



# RESPECTING HUMAN RIGHTS

**MODERN SLAVERY  
STATEMENT**  
2019





## OUR PURPOSE

Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources.



## WHO WE ARE

South32 is a globally diversified 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. We are also the owner of a high grade zinc, lead and silver development option in North America and have several partnerships with junior explorers with a bias to base metals.



## OUR VALUES

### Care

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

### Trust

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

### Together

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

### Excellence

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

***We acknowledge the traditional custodians of the lands on which South32 is located and where we conduct our business around the world.***

***We pay our respects to ancestors and elders, past, present and future.***

***We are committed to honouring the unique cultural and spiritual relationships that Indigenous Peoples have to the land, waters and seas and their rich contribution to society.***

***We are committed to moving forward in the spirit of reconciliation and respect.***

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See the rest of our 2019 annual reporting suite at [www.south32.net](http://www.south32.net).



- Annual report
- Corporate Governance Statement
- Our Approach to Climate Change
- Tax Transparency and Payments to Governments Report
- FY19 Sustainability Performance Report
- Our Approach to Water Stewardship

# OUR YEAR IN REVIEW

During FY19, our key activities included:



## TERMS AND CONDITIONS REFRESH

We updated modern slavery and human rights clauses for all newly issued standard contract terms and conditions, and other modern slavery and human rights updates to other key policies, procedures and standards. *Read more on page 15.*



## AUDITS AND REMEDIATION

We completed five independent labour audits on suppliers in our main operating countries and commenced supplier development plans to address identified opportunities to improve respect for human rights. *Read more on pages 12 and 16.*



## LOCAL SUPPLIERS

We reviewed our local supplier program to identify opportunities to strengthen labour standards.

We invested US\$9.5 million in our supplier and enterprise development programs in South Africa.<sup>(1)</sup> *Read more on pages 11 to 13.*



## TRAINING

We improved awareness of human rights across our business by refreshing human rights training for approximately 1,000 employees and contractors who have been identified as having regular touchpoints with human rights risks, including our Commercial, Legal and Business Integrity teams and Contract Owners.<sup>(1)</sup> *Read more on page 17.*



## RISK IDENTIFICATION

We continued to improve our risk identification and assessment processes. This included implementing the Global360 risk and event software across our business which will enhance our capability to identify, assess, remedy and proactively manage human rights risks relevant to our organisation. *Read more on page 16.*



## COLLABORATION

We co-led a collaborative industry initiative to address modern slavery risks within our shared supply chains.

By joining the United Nations Global Compact Network, and the Sustainable Shipping Initiative, we worked to increase respect for human rights through collaboration within our spheres of influence. *Read more on page 20 and 21.*



(1) Includes our South Africa Energy Coal operation.



# OUR YEAR AHEAD

Looking to FY20,<sup>(2)</sup> we will focus our efforts on improving our ability to identify and act on our modern slavery and human rights risks through:

**1.**

## **ENHANCED DUE DILIGENCE**

Completing a minimum of five independent labour audits and piloting an industry agreed “self-assessment questionnaire” for suppliers in our onboarding processes.

**2.**

## **CAPABILITY DEVELOPMENT**

Developing training for our Commercial team to improve their ability to identify risks of modern slavery, implement and monitor development plans. The aim of our training efforts is to equip our employees to promptly identify risks and work collaboratively with suppliers to address identified issues.

**3.**

## **COLLABORATION**

Continuing to find innovative ways to work with our suppliers, peers, industry member associations, government and society to make sure our efforts to reduce the risks of modern slavery are creating maximum and real impact across shared supply chains.

(2) Financial Year ending 30 June 2020.



# BEYOND FY20

As part of our continual development and refinement of our mid- to long-term strategy, we will also focus efforts on:

## 4. IMPROVED SYSTEMS AND PROCESSES

Demonstrating year on year improvement of our due diligence systems and processes (including risk identification, maturing our audit processes and onboarding of suppliers) across our global operations and improving our cross-functional governance over our due diligence systems and processes.

## 5. SUPPLIER ENGAGEMENT

Improving awareness and understanding of modern slavery risks within our supply chain, such as by hosting roundtables and providing training, to improve identification and assessment of shared risks.

## 6. EVALUATING OUR IMPACT

Reviewing our impact, including by developing outcome-focused targets to assess the effectiveness of our approach.





# OUR LEADERSHIP

We have a cross-functional leadership approach to respecting human rights, including how we address modern slavery risks within our operations and supply chains.



“**When we started our journey as South32 we knew that if done well and sustainably, developing natural resources could change people’s lives for the better. Our commitment to identify and address risks of modern slavery is one important element of our wider commitment to respect human rights.**”

**Graham Kerr**, Chief Executive Officer



“**Our commitment to all our stakeholders is clear: modern slavery is fundamentally unacceptable within our operations and supply chain. To meaningfully tackle this head on, we collaborate with each other, our suppliers, other businesses, society and government to understand the risks and issues. Together, we are stronger.**”

**Rowena Smith**, Chief Sustainability Officer





**“The integrity of our supply chains matters. To be true to our values, we need to deeply understand and address the challenges in our supply chains. Our reporting is designed to hold ourselves to account, force actions in a timely manner and deliver positive change.”**

**Peter Finnimore**, Chief Commercial Officer



**“Central to our ability to identify modern slavery is listening, including to those within our operations, our communities and our supply chain – particularly those most vulnerable whose voices are often not heard. We recently revised our Speak Up Policy which will be released soon. This provides a safe, free and practical way for anyone to be heard. We are committed to listen, act and address the issues quickly.”**

**Mike Fraser**, Chief Operating Officer



**“At South32 we have a unique opportunity to promote improved human rights standards within our global sphere of influence. Through our local preferential procurement programs, our supplier development work and human rights training, we’re investing in our suppliers and future generations to come.”**

**Surekha Manilal**, Acting Vice President Supply



# OUR CONTROLLED OPERATIONS<sup>(3)</sup>



## Commodities

Aa Al	<b>Bauxite, Alumina, Aluminium</b> Large alumina refineries and high-quality bauxite resources integrated with our African aluminium smelters with a significant long alumina position.
EC	<b>Energy Coal</b> One of the largest coal exporters and domestic suppliers in South Africa.
Mn	<b>Manganese</b> World's largest producer of manganese ore and a producer of alloy.
MC	<b>Metallurgical Coal</b> A major exporter of high-quality metallurgical coal.
Ni	<b>Nickel</b> One of the world's largest ferronickel producers.
Ag Pb Zn	<b>Silver, Lead, Zinc</b> One of the world's largest producers of silver and lead.

## OFFICES

Head Office
Corporate Office
Marketing Office

(3) This map reflects our owned and controlled operations which are covered by this statement. This statement does not cover South Africa Energy Coal (unless expressly mentioned otherwise), our development options, non-controlled nor non-operated joint ventures. For further information see page 26.





**REVENUE**  
**7.2**  
US\$ billion<sup>(4)</sup>



**EMPLOYEES**  
**14,244**  
across 9 countries<sup>(4)</sup>



**LISTINGS**  
ASX (primary)  
JSE (secondary)  
LSE (standard)



**PAYMENTS TO SUPPLIES**  
**4.7+**  
US\$ billion

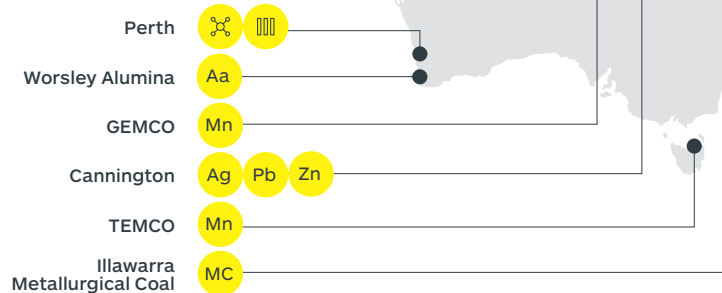
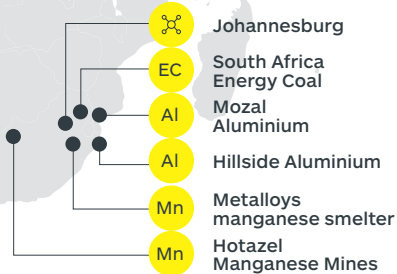


**DIRECT SUPPLIERS**  
**6,000**  
in 50 countries



**CUSTOMERS**  
**300**  
in 49 countries,  
14 of these countries are emerging markets  
based on the MSCI Emerging Markets Index

Singapore



Whether it's for use in infrastructure, energy generation, consumables or vehicles, we believe the extraction and processing of minerals and metals can be done in a responsible way. That's why we continually challenge ourselves to be the best in what matters – the safety and wellbeing of our people and communities, our operational performance, and minimising our environmental impact.

You can find more information in our FY19 annual reporting suite at [www.south32.net](http://www.south32.net).

(4) Includes our South Africa Energy Coal operation.

# OUR SUPPLY CHAIN

## WHAT WE BUY

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

Our top supplier categories in FY19 were:

- Mobile equipment and their parts;
- Raw materials;
- Engineering and construction;
- Fuel and explosives;
- Electronics and electrical equipment;
- General industrial;
- Logistics and transportation;
- Energy and utilities;
- Support material and services; and
- Technology.

## WHAT WE SELL

We sell alumina, aluminium, ferronickel, energy coal, lead, manganese ore, manganese alloy, metallurgical coal, silver and zinc. These commodities are used by our customers to produce a range of everyday items such as electronics, packaging, vehicles and machinery as well as producing steel for construction of infrastructure.

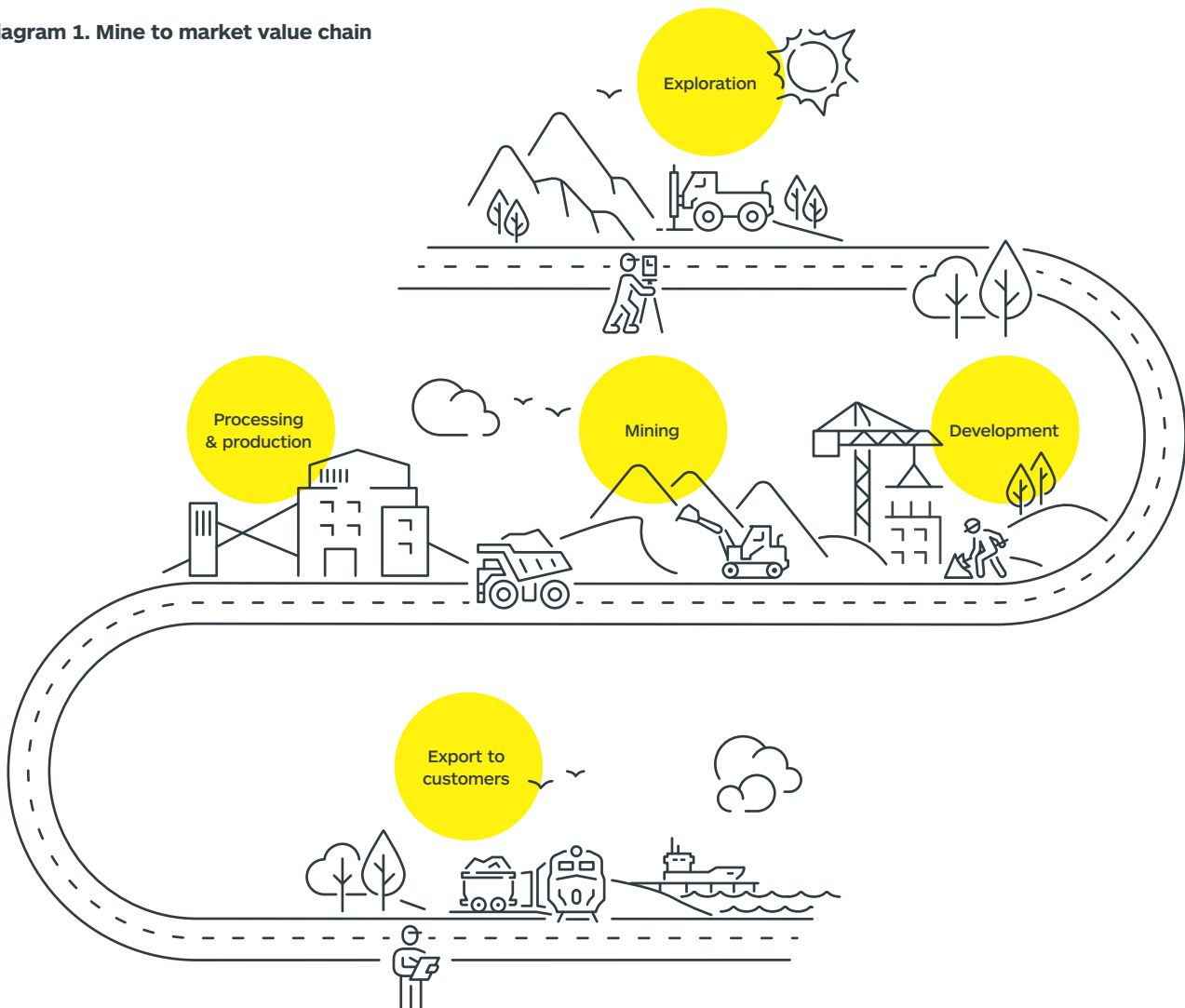
## OUR TEAM

Our suppliers and customers are supported by the following South32 teams that link our global operations, customers, logistics and suppliers within our Commercial function:

1. **Marketing** – serves as the link between our operations and the markets, by selling and delivering South32 resources to global markets; and
2. **Supply** – is responsible for purchasing of goods and services including for our global operations, business improvement, category management, contract administration, corporate offices and maintaining our warehouses and inventory.

Our Marketing and Supply teams report to our Chief Commercial Officer.

Diagram 1. Mine to market value chain





# OUR RISKS AND OPPORTUNITIES

We continue to conduct due diligence on our operations and suppliers for modern slavery risks and related exploitation. This is a deliberately phased approach that prioritises the risks and gaps identified as we improve our capability, systems, processes and approach to meaningfully identify modern slavery risks and opportunities for development.



## FY19 IDENTIFIED RISKS AND OPPORTUNITIES

In FY19, while no modern slavery incidences were identified in our operations or our supply chains, related opportunities to address human rights exposures and pre-indicators of modern slavery practices were identified in our supply chains.

We identified these risks through (1) risk identification and assessment processes, (2) independent labour audits and (3) our South African enterprise and supplier development programme.

### 1. Our risk identification and assessment processes in our supply chain

In FY19 we assessed our actual and potential supplier risks and impacts by reviewing the following indicators:

- **Country Profile** – Geographical exposures, including estimated prevalence of modern slavery, local context and government responses (e.g. local criminal justice mechanisms, systems and institutions). We recognise suppliers may operate in multiple regions, or goods or services can come from countries other than that of the supplier headquarters.
- **Workforce Profile** – The type of labour involved in the production of goods or delivery of services, particularly if there is informal, seasonal, temporary or '3D work' (difficult, dangerous or dirty work).
- **Industry Profile** – Goods or services that have been assessed as high risk in international guidance and government registers.
- **Management Profile** – Management policies, capability, systems, training and due diligence processes the supplier has in place to mitigate against risks.

While it is not a determinative factor, we also review the value of spend that we have with our suppliers, to assess our ability to create opportunities, have impact, or influence to address issues in partnership with our suppliers.

Our key findings in FY19 are summarised below.

- **FY19 Country Risks** – As a starting point, this table below lists the countries where our top 10 suppliers (by spend) are headquartered compared against the estimated number of people living in modern slavery and known human rights performance of these countries. These countries also cover all our major operating regions, and during FY18 and FY19 we have audited suppliers in over half of these countries.

#### Geographical Risks (Global Slavery Index, 2018 & 2019 – Walk Free Foundation)

Country	Prevalence of people living in modern slavery	Estimated proportion living in modern slavery	Government response rating	ITUC global rights index 2019 <sup>(5)</sup>
Australia	15,000	0.65/1000	7/10	Rating 3
Brazil	369,000	1.79/1000	6/10	Rating 5
China	3,864,000	2.77/1000	4/10	Rating 5
Colombia	131,000	2.73/1000	6/10	Rating 3
France	129,000	2.01/1000	7/10	Rating 2
Mozambique	152,000	5.41/1000	5/10	Rating 3
Singapore	19,000	3.43/1000	4/10	Rating 3
South Africa	155,000	2.80/1000	5/10	Rating 2
United Kingdom	136,000	2.08/1000	7/10	Rating 3
United States	403,000	1.26/1000	7/10	Rating 4

- **Workforce and Industry Risks** – We identified our suppliers exposed to the higher risks due to the workforce profile and known industry risks fall within these categories:
  - Construction services
  - Raw bulk materials
  - Coke and coal
  - Electronics (including components)
  - Safety supplies, including equipment, helmets, boots, glasses, gloves and other clothes
  - General parts and consumables at site
  - Explosives
  - Shipping and freight services.
- **Management risks** – We recognise that one of our greatest risks for poor labour conditions may be within our local supply chain due to the management profile and capability of our emerging local suppliers. Our local supplier programs present one of our greatest opportunities to promote respect and awareness of human rights within our local community-based businesses (often small to medium enterprises).

(5) International Trade Union Confederation Global Rights Index 2019 using a ranking scale from 1 (sporadic violation of rights) to 5+ (no guarantee of rights due to breakdown of law). Rating 2 (Repeated violations of rights), Rating 3 (regular violations of rights), Rating 4 (systematic violations of rights), Rating 5 (no guarantee of rights).



*CASE STUDY:*  
**SOUTH AFRICA ENTERPRISE AND  
SUPPLIER DEVELOPMENT PROGRAM**

In FY19 South32 reviewed the application for a small local car cleaning company which requested funding for new equipment and marketing costs through South32's Enterprise and Supplier Development program. Through the due diligence process, we identified that employees were not being paid minimum wage. South32 rejected the funding application but enrolled the director of the company in our "Business Incubation" program. This program provides training on tax laws, labour laws, modern slavery legislation, safety requirements, anti-corruption and corporate governance. South32 will meet with the local business to assess progress and reconsider the request for funding.



## 2. Independent Labour Audits

We acted on the findings of our risk assessment by conducting independent labour audits on five higher risk suppliers. Our independent labour audit process involves:

- Pre-audit screening and self-assessment by selected suppliers;
- Management interviews (either on site or at management headquarters);
- Worker interviews (typically where goods and services are being produced);
- Review of books and records; and
- Issuance of independent audit report and auditor recommendations.

Given the geographical risk profile and industry profile, in FY19 we chose to audit suppliers in Australia, Colombia, Mozambique and South Africa. These suppliers provide goods and services including safety equipment goods, camp and facility management services (including catering, cleaning and general management), mechanical and electrical labour services, and drilling and machine maintenance services.

We found no incidence of modern slavery or critical human rights violations, but we identified opportunities for improvement where our supplier practices and standards were not yet in line with our expectations relating to:

- **Working conditions** - potential for excessive overtime, inadequate rest days, and workers not understanding employee contract and employee payment terms;
- **Water access** - risk of inadequate access to sufficient drinking water at work due to domestic infrastructure problems in the African region at our supplier's factory;
- **Policy development** - inadequate supplier social and labour policies and procedures, including inadequate grievance and redress mechanisms; and
- **Discrimination** - risks of discriminatory practices, inequalities faced by workers and harassment.

"The independent labour audit performed by South32 was a great opportunity to improve our internal processes to respect human rights. From the observations of the auditors we learnt a lot about social responsibility and some labour issues. We are implementing some changes in our company to improve communication with communities surrounding our projects, and improving our procedures."

Feedback from CEO of Kluane, who we audited in 2019. Kluane provide us with drill core-diamantine exploratory services at our Cerro Matoso operations in Colombia.

Please see page 16 on our approach to remediation following independent labour audits.

## 3. Our South Africa Enterprise and Supplier Development program opportunity

In FY19, we reviewed our South Africa Enterprise and Supplier Development program. This program is an opportunity to develop and empower small, local businesses near our South Africa operations to become financially and operationally independent. The program is designed to stimulate economic growth in our local communities beyond the life of our operations. In FY19, we invested more than US\$9.5 million in the program.

As part of our local supplier identification process, we took the opportunity to update our supplier questionnaire to more specifically identify risks of modern slavery, labour exploitation and human rights violations. The questions help us to better understand our local workforce, as well as the providers that they purchase goods and services from. This pre-screening improves our ability to identify any training or development needs for our suppliers, as well as potential human rights vulnerabilities.

When onboarding our local suppliers, we provide support that promotes a higher standard of human rights protection such as:

- business, legal and technical assessments
- business mentoring
- human resources and legal compliance workshops
- sponsorship of health, safety, human rights and risk training
- funding for employee transportation to and from site.

By providing business opportunities for suppliers along with training and capability building programs, we hope to strengthen these organisations and address root cause vulnerabilities that could otherwise result in modern slavery or human rights violations.

## 4. Our Risk Assessment on our Operations

In FY19, we updated our Social Baseline Studies and Social Impact and Opportunity Assessments at many of our operations consistent with our Community Standard, which includes assessment of human rights issues. We apply a uniform approach across the business to identify and analyse stakeholders.

We also carried out human rights impact assessments at eight of our operations, which did not identify any risks of modern slavery. To read more about our approach to community, please visit our [website](#) or review our FY19 Sustainability Performance Report (*Community and Society Chapter*).

We also issued our first voluntary Conflict Minerals statement confirming we don't produce Conflict Minerals (gold, tin, tungsten or tantalum); we don't operate in conflict regions being the Democratic Republic of Congo or adjoining countries; and we don't have suppliers or customers located in Democratic Republic of Congo or adjoining countries.

## LOOKING FORWARD

Research indicates that many of the 40 million victims of modern slavery worldwide work within the private sector.

As described in this section, we have not found any incidences of modern slavery at our operations, or within our supply chain. Yet, we understand that identifying modern slavery risks is as much about where we look, as how we look.

Looking forward to FY20 and beyond, we aim to demonstrate year-on-year improvements in our processes and systems to improve our identification of, and response to, human rights, modern slavery and related exploitation.





# ENTERPRISE & SUPPLIER DEVELOPMENT CENTRE

## CASE STUDY: **VUSUKUKHANYA CLEANING SERVICES**

Vusukukhanya provides cleaning services at our Hillside Aluminium operation in South Africa. The business was founded in 2013 and is part of our Enterprise and Supplier Development program. Through the program, we provided training on how to grow the business, lead and manage staff, improve document management systems and financial literacy training. Training also focused on the importance of respecting human rights and labour conditions. Outcomes from the training included that Vusukukhanya:

- Confirmed that every employee has unemployment protection and workers compensation;
- Improved and embedded fair conditions of employment within their workforce; and
- Ensured there was no excessive overtime or working hours.

*"We know our workers are our greatest asset, we have to develop their talent and treat them well!" Director of Vusukukhanya Cleaning Services.*

# OUR APPROACH

We work to identify risks and address and improve respect for human rights throughout our business, in our communities and within our supply chains.

Our approach includes:



**Strong foundation**  
of policies, standards and guidelines that clearly articulate our expectations of our employees, contractors, suppliers and business partners



**Risk assessment**  
across our operations and supply chains to identify, assess and address risks, including remediation plans to address any identified exploitation



**Speak Up**  
mechanism for anyone to report human rights issues, which can be done anonymously



**Specialist human rights training**  
across our business for those with regular touchpoints with human rights risks

We are committed to continuously improving the effectiveness of our approach. This means we will continue to reflect on and review our actions to effect meaningful change for the people most impacted by modern slavery.





## 1. STRONG FOUNDATION

We know that strong policies, procedures and effective systems are an essential first step in how we identify and manage human rights risks, such as modern slavery, within our own operations and in our supply chains. The following documents set out our clear expectations:

**Our Code of Business Conduct (“Code”)** includes expectations for all stakeholders to respect human rights, including freedom from slavery. All employees, directors, officers, contractors and suppliers (where under relevant contractual obligation) and controlled entities must adhere to our Code, regardless of location or role.

**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 responsible business requirements. Our **supplier onboarding** requires potential suppliers to confirm they comply with our human rights requirements. This is a safeguard to ensure we only onboard and work with suppliers that operate to the same standard we expect of ourselves. 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 the contract with that supplier.

**Our Community Standard** sets out clear minimum requirements on how we perform human rights due diligence for our operations which enables us to identify, prevent, mitigate and account for how we address potential human rights impacts. For medium- to higher-risk countries, a human rights impact assessment must be completed at each operation at least every three years or upon a material change occurring to the operation or community. At operations in lower-risk countries we complete a human rights self-assessment annually. All assessments are reviewed annually to assess whether they are valid or if it must be updated. All assessments are informed by the Guide to Human Rights Impact Assessment and Management and risk ratings are informed by external human rights indices.

**Our procedures and frameworks** establish specific and practical steps needed to implement and manage our commitments. In FY19 and continuing into FY20, we are improving our responsible sourcing approach focused on human rights, labour exploitation, modern slavery, anti-bribery and corruption and preferential local sourcing. This approach promotes trusted, transparent relationships with our suppliers.

In FY19, we strengthened our ability to identify and manage human rights risks through developing and updating several of our key foundational documents, including:

- Updating our Sustainability Policy to reflect human rights commitments;
- Updating human rights clauses and minimum expectations for suppliers across standard goods and services terms and conditions (implemented for newly issued contracts);
- Incorporating relevant warranties including International Transport Workers’ Federation requirements, in charter party contracts;
- Reviewing and updating our “Respecting Human Rights” chapter in our Code, which will be released in FY20;
- Developing a new Speak Up Policy (our whistleblower policy) which will be released with our updated Code in FY20; and
- Developing our Bunbury Port terminal handbook to include a new chapter on respecting human rights, which will be released in FY20.



## 2. RISK IDENTIFICATION AND ASSESSMENT

Our processes to systemically identify and assess risks is key to improving our performance in managing modern slavery issues and human rights more broadly. In FY19 we improved our company-wide system of risk management by implementing a new risk and event management software designed to:

- Provide a consistent approach to administering and managing our risks, controls and events;
- Improve transparency, understanding and response to the enterprise-wide risks that we face every day; and
- Enable real-time reporting of our risks and events data, from a single source.

Our human rights risks will be integrated into this system in FY20.



Our ongoing due diligence activities regularly assess and respond to human rights potential risks and impacts across our business and supply chain. For example:

**Annual materiality assessment** - examines our sustainability risks and opportunities, including human rights issues. We identify the sustainability topics that are important to a wide range of internal and external stakeholders. We consider information that is general to our industry, as well as specific to our company. We collate and analyse existing information and opinion gathered and add input from workshops with sustainability experts or in-depth interviews with our business leaders. This gives us a clearer understanding of our most pressing issues, and how these can present opportunities or risks for our business.

In FY19 forced labour and child labour were identified as topics of importance.

**Risk workshops** across our Commercial, Sustainability, Legal and Business Integrity teams to review operational and supply chain risks for modern slavery against our existing management policies and processes. This year's workshop improved our understanding of our risks, identified where deeper risk assessment was needed, and designated risk owners to lead improvement across the business.

**Data collection and analysis** - we collect a range of internal data, external indices and datasets, and from FY20 data will be collected from supplier self-assessment questionnaires to continually assess our risks. Through our industry groups and partnerships, we are looking into opportunities to improve data collection and metrics on modern slavery. This will help refine our understanding of high-risk goods and services within mining supply chains.

**Anti-Bribery and Corruption processes** - modern slavery is often closely connected to other serious criminal activity, such as bribery and corruption. We prohibit fraud, bribery and corruption in any form, and comply with applicable anti-bribery and corruption (ABC) 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 compliance program. Our ABC compliance program includes performing ABC risk assessments and due diligence. Our Business Integrity team conducts ABC due diligence checks on higher risk suppliers and customers. We include suitable ABC clauses in our standard contracts with third parties.

**Supplier onboarding** - our Global Business Services team manages our supplier onboarding processes. This includes requiring suppliers to confirm their commitment to our requirements on child labour, forced labour, treatment of employees with dignity and respect, living wage, allowing workers to access freedom of association and right to collective bargaining, non-discriminatory practices, and health and safety regulations.

**Independent audits** - where our range of risk assessment processes and activities has identified higher risks that require onsite inspections, we may request an independent audit of selected suppliers. Auditing and the development plan process has been well received by our suppliers. All suppliers audited in FY18 and FY19 continue to positively work with us to put development plans in place to address the identified opportunities for improvement. The learnings from one audit can be applied across categories within our supply chains, so that we strengthen our efforts across our supplier base.

**Remedy** - we recognise our responsibility to remediate or contribute to remediation of labour exploitation and human rights issues where we have caused or contributed towards such activities, as per the UN Guiding Principles on Business and Human Rights. As mentioned above, presently we have not identified any cases of modern slavery. In FY19 our focus was on remediation actions following human rights issues identification in our independent labour audits on suppliers. This included opportunities for development to improve working conditions, water access, social labour policies and procedures and non-discriminatory practices. We work with our suppliers to create development plans to address the independent auditor's recommendations to strengthen their labour standards. We are developing systems and processes to ensure action plans are established, documented and transparent, and provide regular lines of communication and follow up.

### 3. SPEAK UP

We know that a key way to improve our understanding of our human rights risks is to have safe and easily accessible mechanisms for people to speak up about any human rights concerns they may have. Anyone can use our grievance mechanisms and are encouraged to use them. Primarily they are used and accessed by our employees and communities.

We have a community complaints and grievance procedure at all our operations and respond appropriately to all concerns raised. This gives community members a transparent way to directly raise issues with us, including anonymously should they prefer.

In addition, we use EthicsPoint, a reporting hotline administered by an external and independent company (NavexGlobal). EthicsPoint is available 24 hours per day, every day of the year, with multiple language support. It is available to everyone, accessible from our [website](#) and allows anonymous reporting. NavexGlobal confidentially provides all reports received back to South32 to manage in accordance with our Speak Up Policy. EthicsPoint is a confidential way to Speak Up when our values and Code of Business Conduct are not being followed (including to raise concerns related to modern slavery).

It is through these complaints, grievance and whistleblowing channels, monitoring, risk assessment and audit processes, in addition to concerns raised direct to our leaders, that human rights concerns (including modern slavery) are reported to South32 for response.

We have recently revised our Speak Up Policy which will be released with our updated Code of Business Conduct in FY20. We raise awareness of our Code and ways to Speak Up via training, communications and other standards, policies and procedures.

### 4. TRAINING AND CAPABILITY BUILDING

Training and capability building are key to ensuring our teams are aware of our standards and policies, can identify and assess risks, and are equipped to respond.

In FY19, approximately 1,000 employees and contractors completed some form of human rights training (both online and in person).<sup>(6)</sup>

This included the launch of a new human rights training program designed to:

- Describe human rights and modern slavery risks;
- Outline why it's important to respect human rights;
- Explain how we address risks of modern slavery; and
- Understand what individuals can do to identify and address modern slavery risks.

The training module is mandatory for employees who have been identified as having regular touchpoints with human rights risks across all key operations and business functions, including our Commercial, Legal and Business Integrity teams and Contract Owners. These employees must complete this training every two years, but the training is accessible at all times on South32's learning management system.

Our operations also provide human rights training for new starters upon induction. We also use external providers to offer bespoke human rights training for key areas where we want to lift performance. In FY19 this included:

- Critical Resources (*independent consultants*) delivering training to participants in our Colombian operation on human rights requirements articulated in international frameworks and laws, including the UN Guiding Principles, International Council on Mining and Metals (ICMM) Performance Expectations and Organisation of Economic Co-operation and Development Guidelines; and
- Verite (a non-profit organisation) providing modern slavery and labour audit training to participants (in person) in Bogota, Johannesburg, Groote Eylandt and Maputo.

We sought out training feedback from both participants and external providers. We received some positive comments from the people involved:

***"I wasn't aware in this day and age that there continues to be violation of human rights, it is not right."***

***"This touches us in our everyday lives. Something that we need to consider as we hire workers ourselves and identify good value services."***

***"After completing this training module, I keep reminding myself that modern slavery can also be around you and the city/country you live."***

***"The Law that came into effect in Australia bears an impact on South Africa that I was unaware of. The topic and the implications are very profound on society."***

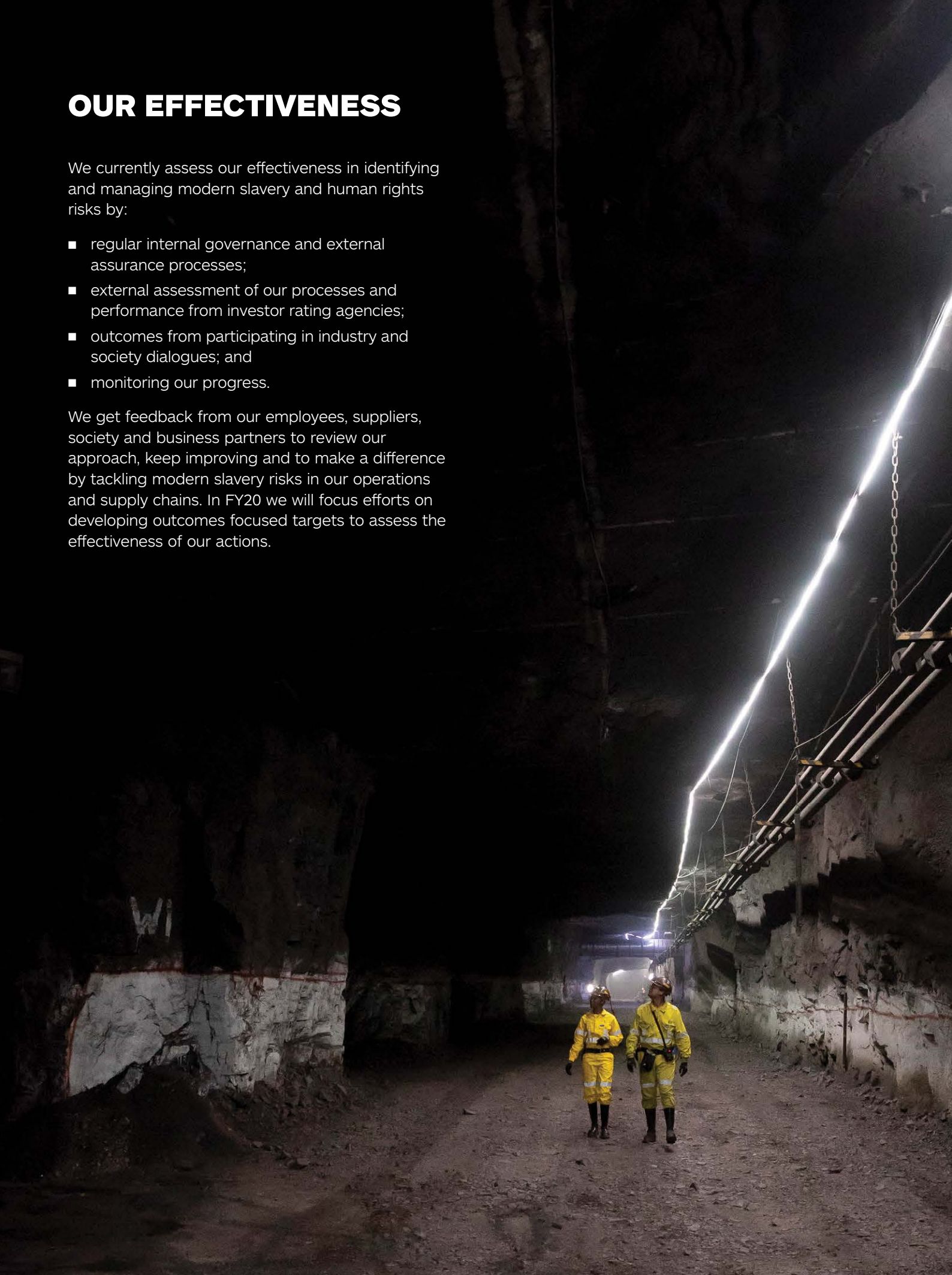
(6) These figures include South Africa Energy Coal operation.

# OUR EFFECTIVENESS

We currently assess our effectiveness in identifying and managing modern slavery and human rights risks by:

- regular internal governance and external assurance processes;
- external assessment of our processes and performance from investor rating agencies;
- outcomes from participating in industry and society dialogues; and
- monitoring our progress.

We get feedback from our employees, suppliers, society and business partners to review our approach, keep improving and to make a difference by tackling modern slavery risks in our operations and supply chains. In FY20 we will focus efforts on developing outcomes focused targets to assess the effectiveness of our actions.





## 1. GOVERNANCE AND ASSURANCE PROCESSES

Each year, we carry out a thorough review of our modern slavery commitments and progress across all functions and operations. This is part of the annual disclosure for this Modern Slavery Statement. This review is approved and endorsed by our Sustainability 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.

Each financial year, our company auditors also provide limited assurance on our sustainability performance data and management approach. This process involves conducting interviews with senior management and employees across corporate and selected operations. The auditors:

- Verify our data;
- Evaluate the design and implementation of our key systems, processes and controls for collecting, managing and reporting our sustainability information; and
- Assess our risk analysis to validate our own materiality assessments.

Currently our modern slavery statement is not assured, but the community and human rights training data is included within our Annual Reporting and Sustainability Reporting assurance process. For more information, visit our [Annual Reporting Suite](#).

## 2. EXTERNAL REVIEW

We regularly respond to requests for information from investor rating agencies, customers and other partners on our human rights approach and response to modern slavery risks. The feedback and scores we receive from independent environmental, social and governance ("ESG") rating agencies provide an independent view of the effectiveness of our actions. For example, in FY19 we responded to the Dow Jones Sustainability Index and reported in accordance with the Global Reporting Initiative. We also submitted responses to ESG ratings agencies and indices including Vigeo Eiris, Sustainalytics, MSCI and ISS Corporate Solutions. We actively participate in these assessments and approach them as opportunities to test and benchmark our performance.

### 3. PARTICIPATING IN INDUSTRY AND SOCIETY DIALOGUES

When it comes to tackling the complex issue of modern slavery, collaboration is crucial. We regularly facilitate and participate in industry initiatives that encourage people to share information, learnings and best practice. This helps us overcome challenges and blind spots and evaluate whether our initiatives are in line with industry and societal expectations.

Since we released our last statement, key collaborative initiatives included the following:

- 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 Australia. The group was formed following the introduction of the Australian Modern Slavery Act. We openly share our approach at South32 so that efforts are not duplicated, and that as an industry we can use our resources wisely and together improve the effectiveness of our actions across the industry;
- Contributing to influential dialogues and workshops to raise awareness and sharing of best practice to identify modern slavery risks, including the Australian Institute of Company Directors briefing (November 2018), Australian Mining Petroleum Law Association roundtable discussion (June 2019) and Law Society of Western Australia continuing professional development program (March 2019);

- Ongoing ICMM membership, which gives us the opportunity to work with extractive companies, key stakeholders and society on human rights issues, including modern slavery, that can't be solved by individual companies working alone. This is done by:

- forming alliances for joint action
- raising awareness and advocacy with governments and international stakeholders to influence policy, legislation and soft law
- accessing practical information and tools;

- Participating in the Monash University "Modern Slavery Act Baseline Study" to allow academics and society to measure business progress against the Australian Modern Slavery Act over time, to critically review the effectiveness of the Act to increase awareness, improve corporate behaviour and promote best practice;

- Ongoing partnership with the Minderoo Foundation (Walk Free Initiative), a global organisation with a mission to end modern slavery, allows us to use the high-quality research it produces and gain important feedback on our effectiveness;

- Joining the Sustainable Shipping Initiative, a multi-stakeholder initiative that brings together organisations to improve the sustainability of the shipping industry in terms of social, environmental and economic impacts (July 2019); and

- Becoming a signatory member to the United Nations Global Compact Network (Australia) in August 2019. We've been committed to complying with the United Nations Guiding Principles on Business and Human Rights for several years.



MONASH University



## OUR PARTNERSHIPS – FY20 GOALS

We know collaboration is crucial to ending modern slavery. In FY20 we will seek to maximise our partnerships to deliver meaningful impact, including:



### PARTNERSHIP



### FY20 GOAL

**Australian Business Dialogue** by participating in the *Australian Modern Slavery Community of Practice* (UN Global Compact Network).

Our goal is to develop good practice standards across sectors and provide our business perspective to external policy discussions, such as emerging legislation.

**Australian mining, resources and energy industry initiative** by facilitating and contributing to the *Perth-based working group*.

Our goal is to pilot an industry self-assessment questionnaire for suppliers, designed to improve efficiencies in reporting by suppliers on modern slavery and collectively generate impact.

**Global mining industry collaboration** by continuing to participate in the *ICMM Responsible Sourcing working group*.

Our goal is to frame our modern slavery due diligence within a holistic responsible sourcing approach.

**Sustainable Shipping Initiative** working within the maritime sector through the *Social Sustainability human rights working group* to support efforts to create a sustainable and successful shipping industry by 2040, to improve the sustainability of the shipping industry in terms of its social, environmental and economic impacts.

Our goal is to provide decent and safe work for seafarers.

**Contribute to research** efforts to address the lack of data on the effectiveness of companies reporting to address modern slavery.

Our goal is to contribute to research that will improve corporate engagement to move beyond a tick box approach to modern slavery risk identification and assessment through Monash University Trafficking and Slavery Research Group.

**Government dialogue** by engaging with private-public sector dialogues through the *Bali Process Government and Business Forum* and *United Nations Business and Human Rights Forum*. The UN has identified that there are governance gaps, laws are rapidly evolving and yet there is a lack of cohesion between the private and public sector.

Our goal is to meaningfully contribute to this dialogue by providing business insights from the mining sector and align our private-public sector efforts for maximum impact.



## OUR BROADER EFFORTS

Discrimination, conflicts, lack of access to health care, inability to access decent work and lack of education – these are all factors that can lead to someone being vulnerable to modern slavery.<sup>(7)</sup>

(7) <https://www.globalslaveryindex.org/2018/methodology/vulnerability>

Women and girls, young people, refugees and migrant communities and indigenous communities are some examples of groups of individuals particularly vulnerable to their human rights being negatively impacted, modern slavery or related exploitation.

We want to prevent modern slavery from happening, so we tackle the root causes and take these factors into account as part of our holistic approach to respecting human rights in our local communities. FY19 highlights included:

- Investment of US\$17.3 million in our communities, with our priority investment areas targeting Sustainable Development Goal 3 (*Good Health and Well-Being*), Sustainable Development Goal 4 (*Quality Education*) and Sustainable Development Goal 8 (*Decent Work and Economic Growth*);
- Created a Global Employee Relations Framework;
- Launched our first Reconciliation Action Plan;
- Reviewed and updated our community complaints and grievance process at South Africa Manganese and Hillside Aluminium;
- Promoted awareness of forced migration at an event facilitated by the Red Cross and our Technology team;
- Improved health care at Hillside Aluminium by working 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; and
- Helped displaced communities (due to violent dispute between rival criminal factions) near Cerro Matoso by delivering 10 tonnes of food and hygiene products to members in rural areas of Puerto Libertador in Colombia.

For full details, please review our [Sustainability Performance Report for FY19](#).

## OUR SUSTAINABILITY INITIATIVES

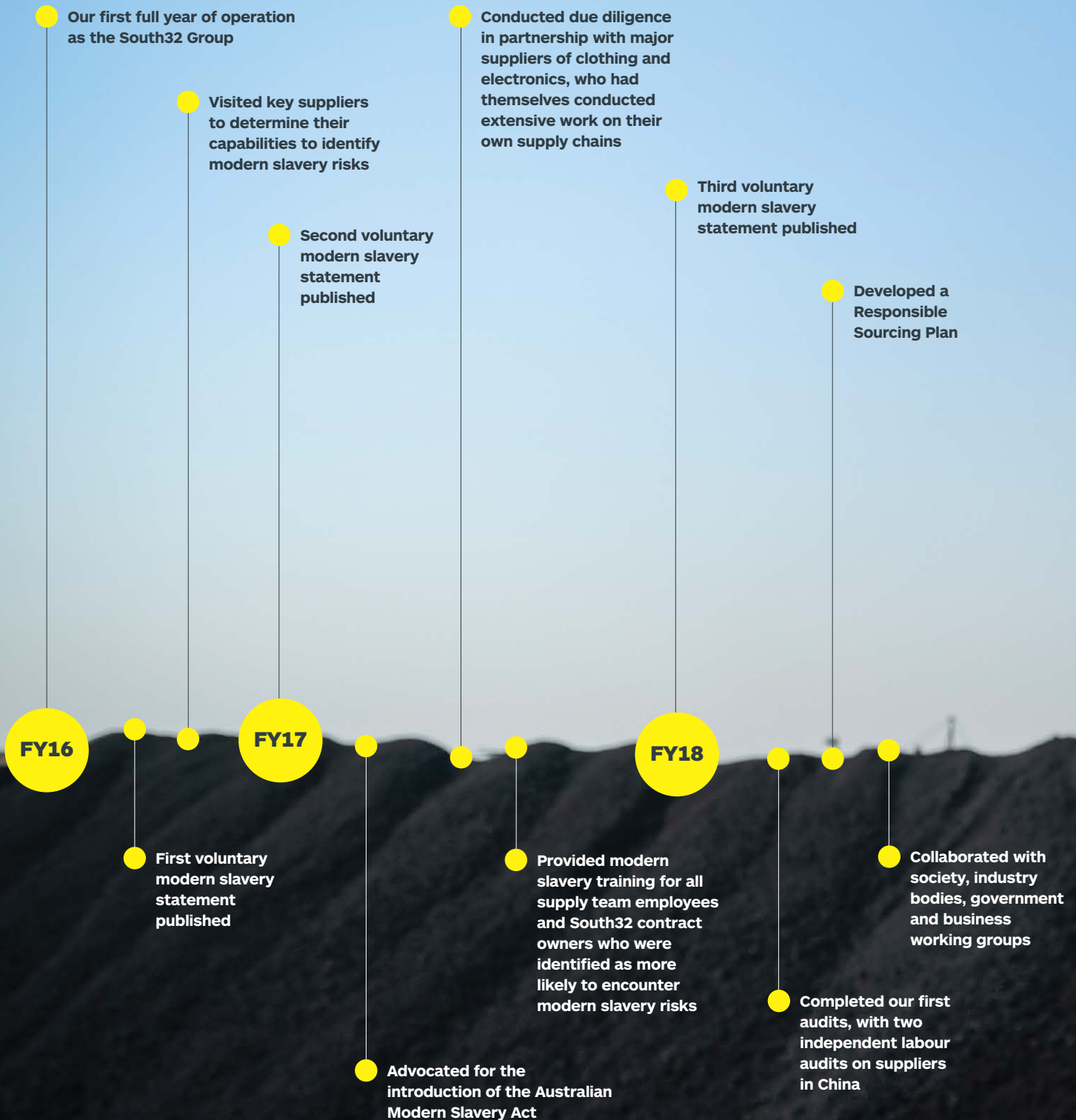
Our human rights approach recognises that modern slavery doesn't happen in a vacuum. In fact, it's closely connected to a range of other sustainability issues, including our approach to water stewardship and climate change. These are detailed below:

- **Water Stewardship** – across our operations, we carry out human rights impact assessments, which consider access to safe, sufficient and affordable water, sanitation and hygiene facilities. This forms part of our broader commitment to mitigate water risks across our operations and review priority areas of risk within our supply chain.
- **Climate Change** – we recognise that respect for human rights and climate change are inextricably linked. The United Nations outlined that climate change has the potential to directly and indirectly threaten a range of human rights including the rights to life, water and sanitation, food, health, housing, self-determination, culture and development. We will be working to mitigate climate-related human rights risks and social impacts across our operations and supply chains, including through human rights impact assessments and social performance management.

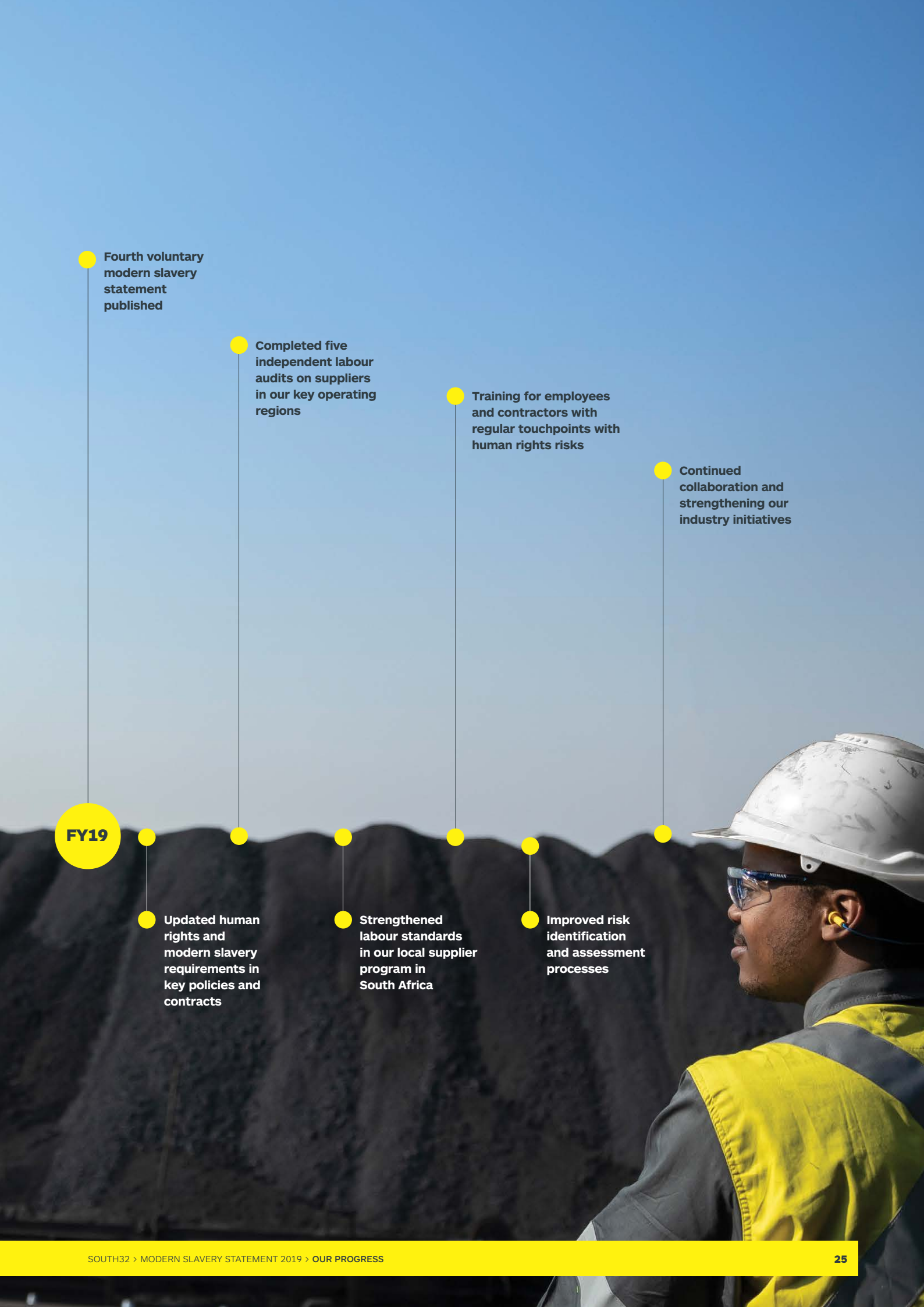


# OUR PROGRESS

South32 has been voluntarily reporting on its modern slavery risks within its operations and supply chains since FY16. As we prepare for mandatory reporting in FY20 under the Australian Modern Slavery Act (2018), this describes our journey so far.







**FY19**

Fourth voluntary modern slavery statement published

Completed five independent labour audits on suppliers in our key operating regions

Training for employees and contractors with regular touchpoints with human rights risks

Continued collaboration and strengthening our industry initiatives

Updated human rights and modern slavery requirements in key policies and contracts

Strengthened labour standards in our local supplier program in South Africa

Improved risk identification and assessment processes

# OUR APPROVALS

This statement was endorsed by the Sustainability Committee and approved by the Board of South32 Limited on 23 October 2019



**SOUTH32.NET**

A handwritten signature in black ink, appearing to be "GK", written in a cursive style.

**Graham Kerr**

Chief Executive Officer, South32 Limited

In line with Australian and UK Government's guidance and best practice, we produce one statement that responds to both the *UK Modern Slavery Act (2015)* (against which we report on a voluntary basis) and the upcoming *Australian Modern Slavery Act (2018)* requirements.

The reporting entity is South32 Limited as the parent company of the South32 Group of Companies. 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 operated or controlled entities as a whole. This statement does not cover South Africa Energy Coal (unless expressly mentioned otherwise),<sup>(8)</sup> our development options, non-controlled nor non-operated joint ventures. We are planning full consultations in respect of our development options for FY20.

Our corporate governance framework (which includes our Code of Business Conduct, policies, standards, procedures and tools) applies to the South32 Group and our joint venture partners or co-investors in a South32 controlled or operated joint venture. For further information on our corporate governance, Board, Committees, and risk management and internal controls, please read our [Corporate Governance Statement FY19](#).

(8) From 30 April 2018, we have managed SAEC as a stand-alone business separately from the rest of the South32 Group.