operations and supply chains.

## Our Structure

POSA (ABN: 54 002 062 160) is a wholly owned subsidiary of POSCO Korea (“**POSCO**”), is headquartered in Sydney, and has been operating in Australia since 1981.

POSA continued to focus in the mining sector as its key operating segment during the reporting period. The following diagram illustrates our group structure:



## Modern Slavery Report

As part our commitment to minimising the risk of modern slavery POSA has continued to discuss details of the Modern Slavery Act 2018's reporting requirements with other members of the global POSCO group.

Further, we have undertaken a number of actions to address these requirements and worked with the POSCO group in updating this Statement.

## Our Commitment

We are committed to:

- Addressing any modern slavery instances when they occur; and
- Seeking to prevent or mitigate any modern slavery instances that are linked (directly or indirectly) to its business operations even where it has not contributed to these any modern slavery instances itself.

During this reporting period, we focused on gaining a better understanding of our modern slavery risks and how any risks may be present in our business operations and supply chains.

We are committed to working on a risk management framework to ensure we can review the effectiveness of the actions undertaken to assess and address modern slavery risks in our business operations and supply chains.

## Reporting Period

This statement is made in respect of the period ended 31 December 2021.

## Operations and Supply Chains

Our registered address and head office is located at Level 49, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

During the reporting period we had 11 employees who were employed in various professional roles such as resources, finance, accounting and human resources. We did not engage any subcontractors during the reporting period.

During the reporting period, we continued to invest in mines in acquiring the purchasing rights for the raw materials produced from the mines and supply the raw materials to our business activities. We continued to purchase the raw materials from mining companies in Australia.

## Modern Slavery Risks

During the reporting period, we were committed to identifying any possible modern slavery risks in our business operations and supply chains by considering the following factors in evaluating the risk of modern slavery in our operations and supply chains:

- Industry risks
- Product and service risks
- Entity risks

## COVID-19 Considerations

We were impacted by COVID-19 during the reporting period. These key impacts included:

- New supply chains were established to source appropriate personal protective equipment, sanitising products and cleaning products; and

- Ensuring health protocols were followed by employees in our head office.

## Ethical Framework

In addressing and acknowledging modern slavery risks, we continue to have the following ethical frameworks in place.

### Global Core Values

As members of the global POSCO group, our core values are as follows:

- Safety
- Win-win
- Ethics
- Creativity

That's why these core values, in conjunction with a rigorous code of conduct, are the cornerstone for the business decisions that we make.

### Global Human Rights Protection Procedure

POSCO has a Human Rights Protection Procedure which has been established to promote the POSCO group of companies, and its business partners' human rights management in light of 'the United Nations Guiding Principles on Business and Human Rights'<sup>1</sup>.

The POSCO group of companies (including POSA and POSWA) have taken appropriate actions to prevent human rights violation and to prevent and remedy adverse impacts on human rights that may occur from its corporate activities.

For this purpose, all our officers and employees comply with the following recommendations regarding human rights management to meet the expectations of

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[https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)<sup>1</sup>



interested parties and to fulfil the responsibility to respect human rights:

- complying with applicable laws and internationally recognised human rights standards where POSCO is conducting business activities;
- seeking ways to comply with the internationally recognised human rights standards when encountered with local regulations that are in conflict with such human rights standards; and
- treating the risks that may result in human rights violation as an important management issue.

Our employees and officers may conduct human rights due diligence as deemed necessary to identify, prevent and mitigate adverse human rights impacts and to properly discharge our duties.

This process includes identifying, assessing, and addressing actual and potential impacts on human rights, making record thereof, and sharing the result with interested parties.

Our human rights due diligence will consider the following:

- Adverse human rights impact we may cause directly or indirectly during our management activities;
- Various factors affecting the situation such as location and size of the local site, human rights related risk, characteristics and nature of the relevant business, relevant country's political and economic environment; and
- The need to conduct due diligence continuously, keeping in mind that the human rights risks may change over time as our activity and business environment changes.

We have conducted human rights due diligence in accordance with the following process:

- If human rights related risks are discovered at major domestic and overseas workplaces, we are committed in analysing the situation and establishing solutions by conducting human rights due diligence;
- The human rights due diligence has been conducted by our personnel;
- We will conduct in person interviews with a group or relevant interested parties that may have been affected;
- We will endeavor to identify potential as well as actual impacts through human rights due diligence. With respect to potential impacts, we will share the result of the due diligence with all our members and take necessary actions to prevent/mitigate such impact in due course. With respect to actual impacts that had occurred already, we will take actions that may remedy or resolve the same; and
- We will utilise checklists designed to diagnose the core elements of human rights management when conducting human rights due diligence.

## **Actions Taken to Assess and Address Modern Slavery Risks**

During the reporting period, we have been focused on addressing and assessing any modern slavery risks within our operations and supply chains and we are committed to establishing a framework to ensure that modern slavery is considered in our business and supply chain relationships.

The key actions that we have undertaken this reporting period to mitigate modern slavery risks include the following:

- Drafting and inserting strengthened contractual protections and requirements for new supplier contracts
- Evolving in the way we identify and assess risks by considering broader human rights to better understand and explore our potential supply chain risks
- Implementing a Modern Slavery policy
- Reviewing existing and identify new policies, procedures, and practices to better address modern slavery risks
- Rolling out training for all our staff
- Advising any new employees on the risks of modern slavery as part of our employee induction

In addition, in order to prevent and alleviate adverse human rights impacts, we have established responsive action plans based on the result of the human rights due diligence and implement follow-up actions.

### **1. Establishment of Internal Response System**

- For resolution of discovered issues, the roles and responsibilities of respective departments have been clarified.

- An internal decision making, and monitoring process has been established for effective management of the response system.
- We have not identified any human rights issues as part of our human rights due diligence during the reporting period.

### **2. Follow-up Actions and Relief**

If any adverse human rights impact has occurred or is likely to occur, we are committed to undertaking all possible and necessary measures to prevent or mitigate such impact. These actions include the following:

- If unexpected adverse impacts occur despite implementation of best policy and procedure, we will endeavour, by itself or in conjunction with others, to remedy the same;
- Even if we have not directly contributed to the adverse human rights impacts, if such adverse impacts are intricately related to our business operation, production and services in relation to other parties (e.g. suppliers), we will, although not obligated to establish a systematic method to improve such impacts, try to participate in such improvement activity;



- We will utilise our influence to prevent and mitigate adverse human rights impacts when possible; if not possible, we will try to strengthen its influence by cooperating with others; and
- In order to provide effective relief, we will implement a grievance mechanism for the interested parties who can be potentially affected.

During the reporting period, there has not been any instances where interested parties have raised concerns over human rights impacts.

However, if this occurs in any future reporting periods we have established the following processes to be undertaken as follows:

- Communicating with the affected groups, and interested parties including individuals and investors with responsibility and transparency. For easy access to the information, we will consider various communication forms, such as face-to-face meetings.
- Providing adequate information that helps interested parties to assess whether we are properly responding to specific human rights issues.

We will endeavor to effectively improve human rights management system by internalising human rights due diligence results into the organisation culture and carrying out improvement activities.

- We will carry out activities for internalisation of human rights management such as training on empathy improvement and human rights management related rules and communicate success/ failure stories to officers and employees; and
- We will continuously improve human rights management system by identifying areas in need of improvement through expert

advices, communication with interested parties and operation of a system.

In order for prompt discussion and resolution of the issue raised, POSCO continues to operate a grievance system for the individuals and communities exposed to adverse impacts.

We will pursue prompt and reasonable resolution of the matter by utilising existing system such as Ethics Counselling Centre (Helpline) and Ethics Violation Reporting Centre (Hotline).

In connection with our responsibility to respect human rights, the grievance system performs the following important functions to:

- Enable us to identify adverse human rights impacts with ease and provide a forum where the affected interested parties can directly raise issues;
- Prevent exacerbation of human rights violation by listening to the grievances and providing relief at early stage; and
- Enable us to understand and improve issues concerning human rights policy and procedure.

### **3. Modern Slavery Policy**

During the reporting period we implemented a Modern Slavery policy.

In part the policy provides:

*“Our employees are required to strictly comply with the principles of ethics in all aspects of business through the following:*

- *complying with related rules and regulations in all areas of the world where POSCO is conducting business operations;*
- *retaining our dignity as POSCO employees and make efforts to maintain the company's reputation;*
- *preserving integrity, fairness, and trust throughout all jobs and business relations;*

- *not engaging in activities in which there are conflicts of interests between the company and individuals;*
- *not discriminating against other employees or stakeholders based on race, nationality, gender, age, educational background, religion, region, disability, marital status, and sexual orientation, and respecting the dignity and diversity of each individual;*
- *making efforts to create a safe workplace and protect the environment;*
- *taking responsibility for unethical conduct; and*
- *reporting unethical conduct.”*

Further, we have ensured that our suppliers:

- *“comply with the Minimum Standards as set out in Annexure A;*
- *provide POSCO with rights of termination if the supplier is unable or unwilling to work towards compliance with these standards.*
- *Are encouraged to exceed the Minimum Standards, and promote best practice and continuous improvement; and*
- *be monitored for compliance with the Minimum Standards through supplier assessment processes as appropriate, taking into account all relevant risk factors such as country risk and product risk. “*

Annexure A of our Modern Slavery policy provides our Modern Slavery risk management process which is outlined as follows:

*“Accountability for modern slavery issues, with an identified risk owner*

*POSCO acknowledges that it is accountable for addressing modern slavery issues in our business operations and supplier contracts. A nominated resource will be responsible for co-ordinating management of this risk.*

#### *On-boarding and contracting*

*POSCO will perform due diligence on all new suppliers to determine their risk level and control procedures in relation to ethical sourcing and modern slavery as appropriate for our business.*

*POSCO will have a process in place to consider the supplier’s ethical sourcing and modern slavery performance during the supplier on-boarding.*

#### *Training*

*POSCO will ensure that all employees receive adequate training on its Modern Slavery Statement and its Modern Slavery Policy and any supporting processes applicable to their role.*

#### *Complaints mechanism*

*POSCO will must have an accessible and well-publicised reporting mechanism for concerns or disclosure in relation to modern slavery which allows for confidential and anonymous reporting and provides protection from reprisal. There must be clear processes for investigating and reporting on the issues raised through the reporting mechanism.”*

We have also developed a minimum standard expected of our suppliers which address the following:

- No forced or bonded labour
- No child labour
- Wages, benefits, and transparent record keeping
- Working hours
- No discrimination
- No harassment or abuse
- Working conditions



#### 4. Training

During the reporting period modern slavery training was rolled out to all our staff. Our training was provided by an external adviser and addressed the following topics:

- What is Modern Slavery?
- POSCO's Modern Slavery Statement
- POSCO's Modern Slavery Policy & Risk Management
- Minimum Standards expected of suppliers

We are committed during the next reporting period to implement a fully functioning risk management framework to further identify, mitigate and eliminate any modern slavery risks within our business operations and supply chains.

## Approval

This *Modern Slavery Statement 2021* has been authorised and approved by the Board of Directors of POSCO Australia Pty Ltd for the purposes of the Commonwealth Modern Slavery Act 2018 and has been signed on behalf of the Board by Mr. Bo Sung Kim, Managing Director on 30 June 2022.



Bo Sung Kim  
**Managing Director**

