



# LOCAL COMMUNITIES AT SOUTH32



Children learning in one of the schools we have funded near our Cerro Matoso Nickel Mine in Colombia.

# LOCAL COMMUNITIES AT SOUTH32



Building homes for the community at Cerro Matoso, Colombia.

## OUR APPROACH

South32's purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We support practices that enable people to make choices that give them control over the development of their lives, beliefs, institutions and wellbeing.

Our Values, Sustainability Policy and Code of Business Conduct detail our approach to working with our host communities. These can be found by visiting our website at [www.south32.net](http://www.south32.net).

We want to be trusted by society and the communities in which we operate. We will achieve this by transparently interacting with societies and investing in our communities, while respecting human rights and, in our Africa Region, being a successful contributor to transformation in South Africa.

Our mining and processing produces commodities that are required for development, technology and innovation. Through our operations, we also provide local employment, Indigenous advancement and procurement opportunities, as well as community investment. Designed to meet the needs of our stakeholders at different stages of our operations' lifecycles, our community investment activities seek to:

1. Empower employees to contribute to their community and society
2. Support local communities in areas of need
3. Develop long-term projects focussed on delivering positive outcomes for future generations.

## RECOGNISING LOCAL RIGHTS, VALUES AND CULTURE

We recognise the traditional rights and values of Indigenous Peoples, respect their cultural heritage and provide opportunities for inclusion and advancement. South32 provides cultural awareness and competency training for employees who engage with Indigenous Peoples from host communities. We actively implement engagement programs consistent with the International Council on Mining and Metals (ICMM) Position Statement on Indigenous Peoples and Mining.

## MANAGING OUR IMPACTS

While broader society benefits from our business, the greatest potential for impacts occurs at a very local level in host communities and the immediate natural environment. To understand and manage potential negative impacts, while enhancing the positive contribution that mining can bring to local and often remote communities, we seek to understand our host communities through engagement and regular assessment of our social impact. This provides a baseline measurement of indicators of community wellbeing, which can be mapped over time. South32 monitors this information to identify trends and takes action to rectify and resolve any emerging issues as well as find opportunities to support community prosperity.

To enable us to address individual concerns, we have a complaints and grievance procedure at every operation. This allows community members and other interested stakeholders to raise issues directly with the operation. We take all complaints and grievances seriously and aim to respond and resolve any issue as soon as possible.



## THE GLOBAL GOALS For Sustainable Development



## SUSTAINABLE DEVELOPMENT GOALS

South32 supports the United Nations (UN) Sustainable Development Goals (SDGs). The United Nations 2030 Agenda for Sustainable Development defined 17 SDGs in September 2015 that seek to address the world's greatest challenges. The SDGs build on the work undertaken through the Millennium Development Goals, but have a greater focus on the involvement of the private sector. Our approach to local communities supports SDG 17 - partnerships for the goals:



### SDG 17 – PARTNERSHIPS FOR THE GOALS

We will continue to create partnerships with local business and other organisations to ensure that our local communities build capability and independence and that there is a net positive impact as a result of South32 being present and doing business.

In FY2017, we will continue to align our activities to the specific SDG targets underpinning each SDG goal, in order to advance the 2030 Agenda for Sustainable Development.

## OUR AFRICA REGION LOCAL COMMUNITIES

### Transformation in South Africa

Transformation is central to our efforts to make a meaningful contribution to the social and economic development of South Africa. We are committed to the National Transformation Agenda as enacted in the Broad-Based Black Economic Empowerment (B-BBEE) Act and the Mining Charter.

We have accelerated the implementation of key transformation initiatives and aim to move beyond compliance by 2020. Mining companies operating in South Africa are required to submit Social and Labour Plans to the Department of Minerals and Resources prior to the granting of a mining right.

Through our plans, we aim to ensure that empowerment and sustainable growth in South Africa is enhanced by:

- Facilitating economic empowerment with broad-based equity ownership structures
- Working towards equitable representation and the upskilling of our historically disadvantaged workforce at all levels
- Developing black small and medium enterprises and the creation of opportunities for growth for existing black enterprises
- Increasing our local engagement through focussed and sustainable community development
- Improving the housing and living conditions of our employees and ensuring our plans are aligned with our values and the requirements of the South African Mining Charter
- Recruiting from within our local communities.

In FY2016 we contributed more than US\$10 million to the communities in our Africa Region. The money invested was primarily related to education, housing and supporting the provision of healthcare services.

### Complaints and grievances

In the Africa Region we received no noise, dust or odour complaints, but did receive eight complaints primarily related to employment requests. We also received one grievance at our energy coal operations, which was regarding a late payment for electricity lodged with a third party. Although the rate of complaints and grievances in FY2016 was low, in FY2017 we will continue our engagement in each host community to ensure that any issues are being heard and resolved.

### AFRICA REGION COMMUNITY PROJECTS

A number of community projects are underway at each of our Africa Region operations. The below projects were selected as examples of the work we are doing to create shared value in partnership with our host communities.



#### Mozal Aluminium



Mozambique has been in severe drought, which is impacting our local communities. Based on the Boane district government's plan to alleviate the impact of the drought, we are supporting the construction of boreholes for water in partnership with Jhpiego (a local Mozambican not-for-profit organisation) in the Boane district. We have also donated money to Jhpiego to support drought-affected communities more broadly.

#### South Africa Aluminium



In FY2016, we collected 1,500 hard hats that were going to landfill, due to old company branding, and recycled them to make planking, chairs and tables. These will be distributed into our local communities, thereby avoiding a large quantity of plastic going to landfill, while at the same time providing a benefit to the community.



#### Energy Coal South Africa



South32 is working in partnership with the local government to provide low-cost housing near our energy coal operations. The Rockdale and Phola low-cost housing projects will involve constructing 350 houses, where the municipality provides serviced land and South32 will build the houses. Housing is fundamental to family and community stability and for many low-income families housing is their biggest expense. By the end of FY2016, 150 houses were ready to be transferred to the local community.



#### South Africa Manganese



The Meyerton Incubation Program is a local youth enterprise development project, funded by South32 in partnership with the Tushiyah Advisory Services. The program seeks to support young entrepreneurs in idea generation, training and research-testing the feasibility of their own and other business ideas. The centre is situated on the premises of the Metallurgy Smelter, with offices and board rooms being used by beneficiaries of the program.





Children playing at the early learning center on Groote Eylandt, Australia.

## OUR AUSTRALIA REGION LOCAL COMMUNITIES

The Australia Region, including our Colombian operations, supports a wide range of activities, which are targeted to community needs as well as directly supporting community members in their endeavours.

Within Australia, the greatest investment focused on Indigenous development on Groote Eylandt. We provide training for Indigenous employees, contributed to building an early learning centre and fund an after-school tutoring service for both high potential students and their parents to address the gap between Indigenous and non-Indigenous education outcomes.

In FY2016, our Australia Region, which includes Cerro Matoso, our Colombian operation, invested more than US\$6 million into our local communities. We primarily invested in education, health, the environment and local community events.

One of our Cerro Matoso initiatives has contributed more than US\$1.3 million during the last two years to Pueblo Flecha, an Indigenous community located close

to our operation. The funds have been directed towards education, housing and infrastructure improvements.

In January 2016, South32 launched the Australian Matched Giving Program. In recognition of employee contributions, South32 matches all employee donations to selected charities dollar-for-dollar. Australian employees nominated 30 local, state and national charities to receive matched donations.

## Complaints and grievances

In the Australia Region we received 114 complaints, with the greatest number related to noise, primarily from trains transporting product in the Illawarra region (49 complaints). The number of complaints is fewer than last year, however we will continue to work on minimising our impacts. Other complaints included concerns about impacts on private property, structures and visual impacts.



Children playing at after school care on Groote Eylandt, Australia.

## AUSTRALIA REGION COMMUNITY PROJECTS

A number of community projects are underway at each of our Australia Region operations. The below projects were selected as examples of the work we are doing to create shared value in partnership with our host communities.



### Cannington



South32 and Queensland graziers worked together to combat the devastating impact of weeds on the natural environment. South32 contributed funding for the purchase of weed control materials and labour,

which was matched by pastoralists. The catchment area around Cannington is significant due to its location 30 kilometres south of the Western Queensland watershed, with waters north of the line flowing to the Gulf of Carpentaria and waters to the south flowing via the huge Georgina-Diamantina catchment into Lake Eyre, 1,500 kilometres south. Since 2012, together we have removed weed infestation from more than 80,000 hectares of Western Queensland waterways, native habitats and prime agricultural lands.



### Cerro Matoso



In FY2016, we equipped 66 new houses with smokeless stoves and air vents, in partnership with the Social Alliance for the Alto San Jorge community. This cooking method reduces

particulate matter in the air, relative to traditional wood fired cooking methods. This reduces risks to people's health, including respiratory illness, and raises the overall quality of life, particularly for women and children.

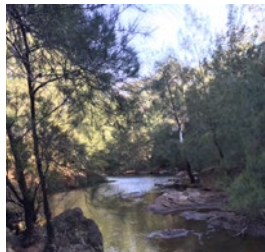


### GEMCO



In partnership with the Groote Eylandt local schools and the Graham Polly Farmer Foundation, we have established Learning Clubs in Angurugu, Umbakumba and Alyangula, with 52 participating students. The

program aims to provide additional educational assistance at after school sessions with a dedicated team of tutors. Although primarily targeted at children of our Indigenous employees, Principals at each of the three schools have also nominated several high achievers and other high potential students to participate.



### Illawarra Metallurgical Coal



South32 has partnered with Wollongong City Council and the State Government's Restart NSW Resources for Regions Program to improve pedestrian and cycle access with a shared path, for

the communities close to our company's Dendrobium Mine. Cyclists and pedestrians shared a busy roadway with cars and other vehicles when traveling to and from Mount Kembla. Completion of the shared path realises our vision to provide the communities surrounding our operations with a safe pedestrian and cycle pathway network. The path links the Mount Kembla village to neighbouring townships via the Memorial Pathway. This is another community project funded by South32 and the Dendrobium Community Enhancement Program.



### TEMCO



In March 2016, South32 supported the education programs of the Tamar Valley Writers' Festival. The Festival has a strong education focus and attracts students from across the region. As one of the

biggest writers' festivals outside a capital city, and one of Tasmania's signature events, there were 42 sessions during the event. The Schools Day Program focusses on children in Kindergarten to Year 2, while the Children's and Young Adult Authors Program showcases authors from popular story books and novels.



### Worsley Alumina



South32, the Peel-Harvey Catchment Council, Friends of the Reserves Boddington (Inc.) and Shire of Boddington, are collaborating to restore water quality and the ecosystem

in Tunbridge Gully. The project will see the removal of an aggressive weed species, which is threatening the biodiversity and ecology of Tunbridge Gully and the Hotham River. The project also aims to return freshwater mussels to the river, a native species for many years that is important to the Indigenous Noongar people. The project will enable Boddington's community, land managers and the Noongar community to undertake weed surveying and mapping, before removing invasive weeds and replacing them with native seedlings.

# WHO WE ARE



## OUR PURPOSE

Our 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.



## OUR STRATEGY

Our strategy is to invest in high-quality metals and mining operations where our distinctive capabilities and regional model enable us to stretch performance in a sustainable way. By maintaining financial discipline and continually optimising our portfolio we will deliver sector leading total shareholder returns.



## OUR VALUES

### CARE

We care about people, the communities we are a part of and the world we depend on.

### TRUST

We deliver on our commitments and rely on each other to do the right thing.

### TOGETHERNESS

We value difference, listen and share, knowing that together we are better.

### EXCELLENCE

We are courageous and challenge ourselves to be the best in what matters.

## IMPORTANT NOTICES AND DISCLAIMER

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