



CORPORATE
GOVERNANCE
STATEMENT

About us

SOUTH32 IS A GLOBAL MINING AND METALS COMPANY

We produce bauxite, alumina, aluminium, energy and metallurgical coal, manganese, nickel, silver, lead and zinc at our operations in Australia, Southern Africa and South America. With a focus on growing our base metals exposure, we also have two development options in North America and several partnerships with junior explorers around the world.

ABOUT THIS STATEMENT

Making a difference

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.

Find out how **we make a difference** on page 20 of our Annual Report

Optimise, Unlock, Identify

Our purpose is underpinned by a simple **strategy** which is focused on optimising the performance of our operations, unlocking their potential and identifying new opportunities to create value for all our stakeholders.

Discover more about **Our strategy** on page 10 of our Annual Report

Care, Trust, Togetherness and Excellence

While our strategy outlines what we do to achieve our purpose, our **values** of care, trust, togetherness and excellence guide how we do it. Every day, our values shape the way we behave and the standards we set for ourselves and others. .

Discover more about **Our people** on page 27 of our Sustainable Development Report

See the documents that make up the rest of our reporting suite at <https://www.south32.net/investors-media/investor-centre/annual-reporting-suite>, including:

Annual Report

Sustainable Development Report

An overview of how our business-wide processes support our sustainability objectives, how we manage our most important sustainability topics and progress made during the 2020 financial year.

We acknowledge the Indigenous Peoples and local communities of the lands on which South32 is located and where we conduct our business around the world.

We respect and acknowledge the unique cultural and spiritual relationships that Indigenous Peoples and local communities have to the land, waters and seas, and their rich contribution to society.

In the spirit of respect and reconciliation, we will continue to support initiatives that strengthen culture and ways of life to ensure their legacy continues and extends to future generations.

The photos used throughout our reporting may have been taken before the social distancing requirements in response to COVID-19.

At South32, governance is an essential part of the way we work - not just in what we do, but in how we act, how we speak to each other and how we evaluate behaviour. Our culture and values are aligned with, and support, good governance practices.

We recognise the value of strong culture in driving long-term value creation for all stakeholders. Today, it's at the core of how we deliver our purpose and strategy. You'll see our culture reflected in the way we work, the decisions we take, the courage we show in challenging situations and the legacy we leave.

The strongest cultures are set from the top. Working together with the Lead Team, our Board and Chief Executive Officer (CEO) consistently demonstrate behaviour aligned with our values. Core to this is fostering a performance environment, where the way something is achieved is as important as what is achieved. Supporting this is a strong belief that culture can be actively shaped through a focus on what we prioritise, what we measure, what we reward and who we appoint.

In developing our corporate governance framework, the Board considers the standards of corporate governance applicable in each of the countries in which we are listed. We commit to the better of the standards of corporate governance that apply to us across these jurisdictions, which leads to the best outcome from a governance perspective, for our stakeholders.

In this Corporate Governance Statement, we explain the corporate governance framework and practices we've adopted.

Defined terms in this Corporate Governance Statement are consistent with those in our FY20 Annual Report.

ASX RECOMMENDATIONS

Under ASX Listing Rule 4.10.3, ASX-listed entities are required to benchmark their corporate governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). You can find the ASX Recommendations at www.asx.com.au⁽¹⁾.

While the 4th edition of the ASX Recommendations, released on 27 February 2019, does not come into effect for South32 until its financial year commencing 1 July 2020, we are pleased that we comply with all relevant 4th edition ASX Recommendations, and this is set out in the Appendix 4G at <https://www.south32.net/who-we-are/risk-governance>.

You can find all of the corporate governance documents and policies referenced in this Corporate Governance Statement at <https://www.south32.net/who-we-are/risk-governance>.

You can find the FY20 Annual Report referred to in this Corporate Governance Statement at <https://www.south32.net/investors-media/investor-centre/annual-reporting-suite>.

This Corporate Governance Statement is current as at 3 September 2020 and has been approved by the South32 Board.

(1) <https://www.asx.com.au/documents/regulation/cgc-principles-and-recommendations-fourth-edn.pdf>

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www.south32.net



The South32 Limited Board

OUR BOARD

Our Board currently comprises eight directors of whom all except our CEO, Graham Kerr, are independent, Non-Executive Directors.

Our Board recognises the importance of independent Directors to a high-functioning Board and our Board Charter requires that a substantial majority of Non-Executive Directors, including the Chair, be independent.

Director	Appointment Date
Ms Karen Wood (Chair)	1 November 2017 and Chair since 12 April 2019
Mr Graham Kerr (CEO)	21 January 2015
Mr Frank Cooper AO	7 May 2015
Mr Guy Lansdown	2 December 2019
Dr Xiaoling Liu	1 November 2017
Dr Ntombifuthi (Futhi) Mtoba	7 May 2015
Mr Wayne Osborn	7 May 2015
Mr Keith Rumble	27 February 2015

You can find our Directors' qualifications, skills and experience, significant offices and directorships held in other organisations on pages 56 to 59 of the FY20 Annual Report.

We were deeply saddened by the death of our Non-Executive Director Dr Xolani Mkhwanazi on 4 January 2020, following a short illness. Dr Mkhwanazi was greatly admired for his grace and his wisdom. His contribution was felt throughout the company and he will be missed.

Dr Mkhwanazi joined the Board of South32 in July 2015. With significant experience in mining and metals and expertise in science, he played a critical role in the establishment of South32 and made a valuable contribution to the Sustainability Committee based on his deep understanding of social and environmental issues.

RESPONSE TO COVID-19

We responded promptly to the COVID-19 outbreak. Our response was, and continues to be, built around three areas – keeping our people safe and well, maintaining safe and reliable operations, and supporting our communities, all of which are critical to the future of our business.

Following the restrictions on travel, the Board quickly adapted and held eight unscheduled Board meetings in FY20 via teleconference and then videoconference specifically to receive regular updates on management's response to COVID-19, oversee pandemic response plans and consider business critical issues. These meetings were in addition to the fourteen Board meetings held in FY20 as part of our scheduled program and to consider other business critical issues.

The FY20 schedule of Board visits to our operations was disrupted by COVID-19. Prior to the pandemic, the Board made two visits to our operations in FY20 - Hillside Aluminium in Richards Bay, South Africa and Illawarra Metallurgical Coal in New South Wales, Australia. However the Board is committed to staying connected with the operations by way of operational overviews and virtual site visits as part of Board programs, which started with GEMCO in June 2020.

Lead Team members hosted regular, company-wide calls on our response to COVID-19, answering many staff questions and helping the company stay connected.

In response to the COVID-19 pandemic, we launched a range of wellbeing initiatives and support tools to help our people and their families. These included a dedicated mental health and wellbeing intranet site, expanding our domestic violence support page, a dedicated COVID-19 channel on our internal social network to boost connectedness and access to health and wellbeing experts. Further details of our response are contained in our Annual Report and in our Sustainable Development Report available at <https://www.south32.net/who-we-are/sustainability-approach>.

RESPONSIBILITIES OF OUR INDEPENDENT CHAIR

Our Chair is responsible for leading the Board, assisting the Board to work effectively and discharge its responsibilities, and to encourage a culture of openness and debate to foster a high-performing and collegiate team. Outside scheduled Board meetings, our Chair acts as the main interface between our Board and the CEO. Our Chair also represents the Board to our shareholders.

The Chair is responsible for approving Board programs (including agendas) and making sure there is sufficient time available for discussion of all agenda items, including strategic issues.

THE ROLE OF THE BOARD

During FY20, the Board reviewed and updated our Board Charter. The review considered the 4th edition of the ASX Recommendations and recent corporate governance developments including the CBA APRA Report⁽²⁾ and the Hayne Royal Commission⁽³⁾.

The Board Charter is available at www.south32.net. It describes matters expressly reserved for our Board and matters delegated to management through the CEO, supported by our Lead Team.

The role of the Board is to represent shareholders and to promote and protect the interests of South32 by governing the Group, having regard to the Group's shareholders as a whole and the interests of other relevant stakeholders. Our Board continues to acknowledge the unique relationship between resource companies and the communities in which they operate, and the standards and expectations of our company to act lawfully, ethically and responsibly.

The Board ensures the company works hard to earn trust and maintain these relationships. The stronger these relationships are, the more trust there is in our company. To maintain the trust, we have robust processes in place to engage and talk openly with our stakeholders, and to monitor where there may be changing societal expectations.

(2) The Australian Prudential Regulation Authority (APRA) Final Report of the Prudential Inquiry into the Commonwealth Bank of Australia (CBA), 1 May 2018.

(3) Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, 1 February 2019.

Our Board is ultimately responsible for:

- Demonstrating leadership;
- Approving the company's purpose, strategic direction, and objectives;
- Working with management to shape our corporate strategy, including overseeing management's implementation of strategic objectives;
- Overseeing the risk management framework and satisfying itself that the company is operating with due regard to the risk appetite set by the Board;
- Overseeing the company's internal controls and systems for monitoring ethical and legal compliance; and
- Approving and monitoring budgets, major capital expenditure, acquisitions, divestments and capital management decisions.

Our Board influences the culture of the company through:

- Approving the company's values and the Code of Business Conduct to underpin the desired culture of the Group;
- Promoting ethical, responsible and lawful decision making;
- Developing and monitoring the implementation of the company's corporate governance principles and approving policies;
- Considering appointments to, and the performance and succession of, the Board, CEO and Lead Team;
- Approving the company's remuneration framework (including employee share ownership, superannuation and pension plans) and ensuring that the framework is aligned with the company's purpose, values, strategic objectives and risk appetite;
- Monitoring and promoting the company's commitment to diversity and inclusion, including setting measurable ethnicity and gender diversity objectives in accordance with the Inclusion and Diversity Policy and annual reviews of these objectives and remuneration by gender and ethnicity;
- Making regular visits to our operations giving Directors a deeper insight into our risks and an opportunity to understand our workforce culture and the communities we operate in; and
- Evaluating outcomes of surveys designed to measure employee engagement.

Working with our CEO, the Board demonstrates our values – whether in making decisions, during discussions or debate, or engaging directly with our people. The Board, together with our CEO, plays a part in creating an inclusive workplace where we hold ourselves and each other to account to demonstrate our values of care, trust, togetherness and excellence.

DIRECTOR INDEPENDENCE

We assess the independence of our Directors using our Independence of Directors Policy (which you can find at www.south32.net). We do this before appointments are made, annually and whenever any significant new interests arise. The Policy mirrors the ASX Recommendations.

The test used by the Board to determine a Director's independence is whether the Director is "independent of management and free of any interest, position or other relationship that could materially influence (or be reasonably perceived to materially influence) the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of the Group or its shareholders generally."

When making this assessment, our Board takes in to account all relevant facts and circumstances. Directors are required to notify changes to their interests or relationships that could affect their independence. Non-Executive Directors may be involved with other companies or professional firms which, from time to time, may have dealings with us. We assess the materiality of these dealings at least once a year.

COMPANY SECRETARIES

Our Company Secretaries, through the Chair, are accountable to the Board on all matters to do with the proper functioning of the Board, including:

- Effectiveness of the implementation of corporate governance processes;
- Adherence to the Board policies and procedures;
- Coordination of all Board business including agenda, board papers, minutes, communications and filings; and
- Facilitating the induction and professional development of Directors.

All Directors have direct access to our Company Secretaries. You can find more details about our Company Secretaries' (Nicole Duncan and Melanie Williams) experience and qualifications on page 62 of the FY20 Annual Report.

PERFORMANCE AND REMUNERATION OF THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

Details of our remuneration policies, practices, performance reviews and outcomes, and the remuneration paid to the Directors (Executive and Non-Executive) and other Key Management Personnel (KMP), are set out in the Remuneration report section of the FY20 Annual Report pages 66 to 87.

Shareholders will be invited to consider and adopt the Remuneration report at the 2020 AGM.

Our Lead Team

You can find details of our Lead Team members, including leadership changes made during the year, on pages 64 to 65 of the FY20 Annual Report.

THE ROLE OF THE CEO AND THE LEAD TEAM

The CEO is accountable to the Board for the performance of the Group in accordance with the authority that has been delegated to management. All actions and decisions of the CEO will be guided by the purpose and the Group's strategic objectives as approved by the Board.

Working under the supervision of the CEO, our Lead Team's role is driving our strategic goals in a way that's in line with our values, Code of Business Conduct and the risk appetite set by our Board. Their main responsibilities include:

- Executing strategic objectives;
- Demonstrating a culture underpinned by our values;
- Managing business performance;
- Reviewing and managing material risks; and
- Leading and developing our people.

While each member of the team leads a specific part of the business, they also work as a collective to help us achieve our strategy and purpose. The CEO and Lead Team are required to report to the Board in a transparent and open way. This includes providing the Board with information that is accurate and timely on all matters that impact, or have the potential to impact, the achievement of our purpose. These include:

- Our health and safety performance;
- Our culture;
- Our financial performance;
- Implementation of our strategy;
- Our risk issues (strategic, financial, operational, conduct and reputational);
- Environmental, community and social performance; and
- Complying with our Code of Business Conduct (including reports made via EthicsPoint).

Our Lead Team is also responsible for supporting one or more Board Committees – to improve our Board's access to, and relationship with, senior management, as well as drive accountability.

Meetings between members of both our Board and Lead Team are encouraged and help our Board carry out its duties and strengthen their working relationship.

APPOINTMENTS OF THE LEAD TEAM

In FY20 we made some key leadership appointments and changes, effective from 1 July 2020:

- Jason Economidis assumed the position of joint Chief Operating Officer, taking over from Paul Harvey; and
- Vanessa Torres' role of Chief Technology Officer broadened to Chief Technical Officer.

The formal appointment of Brendan Harris as Chief Commercial Officer (CCO), as noted in the FY19 Corporate Governance Statement, came into effect on 1 January 2020.

These appointments highlight the diverse talent within our organisation, and the skills and experience of our Lead Team.

The appointment process for members of the Lead Team includes appropriate background checks to verify their suitability. Each member is employed directly under an individual written Executive Services Agreement, which sets out the terms and conditions of their appointment, including their role and responsibilities and otherwise on broadly consistent terms.



Our Board's site visit to Hillside Aluminium in Richards Bay, South Africa in December 2019.

Hillside Aluminium is the largest aluminium smelter in the Southern hemisphere. The smelter produces high-quality, primary aluminium for the export and domestic markets.

Directors pictured: Frank Cooper, Keith Rumble and Xiaoling Liu.

Board Committees

To help them carry out their responsibilities, our Board has established four standing Board Committees:

- Nomination and Governance Committee;
- Remuneration Committee;
- Risk and Audit Committee; and
- Sustainability Committee.

Each Committee works within its Board-approved Terms of Reference, which sets out the roles, responsibilities, membership requirements and meeting procedures.

During the year, each Committee's Terms of Reference was reviewed in light of the 4th Edition of the ASX Recommendations and other recent governance developments.

Changes included the reallocation of responsibilities between Committees and the Board, such as:

- Shifting the responsibility for reviewing and approving senior executive remuneration from the Remuneration Committee to the Board;
- Elevating oversight of the inclusion and diversity targets and measurable objectives from the Nomination and Governance Committee to the Board and the gender and ethnicity pay reporting from the Remuneration Committee to the Board to provide centralised and wholistic reporting in this area; and
- Adding to the Board Charter, Board oversight of material breaches of the Code of Conduct, Speak Up Policy and the Anti-Bribery and Corruption Policy in accordance with the expanded scope of Principle 3 of the ASX Recommendations
 - instil a culture of acting lawfully, ethically and responsibly.

Each Committee Chair provides a brief verbal report to the Board as to any material matters arising out of Committee meetings. To effectively carry out their responsibilities, our Committees also work together. Some of these interactions are set out in the below table summarising the standing Board Committees. Committee Chairs also consider if any matters arising out of the Committee should be advised to any other Committee and ensure this occurs.

You can find further details about the roles, responsibilities, membership requirements and meeting procedures in the Committee Terms of Reference, in the Risk & Governance section at www.south32.net.

NOMINATION AND GOVERNANCE COMMITTEE

Committee & Membership	Composition requirements	Responsibilities include
<ul style="list-style-type: none"> – Ms K Wood (Chair); – Mr F Cooper AO; – Mr G Lansdown; – Dr X Liu; – Dr N Mtoba; – Mr W Osborn; and – Mr K Rumble. <p>All members are independent Directors.</p> <p><i>The Committee's work is supported by the Chief People and Legal Officer and Company Secretariat.</i></p>	<ul style="list-style-type: none"> – Only Non-Executive Directors; – A minimum of three members; and – A majority of independent Directors, including an independent Director as Chair. 	<ul style="list-style-type: none"> – Making recommendations to the Board on all matters of corporate governance including any proposed changes to existing structures or practices; – Reviewing the size and composition of the Board, including the mix of skills, experience, independence, knowledge and diversity; – Succession planning processes for the Board and Board Chair, Committees, CEO, Lead Team and identified critical roles; – Overseeing Board, Committee and Director performance evaluation; – Assessing the independence and time commitment required of Non-Executive Directors; – Training and development for Directors; and – Monitoring compliance with the ASX Recommendations and other applicable governance requirements.

REMUNERATION COMMITTEE

Committee & Membership	Composition requirements	Responsibilities include
<ul style="list-style-type: none"> – Mr W Osborn (Chair); – Mr F Cooper AO; – Mr K Rumble; and – Ms K Wood. <p>All members are independent Directors.</p> <p><i>The Committee's work is supported by the CEO, Chief People and Legal Officer and Vice President Reward and Benefits.</i></p>	<ul style="list-style-type: none"> – Only Non-Executive Directors; – A minimum of three members; and – A majority of independent Directors, including an independent Director as Chair. 	<ul style="list-style-type: none"> – Reviewing the company's reward framework (including incentive plans) and its application to the CEO, Lead Team, Senior Leadership Team and employees as a whole; – Recommending Chair and Non-Executive Director remuneration arrangements; – Determining minimum shareholding requirements for Non-Executive Directors and Lead Team members; – Recommendations to the Board for the outcomes for the CEO and Lead Team with reference to the business scorecard; – Annually reviewing the remuneration outcomes for all South32 employees as a whole; and – Overseeing the preparation of the Remuneration report for inclusion in the Annual Report.

Board Committees continued

RISK AND AUDIT COMMITTEE

Committee & Membership	Composition requirements	Responsibilities include
<ul style="list-style-type: none"> – Mr F Cooper AO (Chair); – Mr G Lansdown; – Dr X Liu; and – Dr N Mtoba. <p>All members are independent Directors.</p> <p><i>The Committee's work is supported by the CEO, Chief Financial Officer (CFO), Chief Sustainability Officer (CSO), Vice President Group Assurance, Group Manager Financial Reporting and Group Manager Risk and Compliance.</i></p>	<ul style="list-style-type: none"> – Chair who is an independent Non-Executive Director and not the Chair of the Board; – Only independent Non- Executive Directors; – A minimum of three members; and – In line with the UK Financial Conduct Authority's Disclosure and Transparency Rules, the Committee members must between them have the appropriate financial and accounting expertise and a sufficient understanding of the industry in which the Group operates to discharge the Committee's mandate effectively. 	<ul style="list-style-type: none"> – Overseeing corporate reporting processes designed to safeguard the integrity of reporting and facilitate independent verification; – Reviewing and monitoring related-party transactions; – Monitoring and reviewing the independence and performance of the external auditor; – Overseeing the effectiveness, independence and objectivity of the internal audit function including the implications of internal audit findings; – Overseeing management's implementation of the risk management framework in light of the risk appetite set by the Board; – Recommending to the Remuneration Committee key performance indicators (KPIs) for the risk management component of the annual incentive plan for the CEO and Lead Team and determining the outcome for referral to the Remuneration Committee; – Recommending to the Remuneration Committee its assessment of any risk issues that may warrant adjustments to variable remuneration outcomes; and – Assisting the Board in considering, approving and overseeing matters pertaining to capital structure and allocation, tax, resource and reserve and other significant matters as delegated to the Committee from time to time.

SUSTAINABILITY COMMITTEE

Committee & Membership	Composition requirements	Responsibilities include
<ul style="list-style-type: none"> – Mr K Rumble (Chair); – Mr G Lansdown; – Dr X Liu; – Mr W Osborn; and – Ms K Wood. <p>All members are independent Directors.</p> <p><i>The Committee's work is supported by the CEO, CFO, CSO and Chief Operating Officers.</i></p>	<ul style="list-style-type: none"> – Only Non-Executive Directors; – A minimum of three members; – A majority of independent Directors, including an independent Director as Chair; and – Each member will be appropriately skilled in Sustainability matters as determined by the Board. 	<ul style="list-style-type: none"> – Reviewing and monitoring the appropriateness of the sustainability management systems and frameworks; – Reporting to the Risk and Audit Committee on identified material sustainability risks; – Reviewing and monitoring systems for compliance with applicable sustainability related legal and regulatory compliance and associated performance of the Group; – Reviewing and endorsing to the Risk and Audit Committee the Health, Safety, Environment and Community section of the annual internal audit plan; – Recommending to the Remuneration Committee KPIs for the sustainability component of the annual incentive plan for the CEO and the Lead Team and determining the outcome for referral to the Remuneration Committee; – Reviewing and endorsing the Group's public sustainability targets; and – Reviewing and approving sustainability reporting and other significant positions and public statements (for example, the Task Force on Climate-related Financial Disclosures).

Our Committees meet no fewer than four times a year, except for our Nomination and Governance Committee (no fewer than three). All Non-Executive Directors have a standing invitation to attend all Committee meetings. It has been our practice to date that all Directors attend all Committee meetings.

You can find the details of Board and Committee meeting attendances in the Directors' Report section of the FY20 Annual Report, on page 61.

From time to time, our Board will establish other Committees to address important matters and areas of focus for the business.

For example, Committees were established to consider the proposed divestment of South Africa Energy Coal and for the review of the manganese alloy smelters.

Board, Committee And Director Evaluations

Our Nomination and Governance Committee is responsible for developing and overseeing the performance evaluation process for the Board, its Committees and individual Directors.

Our Board has adopted a Board Evaluation Guideline that sets out the review approach, including a three-year full review cycle that may include a review of our Board, Committees or individual Directors.

The annual review may include:

- One-on-one interviews with Directors on their performance and the effectiveness of our Board and (as appropriate) each of its Committees;
- Peer reviews on each Director's value-added contributions to the Board or Committee; and
- Feedback from senior management (directly or via the CEO) on issues relevant to the performance evaluation.

The review can be facilitated internally or externally. If done externally, our Board gets information on its overall effectiveness, as well as opportunities for improvement. Each Director also receives individual feedback on their strengths, as well as opportunities to make enhanced contributions, including ongoing professional development.

An externally-facilitated evaluation was conducted in FY20 by The Miles Group (TMG) to assess the overall effectiveness of the Board and its Committees, identifying key strengths and recommendations for improvement.

The process included development of a comprehensive questionnaire, and individual interviews of each Director and participating members of the management team. A summary of findings was prepared and presented to the Chair, prior to a written report being presented to and discussed with the Board. The findings in respect of the Chair were presented to the Chair of the Remuneration Committee, before being presented to and discussed with the Board.

This was followed by a discussion with each Director to provide individual feedback from the evaluation and distribution of coaching materials to the Board on best practice board behaviours.

The evaluation found that the Board operates with a healthy culture, where trust and Board cohesion are high. The Board members are highly attentive to their governance obligations in a dynamic regulatory environment and receive strong support from the Company Secretariat.

The evaluation highlighted the successful transition to Karen Wood as Chair and recognised her active engagement with internal and external stakeholders.

Our Director Induction process was considered robust and best practice. Details of our process and the induction of Guy Lansdown are set out in the 'Director Induction and Continuing Education' section below.

The Board review also highlighted some areas for ongoing focus. Included was the recommendation that Directors not only challenge management on strategy but also continue to look for opportunities to provide substantive guidance to management on topics that will drive critical decisions and significantly impact the long-term future direction of the company. It was recommended that Directors continue to leverage site visits and immersion in the business to gain valuable insights into organisational culture and alignment with the company's core values.

Our Nomination and Governance Committee reviews the performance and time commitments of Directors who are standing for election at the next AGM. All material information relevant to a Director's election or re-election, including the Board's basis for endorsement, is provided to shareholders in the Notice of Meeting.



Our Board visiting the Ngwelezane Hospital Burns Unit in Richards Bay, South Africa in December 2019.

We have worked with the 'Carte Blanche Making a Difference Trust' to open a world class paediatric unit for trauma and burns patients at Ngwelezane Hospital. Our donation of R10.3 million helped to renovate existing facilities, upgrade medical equipment and train employees in the latest treatment practices.

Directors' Skills, Experience and Attributes

APPROACH TO BOARD COMPOSITION

The composition of our Board is designed to include Directors who bring a level of skill and experience that helps deliver value to our shareholders and supports our social licence to operate.

Our current Board represents a broad cultural, geographic and gender mix, with diverse backgrounds, skills and experiences.

CURRENT BOARD COMPOSITION

We review our Board's skills annually, with a focus on the skills and experience required for South32 to continue to achieve its purpose and deliver its strategy going forward and to make sure we cover existing and emerging business and governance issues relevant to us.

In FY19, our Board concluded that given our focus on recently acquired development options, the Board would benefit from enhanced skills in the mining and capital projects areas with an emphasis on greenfield development projects. Guy Lansdown was appointed as an additional Director in December 2019 following an extensive global search. Details of Guy Lansdown's skills and experience are on page 57 of the Annual Report.

The review by TMG in FY20 observed that the Board currently has an appropriate number of members, given the size of the company and the nature of the portfolio. Following the appointment of Guy Lansdown and the passing of Dr Xolani Mkhwanazi, the Board is satisfied that there is no immediate skills gap to be addressed.

Our Board considers that our Directors have the combined depth and breadth of skills, diversity and experience to carry out their responsibilities in a publicly-listed, globally diversified mining and metals company and oversee the implementation of our strategy.

In particular:

- Directors are well-skilled in business strategy and corporate development, and have extensive experience in risk management;
- The Board demonstrates in-depth knowledge of our operations and processes, and has extensive commodity value chain expertise;
- The Board is skilled in matters of environment and climate change, and health and safety;
- Directors contribute experience in public policy and social sustainability matters, including community management and human rights; and
- The Board applies strong leadership skills, with Directors being well versed in regulatory and legal compliance matters.

The global crisis caused by the COVID-19 pandemic also offers an opportunity to reflect on whether the economic and social changes arising from the pandemic may require further reflection on the desired skill set of the Board.

The externally facilitated evaluation of the Board conducted by TMG indicated that the Board may need to consider additional skills and experience in the future. Such additional skills and experience would be determined by future strategic and governance requirements, and may include corporate development and commercial experience, development/operating company CEO experience, knowledge of emerging technologies and the evolving energy market.

The following skills matrix presents the results of the assessment of the skill and experience represented on the Board. The level of skill is described as highly skilled, skilled or knowledgeable.

Our Chair, Karen Wood, visiting our Cannington operation in north-west Queensland, Australia in November 2019.

Cannington is 100 per cent owned by South32 and is one of the world's largest producers of silver and lead.



Board skills matrix

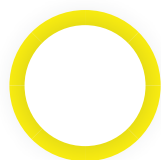
Skill / competency and Board composition

Description

Relevance to South32

Leadership and culture

Leadership



Strong understanding of South32's purpose, strategy and values and leads ethically and authentically.

Senior executive role or substantial Board experience in a publicly-listed company in Australia or overseas, with proven track record of leadership and governance skills, including consideration of emerging new expectations in governance.

Providing leadership is a key responsibility of the Board.

The Board, including the CEO, sets the "tone from the top" by:

- Consistently demonstrating behaviour that is aligned with our values; and
- Overseeing a performance environment that reinforces the way something is achieved is as important as what is achieved.

Industry

Mining



Senior executive role or substantial Board experience in a mining company from exploration through to the development and operations stages of mining projects.

Demonstrable fluency in geological, engineering or geoscience matters.

South32 requires Directors with in-depth technical expertise and skill in geology, mining (open pit and/or underground) and production of South32's key commodities to be able to manage the risks and opportunities as they relate to the mining industry and markets in which we operate.

Smelting and processing



Senior executive role or substantial Board experience in a smelting/refining/processing organisation.

South32 requires Directors with in-depth technical expertise and skill in smelting and extractive metallurgy to be able to manage the risks and opportunities as they relate to the mining industry and markets in which we operate.

Commodity value chain expertise



End-to-end value or commodity chain experience – understanding of marketing, consumers, market demand drivers (including specific geographic markets) and other aspects of commodity value chain development.

South32 requires Directors with technical commodity value chain expertise, including knowledge of current and potential market demand and competitors to be able to efficiently respond to changing market conditions while continuing to deliver stable and predictable performance.

Technology and innovation







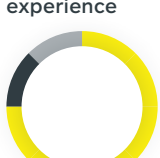
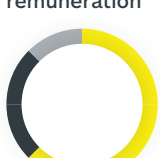
Awareness of technology and innovation that influences the South32 business and the ability to assess developments, including responding to digital disruption.

Ability to leverage digital technology to support growth and drive competitive advantage.

Our Directors need to be aware of technological developments as they relate to our business, and also across other industries, to be able to understand and manage risks and seize opportunities as they arise.

● Highly Skilled
 ● Skilled
 ● Knowledgeable

Directors' Skills, Experience and Attributes continued

Skill / competency and Board composition	Description	Relevance to South32
Commercial capability		
Business strategy 	Experience in enterprise-wide strategy development and implementation, managing business operations, and designing an effective capital management framework.	<p>The Board needs to be able to question and challenge management on the delivery of agreed strategic objectives, including the human capital requirements to meet these objectives.</p> <p>As we continue to develop our portfolio, South32 will require the Board to draw from previous experience at other companies with similar paths, taking into account long industry cycles against often volatile commodity price cycles.</p>
Financial acumen 	Relevant experience and capability to evaluate financial statements and understand key financial drivers of the business, bringing understanding of corporate finance and experience to evaluate the adequacy of financial risk and controls.	Our Board must understand financial drivers of the business, and be able to analyse and question the appropriateness, adequacy and timing of South32 financial reporting.
Capital projects 	Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons in the planning and execution phases.	Capital allocation ultimately decides the strategic direction of any company. Our Board needs to consider all project risks and returns in the context of our capital management framework.
Corporate development 	Experience in business development, equity and debt funding strategies, capital and debt raising.	A pre-requisite to any successful company is the knowledge of the external threats and opportunities, including potential mergers and acquisitions, to support growth and drive competitive advantage.
External market		
Global business experience 	Experience working as an executive in multiple geographies, including a strong understanding of global markets, and the macro-political and economic environment.	To enable South32's operations to reach their full potential, be high performing and to maximise return on investment in a stable and predictable manner, our Board must be equipped with a strong knowledge of the markets we operate in now and those we may enter in the future, having regard to our growth opportunities.
People		
People and remuneration 	<p>Experience leading large, diverse, geographically distributed teams of people, including oversight of culture and the impacts of organisational design.</p> <p>Senior executive role or substantial Board experience with remuneration frameworks that attract and retain a high calibre of executives and other employees, and promote inclusion and diversity.</p>	<p>Our people are the foundation of our success, and South32 needs to attract, retain and motivate a high-quality talented workforce. The Board oversees this framework.</p> <p>The Board needs to be aware that remuneration influences employees' behaviours, and that the remuneration framework drives desired culture and business outcomes.</p>

Governance and compliance

Risk management



Senior executive role or substantial Board experience with robust risk management frameworks in a large or medium-sized organisation, preferably with global operations.

We expect our Board to have demonstrable fluency in management of both quantitative and qualitative risks, including the effect of material, business-specific risks and management's approach to adapting the long-term strategy and mitigating the risk.

The Board needs to be aware of systemic, existing and emerging risks and oversee how management are identifying, monitoring and responding to these risks.

Public policy



Experience focused on public policy and local laws and regulations.

Our Board needs to know what South32 can do, and should do, to shape public policy, as well as how our actions impact our social licence to operate and the viability of our operations.

Regulatory and legal compliance



Experience with regulatory and legal compliance and litigation/disputes.

Our Board must be literate in legal and regulatory risks that may have a significant impact on our operations and the ability of South32 to deliver the expected performance.

The Board oversees management's implementation of legal and regulatory frameworks and processes designed to ensure that all regulatory obligations are met.

Sustainability

Health and safety



Demonstrable understanding of health and safety management, performance and governance.

The most important thing we can all do is make sure that everyone goes home safe and well at the end of every shift.

The Board understands the inherent health and safety risks in mining operations and recognises that, apart from physical harm to our people and contractors, failure to maintain a high standard of safety may impact negatively on employee morale, the achievement of production targets and our licence to operate.

Environment and climate change



Demonstrable understanding of key environmental impacts for a global mining company, including fluency in how climate change risks and opportunities affect the business and experience in management, performance and governance of these impacts.

We create value through environmental leadership. Our Board must be able to consider the risks and opportunities as they relate to the physical environment in which South32 operates, and integrate the management of environmental issues into our strategy to ensure our business is resilient.

Our Board acknowledges the risks and opportunities of climate change, and aims to meet sustainability disclosure requirements and expectations.

Social performance, community management and human rights



Demonstrable understanding of social performance and the elements that contribute to a social license to operate, including experience in community engagement, investment measurement and governance.

Demonstrable understanding of issues related to human rights in respect of a global mining company.

South32 seeks to build mutually beneficial relationships with stakeholders.

Our Board must consider the potential impact on host communities, employees and contractors and other stakeholders directly impacted by our operations. The Board must also consider the importance of operating within accepted community standards.

Directors' Skills, Experience and Attributes continued

DIRECTOR INDUCTION AND CONTINUING EDUCATION

Our Directors go through a comprehensive induction program when they start, which is tailored to reflect their background, experience and the position they will hold on any Committee.

Our standard induction program typically includes:

- Briefings from key members of management on the organisation or specific functions, including strategy, risk, finance and reward; significant business imperatives and projects; the market and regulatory environment in which we work; and our risks and opportunities;
- Opportunities to engage with our other Directors, Lead Team and key personnel;
- Opportunities to attend external training on matters relevant to our legal, regulatory and governance environment, or specific financial matters;
- Meeting with the external auditor without members of management present;
- Meeting with the Group Assurance team; and
- Site visits to operations and the surrounding local communities.

We expect all our Directors to participate in ongoing education programs to maintain their skills and knowledge to perform their role. Components of the South32 induction program, including access to internal and external briefings, training and courses, are made available to Directors on an ongoing basis after their appointment. We also offer an opportunity to participate in external courses and conferences, including those offered by the Australian Institute of Company Directors and the Australian Graduate School of Management.

To ensure our Directors have a strong understanding of our business, they make regular visits to our operations. This gives them deeper insight into our risks and an opportunity to understand our workforce culture and the communities we operate in. In FY20 the Board made two visits to operations - Hillside Aluminium in Richards Bay, South Africa and Illawarra Metallurgical Coal in New South Wales, Australia. Remaining site visits were deferred as a result of COVID-19 travel restrictions. However, as the Board is committed to staying connected with the operations by way of operational overviews, virtual site visits are now included in Board programs, starting with GEMCO in Australia's Northern Territory in June 2020.

You can find more details about these visits on pages 4 and 5 of the FY20 Annual Report.

To build our knowledge of community issues, the Board visited the Enterprise Development Village and Ngwelezane Hospital Burns Unit both located in Richards Bay, South Africa, in December 2019.

BOARD RENEWAL AND DIRECTOR APPOINTMENT PROCESS

The Nomination and Governance Committee is responsible for reviewing the size and composition of the Board, and succession planning processes including for the Board, the Committees and their respective Chairs.

The Committee also considers and recommends nominees for the Board which includes appropriate checks such as character, experience, education, criminal record and bankruptcy checks (using an external firm as required), and facilitating meetings between our Chair, Directors and the candidates.

Once selected, the successful candidate will be offered a Letter of Appointment setting out terms including that the Director will supply services personally (and not with an entity associated with the Director); and fees payable to the Non-Executive Director based on their Board and Committee membership.

All Directors appointed by the Board (excluding the CEO) must stand for election at the next AGM, then generally at every third AGM following their election or most recent re-election. All material information relevant to a Director's election is provided to shareholders in the Notice of Meeting.



INDUCTION OF GUY LANSDOWN

Guy Lansdown was appointed as a Director in December 2019. He had completed a substantial amount of his induction program prior to COVID-19 travel disruptions.

As part of his induction, he had a number of meetings with the CEO, his fellow Non-Executive Directors, CFO, CSO, Chief Technology Officer (CTO), the then Chief Marketing Officer (CMO), CCO, Chief People and Legal Officer and Company Secretariat.

Guy also received several briefings from management including, the COOs, Chief Development Officer (CDO), Vice President Group Assurance, Vice President Health & Safety, Vice President Business Evaluation, Vice President Projects & Planning, the Hermosa President and the Corporate Development team.

He attended a structured sustainability overview session with the CSO and members of the Sustainability team, which included a demonstration of our risk management processes.

Guy visited Hillside Aluminium in Richards Bay, South Africa and Illawarra Metallurgical Coal in New South Wales, Australia as part of the Board programs. Additionally, he visited Mozal Aluminium in Mozambique, with Karen Wood, and our Cannington operation in North West Queensland, Australia.

He has completed our internal Whistleblower and Continuous Disclosure training. He is taking the opportunity to undertake the self-paced Company Directors course with the Australian Institute of Company Directors during this non-travel period.

Risk Management and Internal Controls at South32

The Board is responsible for reviewing, endorsing and overseeing the risk management framework, internal control and legal and ethical compliance. The Board sets the risk appetite and considers our risk profile on an annual basis to ensure it supports the achievement of our strategy and business goals, including the nature and extent of risks we are prepared to take to achieve our purpose.

The risk management section of the FY20 Annual Report (pages 24 to 31) sets out our risk governance approach, lists the current strategic risks, including our exposure to material social and environmental risks, and outlines how we respond to the identified exposures. Our approach to managing the sustainability aspects of our business-wide strategic risks and our operational-level material sustainability risks is set out in further detail in our Sustainable Development Report available at: <https://www.south32.net/who-we-are/sustainability-approach>.

Our Risk and Compliance function defines and maintains our system of risk management and oversees its implementation and embedment by management at all sites, functions and projects. The function is led by the Group Manager Risk and Compliance, who reports to our CSO.

RISK AND AUDIT COMMITTEE

On an annual basis, our Risk and Audit Committee is responsible for reviewing the effectiveness of our risk management and internal control systems. This is to make sure our material risks are identified, understood and appropriately managed, considering both threats and opportunities on a regular basis. The Committee reports the results of these reviews and any recommended actions to our Board.

The FY20 review assessed the framework as effective.

GROUP ASSURANCE

The Group Assurance function performs our internal audits. When conducting internal audit reviews, our Vice President Group Assurance is supported by a combination of internal and external resources.

Group Assurance evaluates whether:

- Material risks are appropriately identified and managed;
- Key internal controls are both designed and operating effectively;
- Resources are adequately protected;
- Controls are effective to recognise and address significant legislative or regulatory issues impacting us;
- The requirements set out in policies, standards and authorities are met; and
- Whether there is any evidence of systemic weakness in the Group's framework of risk management and internal control.

FINANCIAL REPORTING

A key focus of our Board, Risk and Audit Committee and Lead Team is the management of financial reporting risks. To do this, our Board establishes and oversees the risk management framework, while management implements and maintains internal controls.

Due to inherent limitations, internal controls over financial reporting, even when determined to be effective, may not always provide absolute assurance. Additionally, changes in conditions may impact the effectiveness of controls in the future and the degree of compliance with the Group's risk management policies or procedures may deteriorate.

We consider it critical to continually review the effectiveness of our internal controls for managing financial reporting risk. Information in relation to our financial risk management objectives and policies is set out in Note 19(a) Financial risk management objectives and policies and 19(b) Accounting classification and fair value to the financial statements on pages 117 to 125 in the FY20 Annual Report and forms part of this Corporate Governance Statement.

Before approving the financial statements for each half year and full year, our Board receives a declaration from the CEO and CFO stating that:

- In their opinion, the Group's financial records have been properly maintained and that they comply with the relevant accounting standards and give a true and fair view of the Group's financial position and performance; and
- The opinion has been formed based on a sound system of risk management and internal control which is operating effectively.

Sustainability

The foundations of our approach to sustainability are based on the International Council on Mining and Metals (ICMM) Mining Principles and informed by the United Nations (UN) Sustainable Development Goals, our legal requirements, and how our activities interact with our people, the environment, communities and society. Our Sustainability Policy affirms our commitment to sustainable development and outlines our commitment to governance and transparency on sustainability matters.

Our FY20 Sustainable Development Report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards (core option) and the GRI Mining and Metals Sector Supplement. The report provides an overview of how our business-wide processes support our sustainability objectives, how we manage our most important sustainability topics and our progress made during FY20.

The Sustainable Development Report includes our approach to climate change, including risks and opportunities, in line with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations. You can read more about our strategic risks on page 24 to 31 of our Annual Report.

In line with our membership to the UN Global Compact (UNGC), this is our first year of issuing our annual Communication of Progress (COP) which is integrated in the Sustainable Development Report. Refer to the UNGC COP index on page 77.

KPMG has provided independent assurance on select sustainability information, as presented in the Sustainable Development Report.

Our FY20 Sustainable Development Report is available at <https://www.south32.net/who-we-are/sustainability-approach>.

Our Chair, Karen Wood, visiting our Cannington operation's new 7200-panel solar farm (November 2019). Electricity generated from the farm will be used to supply the operation's accommodation village and airport with surplus power used to support mining and processing operations.



Our Commitment to Act Ethically, Responsibly and Lawfully

At South32, our values and Code of Business Conduct (Code) guide how we act, work, communicate and evaluate our conduct.

We released an updated Code in November 2019 which includes our global Speak Up Policy. You can find a copy of our Code in numerous languages at <https://www.south32.net/who-we-are/our-approach/code-of-business-conduct>.

OUR VALUES AND CODE OF BUSINESS CONDUCT

We're united by our purpose and values. Guiding all of us as we do business every day is our Code. We require our people to complete our Code training.

Our Code sets the standards of conduct we expect of our people (Directors, employees and contractors), our suppliers and our joint venture partners acting on our behalf in a controlled or operated joint venture. It also represents our commitment to act ethically, responsibly and lawfully. We view a breach of our Code as a serious matter that must be addressed. Our Board receives reports on material breaches of the Code.

SPEAKING UP

Speaking up protects everyone. We encourage all our people to speak up when our values and conduct standards aren't being followed.

Our global Speak Up Policy contained in our Code outlines the options for reporting a business conduct concern, what happens when such a report is made and how we will protect the reporter. During FY20, we published an Addendum to our global Speak Up Policy to meet new Australian whistleblower protection laws. Our global Speak Up Policy is available at the Speak Up section at <https://www.south32.net/who-we-are/our-approach/speak-up>.

Anyone can report a business conduct concern, including anonymously via our confidential EthicsPoint reporting hotline. All reports received via the EthicsPoint reporting hotline are initially provided to our Business Integrity team for confidential review and appropriate case allocation in accordance with our Speak Up processes.

We don't tolerate any form of retaliation against anyone for reporting a business conduct concern. We inform our Risk and Audit Committee and Board of material business conduct concerns, and material breaches of our Code.

OUR ANTI-BRIBERY AND CORRUPTION COMPLIANCE PROGRAM

Our Code prohibits fraud, bribery and corruption in any form, and requires compliance with applicable anti-bribery and corruption laws wherever we conduct business.

As part of our commitment to act ethically, responsibly and lawfully, we operate a risk-based anti-bribery and corruption (ABC) compliance program which our CEO, Lead Team and Board support.

Our ABC Policy is publicly available at www.south32.net in multiple languages. You can find our ABC Policy, including more details about our ABC compliance program at <https://www.south32.net/who-we-are/risk-governance/anti-bribery-and-corruption>. Our Board receives reports on material breaches of the Policy.

During FY20, South32 was not aware of any legal or regulatory actions commenced, continuing or completed against it regarding breaches of anti-corruption laws.

OUR COMPETITION LAW COMPLIANCE PROGRAM

Competition laws prohibit anti-competitive conduct by companies and individuals. We compete fairly, ethically and comply with applicable competition laws across the world. We also actively engage and co-operate with competition authorities.

As part of our commitment to act ethically, responsibly and lawfully, we operate a risk-based competition law compliance program. Details can be found at <https://www.south32.net/who-we-are/risk-governance/competing-fairly>.

During FY20, South32 was not aware of any legal or regulatory actions commenced, continuing or completed against it regarding breaches of competition laws.

OUR HUMAN RIGHTS DUE DILIGENCE

At South32, we recognise our important responsibility to respect and promote human rights. Not only is it the right thing to do, but it is key to the success and integrity of our business.

Our approach to respecting human rights is aligned with recognised international human rights, such as the United Nations Guiding Principles on Business and Human Rights; ICMM 10 Principles; and Ten Principles of the UNGC.

Our UNCOP is included in our Sustainable Development Report. Each year we publish a Modern Slavery Statement available at <https://www.south32.net/who-we-are/sustainability-approach/modern-slavery>.

CONFLICTS OF INTEREST

Our Code, supplemented by internal procedures, sets out our expectations and requirements about avoiding, declaring and managing conflicts of interest.

As part of our conflict resolution process, all actual, potential or perceived conflicts of interest need to be entered in our Conflict of Interest Register.

Directors who have a material personal interest in a matter that is being considered at a Directors' meeting are prevented from accessing relevant Board papers or taking part in relevant discussions at meetings. The other Directors may allow such Director to participate and vote in relation to the issue only if they are satisfied that the interest should not disqualify the Director from voting or being present.

DEALINGS IN OUR SECURITIES

A copy of our Securities Dealing Policy can be found in the Risk & Governance section at www.south32.net. It applies to all Directors, employees, and contractors of the Group.

In addition to guidance on Inside Information and dealing in our securities, the Policy prohibits our Directors, KMP and Lead Team members from entering into margin lending or other secured financing arrangements, or trading in derivative products issued in respect of South32 securities, short-term trading in, or "short selling", our securities, or entering into any hedging arrangement that limits the risk of holding unvested or restricted South32 equity awards.

Inclusion and Diversity

As a global organisation, we're working hard to build a diverse workforce that is representative of the countries and communities we operate in.

We believe an inclusive workplace is one where each person's unique differences are recognised, valued and celebrated. We work hard to provide a workplace free from discrimination, and where all people can realise their potential and contribute to our success. This is fundamental to how we do business and a key part of the way we work.

Our Inclusion and Diversity Policy, as approved by our Board, outlines our vision and commitment to achieving this. Our Inclusion and Diversity Policy is available at www.south32.net.

Each year, our Board approves our measurable objectives for inclusion and diversity and monitors our progress towards achieving them. We have inclusion and diversity measurable objectives that focus on building inclusivity and improving diversity representation, particularly gender and ethnicity. We work hard to ensure other factors like disability, age, thought, education, experience, family responsibilities, sexuality or any other status do not preclude full participation.

Each year, we report Gender Equality Indicators in accordance with the Workplace Gender Equality Act 2012 (Cth). Our FY20 submission can be viewed at <https://www.south32.net/investors-media/investor-centre/presentations-reports-speeches>.

In South Africa, we meet our diversity obligations under the Mineral and Petroleum Resources Development Act (Mining Charter) and the Employment Equity Act, as well as our Broad-Based Black Economic Empowerment (B-BBEE) obligations.

OUR PROGRESS IN FY20

In FY20 we employed 14,554⁽¹⁾ people across nine countries. Women represented 19 per cent of our employees, while Black People⁽²⁾ represented 83 per cent of our employees in our workforce in South Africa.

PROGRESS AGAINST OUR MEASURABLE DIVERSITY OBJECTIVES

Measurable objectives		Stated Target		Progress	
		Target %	Target Date	FY19	FY20
Improve representation of women in total workforce	Total employees	Year-on-year (YOY) improvement		18%	19%
Improve representation of women in leadership teams	Board	Maintain >33%		38%	38%
	South32 Lead Team	Maintain >40%		40%	44%
	Senior Leadership Team ⁽³⁾	40%	30 June 2021	37%	36%
	Operational Leadership Teams ⁽⁴⁾	20%	30 June 2021	18%	18%
Improve representation of Black People in South Africa	Management Roles			49%	55%
	Total employees	YoY improvement		82%	83%
Achieve pay equity	Funds allocated to address pay equity			US\$63.5K	US\$83.3K

(1) Total number of employees as at 30 June 2020.

(2) Black People refers to Africans, Coloureds and Indians who are citizens of the Republic of South Africa by birth or descent (as more fully defined in the Broad-Based Black Economic Empowerment Amendment Act 2013 (South Africa)).

(3) Senior Leadership Team includes our leaders who report directly to the South32 Lead Team.

(4) Operational Leadership Teams includes Managers and General Managers who report to the Vice President Operations or General Managers at an operation.

You can read more about our inclusion and diversity focus and initiatives in our FY20 Sustainable Development Report at www.south32.net.

Communications with Shareholders and Other Stakeholders

MARKET DISCLOSURE AND COMMUNICATIONS

We have legal and regulatory disclosure obligations within Australia, the United Kingdom and South Africa.

We're committed to keeping the market informed in a timely manner and complying with our continuous disclosure obligations. We place considerable importance on our procedures and processes for handling Inside Information, and effective communication with shareholders and market participants.

Our Market Disclosure and Communications Policy (available at www.south32.net) is approved by our Board. This Policy applies to all Directors, employees, and contractors of the Group.

Its purpose is to ensure:

- We fulfil our legal obligations to identify and keep the market fully informed of Inside Information, being information not otherwise available to the market and if made public would likely have a significant effect on our share price;
- That access to this Inside Information is protected and controlled until such Inside Information is announced to the stock exchanges; and
- We effectively communicate with our shareholders and market participants.

We train our people who are expected to come into contact with sensitive information. We renew this training at least every two years.

Under the Policy, our Board is responsible for approving certain announcements to the market. Usual disclosures are subject to separate procedures set out in the Policy. The Board receives electronic copies of all material announcements promptly after their release.

VERIFICATION OF CORPORATE REPORTS

We complete a documented internal verification of our Corporate Reports in accordance with our internal procedures for verification of corporate reports.

Corporate Reports include the annual Directors' report, annual and half yearly financial statements, quarterly reports, Sustainable Development Report or similar periodic report prepared for the benefit of investors.

The content of these Corporate Reports is verified with reference to, as appropriate, reliable, written source materials and data or sign-off from the content owner, and it progresses through a hierarchy of reviews and approvals before release to the market.

SHAREHOLDER COMMUNICATION

Effective communication is important for our shareholders to exercise their rights as owners of our company.

We're committed to providing shareholders and other financial market participants with consistent and transparent corporate reporting, as well as timely and accurate disclosures.

TWO-WAY INVESTOR COMMUNICATIONS

Investor Relations and Company Secretariat provide regular updates to the Board on feedback from our shareholders and other financial market participants, to ensure the Board has a good understanding of current shareholder views and other feedback.

Any feedback from our shareholders and other financial market participants is evaluated and given to our Board to help Directors understand different perspectives and respond where appropriate.

INVESTOR ENGAGEMENT PROGRAM

Each year, we conduct an annual program of engagement involving our Directors, Lead Team, shareholders and other market participants, which includes:

- Briefings to analysts and institutional investors;
- Presentations at investment conferences and participation in corporate governance forums;
- Site tours for analysts and institutional investors;
- Roadshows with our Chair, Chair of the Remuneration Committee and Lead Team members, covering financial, operational and environmental, social and governance (ESG) updates;
- Engagement with proxy advisers, investor representative organisations and civil society groups; and
- Retail investor events and forums, and engagement with the Australian Shareholders Association.

In FY20, we continued to deliver on our engagement commitments during COVID-19 restrictions using technology-enabled solutions. For example, our CEO presented to the virtual Bank of America Securities 2020 Global Metals, Mining and Steel Conference in early May.

Investor presentations are released to the market ahead of the presentation and made available at www.south32.net.

MULTIPLE COMMUNICATION CHANNELS

We provide information about our company and communicate with shareholders and other stakeholders through a range of channels, such as Twitter, Instagram, LinkedIn and our website.

Our shareholders have the option to send and receive electronic communications and other shareholding information to and from us and our share registry.

ANNUAL GENERAL MEETING (AGM)

Our AGM gives our shareholders the opportunity to receive a performance update directly from our Board and ask questions. All our Directors and Lead Team members attend the AGM. Our external auditor also attends and is available to answer any questions relating to the audit.

To protect the health and safety of our shareholders, our employees and the broader community, and to allow more shareholders to attend the AGM, we will hold a fully virtual (online) meeting in 2020 rather than at a physical venue.

At our AGMs, the Chair of the AGM determines that each resolution will be decided on a poll. Our shareholders can vote and participate electronically. We put a live, recorded webcast of the AGM on our website.

WEBSITE

We encourage shareholders to access information about us at www.south32.net, including announcements, annual, half-year results and quarterly operations reports and other presentations.

Our website also contains a link to live and recorded audio webcasts of investor and analyst presentations, as well as significant CEO and/or CFO presentations.

During FY20, we engaged with investors and other market participants on ESG issues, to ensure their views and concerns are considered.

This included:

- Discussions on our response to COVID-19 such as initiatives around our people and safety, the impact on our operations and commitment to our business strategy;
- A review of the structure of our sustainability reporting, including seeking feedback from investors and other stakeholders on our FY19 ESG disclosures ahead of FY20 reporting;
- Increased disclosures in FY20 covering a range of ESG issues including industry associations;
- Continued participation in key ESG surveys and questionnaires;
- Increased engagement with proxy advisers and investor representative groups;
- Active and deeper engagement with representatives from Climate Action 100+ and associated groups; and
- Engagement with civil society groups.

Because of COVID-19 travel and meeting restrictions, Directors and management continued to engage with investors, investor representative organisations, proxy advisers and civil society groups via video and telephone.



