

REPORTING ON OUR MATERIAL SUSTAINABILITY TOPICS

This year, South32 is reporting in accordance with the Global Reporting Initiative, or GRI. We have reported to G4, the latest iteration, and to a Core level. We want to work towards a more integrated reporting style and so we have reported all of our GRI topics in our annual report alongside our financial information, instead of producing a separate Sustainability Report. The GRI Navigator, which is a summary of which topics we reported against and all South32's performance data against these topics, can be found on this website.

What should we include for GRI?

GRI is a framework used to communicate sustainability information in a comparable and transparent way between companies. The current version of the GRI framework places a process known as 'materiality' at its heart. The materiality process identifies and prioritises which of the many sustainability topics covered by GRI are important to us as a company, as well as those that are important to our stakeholders. It is an expectation that organisations report publicly on their most material topics.

The materiality process is broken down into 4 steps:

Step 1 – Identification

The materiality process begins by identifying which of the sustainability topics are important to our external and internal stakeholders. It is important to identify and include as many stakeholders as possible in this process. We identified these topics by engaging with our existing stakeholder engagement forums and through consultations and reviews with specific groups. Stakeholders included non-government organisations, investors including sustainability rating agencies, customers, media, our local communities, sustainability focussed academics and government, as well as linking our own internal risk registers to the GRI topics. We also held workshops with sustainability leaders in Perth and in Johannesburg to help us monitor global sustainability issues that may impact the mining industry in future.

An important part of these consultations was to consider groups that cannot speak for themselves such as ecosystems and future generations. By doing this we are operating in line with our sustainability policy principles, specifically that we are responsible stewards of the natural resources we touch so these shared resources can continue to provide value for future generations.

The identification step also begins the process of defining the Boundaries of each GRI topic. Defining boundaries identifies where an impact may occur within our 'gate' or outside of our direct operational control. The Boundary of each topic is included in our GRI Navigator, which is available on our website.

Step 2 - Prioritisation

Prioritisation is the process of determining how important the identified topics are to our stakeholders and to us. Prioritisation is undertaken in different ways, according to the stakeholder group. For example, in the media stakeholder group, importance is ranked on the number of articles published on a particular topic. For the materiality workshops conducted with subject matter experts, we requested that the group decide on which topics are ranked as high priorities through their discussions.

Key issues that were identified during this process included:

- Occupational health and safety was a material issue for investors and for South32
- Water crises was identified as one of the highest ranked issues at the workshops held with sustainability leaders
- Anti-corruption is a material risk for South32
- Labour relations and the risk of strikes were singled out as material issue based on media coverage
- Local communities were concerned about noise, air quality and the level of local participation in employment and supply
- Energy markets, economic performance and concern over biodiversity impacts ranked highly in our media analysis
- A number of stakeholders highlighted climate change as material, particularly in relation to the financial impacts of climate change
- Government engagements focussed on local communities and transformation, which relates to the black empowerment programme in South Africa

Step 3 – Validation

The validation step ensures our reporting provides a reasonable representation of our sustainability performance. It ensures that the reporting is accurate and balanced, which means we report on both positive and any negative sustainability performance in line with what is most material. The validation step also seeks direct input from our executives, particularly if they have noted any additional issues that are material to our business

Our material topics

Categories		
Economic	Environment	Social
Economic Performance	Energy	Labour Practices and decent work
Financial implications of climate change	Water	Human Rights
	Biodiversity	Society
	Emissions	Product Responsibility
	Effluents and Waste	Grievances and Complaints
	Closure	

All these topics are expanded in detail in our annual report and the GRI data tables so our performance can be compared with other companies.

Step 4 – Review

Each year, we will conduct and review our materiality process to ensure that the issues relevant to South32, and to our stakeholders, are being continually considered and reported annually in line with our commitment to transparency.

Assurance

To ensure that our reporting is as balanced, accurate and as transparent as possible, we engage with an independent third party, KPMG, to provide assurance over our sustainability data and disclosures. As part of this work, KPMG verified that we followed a credible process to select and define our sustainability performance report content. This means we reported on what matters, what was most material and, in a balanced way, the positive and negative aspects of our performance.