

MODERN SLAVERY ACT SECTION 54 STATEMENT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016

Our business and structure

South32 is a globally diversified mining and metals company with Alumina, Aluminium, Bauxite, Energy Coal, Lead, Manganese, Metallurgical Coal, Nickel, Silver and Zinc in our portfolio. We operate a regional model, with our headquarters in Perth, Australia. Our African operations are supported by a regional office in Johannesburg, South Africa and our Australian and South American operations are supported by a regional office in Perth, Australia. Our marketing activities are managed from Singapore and London.

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. To maintain this trust we recognise the need to operate with respect and care for our natural environment, employees and communities across our supply chain.

Our supply chain

Modern slavery, human trafficking and other human rights abuses have no place in our operations or supply chain. To support this, we have chosen to publish the following statement.

Our supply chain is large and complex, with 2,517 active vendors in our Africa region, 3,657 active vendors in our Australia region. We source a wide variety of parts and consumables; 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. We recognise our responsibility, and seek to address potential or actual adverse human rights impacts that could occur as a result of us doing business.

Policies in relation to modern slavery and human trafficking

Our approach to combatting modern slavery and human trafficking 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. These are:

Code of Business Conduct

Our Code of Business Conduct (Code) demonstrates how we apply our values of care, trust, togetherness and excellence practically, and 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 our stakeholders with respect for human rights. The Code of Business Conduct can be found on our website at: <http://www.south32.net/about-us/corporate-governance>

Sustainability Policy

Our Sustainability Policy (Policy) defines the social, environmental and economic principles behind our decision-making. Our Policy details our commitment to respecting internationally recognised human rights, and is aligned to the International Council for Mining and Metals Sustainable Development Framework, the United Nations Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights. The 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 Policy. We expect all of our suppliers to operate in line with the same principles as in the Policy. The Sustainability Policy can be found on our website at: <http://www.south32.net/about-us/corporate-governance>

Supply Standard

Our Supply Standard (Standard) governs minimum best practices 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 sustainability and business conduct supplier requirements for health, safety, environment, community and other human rights. The requirements include no tolerance for child labour and forced or compulsory labour and support for freedom of association, a living wage and non-discrimination and diversity. The sustainability and business conduct supplier requirements can be found on our website at: <http://www.south32.net/suppliers>

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 our Code of Business Conduct, we are able to suspend or terminate the contract with that provider. In line with best practice, we would try to work with the supplier in question to resolve the issues found in a reasonable timeframe.

Due diligence processes and risk management in relation to modern slavery and human trafficking

Supply chain management

Our Code of Business Conduct, Sustainability Policy, Supply Standard and approach to community and security provide clear and explicit minimum human rights requirements for our operations aligned with international frameworks, including the United Nations Guiding Principles on Business and Human Rights' Protect, Respect and Remedy framework and the eight core International Labour Organisation conventions. Our contracts include language stipulating that counterparties agree to adhere to our policies and standards.

Our vendor pre-qualification forms require our potential suppliers to confirm that they comply with our human rights requirements. This provides a safeguard that we only on-board and work with vendors who operate to the same standard we expect from ourselves. Our Standard also mandates that our supply teams supporting our regional operations take steps to ensure that suppliers align with our human rights requirements and business conduct framework. Our policies and standards in relation to human rights requirements are designed to manage these risks occurring in our supply chain.

In FY2016, our first full year of operation, South32 visited certain key suppliers for the purpose of determining their technical capabilities. In the future, we will look to conduct audits for our high risk suppliers to assess their compliance with our human rights requirements.

Whistleblowing hotline

We provide an 'ethics point' service to allow our employees, suppliers and other third parties to raise any concerns or risks identified, including those related to modern slavery and human trafficking. Our ethics point service is a multi-lingual worldwide service designed to facilitate the resolution of issues or risks even if these risks were not raised locally. In addition, each of our operations has a grievance mechanism and process in place designed to facilitate the resolution of any complaints.

Internal due diligence

We have set performance requirements to ensure we appropriately identify, prevent and mitigate adverse human rights risks, as defined in the United Nations Guiding Principles on Business and Human Rights and other internationally recognised rights.

Each operation is required to conduct a human rights impact assessment. If any human rights risks are found, then management actions are put in place to either eliminate or mitigate those risks. Any human rights risks identified would also be logged in our risk register for ongoing management, resolution and reporting. Our Risk and Assurance team conducts internal audits to monitor our operations' adherence to our standards, including the requirement that they actively conduct human rights impact assessments and manage any risks.

Training, evaluating effectiveness and next steps

South32 employees and contractors receive training on our business conduct framework, including our human rights requirements. In the future, we will roll out more specific modern slavery and human trafficking training for employee groups who are more exposed to encounter such risks in the supply chain.

South32 has clear and well integrated policies and standards with respect to modern slavery and human trafficking. We audit our operations against our policies and standards to ensure that we identify and mitigate risks on an ongoing basis.

We will continue to work collaboratively with other businesses that share similar supply chains to raise the profile of modern slavery and human trafficking risks. By doing so, we will identify best practices for recognising and mitigating human rights abuses across industries. To ensure we remain connected to global best practice, we will continue to seek information from organisations such as the United Nations Global Compact, the Walk Free Foundation, Global Slavery Index, Know the Chain and Verité.

A handwritten signature in dark ink, appearing to be "GK", written over a horizontal line.

Graham Kerr
Director, South32 Limited

A handwritten signature in blue ink, appearing to be "D. J. Chandler", written over a horizontal line.

Daniel Chandler
Director, South32 SA Investments Limited