



Modern Slavery Statement for Sun Metals Holdings Limited and Sun Metals Corporation Pty Ltd

Reporting Entities

This Modern Slavery Statement ('Statement') is made in accordance with the provisions of the Modern Slavery Act 2018 (Cth) (the 'Act') for the period 1 January 2023 to 31 December 2023. Both Sun Metals Holdings Limited, ABN 30 051 538 580 ('SMH') and Sun Metals Corporation Pty Ltd, ABN 97 074 241 982 ('SMC') are reporting entities for the purpose this Statement.

This Statement has been prepared on the basis that it will be published on the Modern Slavery Statements Register and registered with the Minister pursuant to the Act.

SMH

SMH is wholly owned by its Korean parent company, Korea Zinc Co., Limited.

SMH is the Australian holding company for SMC and Ark Energy Corporation Pty Ltd ('AEC'). SMH does not perform independent operations and has no function other than ownership of its subsidiaries.

As such, this Statement covers the activities of SMC and AEC and outlines the work done by SMC and AEC to identify and address modern slavery risks in its business operations and supply chains.

SMC

Overview of structure, operations and supply chains

SMC is wholly owned by SMH and has no subsidiaries.

The core business of SMC is operation of the Sun Metals Zinc Refinery, located 15km south of the city of Townsville in Queensland, Australia, and the marketing and sale of products and by-products produced at the refinery.

The refinery produces Special High Grade Zinc metal, Zinc Alloy metal and by-products of Sulphuric Acid, Copper, Cadmium, Iron Oxide and LGLC. Sales to both domestic and international markets form the dominant source of SMC's earnings.

In order to operate the refinery, SMC sources raw materials from within Australia and overseas with approximately 50% sourced domestically and the balance imported from mines in Canada, Alaska and South America.

SMC sources services, plant and equipment from around the world including Australia, Europe, USA, China and South Korea.

Risk of Modern Slavery practices in operations and supply chains

Operations

SMC's operations are located exclusively in Queensland, and all employees are engaged on terms and conditions that are subject to Australian laws including an approved enterprise agreement with Fair Work Commission.

Where labour is obtained through labour hire providers or on other contract arrangements, SMC works with qualified and licensed providers, on terms and conditions that are subject to Australian law.

SMC's recruitment and employment functions are overseen by a dedicated Human Resources team that ensures support of our people and teams.

SMC has developed and is in the process of implementing a range of new and updated policies and procedures (including a Code of Conduct, Human Rights, Supplier Code of Conduct, Whistleblower Procedure and Grievance Procedure). This updated suite of policies and procedures support a formal framework for personnel and stakeholders to raise issues and complaints related to employment practices, conditions of work and conduct, including where relevant suspected instances of forced labour or slavery-like offences in our operations and supply chains.

Given the location of our operations and our governance and employment practices in place, we consider the risk of modern slavery practices within our operations to be very low, however we continue to monitor and address our activities as outlined in this statement.

Supply Chains

As set out in SMC's previous modern slavery statements, while much of SMC's procurement is from Australian-based suppliers, given the specialist nature of some essential plant and equipment, specific items can only be sourced from suppliers that operate in areas that may be considered to be higher risk for modern slavery practices. Similarly, SMC utilizes a world-wide freight and distribution network to transport raw materials, plant and equipment to the Refinery which may require these items to pass through ports in some areas that are considered to be higher risk for modern slavery practices.

SMC has a Modern Slavery Procedure that is managed by the dedicated Procurement team, which supports the proper identification, assessment, elimination and risk mitigation of modern slavery practices in SMC's supply chain.

Under the Procedure, diligence is to be conducted on all of SMC's suppliers and contractors to identify modern slavery risks and risk assessment before suppliers and contractors are engaged. All SMC Suppliers and Contractors are required to be pre-approved by SMC before providing goods and services. As part of this process, suppliers and contractors are required to provide copies of relevant employment policies, including any modern slavery policies, as well as various declarations to SMC, including declarations of any previous incidents of modern slavery within its business and that it will comply with and adhere to the provisions of the Act.

The procedure establishes a process for identifying international and local suppliers, industry categories, employees engagement practices, and other factors that may contribute to modern slavery risk. Part of the process involves a questionnaire being issued to pre-approved suppliers and contractors, with the responses used to assess indicative modern slavery practices risk based on scores against a risk matrix. If needed, further information is sought from a supplier or contractor

Based on indicative risks identified, a determination is to be made regarding the mechanism for engaging and dealing with the supplier or contractor, including but not limited to requiring guarantees or an audit-mechanisms to mitigate any identified modern slavery practices risk, or more onerous obligations.

Actions taken during reporting period to assess and address risk and measure effectiveness

Within the reporting period, SMC:

- contracted with suppliers and contractors on terms requiring compliance with relevant modern slavery regulations, including the Act;
- continued to engage with suppliers and contractors regarding their management of modern slavery practices risk through the contracting and onboarding processes;
- developed and implemented auditing of contractors and suppliers;
- refreshed modern slavery Procedure and practices;
- developed a risk-assessment questionnaire to support a risk-based approach for the identification of modern slavery practices risks and audit;
- developed a framework for targeted engagement with and diligence assessment of suppliers and contractors; and
- provided training on legal compliance including for human rights, modern slavery and complaint management.

SMC will continue to review and assess its response to modern slavery, with a focus on:

- further implementing and imbedding our new Modern Slavery Procedures;
- conducting audits of SMC's contracting and engagement practices;
- refining risk assessment and diligence processes of contractors and suppliers; and
- implementing, educating and supporting our employees and stakeholders in compliance with our policies and procedures (including Code of Conduct, Human Rights, Supplier Code of Conduct, Whistleblower Procedure and Grievance Procedure) that set a framework for employees, contractors and suppliers to raising concerns, including in relation to potential modern slavery practices in SMC's operations and supply chains.

Consultation with group entities

SMC has no subsidiaries and its parent company, SMH, does not operate as a distinct operating entity. SMC and SMH share a common Board of Directors and receive identical information and updates on operational and compliance matters.

AEC

Overview of structure, operations and supply chains

SMH owns more than 90% of the shares of AEC. AEC has a range of subsidiaries that function as special purpose vehicles to hold AEC's interest in its various renewable energy projects and investments.

AEC's primary business is to develop, construct and operate renewable energy generation assets, energy storage assets and hydrogen production assets, specialising in wind, solar and hydrogen.

The principal activities of AEC comprise the identification and development of renewable energy projects, the operation of solar farms across Queensland and the Northern Territory and the construction of SUNHQ, a 1MW green hydrogen production, storage and refuelling facility in Townsville.

AEC procures asset management services associated with operating solar farms, as well as consultancy services and construction contractors related to development activities, including for SUNHQ.

Risk of Modern Slavery practices in operations and supply chains

Operations

AEC's operations are located exclusively in Australia, and all employees are engaged on terms and conditions that are subject to Australian law.

Where labour is obtained through contract arrangements, AEC works with qualified and licensed providers, on terms and conditions that are subject to Australian law.

AEC's recruitment and employment functions are overseen by dedicated People, Culture and Performance personnel that ensure support of our people and teams.

Given the location of its operations, the nature and location of its activities and governance and employment practices in place, AEC considers the risk of modern slavery practices within its operations to be low, however AEC continues to monitor and address our activities as outlined in this statement.

Supply Chains

Service providers, consultants and construction contractors engaged by AEC are predominantly Australian-based and highly specialised in renewable energy development, and AEC have assessed the modern slavery practices risk related to procurement in these areas to be low. Some hardware and components related to AEC's wind, battery and hydrogen assets are highly specialised and can only be procured from overseas manufacturers, based in jurisdictions that may be considered to be a high risk of modern slavery practices.

AEC have dedicated Procurement personnel, responsible for procurement of goods and services by AEC and due diligence on providers, consultants and contractors. AEC seeks to engage with suppliers with modern slavery risk management practices aligned with AEC's commitments. Where AEC procures

goods from overseas manufacturers, it undertakes additional supplier due diligence, including sending AEC personnel to attend and visit overseas manufacturing locations to review manufacturing.

Actions taken during reporting period assess and address risk and measure effectiveness

AEC commenced operation in late 2021, and acquired a renewable development business formerly named Epuron, in 2022. As a result, AEC is continuing to develop and build its procurement capability in anticipation of advancing development of its projects.

AEC is reviewing its procurement policies, risk assessments and contract commitments on modern slavery and will continue to develop these tools to support its activities and modern slavery management practices.

AEC is also developing and will shortly implement updated policies and procedures including implementing, educating and supporting AEC employees and stakeholders on its policies and procedures (including Code of Conduct, Human Rights, Supplier Code of Conduct, Whistleblower Procedure and Grievance Procedure) that set a framework for employees, contractors and suppliers to raising concerns, including in relation to potential modern slavery practices in AEC's operations and supply chains.

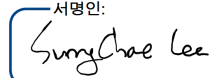
Consultation with group entities

Noting that AEC and SMC are very different businesses, to the extent relevant AEC will leverage the systems and capability of its affiliated entity, SMC, to ensure that it operates in a way that proactively manages modern slavery practices risk in its operations and supply chains in its activities. .

Approval of this Statement

This statement was approved by the Board of Directors of Sun Metals Holdings Limited and Sun Metals Corporation Pty Limited on 28 June 2024.

Signed,

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Mr Sung Chae (Ron) Lee

Director

Sun Metals Holdings Limited and Sun Metals Corporation Pty Limited