

A photograph of a long bridge or walkway extending over a body of water at sunset. The sun is low on the horizon, creating a golden glow and reflecting on the water. The bridge has a metal railing and some industrial-looking structures. The sky is filled with soft, wispy clouds.

**MODERN  
SLAVERY  
AND HUMAN  
TRAFFICKING  
STATEMENT  
2017**

## AS A VALUES DRIVEN COMPANY, SOUTH32 IS COMMITTED TO ADDRESSING MODERN SLAVERY AND HUMAN TRAFFICKING

South32's purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources. To maintain this trust, we recognise the need to operate with care for all stakeholders, including through our supply chain.

This document responds to the Section 54 requirements of the United Kingdom (UK) Modern Slavery Act 2015 (Act) where we describe the steps taken by South32 in FY17 to address potential modern slavery risks in our supply chain.<sup>1</sup>



'Freedom from slavery' is one of the 30 basic rights and freedoms that the United Nations Declaration of Human Rights defines as applying to everyone. Modern slavery refers to situations where one person takes away another person's freedom so that they can be exploited. This includes their freedom to control their own body and to choose to refuse certain work or to stop working. In this statement, we use the Act's definition of 'modern slavery' which is an umbrella term, encompassing the offences of slavery, servitude, forced or compulsory labour, and human trafficking.

South32 has embarked on the journey of addressing modern slavery risks by emphasising collaboration and relationships, in addition to completing due diligence of our supply chain. By acting together, organisations and individuals can collectively diminish the demand for goods and services made using slavery.

It will take the combined effort of clear legislation, steps to address risks and resolve issues by organisations globally, working constructively with perpetrators of slavery (within reason) and the empowerment and support of victims to fully combat modern slavery.

“ With an estimated 45.8 million women, men and children living in modern slavery today, it is difficult to determine if any supply chain is slavery free.”<sup>2</sup>

1 We choose to publish this statement voluntarily under the UK Act.  
2 Walk Free Foundation: The Global Slavery Index 2016.



## SOUTH32 ORGANISATIONAL STRUCTURE AND SUPPLY CHAIN

South32 is a globally diversified mining and metals company with operations in Australia, Southern Africa and South America.

We mine and produce 10 commodities: bauxite, alumina, aluminium, energy and metallurgical coal, manganese, nickel, silver, lead and zinc.

We operate a regional model, with our headquarters in Perth, Australia. Our regional office in Johannesburg, South Africa supports our African operations, with our Perth office supporting our Australian and South American operations. Our marketing activities are managed from Singapore and London.

South32 has 11 operations in 5 countries and we employ over 14,000 employees of which over 400 work in South32's supply teams.

South32's supply chain is large and complex, with 2,693 active vendors in our Africa region and 3,432 active vendors in our Australia region, including Colombia (FY17). We source a wide variety of goods and services including mining and industrial services, travel and camp services, light vehicles, plant and equipment, logistics services and bulk materials, technology, information technology, fuels and electricity, and human resources services.

Our supply chain makes us truly global. The multi-commodity nature of our business means we have a diversified customer portfolio and touch many end-users. The steps South32 is taking to address modern slavery helps our customers have confidence that our commodities have been produced respecting human rights.

“Our metals and minerals are used to produce a range of items that people interact with daily.”



# **SOUTH32 POLICIES**

**OUR POLICIES ARE AN ESSENTIAL  
FIRST STEP IN MANAGING  
MODERN SLAVERY RISKS AND  
RESPECTING HUMAN RIGHTS**

Our approach to addressing modern slavery is an integrated component of our overall approach to human rights and business conduct.

We have company-wide policies in place to manage the risk of human rights abuses, including modern slavery and human trafficking, within our own operations and in those of our suppliers and business partners.

#### **CODE OF BUSINESS CONDUCT**

Our Code of Business Conduct (Code) demonstrates how we practically apply our values of Care, Trust, Togetherness and Excellence. The Code explains the principles and intent behind many of our standards and procedures applicable company-wide. All employees, Directors, officers, contractors and suppliers (where under relevant contractual obligation) and controlled entities must adhere to the Code, regardless of location or role. We also state our expectation that non-controlled joint ventures and minority interests adopt similar principles and standards. Our Code includes behavioural guidance and expectations for all of our stakeholders to respect human rights.

#### **SUSTAINABILITY POLICY**

South32's Sustainability Policy defines the social, environmental and economic principles behind our decision making. Our Sustainability Policy details our commitment to respecting internationally recognised human rights. This policy has been developed to align to the International Council on Mining and Metals' (ICMM) Sustainable Development Framework, the United Nations (UN) Global Compact Principles, the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the UN Voluntary Principles on Security and Human Rights.

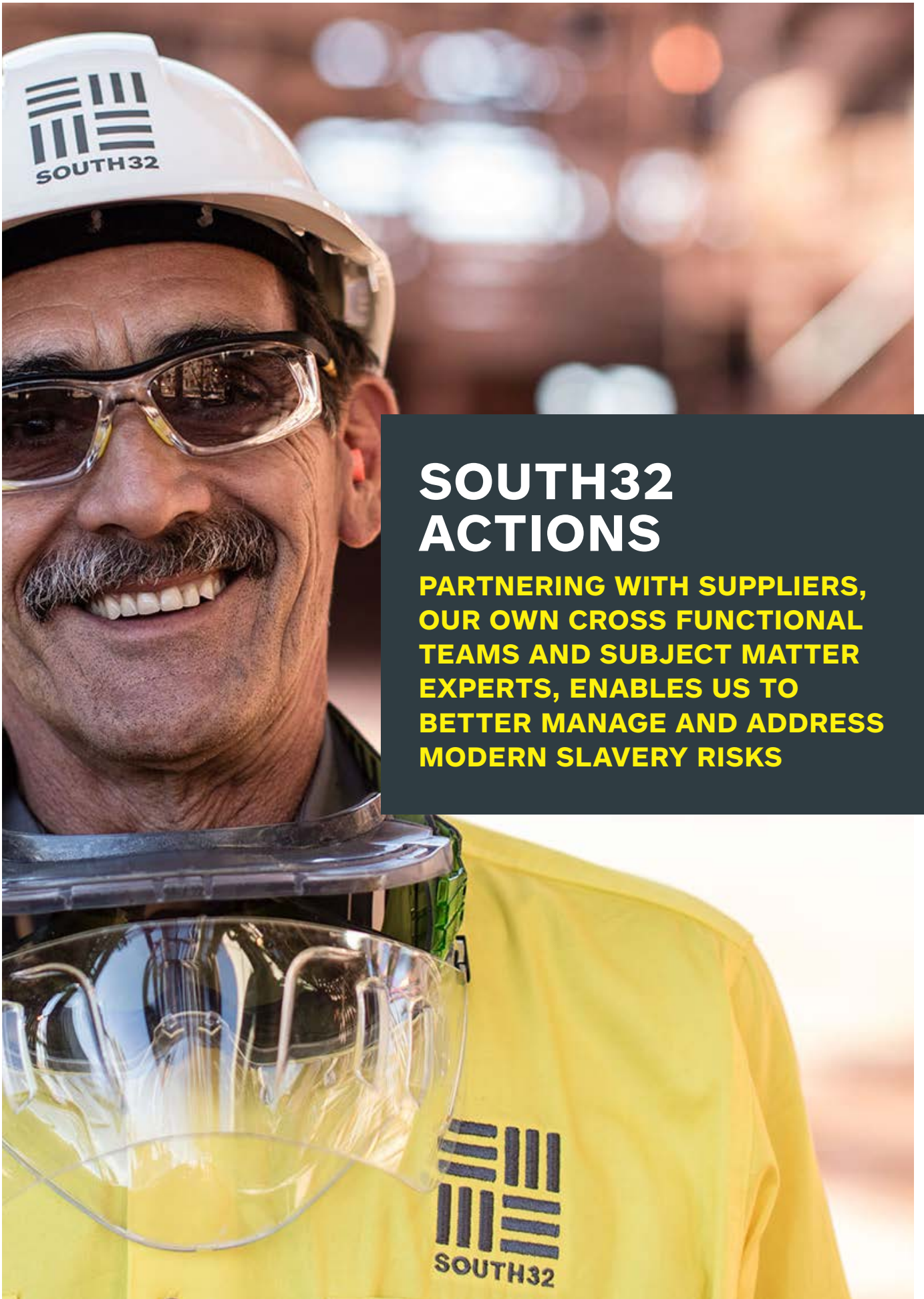
The Sustainability Policy emphasises our support for employment and community practises which empower people to make choices and have control over their process of development as it affects their lives, beliefs, institutions, well-being and the lands they occupy or otherwise use. The Sustainability Committee of the Board discharges its responsibilities with reference to the Sustainability Policy. We expect all of our suppliers to operate in line with the principles contained in our Sustainability Policy.

#### **SUPPLY STANDARD**

Our supply contracts and onboarding documentation require counterparties to adhere to our Code, our Sustainability Policy and our Sustainability and Business Conduct Requirements.

Our internal supply standard provides internal governance related to the contracting of goods and/or services from external parties. The standard outlines how we approach our sourcing strategy, tender management and preparation, as well as supplier engagement and evaluation, contract authorisation, execution and implementation, and contract monitoring. In each of these critical interaction points with suppliers, our standard stipulates our commitment to do business with suppliers who are working to ensure respect for human rights and modern slavery. This includes our expectations of suppliers, outlined in our Sustainability and Business Conduct Requirements, which can be found on our website at [www.south32.net](http://www.south32.net). These requirements include no tolerance for child labour, forced labour or compulsory labour as well as provide support for freedom of association, a living wage and non-discrimination.

If a supplier or other entity was found to be in material breach of the terms stipulated in their contract with us, including those specific to our human rights requirements or Code, we are able to suspend or terminate the contract with that supplier. In line with international guidance on best practice, and depending on the circumstances, we would try to work with the supplier to resolve any issues in a reasonable timeframe.



## **SOUTH32 ACTIONS**

**PARTNERING WITH SUPPLIERS,  
OUR OWN CROSS FUNCTIONAL  
TEAMS AND SUBJECT MATTER  
EXPERTS, ENABLES US TO  
BETTER MANAGE AND ADDRESS  
MODERN SLAVERY RISKS**

## WORKING TOGETHER TO CREATE SLAVERY FREE SUPPLY CHAINS

An integrated set of activities form our approach to combatting modern slavery risks in our supply chain.

We ensure accountability in our policies and processes by providing avenues for anyone to anonymously report any areas of concern to South32. If issues are raised

we conduct active due diligence (including audits on suppliers) to understand a suppliers approach to human rights and to ensure there are no modern slavery issues. We work in partnership to understand the practices of suppliers in our shared supply chain. This approach aims to identify, monitor and mitigate any modern slavery risks in our supply chain.

1. Supplier onboarding	2. Supplier high risk mapping and due diligence	3. Training and capacity building	4. Reporting concerns
<ul style="list-style-type: none"> <li>› Pre-qualification of suppliers</li> <li>› Contracts</li> <li>› Internal policies and business conduct requirements</li> </ul>	<ul style="list-style-type: none"> <li>› Supplier high risk mapping</li> <li>› Active due diligence, including audits</li> <li>› Workshops with subject matter experts</li> </ul>	<ul style="list-style-type: none"> <li>› Building relationships and supply chain transparency with suppliers</li> <li>› Training and capacity building</li> </ul>	<ul style="list-style-type: none"> <li>› Complaints and grievances mechanisms at every operation</li> <li>› An anonymous hotline in every location we operate (Ethicspoint)</li> </ul>

### 1. SUPPLIER ONBOARDING

Our vendor pre-qualification forms and contracts include language stipulating that counterparties agree to adhere to our policies and standards. This provides a safeguard that we onboard and work with vendors who operate to the same standard we expect from ourselves.

### 2. SUPPLIER HIGH RISK MAPPING AND DUE DILIGENCE

Our Code of Business Conduct, Sustainability Policy, values, internal supply standard and approach to community and security provide clear and explicit minimum human rights requirements for our operations.

While South32 has a strong governance framework, we continuously aim to improve our processes and we view modern slavery due diligence as an ongoing risk management process.

South32 does not conduct direct audits on every supplier in our supply chain. Rather, in accordance with accepted international guidance,<sup>3</sup> we identify and conduct due diligence on suppliers who are high risk for modern slavery. We categorise our suppliers as high risk on the basis of geography and whether the product we purchase has been assessed as high risk in international guidance and government registers.

We also categorise according to contract value, in order to determine our influence on the identified high risk suppliers. Workshops are then run to select the highest risk suppliers that we will conduct due diligence with in that financial year.

In FY17 we have conducted due diligence activities in partnership with major suppliers of clothing and electronics, who have themselves conducted extensive work on their own supply chains. No instances of modern slavery have been found.

3 Principle 17, UN Guiding Principles on Business and Human Rights.

In partnership, our highest risk suppliers identified in FY17 worked with us to:

- Share their human rights and modern slavery company policies and procedures
- Share information about their ethical sourcing journeys, including “lessons learnt”
- Provide insight and transparency into our shared supply chains several tiers down by sharing their modern slavery audits of their suppliers with us

The results of our due diligence have demonstrated that other organisations are willing to work together to address modern slavery risks.

When engaging with our supply chain, if we determine that insufficient due diligence has been completed, we may complete compliance audits to address any modern slavery risks.

We will continue to build relationships and work together across organisations to address modern slavery risks across our shared supply chains.

**3. TRAINING AND CAPACITY BUILDING**

South32 employees and contractors receive training on our business conduct framework, including our human rights requirements. In FY17 we provided specific modern slavery training for all supply team employees and South32 contract owners who were identified as more likely to encounter modern slavery risks.

“Understanding the magnitude of modern slavery and the pivotal role supply plays was a key takeaway from the training. It has always been part of our vendor screening process, but now it is an active discussion point.”

- South32 supply team category lead

**4. REPORTING CONCERNS**

We have a complaints and grievances mechanism at every operation. This allows community members and other interested stakeholders to raise issues directly with our operations. We respond to all complaints and grievances and aim to resolve any issues as soon as possible. We report all complaints and grievances statistics in our Communities and Society document which forms part of our Annual Reporting Suite, and can be found on our website, [www.south32.net](http://www.south32.net).

In addition to the complaints and grievances mechanisms we have in place at our operations, we have an independent, multi-lingual worldwide service (EthicsPoint, found at [south32.ethicspoint.com](http://south32.ethicspoint.com)) for anyone to anonymously report concerns about the behaviour of our employees or those representing us, including concerns related to modern slavery.

**Graham Kerr**  
Director, South32 Limited

**Daniel Chandler**  
Director, South32 SA Investments Limited

“Only by working together can we hope to combat modern slavery, including in our shared supply chains.”