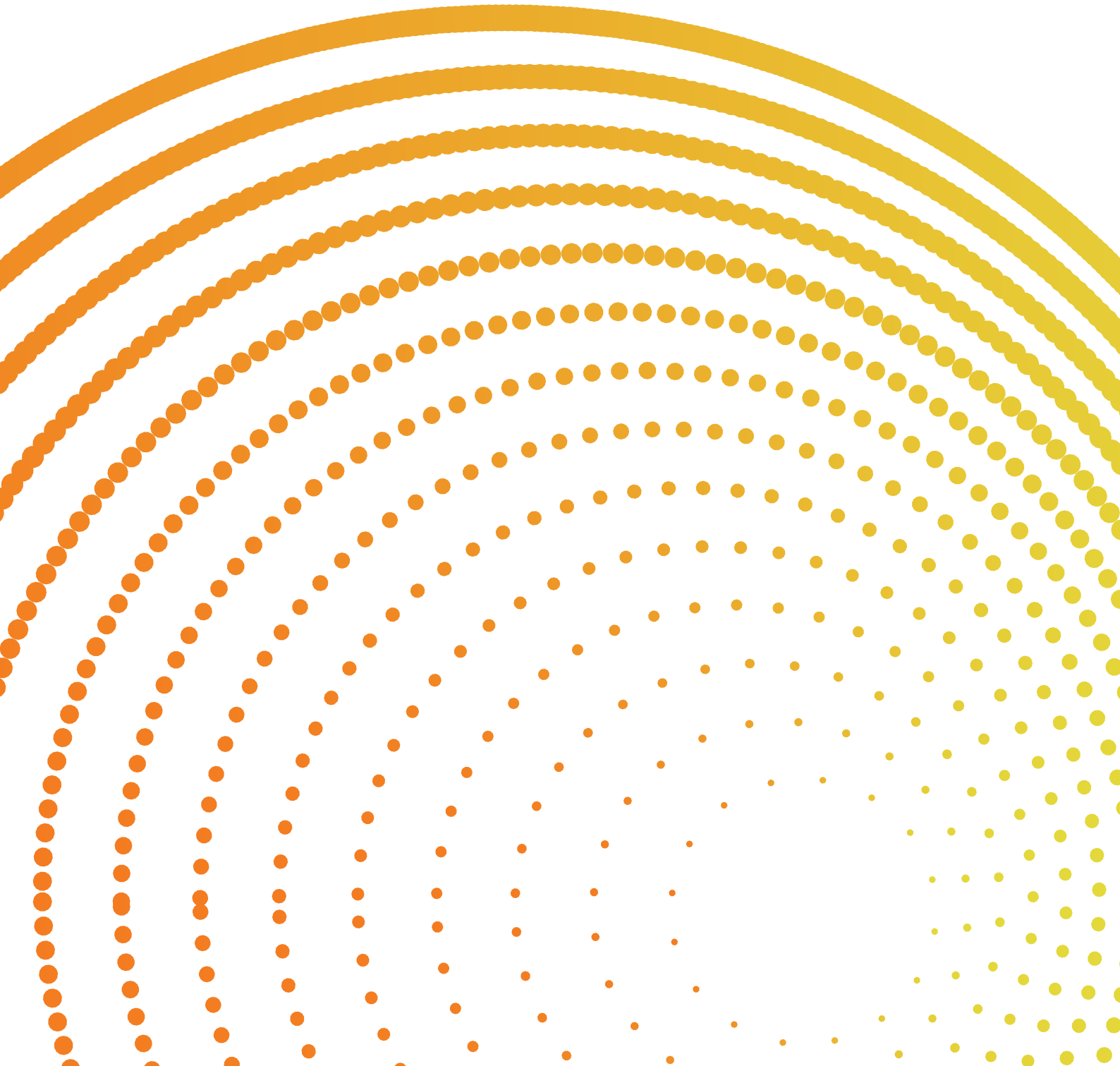

Modern Slavery Statement 2022



Molycop Legal



Modern Slavery Statement

Context

This summary statement outlines the identified risks as well as strategies implemented with a view to controlling the risks of modern slavery in connection with Molycop's Australian operations and supply chains.

Access our full Modern Slavery statement [here](#).

Molycop appreciates the opportunity to highlight the various initiatives implemented in addressing potential modern slavery risks and highlights it:

- does not tolerate any form of slavery or human trafficking practices, and
- is fully committed to operating responsibly and maintaining the highest ethical standards in the conduct of its businesses.

Identify the reporting entity

Molycop has three wholly owned corporate entities operating or carrying on business in Australia; namely:

- Commonwealth Steel Company Pty Ltd (CSC)
 - ACN: 000 007 698
- Grinding Media Pty Ltd (Grinding Media)
 - ACN: 615 611 759
- Donhad Pty Ltd (Donhad)
 - ACN: 009 009 054

These entities function collectively for Molycop: predominantly under the 'Molycop' and 'Comsteel'.

All operations are conducted by CSC. Donhad previously operated in 2019 / 2020 financial year, however, is now in the transitional phase channelling to CSC. At present, Grinding Media and Donhad are both non-operating entities.

Identify the structure, operations and supply chains of the reporting entity

Molycop is a global corporate group that is the largest and most experienced supplier of forged grinding media and associated services in the world.

The group:

- coordinates functions under a US registered and based parent company, AIP MC Holdings LLC, and
- has business operations in multiple regions including North America, Central America, South America, Europe and Australasia.

Each region operates with a degree of autonomy but with shared resources (such as global support teams, policies and procedures) and common senior leadership structures to ensure consistency in functionality and coordination of activities.

The Australian Molycop entities are private proprietary limited companies constituted under the Corporations Act 2001 (Cth) – CSC, Grinding Media and Donhad (collectively, Molycop Australia).

Steel production is the focus of Molycop Australia – with CSC operations having been established in Australia for over 100 years - and information regarding the five main business product streams can be found on the Molycop website.

As at 30 June 2020, Molycop Australia had 591 employees (550 employed with CSC and 41 employed with Donhad), and over 90% of Molycop Australia's suppliers and vendors are based in Australia.

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity

While there have not been any known instances or reports of such practices occurring in connection with the operations of Molycop Australia, the primary risk factors are that:

- the purchase of raw materials (which was the third largest category of supplier and vendor expenditure for Molycop Australia in the 2019/2020 financial year) from overseas locations with some reports of potential modern slavery practices; for example, China and India
- the operations of Molycop Australia involve manufacturing and have an intrinsic reliance on other industries (such as mining and transportation) that are known to have a degree of modern slavery risk, and
- Molycop Australia may not have a direct contractual relationship with 'downstream' suppliers and vendors operating in locations and industries with potential risks of modern slavery practices as these services or products may be procured through intermediaries such as local 'brokers' (therefore potentially limiting the level of transparency and control able to be exercised).

Describe the actions taken by the reporting entity to assess these modern slavery risks

During the relevant reporting period of the 2019/2020 financial year, Molycop Australia had (and continues – at the present date - to further refine and develop) a range of mechanisms to appropriately assess and address the potential risk of modern slavery practices within its supply chain which are summarised as follows:

Policies and procedures

The Molycop corporate group outlines their overarching values and expectations for the provision of services and delivery of products in connection with their organisation through a range of global policies. These policies provide workers, suppliers and vendors of Molycop Australia with a general framework on topics including:

- the Code of Conduct
- Diversity
- Fair trading
- Whistleblower, and
- Work health and safety.

Copies of these policies and procedures are publicly accessible (upon request from the Molycop website), are commonly offered or provided to suppliers and vendors (including upon their initial engagement) and are also the subject of internal training modules for Molycop Australia employees.

Supplier and vendor engagement

Dedicated procurement team: Molycop Australia has specialist and dedicated team of procurement and supply chain personnel that lead the supplier and vendor engagement processes.

Procurement Guidelines: The Procurement Guidelines of Molycop Australia are a documented consolidated resource that assists personnel in assessing, selecting and engaging with suitable contractors (including suppliers and vendors).

Vendor Registration Form: Prospective suppliers and vendors are required to submit a registration form inclusive of environmental, safety event reporting and performance, and quality assurance system level. This highlights that Molycop Australia seeks to maintain effective supply chains based on ethical and sustainability principles that align with its own core values.

Due diligence

Senior leadership engagement and functions: The senior leadership team of Molycop Australia are appropriately involved and informed in the functioning of the business and supply chains. They participate in regular briefings, communications and meetings to consider and acquire relevant information of any recent developments and trends (including with respect to business operations and the applicable legal framework), understand the nature of operations as well as associated risks, ensure there are appropriate resources and processes in place to minimise these risks and obtain relevant reports on any relevant issues, incidents and/or rectification action implemented.

Remediation processes

Contractual rights and responsibilities: If Molycop Australia identify any issues with a supplier or vendor (for example, with respect to potential modern slavery practices), it retains the legal and contractual right to suspend or terminate their ongoing engagement with these parties under the applicable terms & conditions. Reporting of potential issues: Molycop Australia has a range of established methods for persons to raise and escalate any concerns associated with their supply chain. This includes: the grievance procedure prescribed for employees, the Whistleblower Hotlines that may be utilised by anyone (irrespective of whether they are an employee or an external person), and nominated key contact persons within Molycop Australia (for example, a buyer or contracts manager for an external supplier or vendor).

Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks

Many of the mechanisms implemented by Molycop Australia to appropriately assess and address potential risks of modern slavery practice in its supply chain have related and complementary components intended to enable the continual evaluation of the effectiveness of the actions taken. This is undertaken by way of:

- the development and imposition of Key Performance Indicators for suppliers and vendors on relevant competencies (including with respect to their risk and people management systems and strategies)
- auditing schedules and related template evaluation documentation that prompts consideration of worker conditions within the supply chain
- information sharing and engagement between the various levels of the supply chain, and
- independent reviews or audits of suppliers or vendors undertaken by third parties and/or the International Procurement Hub.

Describe the process of consultation with any entities the reporting entity owns or controls and in issuing this joint modern slavery statement

In preparing this joint statement the following key steps were implemented:

- relevant information was located and collated by an internal project team (comprising members of the procurement and legal business areas)
- evidence and practical examples of the actions implemented by Molycop Australia in the relevant reporting period were sought and evaluated
- numerous meetings were conducted with key stakeholders to verify the relevant circumstances and information gathered
- an external consultant was engaged to assist in mapping the supply chain of Molycop Australia, discussing the strategies adopted (as well as contemplated into the future) with respect to addressing risk of modern slavery practices.

Ultimately, there was an extremely high level of consultation, cooperation and coordination between the various entities in preparing this statement given they effectively operate as a joint and consolidated business.

Contact

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