

**MODERN SLAVERY  
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.

### 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

#### Corporate Governance Statement

Our corporate governance practices and a description of our approach to responsible and ethical behaviour.

#### 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.

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

#### Disclaimer:

This document has been prepared by South32 Limited and its controlled entities and South32 operated joint operations for reporting under the Modern Slavery Act 2018 (Cth) and disclosure on South32's website in relation to its actions during the period 1 July 2019 to 30 June 2020 and its financial position as at 30 June 2020. South32 has prepared this document based on information available to it at the time of preparation. The information contained in this document is general in nature, and does not purport to be complete. This document should be read in conjunction with South32's other periodic and continuous disclosure announcements lodged with the ASX, including its FY20 Annual Report and FY20 Corporate Governance Statement, which are available at [www.south32.net](https://www.south32.net). Except as required by applicable laws or regulations, the South32 Group does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. South32 Limited shares trade on the ASX, JSE and LSE under the listing code of S32. Monetary amounts in this document are reported in US dollars, unless otherwise stated. Metrics describing performance apply to operated assets that have been wholly owned and operated by South32, or that have been operated by South32 in a joint venture operation, from 1 July 2019 to 30 June 2020.



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.



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[www.south32.net](http://www.south32.net)

## Our approach and progress

# RESPECTING HUMAN RIGHTS

With an estimated 40 million men, women and children living in modern slavery today, modern slavery can be found in almost every country in the world.<sup>(1)</sup> With increasingly globalised trade it also affects most businesses through interconnected supply chains.

Modern slavery is unacceptable within our operations and supply chain. Although we have not found instances of modern slavery in our operations or supply chains, this report details how and where we continue to look for it.

Our approach to modern slavery is embedded within our broader approach to human rights and responsible sourcing. This recognises that the root causes of modern slavery are often interconnected with a range of human rights abuses, governance failures, bribery and corruption, inequalities, discrimination and the failure to enforce laws.

We undertake human rights due diligence to identify modern slavery and other human rights risks within our operations, supply chains and local communities. We put measures in place to prevent these risks from occurring and remedy any identified risks. We provide training and capability development for our employees and increasingly, our suppliers. We engage and collaborate with our customers, suppliers, investors and other stakeholders to share and improve our approach. We have a strong foundation of governance documents, which outline our requirements of employees, suppliers and business partners, as set out in Appendix 1.

This is our fifth year of modern slavery reporting, and our first year of mandatory reporting under the Australian Modern Slavery Act. We are committed to developing and implementing policies and procedures to reduce the risk of modern slavery at our operations and in our supply chains. We will continue to test the effectiveness of our approach, enhancing our actions and responses as we work, helping to drive meaningful change for people most affected by modern slavery.

(1) Global Estimate of Modern Slavery, International Labor Organization and the Walk Free Foundation, 2017



## Our key achievements this year included:

### Enhancing our due diligence approach –

we improved the depth and breadth of our risk assessments. We conducted screening desktop assessments for modern slavery risks on 401 higher risk suppliers and conducted independent audits on 11 entities including sub-suppliers ([read more on page 10](#));

### Collaborating with our suppliers –

we partnered with our suppliers to address audit findings and monitor and implement supplier development plans ([read more on page 11](#));

### Enhancing our internal capability –

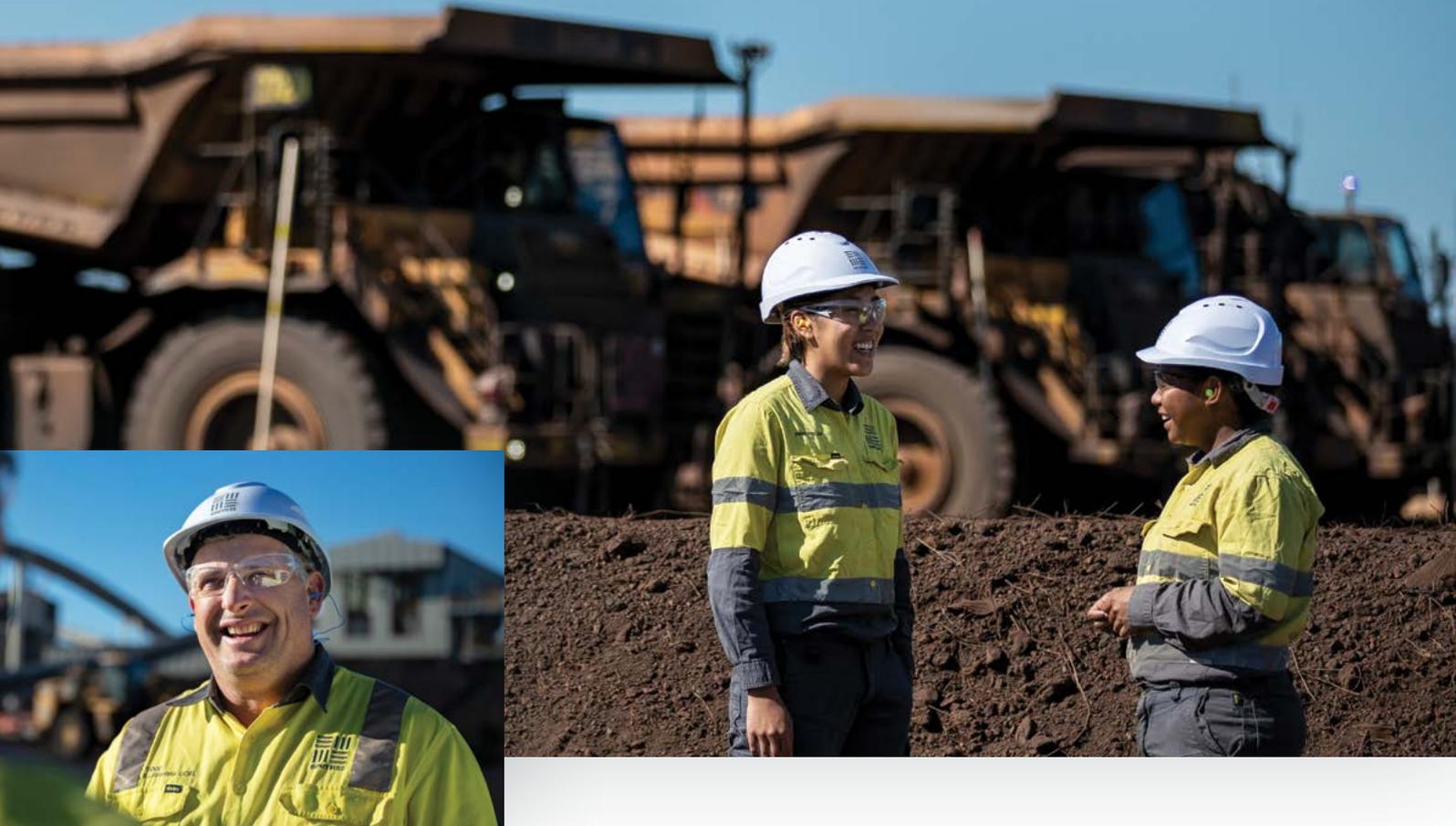
1242 of our employees completed modern slavery training this year and 228 employees participated in a responsible sourcing awareness campaign. Thirty-four suppliers attended a modern slavery risk workshop at our Colombian mine operation ([read more on page 11](#)); and

### Collaborating with our peers and across sectors –

we collaborated with other companies to develop and launch a supplier self-assessment questionnaire, designed to enhance pre-screening for modern slavery risks and raise suppliers' awareness of the issue ([read more on page 10](#)). We also hosted and presented on our approach at events for the Australian Border Force and United Nations Global Compact Network ([read more on page 14](#)).

## Our COVID-19 response

As we responded to COVID-19, we focused on keeping our people safe and well, maintaining reliable operations and supporting our communities.



Part of our work with communities included developing a community response plan for all operations aligned with the World Health Organisation's emergency and disaster risk management framework. We focused our efforts on supporting the socio-economic recovery of our local communities. Read more about our COVID-19 response in our Annual Report and Sustainable Development Report available at [www.south32.net](http://www.south32.net).

We engaged regularly with our suppliers to understand the impact of COVID-19 on their businesses and we continue to work with them to help where we can. We established dedicated teams to manage critical supplies and categories to support our operations and communities, including sourcing of personal protective equipment (PPE) and medical supplies.

Recognising the heightened risks of modern slavery on vulnerable workers, particularly with increased demand for PPE and medical supplies, we conducted tailored human rights due diligence to identify risks and drive responsible decision making for our rapid sourcing of these items during the peak of COVID-19. Our Commercial teams also worked closely with our shipping suppliers as we became aware of reports that COVID-19 travel restrictions were creating additional risks for seafarers such as impacting the ability for crew changes and repatriation of seafarers, resulting in physical and mental exhaustion.<sup>(2)</sup> We continue to work in partnership with ship-owners to address these impacts, reviewing fatigue and safety controls, crew change protocols and providing safe and accessible ways for seafarers to communicate grievances.

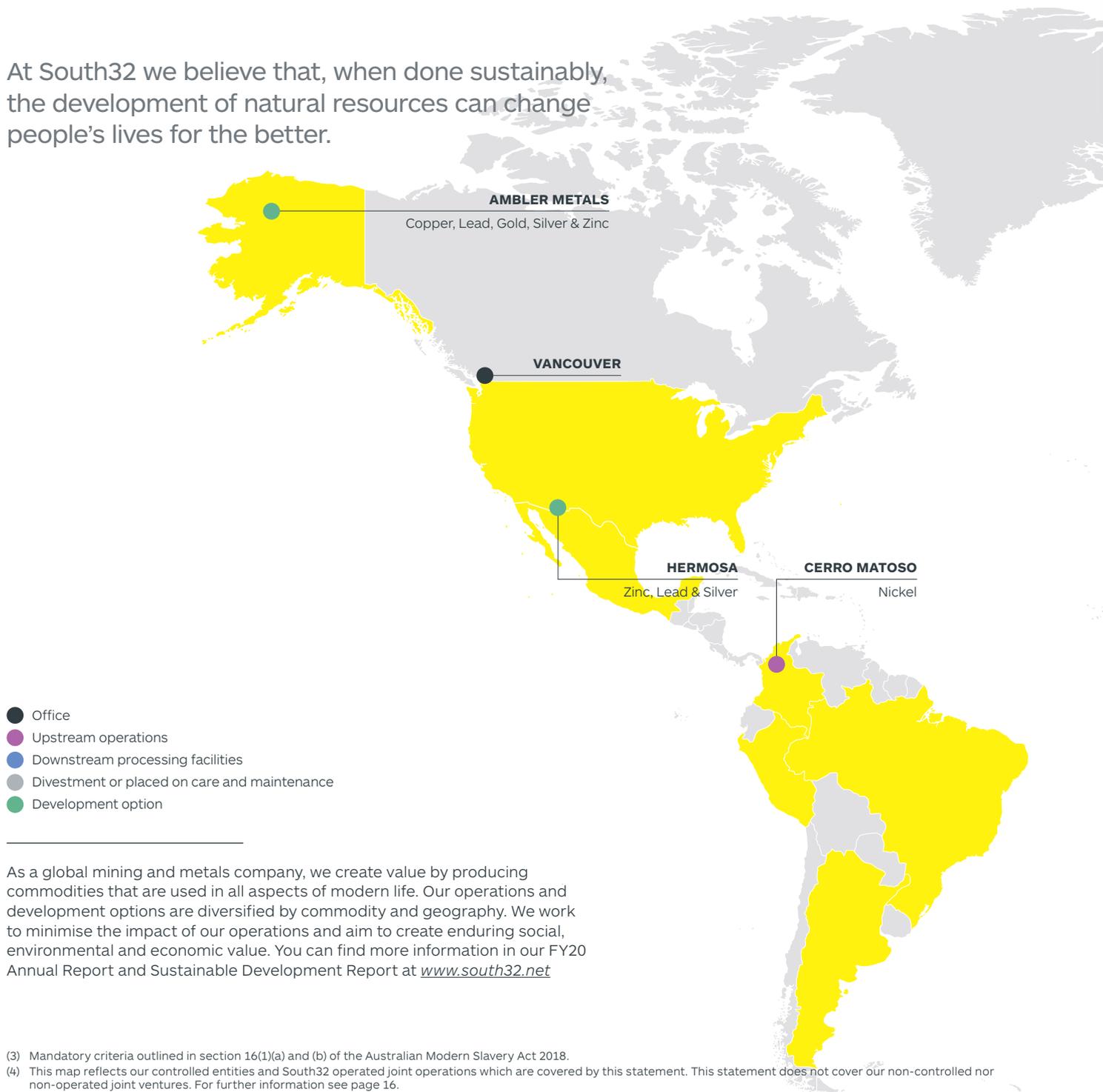
### IMPACTS TO OUR PLANS

As a result of COVID-19, some of our planned work relating to our modern slavery commitments has been affected. Two independent supplier audits were postponed due to travel restrictions and social distancing controls. Due to emergency COVID-19 work, we also postponed the delivery of some human rights and modern slavery training and our planned initiatives to support the human rights working group of the Sustainable Shipping Initiative. This work will recommence as soon as possible. Please see page 15 for our work plans for FY21 and beyond.

(2) International Maritime Organisation, Media Centre, In Focus, "Coronavirus disease (COVID-19) Pandemic".

# OUR DIVERSIFIED PORTFOLIO

At South32 we believe that, when done sustainably, the development of natural resources can change people's lives for the better.



As a global mining and metals company, we create value by producing commodities that are used in all aspects of modern life. Our operations and development options are diversified by commodity and geography. We work to minimise the impact of our operations and aim to create enduring social, environmental and economic value. You can find more information in our FY20 Annual Report and Sustainable Development Report at [www.south32.net](http://www.south32.net)

(3) Mandatory criteria outlined in section 16(1)(a) and (b) of the Australian Modern Slavery Act 2018.

(4) This map reflects our controlled entities and South32 operated joint operations which are covered by this statement. This statement does not cover our non-controlled nor non-operated joint ventures. For further information see page 16.

Employees

**14,554**

Listed on  
**ASX (primary),  
JSE (secondary)  
and LSE (standard)**

### OUR COMMODITIES

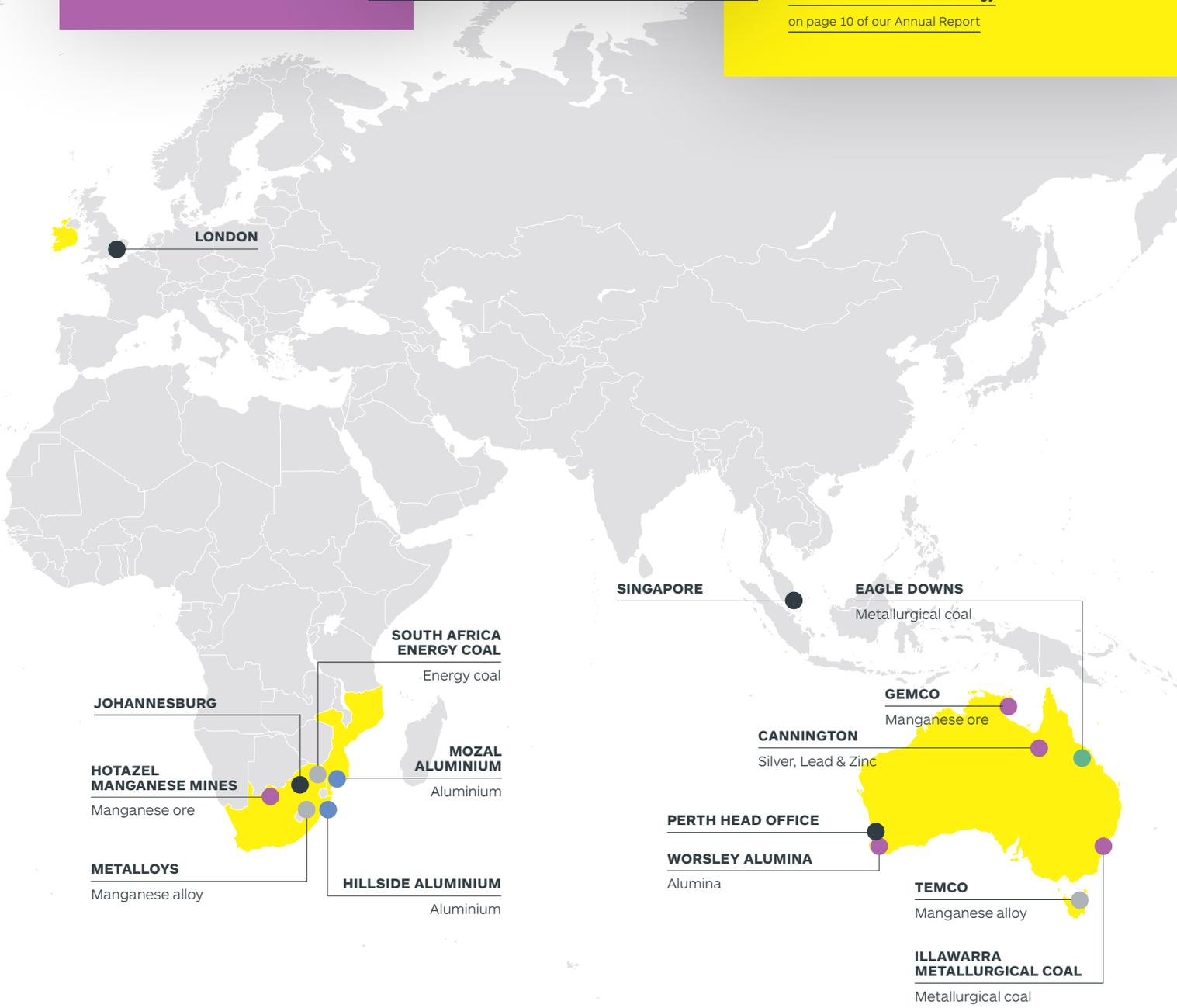
We mine metallurgical coal and manganese ore which are used to produce steel and we produce alumina, aluminium, ferronickel, silver, lead and zinc, which have applications in industry, transport and consumer goods. We have operations in Australia, Southern Africa and South America and a geographically diverse customer base.

Discover more about [Our business model](#)  
on page 8 of our Annual Report

### PORTFOLIO OUTLOOK

We are actively reshaping and improving our portfolio by embedding growth options with a bias to base metals, where we expect to see growth as the world transitions to a lower carbon economy. We are on a pathway to exit our lower returning businesses, including energy coal and manganese alloys, which is expected to improve margins and lift return on invested capital.

Discover more about [Our strategy](#)  
on page 10 of our Annual Report



# FROM MINE TO MARKET



Diagram 1. Mine to Market Chain

## What we buy

We source a diverse range of goods and services through our upstream supply chain.

Our top spend categories are:

- Mobile equipment and their parts;
- Raw materials;
- Engineering and construction;
- Fuel and explosives;
- Electronics and electrical equipment;
- General industrial;
- Logistics (air, road and rail), shipping and freight;
- Energy, gas and utilities;
- Support material and services; and
- Technology.

Our Commercial team is responsible for the procurement of goods and services, maintaining our warehouses and inventory for our global operations and corporate offices.

(5) Mandatory criterion outlined in section 16(1)(b) of the Australian Modern Slavery Act 2018.



## What we produce and sell

Our operations focus on safe and reliable production, minimising their impact and continually improving their competitiveness to maximise return on investment. The commodities they produce and their end uses are as follows:



### MINE

Manganese ore and metallurgical coal are essential materials to produce steel for construction of buildings and infrastructure. We are the world's largest producer of manganese ore from our operations in Australia and South Africa.

Lead, silver and zinc from our Cannington mine have a range of applications, including batteries, renewable energy generation, construction and consumer electronics.

Energy coal is used for power generation. We primarily supply coal to domestic power stations that are close to our mines in South Africa. We sell some energy coal on the seaborne market.<sup>(6)</sup>



### REFINE

Alumina is used to produce aluminium. Worsley Alumina and Brazil Alumina refine bauxite which is used to produce alumina. Approximately 50 per cent of the production from Worsley Alumina is shipped to our aluminium smelters in South Africa and Mozambique and we sell 50 per cent plus our share of production from Brazil Alumina on the seaborne market. Worsley Alumina is one of the world's largest and lowest cost alumina producers.



### SMELT

Aluminium has a range of applications including in the automotive sector where it can reduce the carbon footprint of a vehicle. Aluminium is infinitely recyclable and also used in construction and consumer goods like electronics and household items. Hillside Aluminium in South Africa is the largest aluminium smelter in the southern hemisphere.

Ferronickel is used to make stainless steel which is used to produce household items, surgical instruments and vehicle parts. Cerro Matoso mines nickel ore which is smelted in electric arc furnaces to produce ferronickel.

Manganese alloy is used in the production of steel.<sup>(6)</sup>

Our Marketing team serves as the link between our operations and our customers, by selling and delivering our resources to global markets.

We have  
**6,775**  
direct suppliers in 55 countries.

We have  
**342**  
customers in 41 countries, 14 of these countries are emerging markets based on the MSCI Emerging Markets Index.

In FY20 we made payments of over  
**US\$5.3b**  
to our suppliers.

In FY20, our revenue was  
**US\$6.1b**

<sup>(6)</sup> A binding conditional agreement was signed in FY20 for the sale of South Africa Energy Coal and subject to a number of material conditions being satisfied, is on-track for completion in H1 FY21. The Metallurgy manganese alloy smelter was placed on care and maintenance in July 2020 and a binding conditional agreement was signed for the sale of the Tasmanian Electro Metallurgical Company Pty Ltd manganese alloys smelter in August 2020.

## Our risks & opportunities<sup>(7)</sup>

Research indicates that many of the 40 million victims of modern slavery worldwide work within the private sector.<sup>(8)</sup> We aim to achieve year-on-year improvements in our processes and systems to identify and respond to human rights, modern slavery and related exploitation risks.

We did not identify any modern slavery practices at our operations or within our supply chain during FY20. However, we did find opportunities for some of our suppliers to improve their practices to respect the human rights of their workers. If left unmanaged, some of these practices had potential to result in modern slavery. We are not aware of any legal or regulatory actions commenced, continuing or completed against us regarding any breaches of human rights laws (which includes modern slavery).

### OUR FY20 RISK PROFILE

We use a range of internal and external data sources to continually improve the definition of our risk profile at our operations and in our supply chains, which informs our due diligence approach (please see page 9). Our risk profile is defined in Table 1 on the right.

Table 1 Our FY20 Risk Profile

Profile	Description of risk
<b>Country Risks</b>	We recognise every country has risks of modern slavery. We are working on refining the traceability of goods and services within our supply chain, with a focus on the countries most relevant to our business. This includes Australia, Brazil, Colombia, France, Mauritius, Mozambique, the Netherlands, Singapore, South Africa, United Kingdom and the United States. A significant portion of our goods and services are procured or delivered from within these countries. While we recognise that spend does not necessarily correlate with modern slavery risk, we have included it as a relevant risk analytic because of our ability to influence and partner with our high-spend suppliers to address modern slavery risk.
<b>Goods and Services Profile Risks</b>	Our higher risk goods categories include: <ul style="list-style-type: none"> <li>- Raw materials;<sup>(9)</sup></li> <li>- Chemicals;</li> <li>- Coke and coal;</li> <li>- Electricals (components);</li> <li>- Electronics (hardware);</li> <li>- Explosives;</li> <li>- Parts and consumables;</li> <li>- PPE and other safety supplies; and</li> <li>- Refractory materials.</li> </ul> Our higher risk service categories include: <ul style="list-style-type: none"> <li>- Facilities management (including cleaning);</li> <li>- Maintenance;</li> <li>- Construction;</li> <li>- Logistics; and</li> <li>- Shipping and freight.</li> </ul>
<b>Local Suppliers</b>	We recognise there is a risk of poor labour conditions within supply chains in emerging markets, such as in Colombia and South Africa, particularly where suppliers are small to medium sized enterprises and are still developing their management capability and understanding of labour standards (refer page 10).
<b>Enterprise Risks<sup>(10)</sup></b>	Our voluntary <i>Conflict Minerals Statement</i> confirms that we do not: <ul style="list-style-type: none"> <li>- Produce Conflict Minerals (gold, tin, tungsten or tantalum);</li> <li>- Operate in conflict regions (being the Democratic Republic of Congo or adjoining countries); and</li> <li>- Have suppliers or customers located in the Democratic Republic of Congo or adjoining countries.</li> </ul>
<b>FY20 Independent Audit Findings</b>	Our independent audits conducted on our suppliers in South Africa, Mozambique and Colombia found no incidence of modern slavery. However, across all suppliers we audited we found opportunities to improve their respect for human rights and labour practices, align with local laws and South32's Code of Business Conduct. <p>Improvement opportunities identified (in part due to local and national contexts) included working conditions such as pay practices, excessive overtime, inadequate rest days, workers not understanding employee contract or employee payment terms, freedom of association, alignment of their management system with our Code of Business Conduct, unlawful discipline procedures and inadequate grievance and redress mechanisms. If left unmanaged, the auditors concluded that these issues could lead to conditions of forced labour, a form of modern slavery.</p> <p>Our post-audit remediation actions are discussed at page 11.</p>
<b>COVID-19 Risks</b>	At the beginning of the COVID-19 pandemic, we identified that the rapid sourcing of PPE and medical supplies exposed our supply chain to higher modern slavery risks. See page 3 to read about our COVID-19 due diligence for this risk. <p>Please see page 11 to read about our broader remediation approach.</p>

(7) Mandatory criterion outlined in section 16(1)(c) of the Australian Modern Slavery Act 2018.

(8) *Global Slavery Index, 2018* (Walk Free Foundation).

(9) Raw materials are the core inputs we use to produce finished products and are used in mining processing, smelters and refinery processes such as anthracite, pig iron, soda ash, ferrosilicon, cement, lime, electrode paste, iron stone, dolomite, quartzite, magnetite and for smelting other ore materials.

(10) This does not include our South African Energy Coal supplier data as it is managed separately.

## Our due diligence<sup>(11)</sup>

We implement human rights due diligence and remediation in line with the *United Nations Guiding Principles* and other key human rights international standards set out in Appendix 1.

Our due diligence approach involves identifying risks, taking appropriate action against adverse impacts and tracking and communicating our performance. Our due diligence approach is described below, together with the work we have done in FY20 to update and improve our approach and performance.

### DATA ANALYSIS AND MATERIALITY ASSESSMENT

We collect and monitor internal and external information for use as datapoints to support our human rights risk assessments (see below). This includes reviewing external indices (such as the *Global Slavery Index* and *ITUC Global Rights Index*); tracking case law, emerging legislation and news alerts; audit results; reviewing supplier self-assessments and EthicsPoint cases.

We conduct materiality analyses each year aligned to the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDGs). This includes analysis of both internal and external data and risk registers, engagement with internal and external stakeholders (including our investors, proxy advisors, civil society groups and investor representative bodies). The materiality analyses review the human rights risk for our business, which has been identified as a material risk for the business for several years.

(11) Mandatory criterion outlined in section 16(1)(d) of the Australian Modern Slavery Act 2018.

### IDENTIFICATION OF HUMAN RIGHTS RISKS (INCLUDING MODERN SLAVERY)

We have a range of assessments and other processes across our business to identify human rights and modern slavery risks:

- **Group-wide anti-bribery and corruption (ABC) due diligence:** We conduct ABC due diligence checks on our higher risk suppliers and customers, and include ABC clauses in our standard contracts with third parties. Our Code of Business Conduct prohibits fraud, bribery and corruption in any form, and requires compliance with applicable ABC laws wherever we conduct business. We endeavour to identify opportunities to enhance and leverage learnings between our ABC and human rights compliance programs;
- **Human Resources:** Our human resources processes and policies are designed to ensure that our employees are paid fairly and in compliance with labour laws as set out in our remuneration policies. We work with reputable recruitment agencies and South32 pays the cost of all recruitment processes. If we hear of vexatious advertisements falsely advertising work at South32, we work quickly to address these risks. Our health and safety teams implement a range of health and safety controls – such as fatigue and exposure hours controls - across our operations so that everyone goes home safe and well;

- **Speak Up mechanisms:** Anyone can Speak Up and report human rights and modern slavery concerns. Our externally published Speak Up Policy was implemented in FY20. It outlines how to Speak Up and what happens when a business conduct concern is reported. EthicsPoint is our 24/7 confidential reporting hotline for business conduct concerns that is administered by an external and independent company (NavexGlobal). Anyone can access our grievance mechanisms and is encouraged to use them. Concerns can also be reported via line leaders, such as after reviewing a supplier risk assessment or during a supplier audit process; and
- **Community Assessments:** Consistent with our Community Standard, we integrate human rights considerations into our operations' risk management processes, such as through social impact assessments, human rights impact assessments, audits, and security and human rights assessments. Our community grievance mechanisms and consultation processes in place at all operations also support us to identify issues. To read more about our approach to Community, please read our Sustainable Development Report.

We record our risks within our risk management system for transparency, to provide a consistent approach to their management and allow real time reporting from a single source.

## Local Supplier Risk Workshops at South Africa Energy Coal

In FY20, our South Africa Energy Coal (SAEC) team conducted a community and supply led assessment on labour practices with 22 suppliers who have a large workforce at our operations. The majority of these suppliers operate locally and employ both skilled and unskilled labour from the local community. Suppliers selected for assessment included known higher risk goods and services categories such as logistics, contract mining, mining equipment, underground equipment and services, security services and information technology services. Amongst other things, suppliers were assessed on compliance with minimum wages and the age of workers to check for child labour risks. No risks of modern slavery were identified during this process. Our SAEC team will continue to work in partnership with our suppliers to identify and prevent risks of modern slavery.

CASE STUDY



## Our due diligence continued

### SUPPLIER DUE DILIGENCE

Our Commercial team conducts a range of supplier due diligence assessments at various stages of our sourcing and procurement process:

- **Vendor Onboarding:** As part of our vendor onboarding process, our suppliers are required to complete a mandatory supplier self-assessment on modern slavery risks, which was introduced in FY20 (see the case study below). Suppliers must also confirm their commitment to our standards on child labour, forced labour, treatment of employees including freedom of association and rights to collective bargaining, living wage, non-discriminatory practices, and health and safety regulations;
- **Desktop Supplier Assessments:** We identify our higher risk direct suppliers through review of country risk, workforce risk profile, industry risk profile, management capability, and contract value. In FY20 we conducted 401 of these assessments;<sup>(12)</sup>
- **Onsite Supplier Assessments:**<sup>(12)</sup> Where our range of risk assessment processes and activities identify higher risks that require onsite inspections, we either conduct an:
  - Internal assessment through our local sourcing teams or by contract owners through our onsite contract management activities; or
  - Commission an independent audit of selected suppliers (known as a “responsible sourcing audit”). This process involves management and worker interviews, site inspection and a review of books and records. The auditor then issues their report and recommendations, which we share with suppliers.

The learnings from assessments and audits are applied across categories within our supply chains, so that we strengthen our efforts across our supplier base.

In FY20 we matured our audit program by auditing suppliers and their sub-suppliers. We conducted six independent audits on six suppliers and five sub-suppliers, which expanded on FY19 where our due diligence was focused on auditing five suppliers and no sub-suppliers. See Table 2 for details about the FY20 independent audits and page 8 for information on the risks identified. In FY21, we will continue to explore opportunities to embed and develop our audit and assessment program, without creating an overreliance on audits, noting the current challenge that COVID-19 presents for this process.

**Table 2: Summary of our FY20 Independent Audit Program**

Audit	Relationship	Goods or Services Supplied	Country
(1)	Supplier	Security services at CMSA	Colombia
(2)	Supplier	Security services at Hotazel	South Africa
(3)	Supplier	Provides coal to CMSA	Colombia
	Sub-supplier	Civil construction services	Colombia
(4)	Sub-supplier	Civil construction services	Colombia
	Supplier	Transport services for manganese ore	South Africa
	Sub-supplier	Logistics services	South Africa
	Sub-supplier	Transport services	South Africa
(5)	Sub-supplier	Labour agency	South Africa
	Supplier	Transport services	Mozambique
(6)	Supplier (ESD Beneficiary)	Cleaning services	South Africa

- **Enterprise Supplier Development Program:** South32 suppliers and other local businesses (i.e. they do not have to supply South32) in South Africa can access benefits from our Enterprise Supplier Development (ESD) Program under the South African Transformation Broad-Based Black Economic Empowerment legal framework. In FY20, we updated the ESD program application process to pre-screen for risks of modern slavery and human rights violations. If risks are identified, it does not automatically preclude a business from accessing the ESD Program, and we will work with businesses to address these risks. During FY20, we worked with ESD beneficiaries to improve their understanding of labour laws and entitlements (such as minimum wage and working hours). As required, we provided support through mentoring and training.

(12) This process is proposed to be implemented at our South African Energy Coal operations in FY21.

## Screening for modern slavery risks in our supply chain

South32 co-led an industry initiative with ten other resource and energy companies to develop a practical toolkit to screen for modern slavery risks in supply chains.

Central to the toolkit is a self-assessment questionnaire (SAQ) with 18 questions to help suppliers identify modern slavery risks, improve transparency and recognise areas for further due diligence. Suppliers are facing growing information requests due to modern slavery laws in Australia and the United Kingdom. By asking a common set of questions, the intent is to streamline reporting and provide consistency and clarity.

The toolkit includes the SAQ, Frequently Asked Questions and Walk Free Foundation Guidance “Understanding Modern Slavery”. The documents are available in four languages – English, Mandarin, Spanish and Japanese. The toolkit is open source and can be downloaded from [www.minderoo.org/walk-free/toolkit](http://www.minderoo.org/walk-free/toolkit). Interested companies are encouraged to use this toolkit.

Since the launch of the pilot in March 2020 we have issued the SAQ to all of our newly onboarded suppliers together with a small selection of higher risk suppliers as part of the ongoing pilot. In FY21 we will extend this initiative to SAEC and review the success and impact of this initiative with the industry group.

CASE STUDY

## RAISING AWARENESS, TRAINING AND CAPABILITY BUILDING

Across our business we raise awareness, conduct training and build capability so that our teams are aware of our policies and standards, can identify and assess risks, and are equipped to respond appropriately. Modern slavery training is mandatory for employees identified as having regular touchpoints with human rights risks across the business. In FY20 approximately 1242 people completed modern slavery training, available in English and Spanish.

Additionally, in February 2020, we launched an internal awareness campaign for 228 individuals in our Commercial team to improve the identification and remediation of human rights and modern slavery risks. The focus of the campaign was on labour exploitation and modern slavery, but also covered South32's broader approach to responsible sourcing, and how this can deliver commercial, social and environmental shared value. To read more about our broader human rights training, please read our Sustainable Development Report.

On United Nations Human Rights Day (in December 2019) and Human Rights Day in South Africa (in March 2020), our teams raised awareness of human rights, including freedom from modern slavery, across our offices and operations.

## REMEDICATION

We recognise our responsibility to provide or participate in the remediation of any identified human rights impact that we have caused or contributed towards. Our Business Conduct Response, Speak Up and Grievance procedures all include safe and transparent processes for investigating and responding to claims and concerns in an ethical, confidential and transparent way.

We did not identify any modern slavery practices at our operations or within our supply chain during FY20, but we did respond to reported claims via EthicsPoint on issues such as alleged labour exploitation relating to issues of payment of wages, overtime, freedom of movement and access to benefits. Once alerted, we worked swiftly with our teams to investigate and implement appropriate actions to address the concerns in accordance with local laws and our Code of Business Conduct.

Whether through ongoing stakeholder engagement or formal complaints processes, we adopt a holistic approach to listening and engaging with our communities, including ensuring they have (and know how to access) safe ways to communicate concerns. Our engagement with communities includes community perception surveys, regular community consultations and entering into formal agreements with host communities. Our community complaints and grievance procedure outlines processes to respond to all concerns raised. To read more about our approach to working with communities, please read our Sustainable Development Report.

We work with our suppliers to establish development plans to remedy any identified issues and strengthen labour standards. We monitor implementation of these plans and the effectiveness of the actions. All actions from FY19 audits have been closed or suppliers have demonstrated good performance against the agreed actions in the development plans. In FY20, six development plans were agreed with suppliers following an independent audit and one development plan with a supplier following an EthicsPoint claim. Critical actions have been addressed, with the remainder of actions on track to be remedied by 30 June 2021. We continue to refine our systems, processes and training so that action plans are documented, transparent and actions are followed up. For an example of development plan progress, please see the case study on page 13.

One key learning from the FY20 independent audits is the opportunities it presents for us to meaningfully partner with suppliers to address risks and enhance the integrity, reliability and quality of supply of goods and services in a way that respects human rights. In FY21 we will continue to work with our suppliers to improve their understanding of modern slavery risks, and the opportunity it presents to work in partnership to address these risks.



## Cerro Matoso Human Rights Training

CASE STUDY

During FY20, we conducted a series of awareness and training initiatives on the issues of modern slavery at our Cerro Matoso mine, based in Colombia. This included:

- **Supplier roundtable** – our local sourcing team hosted a workshop attended by representatives from 34 of our suppliers to raise awareness of human rights issues and assist them in preventing and identifying risks of modern slavery. For many of the 50 attendees, while they had attended other human rights workshops, this was the first workshop on the risks of modern slavery and what suppliers could do to identify and address these risks;
- **Site communications** – we issued site communications outlining South32's commitment to respect human rights, calling upon our people and suppliers to report any concerns in line with our SpeakUp Policy; and
- **Posters** – as a recommendation from the FY19 audits, we worked with suppliers to improve awareness of reporting helplines through use of posters at the supplier sites outlining safe and confidential ways to report human rights concerns.

# ASSESSING OUR ACTIONS AND OUTCOMES

We currently assess our effectiveness in identifying and managing modern slavery and human rights risks by tracking our actions and outcomes, engaging with suppliers, undertaking regular internal governance and external assurance processes and completing external assessments of our performance.

1. Tracking our actions and outcomes	2. Supplier engagement	3. Review of our processes
<p>In FY20 we identified initial targets for tracking our effectiveness in identifying and managing risks. These are foundational targets to build upon as our approach matures:</p> <ul style="list-style-type: none"><li>- To demonstrate improvement in the breadth and depth of suppliers assessed for modern slavery risks;</li><li>- To verify that all independently audited suppliers implement supplier development plans, with priority actions closed out within agreed time periods; and</li><li>- To have all employees who have been identified as having regular touchpoints with human rights risks complete modern slavery training.</li></ul> <p>By setting these targets, we aim to achieve outcomes such as increased visibility over modern slavery risks, demonstrated improvement in supplier labour management systems and respect for human rights. We seek and receive feedback from our employees, suppliers, customers, communities, investors and business partners to review our approach and ensure we continuously improve. A key focus area for us is engaging directly with workers within our supply chains so that we can respond to their concerns.</p>	<p>We review the effectiveness of our approach through ongoing dialogue with our suppliers by reviewing risks and trends across goods and services categories. For example, the learnings from supplier assessments (including audits) are applied across categories within our supply chains, so that we strengthen our efforts across our supplier base. We also work in partnership with our suppliers to ensure actions agreed in development plans identified via our audit program are being implemented. This process has deepened our understanding of the risks and the effectiveness of our ability to work with suppliers to identify and action long-term meaningful solutions. Please see page 13 for a case study on SHEQ Safety.</p> <p><i>“It is a privilege to work with clients such as South32 Cerro Matoso to respect human rights. The independent auditors helped us identify improvements for our internal social processes. Following the audit, we were able to put in place actions to address important social commitments and promptly close these gaps.”</i></p> <p><b>G4S, Colombia</b></p>	<p>Each year, we carry out a thorough review of our modern slavery commitments and progress across our business. This is part of the annual disclosure review process for this Modern Slavery Statement. This review is endorsed by our Sustainability Board Committee on the recommendation of our senior management team. This Committee helps our Board exercise its authority over the appropriateness of our sustainability frameworks, systems, the Sustainability Policy and the Group’s sustainability performance. It is a core competency for our Board to have a demonstrable understanding of issues related to human rights and consider the potential human rights impact of our operations on a range of stakeholders. Read about our approach to governance at <a href="http://www.south32.net">www.south32.net</a>.</p> <p>Each financial year, our company auditor provides limited assurance on our approach to human rights. The audit process verifies our data; evaluates the design and implementation of our key systems, processes and controls for collecting, managing and reporting our sustainability information; assesses our risk analysis to validate our own materiality assessments; and reviews whether our data is reported in accordance with the GRI. Currently our Modern Slavery Statement is not assured, but the auditors assure the broader human rights approach and modern slavery data as referenced in our Annual Report and Sustainable Development Report, available at <a href="http://www.south32.net">www.south32.net</a>.</p>

(13) Mandatory criterion outlined in section 16(1)(e) of the Australian Modern Slavery Act 2018.



#### 4. External benchmarking

We disclosed our human rights and broader sustainability performance to environmental, social and governance (ESG) ratings agencies, proxy advisors and customers through responses to their questionnaires and data checks. The feedback and scores we receive from independent ESG rating agencies provides a view of the effectiveness of our actions. We also submitted responses to ESG ratings agencies and indices including Dow Jones Sustainability Index, Vigeo Eiris, Sustainalytics, MSCI and Workforce Disclosure Initiative. We actively participate in these assessments and approach them as opportunities to test and benchmark our performance.

#### CASE STUDY

### SHEQ Safety – Tracking Audit Actions

SHEQ Safety is a PPE clothing manufacturer with factories based in Lesotho, South Africa. Following an independent audit in FY19, our Supply and Health and Safety teams conducted a follow-up visit to the factory in February 2020. Our visit confirmed progress against the audit actions and we reviewed all priority recommendations agreed in the FY19 supplier development plan. This indicated:

- Working conditions had substantially improved for workers;
- Water supply was now consistent and available for all workers;
- Regular water testing procedures had been implemented;
- Policies and procedures were clearer, easily accessible and translated into local language;
- Pay practices were aligned to the local government policies;
- A new clocking system was installed to monitor and track overtime; and
- A hygienist had been hired to improve health and safety standards.

SHEQ said that they valued the audit process and it had been a positive learning experience which supported the growth of their company. Ernie Wallis, Chief Executive Officer of SHEQ Safety said: *“The supplier assessment conducted by South32 on SHEQ Safety allowed us to look at our company through the eyes of experienced professionals, who offered advice and guidance to improve our business. At SHEQ we know if our workforce is satisfied with safe and decent working conditions, this is the key to more efficient production which lowers overall costs.”*

Our work with SHEQ Safety deepened our understanding of their business and helped shape how we engage with suppliers to address risks of modern slavery. Our Local Sourcing Lead in South Africa said: *“Initially we were unsure on how our supplier would respond to working with us on this important but sensitive issue. Yet, our supplier was extremely cooperative and acted quickly on the auditor’s recommendations. This process has positively changed the way in which we work, source responsibly and now engage with our suppliers.”*

## Our broader efforts<sup>(14)</sup>

# STRENGTHENING OUR RELATIONSHIPS

We recognise the importance of collaboration when addressing risks of modern slavery. We regularly facilitate and participate in industry initiatives that encourage people to share information, learnings and best practice. This helps the industry overcome challenges and blind spots and evaluate whether our initiatives are in line with industry and societal expectations.

Since we released our last statement, we met our partnership goals through the following activities:

- Sharing best practice and creating collaborative opportunities to tackle modern slavery risks within the mining, energy and resources supply chains through the industry working group we co-founded in Perth, Australia. The group was formed following the introduction of the Australian Modern Slavery Act;
- Contributing to influential dialogues and workshops to raise awareness and sharing of best practice to identify modern slavery risks, including:
  - hosting the Australian Border Force Modern Slavery Workshop (August 2019);
  - hosting and contributing to the Modern Slavery Community of Practice facilitated by the United Nations Global Compact Network;
  - participating in the ICMM Mining Responsible Sourcing working group and IPIECA Modern Slavery working group;
  - participating in the Sustainable Shipping Initiative Human Rights working group; and
  - participating in the UN Business and Human Rights Forum (Geneva).
- Maintaining a collaborative relationship with the Minderoo Foundation (Walk Free Initiative), a global organisation with a mission to end modern slavery, which allows us to use the high-quality research it produces and gain important feedback on our effectiveness. In FY20 we contributed to developing a Guidance Note for suppliers on "Understanding Modern Slavery" and business feedback for the "Protecting People in a Pandemic" report.

In FY21 we will continue to strengthen our relationships in each of these initiatives.

As part of our work to prevent modern slavery, we also tackle the root causes - such as discrimination, inequalities, lack of access to education or work - and take these factors into account as part of our holistic approach to respecting human rights within our spheres of influence. For further details, please review our Sustainable Development Report.



(14) Mandatory criterion outlined in section 16(1)(g) of the Australian Modern Slavery Act 2018.

# OUR FUTURE GOALS

Our aim is to work with our stakeholders so that no individual is subjected to modern slavery or related labour exploitation at our operations or within our supply chains. Looking ahead we will focus our efforts on further identifying and acting on our modern slavery and human rights risks through:

## Our COVID-19 response

- We will continue to mature our risk assessment processes (including our supplier assessments and human rights impact assessments) to identify and respond to any identified heightened modern slavery risks within our operations and supply chains due to the COVID-19 pandemic; and
- We will complete an independent audit within our shipping supply chain (adapted as per COVID-19 transmission controls), focusing on COVID-19 impacts on the physical and mental wellbeing of seafarers.

## Improved systems and processes

- We will improve our holistic understanding and identification of modern slavery risks within our supply chain by implementing technological systems to provide consistency, accessibility and quality to our processes, while increasing the breadth and depth of suppliers we assess;
- In partnership with the resources and energy industry group, we will complete the pilot to improve industry-wide supplier self-assessment screening processes on modern slavery risks; and
- We will continue to review and improve the integration of our governance documents such as relevant policies, standards, contractual terms and conditions, and make any required updates.

## Training and capability development

- We will launch our updated modern slavery and human rights training series for employees who are identified as having regular touchpoints with human rights risks; and
- We will identify ways to make our modern slavery training available for suppliers.

## Remediation

- Aligned with our Speak Up Policy, we will continue to strengthen the awareness of and access to our complaints and grievance mechanisms (including our independent EthicsPoint helpline) for employees, workers within our supply chain or individuals within our communities to report concerns about human rights, including modern slavery; and
- We will develop a remediation response protocol for responding to modern slavery allegations, including how to cooperate with local law enforcement and non-for-profit organisations and we act in the best interests of victims.



## Our approvals<sup>(15)</sup>

This statement was endorsed by the Sustainability Committee and approved by the Board of South32 Limited on 3 September 2020



**Graham Kerr**  
Chief Executive Officer, South32 Limited

In line with Section 14(b) of the Australian Modern Slavery Act 2018, we produce one statement that responds to both the Australian Modern Slavery Act 2018 requirements and the UK Modern Slavery Act 2015 (against which we report on a voluntary basis).

The submitting entity is South32 Limited (ABN 84 093 732 597) as the parent company of the South32 Group of Companies. South32 Limited qualifies as a reporting entity under the Australian Modern Slavery Act 2018. The following entities also meet the reporting test set out in the Australian Modern Slavery Act 2018 being Dendrobium Coal Pty Ltd, Endeavour Coal Pty Ltd, South32 Aluminium (RAA) Pty Ltd, South32 Aluminium Worsley Pty Ltd, South32 Cannington Pty Ltd, Illawarra Coal Holdings Pty Limited and operated joint ventures Groote Eylandt Mining Company Pty Ltd and Tasmanian Electro Metallurgical Company Pty Ltd.

In this statement, unless expressly mentioned otherwise references to South32 and the South32 Group, the Company, we, us and our, refer to South32 Limited, its subsidiaries and its controlled entities and South32 operated joint operations as a whole. This statement does not cover our non-controlled nor non-operated joint ventures operations.

Our corporate governance and risk management framework (which includes our Code of Conduct, policies, standards, procedures and tools) is developed centrally by the South32 Board, Lead Team and management and applies across the South32 Group, including at our operated joint ventures. Businesses in the South32 Group and operated by South32, as well as South32 functional teams, implement modern slavery risk management processes across South32 by undertaking risk identification, reporting and training as described in this statement. This statement has been prepared with input from, and in consultation with, South32 Lead Team and management representatives responsible for overseeing this work. For further information on our corporate governance, Board, Committees, and risk management and internal controls, please refer to our Corporate Governance Statement FY20.

(15) Mandatory criterion outlined in section 16(1)(f) of the Australian Modern Slavery Act 2018.



## Appendix 1

### OUR GOVERNANCE DOCUMENTS

**Our Code of Business Conduct (“Code”)** sets the standards for our people to act ethically, responsibly and lawfully. It outlines our expectations for all stakeholders to respect human rights, including freedom from slavery. It applies to our people (directors, executive management, employees and contractor staff), our suppliers and our joint venture partners acting on our behalf in a controlled or operated joint venture. A copy of our Code can be found at [www.south32.net](http://www.south32.net).

**Our Sustainability Policy** outlines our commitment to respect human rights, and we require all our employees and suppliers to operate in line with our Sustainability Policy. Our Privacy Policy and Inclusion and Diversity Policy promote the respect of human rights in the way we do business.

**Our contracts** require employees and suppliers to adhere to our Code, Sustainability Policy, human rights, sustainability and business requirements.

**Our Vendor Onboarding** process requires potential suppliers to confirm they understand and comply with our human rights requirements. We adopt a partnership approach with suppliers to resolve any issues. If a supplier refuses to work with us to improve their performance, we may choose to suspend or terminate our relationship with that supplier.

**Our Community Standard** determines how we perform due diligence for our operations to enable us to identify, prevent, mitigate and account for how we address potential human rights impacts. All operations must undertake an annual human rights impact assessment and operations based in medium or higher risk countries are independently reviewed every three years. All assessments are governed by the Guide to Human Rights Impact Assessment and Management and risk ratings are formed using external human rights indices.

**Our procedures and frameworks** establish specific and practical steps needed to implement and manage our commitments. We continue to improve our responsible sourcing approach focused on human rights, labour exploitation, modern slavery, anti-bribery and corruption and preferential local sourcing. This approach promotes trusted, collaborative and transparent relationships with our suppliers.

### GUIDING INTERNATIONAL HUMAN RIGHTS PRINCIPLES

Our policies are guided by international human rights principles, including the:

Universal Declaration of Human Rights

United Nations Guiding Principles on Business and Human Rights

International Council on Mining and Metals (ICMM) 10 Principles

Ten Principles of the United Nations Global Compact

Voluntary Principles on Security and Human Rights

International Finance Corporation Performance Standards

International Labour Organisation’s Declaration of Fundamental Principles and Rights at Work

Read more about our approach to Human Rights at <https://www.south32.net/community-society/human-rights>.

You can access our previously reported modern slavery statements here at: <https://www.south32.net/who-we-are/sustainability-approach/modern-slavery>

