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**TOTAL STEEL OF AUSTRALIA  
2022 MODERN SLAVERY STATEMENT**



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This statement was prepared by Total Steel of Australia Pty Ltd (referred to herein as 'TSA', 'Total Steel' or 'we') (ABN: 34 001 201 850) as a reporting entity under the *Modern Slavery Act (Cth) 2018* ('the Act'). It describes the modern slavery risks and risk management actions conducted across TSA's operations and supply chain during the period 1 April 2021 to 31 March 2022. TSA's registered office and principal place of business is Suite 10, 35-37 Railway Parade, Engadine, NSW, Australia. This is first reporting period in which TSA has met the definition of a reporting entity and is therefore our first modern slavery statement.

TSA is owned and controlled by Marubeni-Itochu Steel Inc. (MISI) and is 50% owned by Marubeni Corporation and 50% owned by ITOCHU Corporation. Our approach to the management of human rights risks, including modern slavery risks, is governed by the policies and procedures maintained by our parent company MISI. TSA does not own or control any other entities and therefore it was not necessary for us to consult with any other entities in preparing this statement.

This statement was approved by TSA's Board of Directors on 16th September 2022.

Stephen McHugh  
Managing Director

Sato Koichi  
Director

Ken Sakai  
Director



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## Message from our Managing Director

I am pleased to present Total Steel's 2022 modern slavery statement. This statement has been developed in accordance with Australia's Modern Slavery Act and outlines our company's modern slavery risks and the actions that we have taken to mitigate them. 2022 is the second year that we have met the Modern Slavery Act's definition of a reporting entity and therefore this is our company's second modern slavery statement.

Modern slavery describes cases of serious worker exploitation, and where "coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom". The exploitative practices that comprise modern slavery include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and the worst forms of child labour. It is estimated that more than 40 million people globally are affected by modern slavery practices.

We recognise that nearly all companies, regardless of where they operate and what they do, are likely connected to modern slavery through their direct operations, investments or supply chains. We understand the importance of understanding the modern slavery risks that we are exposed to, as well as the importance of developing appropriate measures to address them. In light of this, we have identified several initiatives that will further develop our approach to managing modern slavery risks.

Yours sincerely,

Stephen McHugh

Managing Director

Total Steel of Australia





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## TSA's structure, operations and supply chain

Total Steel is one of Australia's leading wholesaler and distributor of steel products. We are specialist steel distributors and offer services to the mining, engineering and general fabrication industries.

Total Steel is an Australian private company that is wholly owned by Marubeni-Itochu Steel Inc. (MISI), an entity domiciled in Japan. MISI's main business activities include the processing, import, export, and sales of steel products; supply chain management and investment in steel-related industries. MISI is headquartered in Tokyo, Japan and is 50% owned by Itochu Corporation and 50% owned by Marubeni Corporation.

### Our operations

Our head office is in Engadine, Sydney. We have warehouses in Sydney, Melbourne, Perth, Brisbane and Darwin.

As at 31 March 2022, we employed around 118 individuals across Australia. Of our employees:

- 61% of staff work in an office-based corporate capacity and 57% work in our operations.
- Approximately 96% of our staff are employed on a permanent basis and 4% are employed on a casual basis.





The diagram below details how our business model creates value:



## Our supply chain

We purchase goods and services from a range of Australian and international suppliers. The main categories of the goods and services we procured in 2022 are detailed in the below table.

Supply chain segment	Category	Description
Trade suppliers - merchandise for sale and distribution	Raw Steel	Suppliers of steel that is cut by Total Steel Australia into sellable product. These suppliers range from steel traders to direct providers.
	Value adding service suppliers	Suppliers that Total Steel engage with to provide services that are typically provided off site. These services are provided as required to enhance or refine Total Steel's final sellable product, such as galvanising, bending, laser cutting etc.
Non-trade suppliers – goods and services not for resale	Hardware and Machinery	On site machinery and hardware as well as construction materials that are purchased by Total Steel to enable our steel processing operations.





Supply chain segment	Category	Description
	Indirect Goods	Goods that are purchased by Total Steel to facilitate the day-to-day back office operations and support services. Goods include office stationery and hardware, uniforms, phones etc.
	Onsite services	Services that Total Steel engage with that are typically performed on Total Steel's sites. These services include cleaning, construction, engineering, facilities management services, security, etc.
	Professional services	Services that facilitate the back office or financial aspect of Total Steel's operations such as IT, recruitment, marketing, legal etc.
	Transportation & logistics	Suppliers that provide fleet or freight services including tyres and fuel.
	Utilities	Suppliers that provide energy, gas and phone services to Total Steel's sites.

Our trade suppliers are predominantly based in Australia, with smaller amounts of raw steel provided by international suppliers from Asia and the European Union. The vast majority of our non-trade suppliers are based in Australia.

### Risks of Modern Slavery

We are in the early stages of developing our understanding of the modern slavery risks across our operations and supply chain. We elected to focus our initial modern slavery risk assessment activities on our supply chain where we believe that the majority of our modern slavery risk exposures are present. We performed a desktop assessment over seven key categories of goods and services that we procure.

The findings of this assessment are detailed below:

Supplier category		Risks identified
<b>Trade Suppliers</b>	<b>Raw Steel</b>	<ul style="list-style-type: none"> <li>The raw materials required to create crude steel are extracted from several countries that have been linked to forced labour in their mining industries. Steel's supply chains can also make the country of origin of raw materials difficult to discern.</li> <li>The steel production process is hazardous and can present significant health and safety risks to workers.</li> </ul>



Supplier category		Risks identified
	<b>Value adding services suppliers (Steel processing)</b>	<ul style="list-style-type: none"> <li>The raw materials required to perform value adding services are extracted from several countries that have been linked to forced labour in their mining industries.</li> <li>For smaller providers there could be instances of subcontracted labour with fewer employment protections performing hazardous work.</li> </ul>
<b>Non-trade Suppliers</b>	<b>Indirect goods (Uniforms)</b>	<ul style="list-style-type: none"> <li>The raw materials used to make uniforms, such as cotton, are typically harvested and processed in countries that have known incidents of modern slavery in the textile industry.</li> <li>The clothing supply chain presents high risks of modern slavery, stemming from working conditions, excessive work hours and minimal to low pay.</li> </ul>
	<b>Hardware and machinery retailers (inc. fleet &amp; tyres)</b>	<ul style="list-style-type: none"> <li>Instances of labour exploitation have been linked to migrant workers in the electronics manufacturing industry.</li> <li>Significant forced labour risks exist deep within the supply chain of mined cobalt, tin, tantalum, and gold, all of which are critical components in electronic equipment and batteries.</li> <li>There are commonly recognised issues relating to exploitation within the rubber industry globally and significant risks exist globally at raw material extraction</li> <li>Complex supply chains and manufacturing in higher risk geographies elevates value chain risks</li> </ul>
	<b>Onsite services (Facilities/Property management services)</b>	<ul style="list-style-type: none"> <li>Instances of labour exploitation of vulnerable workers, including temporary migrants have occurred in the Australian cleaning industry.</li> <li>Sub-contracting and sham contracting are common and lead to a lack of transparency and accountability around working conditions for lower skilled facilities management services</li> </ul>

We have analysed the modern slavery risk management approaches for a selection of our key suppliers. Based on our review, the level of maturity within our suppliers' due diligence processes varies significantly. We found that some large multinational companies show robust policies and commitments to mitigating modern slavery, particularly in high risk areas such as steel sourcing. Other suppliers are smaller scale and presently are unlikely to have the controls to provide the necessary supply chain transparency to adequately mitigate modern slavery risk.

### Actions taken to manage our modern slavery risks

We maintain a range of controls and due diligence actions to manage our modern slavery risks.





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## Our policies

Our policy framework guides the way we operate, and the expectations we have of our team and suppliers. We align our standards of behaviour to the conduct expectations established by MISI's policies and procedures

The key policies and procedures that guide our approach to human rights and modern slavery risk management include MISI's "*Respect for Human Rights and Prohibition of Discrimination and harassment*" policy and our Whistleblower Hotline.

- MISI's "*Respect for Human Rights and Prohibition of Discrimination and harassment*" policy outlines the responsibilities of the business' officers and employees to comply with all related human rights laws and regulation as they relate to labour, harassment and discrimination.
- Total Steel Australia's Whistleblower Hotline provides our directors, employees and business partners with a mechanism through which to raise concerns about conduct and compliance, including those relating to human rights and modern slavery.

## Basis of employment

We engage our workers via National Employment Standards employment awards, most commonly the Clerks Award, the Storage Services and Wholesale Award and the Manufacturing and Associated Industries Award. More than 90% of our workers are employed on a permanent basis.

In addition to these contractual controls, our employee on-boarding system requires new team members to undertake a general induction, work, health and safety training and includes provision of Fair Work information Statements that covers Fair Work Laws, Awards, Enterprise Agreements and Employment contracts.

## Supplier relationships and engagement

Our approach to supply chain risk management is focused on building and maintaining transparent, long-term relationships with our key trade suppliers.

When engaging new trade suppliers, we assess companies' ability to supply quality products on a reliable and consistent basis. Our trade supplier assessment process typically involves site visits by senior personnel to manufacturing facilities, which provide us with an opportunity to observe and ask management questions about the working conditions and health and safety standards of the facilities they operate. We note however that our ability to perform these visits has been affected by the restrictions on travel necessitated by the COVID-19 pandemic. We do not source from companies that cannot demonstrate that they maintain robust governance practices or fail to meet our conduct expectations.

We also seek to develop long-term relationships with our non-trade suppliers and seek to source from local Australian businesses where possible.

## Assessing the effectiveness of our actions

While we consider existing modern slavery risks management actions to be beneficial, we recognise that our approach should evolve as we learn more about modern slavery and our company's risk exposures.





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We recognise that measuring and monitoring the effectiveness of our controls is an important step in ensuring that our approach remains fit for purpose. As we learn more about modern slavery, we will make adjustments to our risk management practices as necessary.

## Impact of COVID-19

The restrictions and forced border closures brought about by COVID-19 have created disruptions in logistics and supply chains globally. Since early 2020, we have not been able to perform supplier site visits in person making it difficult to manage the unpredictable challenges that COVID-19 presents, such as a more erratic steel supply, and associated changes in supply. Our inability to travel to complete site visits presents increased potential modern slavery and human rights risk, in the short term until regular site visits can resume.

## Future Actions

We intend to grow our understand of our company's exposure to modern slavery and to establish corresponding risk management actions. In the coming reporting periods, we intend to:

- **Continue to monitor our reporting obligations** – we recognise the importance of taking a proactive approach to compliance and improvement under the Act. On the back of a record year, 2022 was the second year that we met the mandatory reporting revenue threshold of >\$100 million. Following this reporting period, we will continue to review our financial performance to determine if we have met the revenue threshold for mandatory modern slavery reporting.
- **Explore amendments to MISI's "Respect for Human Rights and Prohibition of Discrimination and harassment" policy** – we plan to review our current human rights policy to include a prohibition of modern slavery clause.
- **Establish a formal commitment to addressing modern slavery risks** – we plan to publish a formal modern slavery commitment statement on our website. This commitment will complement the MISI's "Respect for Human Rights and Prohibition of Discrimination and harassment" policy . Together, these documents will signal TSA's commitment to addressing modern slavery risks in our business activities and help us to clearly outline expectations with our key stakeholders.
- **Further develop our understanding of our modern slavery risks** – we will continue to develop our understanding of how modern slavery risk may present itself in our business activities and deepen our operations and supply chain knowledge by for example, improving due diligence processes for new and existing suppliers to better manage human rights risk more broadly.
- **Identify appropriate due diligence practices** – we will identify and implement fit for purpose due diligence practices, such practices may include enhanced assessment of prospective and ongoing suppliers, analysis of modern slavery risk exposures and implementation of control frameworks.
- **Deliver modern slavery training to relevant team members** – we will provide modern slavery training to our team members, to build understanding of what modern slavery is, the risks of modern slavery that we have identified and the practices that can be conducted to mitigate these risks. A deeper understanding of modern slavery will build the capacity of our workers to understand, identify and respond to modern slavery risks.



## Appendix 1 – Mandatory Reporting Criteria

The below table identifies the location of material aligned to the mandatory reporting criteria in the Act within this statement:

<b>MRC#</b>	<b>Mandatory Reporting Criterion</b>	<b>Section</b>	<b>Page Number</b>
<b>MRC1</b>	Identify the reporting entity	Introduction	2
<b>MRC2</b>	Describe the structure, operations and supply chain of the reporting entity.	TSA’s Structure, operations and supply chain	4
<b>MRC3</b>	Describe the risks of modern slavery across the operations and supply chain of the reporting entity.	Risks of modern slavery	6
<b>MRC4</b>	Describe the actions taken by the reporting entity to assess and address these risks, including due diligence and remediation processes.	Actions taken to manage our modern slavery risks	7
<b>MRC5</b>	Describe how the reporting entity assesses the effectiveness of its actions.	Assessing the effectiveness of our actions	8
<b>MRC6</b>	Describe the process of consultation with any entities that the reporting entity owns or controls.	Introduction	2
<b>MRC7</b>	Provide any other information that the reporting entity considers relevant.	Impact of Covid-19	9