



**MODERN  
SLAVERY  
STATEMENT**  
2023



## ABOUT THIS STATEMENT

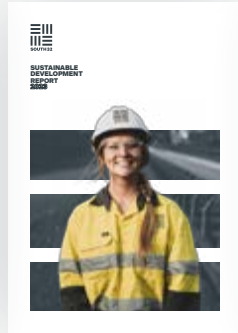
### Modern Slavery Statement 2023

This Statement outlines our approach and the steps taken to seek to minimise the risk of modern slavery in our business.

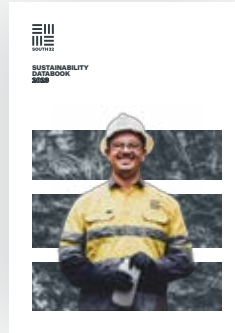
### Our 2023 Annual Reporting Suite



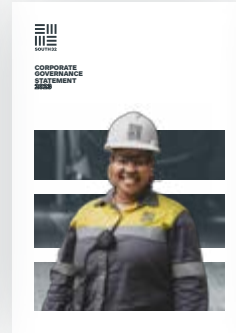
Annual Report



Sustainable Development Report



Sustainability Databook



Corporate Governance Statement



Tax Transparency and Payments to Governments Report

**+** You can view all the documents in our Annual Reporting Suite at [www.south32.net](http://www.south32.net)

#### Disclaimer

This document is a joint Modern Slavery Statement (Australia) and Slavery and Human Trafficking Statement (UK) (together, the **Statement**) in relation to the reporting period from 1 July 2022 to 30 June 2023. This Statement is made by South32 Limited in accordance with the requirements of the UK *Modern Slavery Act 2015* and by South32 Limited and its reporting entities in accordance with the requirements of the Australian *Modern Slavery Act 2018* (Cth). The Statement reflects the activities of South32 Limited, its subsidiaries and its controlled entities, and South32-operated joint arrangements<sup>(1)</sup>. South32 has prepared this Statement based on information available to it at the time of preparation.

This Statement contains forward-looking statements relating to South32's policies and practices with respect to modern slavery risk management, including statements of current intention and expectation and statements of opinion. Except as required by applicable laws or regulations, South32 does not undertake to publicly update or review any forward-looking statements. Monetary amounts in this Statement are expressed in US dollars, unless otherwise stated.

Unless otherwise stated, (a) metrics describing performance in this Statement apply to 'operated operations' that have been controlled and operated by South32, or that have been operated by South32 in a joint arrangement, from 1 July 2022 to 30 June 2023, and (b) operations that we acquired or divested during the reporting period are shown for the period we had operational control of those operations.

In this Statement, unless otherwise stated, references to South32, the South32 Group, the Group, we, us, our and similar expressions refer to South32 Limited, its subsidiaries, its controlled entities and South32-operated joint arrangements. This Statement does not cover our non-controlled or non-operated joint arrangements.

This statement also refers to commodities 'we produce' and commodities in 'our portfolio', which include commodities such as bauxite, alumina, aluminium and copper that may form part of, or be produced by, joint arrangements that are not operated by South32. References in this report to 'our operations', or commodities 'we produce' or in 'our portfolio', should be read in this context.

(1) In this Statement, references to 'joint arrangements' mean operations that are not controlled by South32, such as joint ventures and joint operations. Joint arrangements are classified in accordance with IFRS 11 Joint Arrangements.

**Cover:** An acting shift supervisor at Mozal Aluminium.

**Right:** Anindilyakwa People on Groote Eylandt in Australia's Northern Territory.

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### Acknowledgement

We acknowledge and pay our respects to the Indigenous, Traditional and Tribal Peoples of the lands, waters and territories 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, Traditional and Tribal Peoples have to the lands, waters and territories, 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 so that their legacy continues and extends to future generations.



# SOUTH32 IS A GLOBALLY DIVERSIFIED MINING AND METALS COMPANY

We produce commodities including bauxite, alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from 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.

## Our purpose

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

## Our strategy

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



OPTIMISE



UNLOCK



IDENTIFY

+ Learn more about Our strategy in action in our Annual Report at [www.south32.net](http://www.south32.net).

## Our values

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

CARE TRUST TOGETHERNESS EXCELLENCE

+ Learn more about our values at [www.south32.net](http://www.south32.net).



MODERN SLAVERY STATEMENT

**Reporting entities**

The submitting entity is South32 Limited (ABN 84 093 732 597) as the parent company of the South32 Group and its registered office is Level 35, 108 St Georges Terrace, Perth, Western Australia 6000. South32 Limited is listed on the Australian Securities Exchange, Johannesburg Stock Exchange and London Stock Exchange. South32 Limited is considered a reporting entity for the purposes of the Australian *Modern Slavery Act 2018*.

The South32 Group operates and is managed with policies, systems and processes that are designed to be consistently applied at all our operations. In addition to South32 Limited, this Statement is made on behalf of the entities listed in Appendix One, which are considered reporting entities for the purposes of the Australian *Modern Slavery Act 2018*.

The activities and risks discussed in the Statement cover these operations.

**Introduction**

This Statement is our fourth in response to the Australian *Modern Slavery Act 2018* and our eighth in response to the UK *Modern Slavery Act 2015*. The Statement outlines the steps we took during FY23 to identify, assess, and address modern slavery risks, including the governance processes and progress in our operations and supply chains.

The sections of the Statement outlining our response to the mandatory reporting criteria required by the Australian *Modern Slavery Act 2018* and recommended reporting criteria by the UK *Modern Slavery Act 2015* are set out in the table below.

Australian <i>Modern Slavery Act 2018</i> mandatory reporting criteria	UK <i>Modern Slavery Act 2015</i> recommended reporting criteria	Section
Identify the reporting entity and describe its structure, operations and supply chains	Organisation structure, its business and supply chains	Organisational structure, operations and supply chain, page 4
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	Policies in relation to slavery and human trafficking Risk assessment and management The parts of the business and supply chain where there is a risk of slavery and human trafficking in place	Risks of modern slavery in our operations and supply chains, page 10
Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls, to assess and address these risks, including due diligence and remediation processes	Risk assessment and management Due diligence processes Training on modern slavery and trafficking	Policies and governance, page 12 Due diligence and remediation, page 13 Training, page 17
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Key performance indicators to measure effectiveness of steps being taken	Assessing effectiveness, page 18
Describe the process of consultation with any entities the reporting entity owns or controls		Consultation, page 18
Any other relevant information		Collaboration, page 19 Looking Ahead, page 19

Our approval and Director signature for this Statement is on page 19.



**Our approach**

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.

Respecting human rights and addressing the risks of modern slavery across our operations and supply chains<sup>(2)</sup> is not only the right thing to do, it's fundamental to the way we do business. We expect our people and our business partners to comply with lawful business practices and applicable South32 policies, standards, procedures and processes, as relevant to the work they are performing for us, including our approach to modern slavery.<sup>(3)</sup> Unless otherwise stated, this Statement covers the modern slavery due diligence activities of our operations and supply chain.

Our approach to managing the risks of modern slavery in our operations and supply chains is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Appendix Two summarises the key performance indicators from our three most recent Modern Slavery Statements to demonstrate progress made on identified risks and assessment processes, and in Appendix Three, we report on performance against our targets and commitments.

**Organisational structure, operations and supply chains**

**Our Structure**

South32 is a globally diversified mining and metals company with 9,616 employees as at 30 June 2023 and US\$7.4 billion in revenue during the reporting period. We operate as a Group of companies and are headquartered in Perth, Australia.

We produce commodities including bauxite, alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from 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. More information on our organisational structure and corporate governance can be found in our 2023 Annual Report and Corporate Governance Statement at [www.south32.net](http://www.south32.net).

**Our Operations**

As a global mining and metals company, we create value by producing commodities that are used in many aspects of modern life and many of these commodities will play a critical role in a low-carbon future. Our operations, development options and exploration programs are diversified by commodity and geography. We work to minimise the impact of our activities and aim to create enduring value for all of our stakeholders, at each stage of the mining lifecycle.

**Mining, refining and smelting**

We mine and refine bauxite into alumina at our Worsley Alumina operation in Australia, which is shipped to smelters around the world including our Hillside Aluminium and Mozal Aluminium smelters. Hillside Aluminium in South Africa is the largest aluminium smelter in the southern hemisphere and produces high-quality, primary aluminium. Mozal Aluminium is the only aluminium smelter in Mozambique and the second largest aluminium smelter in Africa. It produces standard aluminium ingots.

Our Cannington silver/lead/zinc mine in Australia is one of the world's largest producers of silver and lead. Our Cerro Matoso operation in Colombia is an integrated nickel laterite mine and smelter. Our Illawarra Metallurgical Coal operation in Australia operates two underground metallurgical coal mines producing premium-quality, hard coking coal.

The Australia Manganese and South Africa Manganese operations produce manganese ore, which combined make us the world's largest producer of manganese.

Further information on our operations, including equity shares, can be found in our 2023 Annual Report at [www.south32.net](http://www.south32.net).



(2) Unless otherwise stated the Statement covers the due diligence activities conducted on non-traded suppliers.  
(3) As outlined in Our Code of Business Conduct (available at [www.south32.net](http://www.south32.net)).

### Non-operated joint arrangements

We hold a 33 per cent interest in the Mineração Rio do Norte (MRN) bauxite mine, a 36 per cent interest in the Alumar alumina refinery (combined, Brazil Alumina) and a 40 per cent interest in the Alumar aluminium smelter (Brazil Aluminium). Our share of bauxite produced from the MRN mine is supplied to the Alumar alumina refinery. The alumina produced from the refinery is exported through the Alumar port and supplied to the co-located Alumar aluminium smelter.

We hold a 45 per cent interest in the Sierra Gorda copper mine in Chile, which is held via the Sierra Gorda S.C.M. incorporated joint venture.

Further information on these non-operated joint arrangements can be found in our 2023 Annual Report at [www.south32.net](http://www.south32.net).

### Development options and exploration

We have two development options in the United States and more than 25 active exploration programs across the globe, some of which are majority-owned and managed. The map on page 8 provides further details.

### Marketing

Our global marketing team is headquartered in Singapore, with support offices in the United Kingdom, South Africa, Colombia, Brazil and Australia. The marketing team works closely with our operations to move our products to market and is responsible for commodity sales, purchasing of internationally traded raw materials and managing the delivery of commodities to customers.

The map on page 8 provides detail on our global presence, including office locations.

Further information on each of our operations can be found in our 2023 Annual Report at [www.south32.net](http://www.south32.net).

### Our Supply Chains

Our supply chains are complex and dynamic networks comprising 5,623 active<sup>(4)</sup>, direct suppliers located across 57 countries. Our supply chain includes suppliers of traded and non-traded goods and services, and maritime (inbound and outbound). These suppliers are subject to varying due diligence processes, described throughout this Statement. Our relationships with suppliers vary from once-off engagements through to long-term contractual agreements, these partnerships are guided by the determination of risk and total value.

We source a diverse range of goods and services through our global supply chains with a total spend of US\$5.7 billion<sup>(5)</sup>. Our primary spend categories are:

- Support Services;
- Utilities;
- Industrial Engineering;
- Chemicals;
- Construction and materials; and
- General industrials.

The map on page 8 provides detail on our direct supply chains.



(4) Suppliers transacted with in the last 12 months.

(5) Spend data does not include spend associated with (a) traded goods and services that are not used for operating costs (logistics and bulk raw materials are included in total spend); (b) purchasing/ credit cards which can only be used for low value transactions (under US\$2,000 per month), time sensitive land tenement payment or regulatory permit or license applications and renewals; and (c) non-order invoice payments which are typically limited to regulatory payments, internal payments (including to internal companies and joint arrangement partners), donations, employee benefits, non-employee reimbursements, legal settlements, or payments to doctors, hospitals or for medical treatments.

# CREATING LONG-TERM VALUE

As a global mining and metals company, we create value by producing commodities that are used in many aspects of modern life and many of these commodities will play a critical role in a low-carbon future. Our operations, development options and exploration programs are diversified by commodity and geography. We work to minimise the impact of our activities and aim to create enduring value for our stakeholders, at each stage of the mining lifecycle.

## The resources we rely on

### People and expertise

Our global workforce is made up of both employees and contractors and is our most important resource, providing the skills, experience and technical expertise required to run our business.

### Natural resources

The resources and reserves we access are the primary inputs for our business. Other natural resources such as water and energy are also important for the operation of our facilities, and we require access to land to conduct our business activities.

### Physical assets

We have a suite of operations including open-cut and underground mines, refineries, smelters and associated infrastructure. We procure equipment from suppliers globally to support our operations, development options and exploration programs.

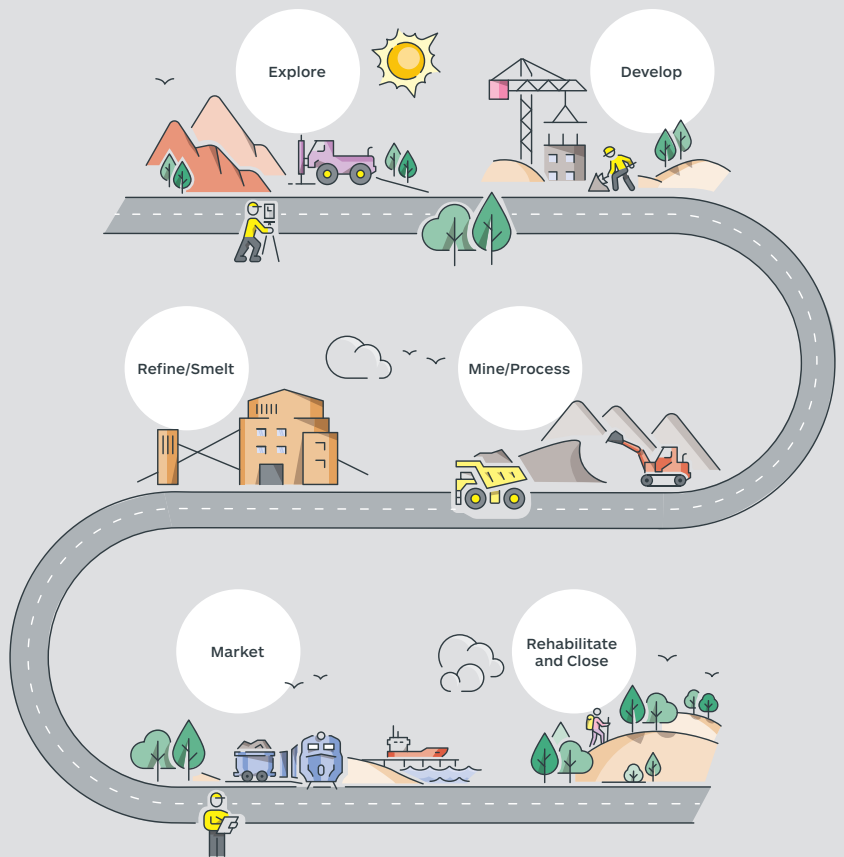
### Finance

Our shareholders and lenders provide access to financial capital, which we put to work by operating our existing facilities and funding our pipeline of development options and exploration programs.

### Relationships

Trust and transparency are essential to the way we operate. We seek to build trust in the communities where we operate to help realise the potential of their resources, and we work with our suppliers and customers to apply responsible business practices throughout our value chain.

## What we do







### **Explore**

We have a portfolio of more than 25 greenfield exploration options across the world to discover deposits to underpin our next generation of mines, with a focus on commodities critical to a low-carbon future. Wherever we explore, we work to minimise the footprint of our activities through the use of technology and well-designed programs.

### **Develop**

Our development options have the potential to provide commodities which support the transition to a low-carbon world and we have a pipeline of options in feasibility, pre-feasibility and other study phases. As we advance these options we are looking to reshape the way we would mine at future projects including the Hermosa project to deliver transformational safety, productivity and emissions outcomes.

### **Mine/Process**

We mine and process bauxite, copper, silver, lead, zinc, nickel, metallurgical coal and manganese. Our most important commitment at all of our sites is the health, safety and wellbeing of our employees, contractors, visitors and communities. We listen to our stakeholders and work together with the aim of creating shared value.

### **Refine/Smelt**

We refine bauxite to produce alumina, we smelt alumina to produce aluminium, and we smelt nickel ore to produce ferronickel. We are also executing decarbonisation initiatives to support delivery of our operational decarbonisation target, focusing on our highest emitting refineries and smelters.

### **Market**

We generate revenue from the sale of our commodities to a global customer base and purchase raw materials from global markets. We also analyse commodities and their markets to inform our strategic business planning and investment decisions. We are building meaningful partnerships with key customers and suppliers to support and co-design emissions reduction programs in the value chain.

### **Rehabilitate and Close**

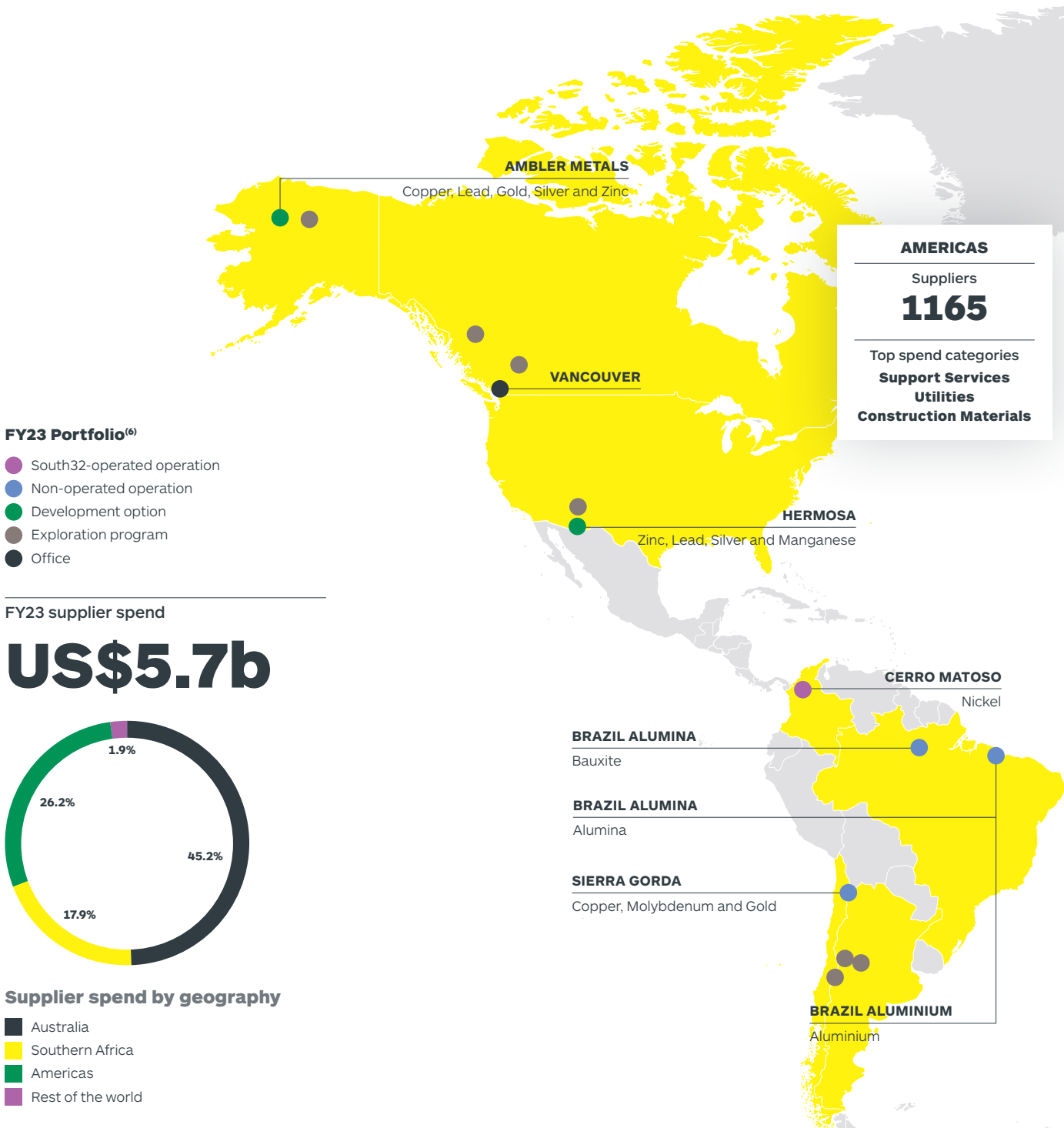
From exploration through to closure and beyond, we seek to minimise our adverse impacts on the surrounding communities and environments. We undertake progressive rehabilitation where possible, our closure plans are informed by the aspirations and expectations of our host communities and countries, and we aspire to leave a positive legacy.

## **The outcomes we create**

We are committed to creating value for our stakeholders, including our people, communities, suppliers, customers, governments and the financial community including our shareholders.

**+** Learn more about our stakeholders and impact in our Annual Report at [www.south32.net](http://www.south32.net).

# A DIVERSIFIED PORTFOLIO WITH A BIAS TO BASE METALS

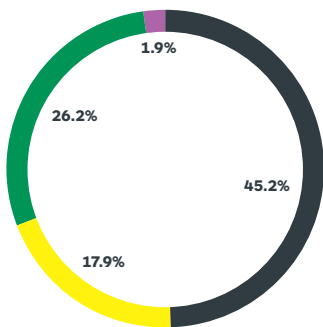


**FY23 Portfolio<sup>(6)</sup>**

- South32-operated operation
- Non-operated operation
- Development option
- Exploration program
- Office

**FY23 supplier spend**

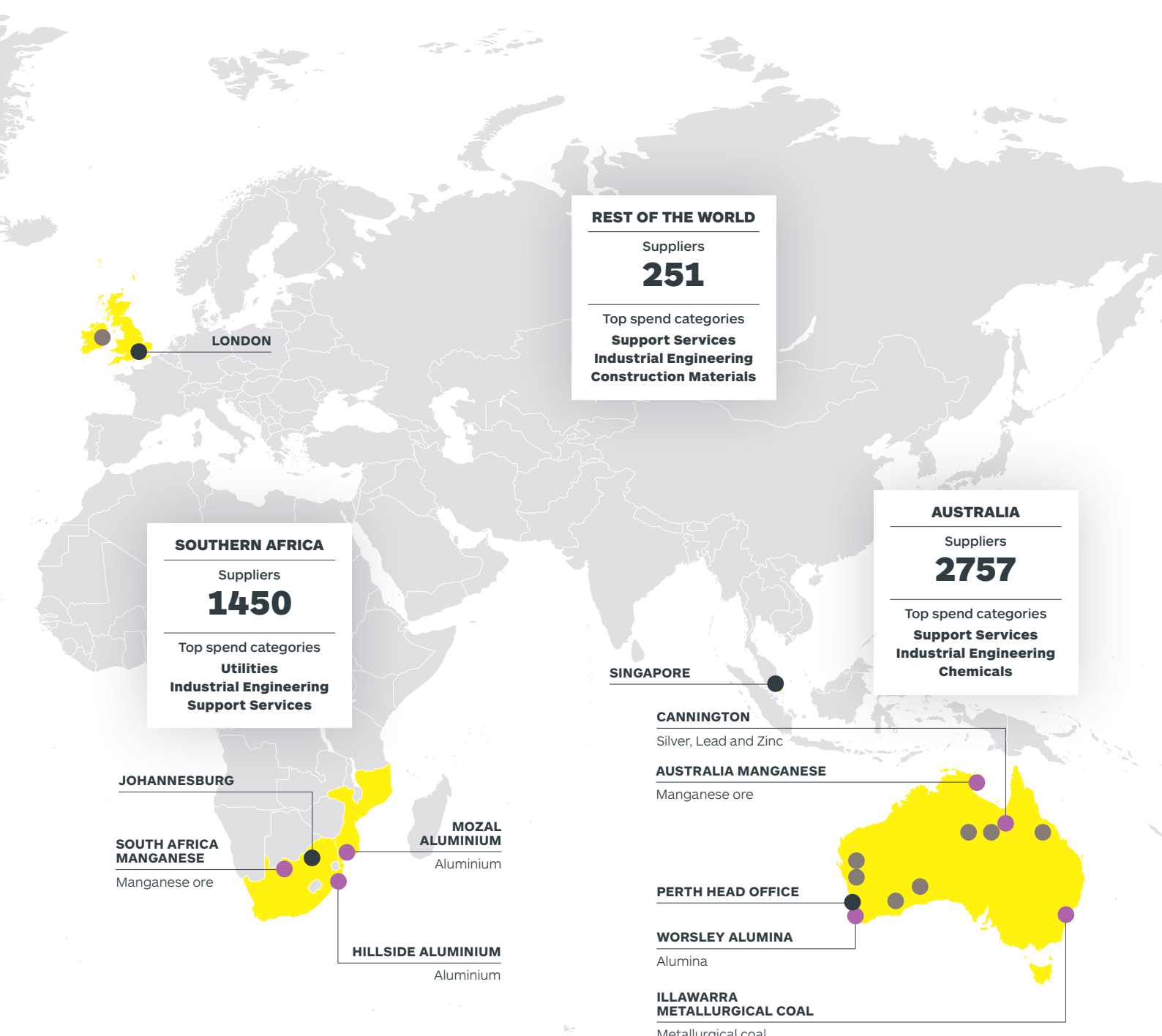
**US\$5.7b**



**Supplier spend by geography**

- Australia
- Southern Africa
- Americas
- Rest of the world

(6) This map includes our controlled entities and South32 operated joint arrangements which are covered by this Statement (operated interest/share, development options, and certain exploration programs in Australia, the US and Canada and offices). This map also includes our non-controlled or non-operated joint arrangements (non-operated interest/share and certain exploration programs in Australia, Ireland, Alaska, the US, Mexico and Argentina) which are not covered by this Statement. For further information see pages 2 and 3.



**REST OF THE WORLD**

Suppliers

**251**

Top spend categories

- Support Services**
- Industrial Engineering**
- Construction Materials**

**SOUTHERN AFRICA**

Suppliers

**1450**

Top spend categories

- Utilities**
- Industrial Engineering**
- Support Services**

**AUSTRALIA**

Suppliers

**2757**

Top spend categories

- Support Services**
- Industrial Engineering**
- Chemicals**

LONDON

SINGAPORE

**CANNINGTON**

Silver, Lead and Zinc

**AUSTRALIA MANGANESE**

Manganese ore

JOHANNESBURG

**SOUTH AFRICA MANGANESE**

Manganese ore

**MOZAL ALUMINIUM**

Aluminium

**HILLSIDE ALUMINIUM**

Aluminium

**PERTH HEAD OFFICE**

**WORSLEY ALUMINA**

Alumina

**ILLAWARRA METALLURGICAL COAL**

Metallurgical coal

**Risks of modern slavery in our operations and supply chains**

Modern slavery is a global issue, often hidden and complex. The risks of modern slavery continue to be heightened due to ongoing global crises, including economic and labour conditions in the aftermath of the COVID-19 pandemic, armed conflict and increasingly, the impacts of climate change.<sup>(7)</sup> No industry or company is immune to the risks of modern slavery and the mining and metals sector, and the global supply chains that service it, have inherent risks of modern slavery throughout them.

Modern slavery is a material risk to our business and is primarily managed by our Human Resources and Commercial Function, with support from other functional teams (see page 12 for more information on our cross functional approach) across South32. This section outlines the modern slavery risks that may be present in our operations and supply chains due to location or category. The modern slavery risks within our maritime (inbound and outbound) and marketing activities are also included. Our approach to human rights, including how we assess and manage modern slavery risks, is informed by the UNGPs.

UNGPs – cause, contribute and direct linkage

**Cause** – the risks that an entity’s operations may directly result in modern slavery practices.

**Contribute** – the risks that an entity’s operations and/or actions in its supply chains may contribute to modern slavery. This includes acts or omissions that may facilitate or incentivise modern slavery.

**Directly linked** – the risks that an entity’s operations, products or services (including financial products and services) may be connected to modern slavery through the activities of another entity you have a business relationship with.

Source: Attorney-General’s Department ‘Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities’.

**Risks in our operations**

Our business has locations across 12 countries, four<sup>(8)</sup> of which have higher incidence of modern slavery, according to the Verisk Maplecroft Modern Slavery Index 2023.<sup>(9)</sup>

We recognise that our business activities can have adverse human rights impacts on stakeholders both within and outside South32. In the mining and metals sector, the primary modern slavery risks a company could cause relate to child labour, forced labour, human trafficking and inadequate employment conditions.<sup>(10)</sup> This could include, for example, loss of trust in grievance mechanisms which could result in labour rights’ risks not being identified or addressed and instead progressing to an incident of modern slavery. There is a risk that companies in the sector could potentially contribute to modern slavery through contractors who engage with recruitment agencies that exploit workers to meet contractual requirements (for example short-term or temporary work, time and budgetary pressures).

As required by our internal performance standards, we conduct risk assessments and due diligence across our operations, determined by country level human rights risk. Modern slavery risks and the controls required to mitigate these risks are considered, and where necessary included, in these assessments (see page 13).

We also provide mechanisms for workers and stakeholders to report complaints and grievances, including those relating to modern slavery (see page 17).

Training across the workforce on human rights and modern slavery is an example of a control we have in place to enhance awareness of the risks and indicators of modern slavery in all our locations (see page 17).

**Other investments**

We recognise that we could be directly linked to modern slavery risks through our non-operated joint arrangements and our social investment programs. As with our operated business activities, the primary risks relate to child and forced labour and human trafficking. Where possible, we encourage our partners to adopt standards of conduct which are consistent with ours.

There is also a risk that our social investment partners may engage in behaviour, either individually or with third parties, where people are put at risk of being exploited. Social investment partners are subject to South32’s anti-bribery and corruption (ABC), anti-money laundering (AML) and sanctions due diligence prior to entering into social investment agreements.

**Risks in our supply chains, maritime and marketing activities**

We continue to evolve our approach to assessing risks throughout our supply chains including with our traded and non-traded suppliers, indirect suppliers and our maritime (inbound and outbound) suppliers. In FY23, the risk of modern slavery in our supply chains was reviewed and formally assessed according to the requirements of our internal risk management framework.

We use multiple criteria to identify and assess modern slavery risks in relation to our suppliers, including country risk, workforce risk, industry risk, management capability and contract value.

**+ Learn more about our risk review, approach to supplier due diligence, our performance in FY23 and updates to our program on page 14.**

(7) [https://cdn.walkfree.org/content/uploads/2022/09/12142412/GEMS-2022\\_Report\\_EN\\_ExecutiveSummary\\_V4.pdf](https://cdn.walkfree.org/content/uploads/2022/09/12142412/GEMS-2022_Report_EN_ExecutiveSummary_V4.pdf)

(8) Brazil, Colombia, Mozambique and South Africa.

(9) We have referenced the Verisk Maplecroft Modern Slavery Index 2023 to describe modern slavery risks throughout this Statement. Our supplier due diligence program includes various tools and systems to further assess supplier risk (see page 14).

(10) EcoVadis.

## Supplier risk mapping

We use a suite of tools to map supplier risk, including internal tools such as supplier data analytics, and external tools (for more information see page 14) to give us an informed view of our supplier risk, which we then use to design our supplier due diligence program.

This mapping provides us with a snapshot of potential modern slavery-related risks across our supply chains. In FY23, these risks included fair remuneration, psychological safety and workplace conditions.

Table 1 outlines our key supplier risks during FY23.

**Table 1 – Supplier risks**

**Country risk** We recognise that modern slavery risks exist in every country. In FY23, some of our direct suppliers operated in countries with a higher risk of modern slavery according to Verisk Maplecroft Modern Slavery Index 2023. Out of the countries by spend where our direct suppliers are located, the four with either an extreme or high risk of modern slavery are Brazil, Colombia, Mozambique and South Africa.

Across these countries the total number of suppliers that South32 engaged with in FY23 was 2,121 which comprised approximately 27 per cent of our total supplier spend.<sup>(11)</sup>

**Category risk** After reviewing modern slavery indicators such as: workforce labour profile; seasonal or temporary based work; and the nature of the work being performed, we concluded that our higher risk goods and services categories are:

### Goods

- Chemicals
- Electronics (Hardware) and Electronics (Components)
- Explosives
- Parts and consumables at site (including Personal Protective Equipment)
- Raw Materials and bulk consumables (including refractory materials)

### Services

- Construction services
- Facilities management services (including cleaning)
- Maintenance services
- Logistics
- Shipping and freight services

20.2 per cent of our direct suppliers provide these categories of goods and services, and account for 56.4 per cent of our total supplier spend.<sup>(12)</sup>

## Indirect supply chains

Many modern slavery risks lie deep within supply chains. While we recognise there are limitations in our ability to influence beyond our direct suppliers, we continue to engage with these suppliers to raise their awareness of modern slavery risks within their own organisations and supply chains. As a minimum requirement to partner with us, direct suppliers are expected to affirm they will work towards implementing a robust risk assessment process for their own supply chains to identify and mitigate against risks of modern slavery.<sup>(13)</sup>

## Maritime

The maritime transport of goods to support our operations (inbound) and deliver our commodities (outbound) represents a risk of modern slavery to seafarers. The global shipping industry has been identified as being particularly susceptible to modern slavery risks given seafarers are often from nations with human rights, labour rights and corruption challenges. The problem is exacerbated by the fragmentation of regulatory oversight among flag states and practical limitations for the effective enforcement of basic conditions onboard vessels.

In FY23, we put additional controls in place to improve the management of modern slavery risks across our inbound and outbound maritime-related supply chains. While we do not own ships or directly employ seafarers, we collaborate with ship owners and operators to conduct due diligence, address relevant issues, and support seafarer welfare.

Also, we enhanced our focus on human rights for our shipping counterparty audits and introduced a bulk carrier safety management quality audit process through which we audit ship managers involved in our inbound and outbound maritime activities with the aim of enhancing safety and improving crew welfare.

**+ Learn more about the FY23 updates made to our maritime due diligence and assessment program on page 16.**

## Marketing – traded goods and services suppliers and customers

Our products and raw materials are sourced, sold and transported globally, and we recognise we may also be directly linked to modern slavery risks through these business activities.

Suppliers of traded raw materials are subject to a qualification process that includes regulatory and compliance due diligence checks performed by our Business Integrity team. Suppliers are asked to acknowledge our Corporate Governance Framework and must comply with applicable laws and regulations on human rights (including those relating to labour rights). Customers undergo similar due diligence checks during onboarding.

In FY24, we will review our approach to identifying Modern Slavery risks with our customers and traded raw materials suppliers with a focus on ongoing screening.

(11) Refer definition provided in section Our supply chains on page 5.

(12) Refer definition provided in section Our supply chains on page 5.

(13) Our Sustainability and Business Conduct – Minimum Supplier Requirements (available at [www.south32.net](http://www.south32.net)).

**Actions taken to assess and address risks of modern slavery**

**Policies and governance**

We implement modern slavery risk management processes across South32. This includes undertaking due diligence to identify and address modern slavery risks across our operations and supply chains, training and reporting.

We have strong policy and governance frameworks in place which underpin this work. Our approach to modern slavery is embedded within our broader approach to human rights and responsible sourcing.

**Key policies and frameworks**

**Code of Business Conduct (Code)**

Sets the standard for our people to act ethically, responsibly and lawfully. It outlines our expectations on human rights, including freedom from slavery for all stakeholders. The Code is available on our South32 website and intranet and is available in English, Spanish, Portuguese and Simplified Chinese.

**Our Approach to Human Rights**

Outlines the requirements for respecting human rights, including the requirement to conduct due diligence and the provision of accessible remedies, and is guided by the UNGPs and other key international standards (learn more in the Due diligence and remediation section on page 13).

In FY23, the Our Approach to Human Rights was updated to detail the governance framework we have in place to embed the human rights across South32. For more information, visit [www.south32.net](http://www.south32.net).

**System of Risk Management**

Risks are regularly assessed and managed at both a company-wide strategic level and a material level for operations, functions and projects (learn more below and in the Due diligence and remediation section on page 13). Our System of Risk Management and supporting internal performance standards and procedures are available in English, Spanish and Portuguese.

**ABC, AML and economic sanctions**

As part of our commitment to act ethically, responsibly and lawfully, we have an ABC Policy and operate risk-based ABC, AML and economic sanctions compliance programs. Our Business Integrity team leads these compliance programs.<sup>(14)</sup>

Our Business Integrity team performs enhanced risk-based ABC, AML and economic sanctions due diligence on various third parties who we deal with, including proposed new joint venture partners, customers, raw material suppliers, other higher risk suppliers and community partners.

ABC and economic sanctions clauses are included in our standard contracts with third parties, including those third parties mentioned above (learn more in the Risks of modern slavery section on page 10).

**Human resources and labour relations**

We align with relevant labour relations laws and regulations, including those relating to working hours, working conditions, entitlements to minimum wages and the right to choose unions or association representatives. We work with reputable recruitment agencies and pay for the cost of recruitment activities.

**Speak Up Policy and other whistleblower mechanisms**

We encourage people to report human rights and modern slavery concerns. Our publicly available global whistleblower policy, known as our Speak Up Policy, is contained within our Code and outlines the process for reporting and next steps. Concerns can be raised through EthicsPoint, a confidential reporting hotline that is serviced by an independent provider, or via other options including with our line leaders (learn more in the Due diligence and remediation section on page 17).

**Our Sustainability and Business Conduct – Minimum Supplier Requirements (Supplier Requirements)**

Sets the standard and outlines our expectations of suppliers, including those relating to modern slavery, child labour, working hours and wages, and freedom of association. Due diligence activities against the Supplier Requirements are detailed in the Due diligence – supply chains section on page 14.

**Governance**

**Board oversight**

We provide regular reports to our Risk and Audit Committee and Board on material business conduct concerns and material breaches of our Code, including data on EthicsPoint reports. These reports may cover a range of topics covered by our Code, including human rights and modern slavery matters.

Our Sustainability Committee helps our Board assess the appropriateness and effectiveness of our sustainability<sup>(15)</sup> frameworks and systems, the Sustainability Policy, and the South32 Group's sustainability performance including in relation to human rights. Our Board is required to have a demonstrable understanding of issues related to human rights and to consider the potential human rights impacts of our operations and supply chains on a range of stakeholders. We provide regular updates on human rights, including modern slavery, to the Sustainability Committee.

In October 2022, the Sustainability Committee was provided with an update on external human rights trends and emerging issues, and legal and regulatory updates. These included the recognition by the UN General Assembly of a new human right to a clean, healthy and sustainable environment, highlighting the growing recognition globally of the relationship between environmental impacts, including climate change, and human rights.

**Risk management**

We assess the risk of modern slavery in our operations and supply chains in accordance with our System of Risk Management. Our System of Risk Management defines minimum requirements for the management of risks that have the potential to impact our ability to deliver on our strategy and fulfil our purpose. Effective risk management enables us to identify priorities, allocate resources, demonstrate due diligence in discharging legal and regulatory obligations, and meet the standards and expectations of our stakeholders.

The Modern Slavery risk continues to undergo improvement reviews annually to focus the testing of causal pathways as well as critical control design. We currently have seven critical controls that are tested throughout the year to ensure effectiveness in our processes for managing the risk.

(14) Available in English, Spanish, Portuguese and Simplified Chinese

(15) Our approach to sustainability aims to balance environmental, social and economic considerations in a way that creates enduring value for our stakeholders. We recognise that in many cases these considerations will be interdependent, or may compete or conflict with each other. In delivering our strategy we aim to understand and balance the environmental, social and economic impacts of our business in a way that seeks to create value overall. References to sustainability (including sustainable development and sustainably) in the suite or other disclosures do not mean that there will be no adverse impact, or an absolute outcome, in any one area.

### Modern Slavery Working Group

In FY23, our Modern Slavery Working Group (Working Group) met twice and continued to support the implementation of our commitments to understand and reduce modern slavery risks across our operations and supply chains and to promote collaboration across South32. The Working Group includes representatives from Legal and External Affairs (Sustainability Strategy and Community, Communications), Commercial (Supply, Marketing), Human Resources, Investor Relations, and our operations (on a rotating basis).

The standing agenda includes a performance update and a broader review of:

- recent due diligence activities;
- the effectiveness of our programs; and
- support being provided to better facilitate the integration of modern slavery (and broader responsible sourcing) controls in our business planning processes across the Group.

The Working Group met twice in FY23 with additional agenda items including:

- external trends and benchmarking results;
- the modern slavery risks of just transition; and
- a review of modern slavery commitments and performance.

We will continue to identify themes and activities for the Working Group to discuss in FY24, based on the commitments made to progress our approach to modern slavery and emerging trends.

**+** **Learn more about our key corporate governance policies and practices in our Corporate Governance Statement at [www.south32.net](http://www.south32.net).**

### Due diligence and remediation

The root causes and pre-indicators<sup>(16)</sup> 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 take an integrated approach to identify and understand modern slavery risks, conduct due diligence and provide access to remediation.

#### Due diligence – operations

We use a number of tools and research methods to assess and evaluate human rights risks across our operations. These include social impact and opportunity assessments, stakeholder engagement, community perception surveys, complaints and grievance mechanisms and human rights impact assessments.

In FY23 we developed guidance to support the implementation of the principles in the Our Approach to Human Rights and the minimum performance requirements for conducting human rights due diligence as set out in our internal social performance standard. The guidance includes detailed support for teams on human rights risk identification, due diligence and taking a rights-based approach to remediation. Further guidance has been developed to set minimum standards for conducting human rights impact assessments.

As part of our internal social performance standard, human rights impact assessments (HRIAs) and human rights risk self-assessments (HRRSAs) are periodically required across our operations and projects, based on the country-level and operational-level risk of an operation. In FY23 we revised the internal social performance standard to set clearer expectations for when human rights due diligence is required. Under the standard, labour rights and modern slavery are required to be assessed in due diligence activities across our operations and projects.

HRRSAs are required to be conducted annually for activities in lower risk countries to assess their continuing performance and confirm whether actions and recommendations have been implemented. If a material change in an operation or community has occurred, the HRRSA must be revised sooner. In FY23, modern slavery risks were considered in the HRRSAs and no additional risks were identified at any of the operations that conducted HRRSAs.

HRIAs are comprehensive assessments of an activity's human rights risks and impacts. In higher risk countries, these are required to be conducted every five years by an independent consultant. HRIAs must be completed sooner if a material change has occurred in the operation or community.

In FY23 HRIAs were completed for Hotazel Manganese Mines, Mozal Aluminium and Hillside Aluminium. Across the three operations, the most salient human rights-related risks were workers' rights, community health, safety and environment, access to remedy, the rights of vulnerable people and the potential impacts of security services. While no specific risks of modern slavery were identified, potential risks to workers, including contractors were identified, including lack of access or trust in remedial tools and compliance with our policies and processes regarding workers' rights. Action plans have been established, including increased training and awareness of human rights, enhancing contractor management to include assessments against our values and policies regarding workers' rights and exploring opportunities to improve access and confidence in remedial tools and grievance mechanisms.

In FY23, a HRIA for Cerro Matoso was completed by an independent third party engaged by the operation, specifying real, perceived and potential human rights issues, as well as a gap analysis of Cerro Matoso's human rights practices against international human rights standards. Included in the assessment was a review of Cerro Matoso's policies, organisational culture, approach to strengthening safety and occupational health, the performance evaluation of contractors and suppliers, training, and measures and controls for environmental and social impact management.

Risks and opportunities for improvement were identified related to rights associated with security (due to the presence of illegal armed groups that wish to access the benefits derived from mining activities in the region), rights of Indigenous, Traditional and Tribal Peoples, the environment, health, adequate standard of living, work, and access to information and participation. During the assessment, independent interviews and focus group sessions were conducted with stakeholders, including communities, representatives of Indigenous communities, employees, contractors, and suppliers. There were no risks identified or recommendations regarding modern slavery.

(16) Pre-indicators may include underpayment of wages, restricted access to unions, fraudulent recruitment, discrimination and restricted access to grievance mechanisms.

Recommendations to address the findings have been developed through a series of six workshops (facilitated by the external team conducting the HRIAs with South32 representatives) and include, improving stakeholder engagement, reviewing transparency of environment and health monitoring, and engaging with third parties and local authorities to identify opportunities for collaboration on several issues, including health, safety and security.

**Stakeholder engagement**

We regularly engage with communities and other potentially impacted rights-holders to provide insights into modern slavery risks.<sup>(17)</sup> To better understand labour rights and modern slavery risks, we engage regularly with labour unions, suppliers, customers, employees and contractors to understand their interests or concerns, and opportunities for collaboration. Learn more about our approach to engagement with suppliers, customers and investors on page 16.

**Due diligence – supply chains**

Our modern slavery due diligence program currently covers all suppliers used for non-traded goods and services in our vendor database. Due diligence accountabilities are included in the position descriptions for defined roles across our supply chains and a centrally located team oversees due diligence activities and strategy to support our global supply chains.

In FY23 the risk of modern slavery within our supply chains was reviewed and it remained a material risk.

In addition to the introduction of ABC and economic sanctions clauses, in FY23 we introduced modern slavery and right-to-audit clauses into our contract suite including purchase order terms and conditions. These clauses set out the expectations of suppliers to engage in conduct that is consistent with the UNGPs and Voluntary Principles on Security and Human Rights, not to engage in modern slavery and to put in place reasonable processes to meet these conditions.

**Supplier due diligence program - FY23 performance**

The supplier due diligence program is our primary control to manage the risk of modern slavery within our supply chains.

In FY23, we continued to strengthen the due diligence program across the lifecycle of our suppliers (from initial onboarding, while they remain active suppliers to offboarding). We optimised critical processes to support the embedment of various third party tools, including EcoVadis, Comprara and Dow Jones, in the supplier assessment process. The use of these assessment tools has been fully integrated into South32's procurement business processes. In FY24, we plan to investigate using these tools to broaden the scope of our due diligence across additional sustainability topics.

Our approach to modern slavery risks within supply chains was strengthened with the embedment of the supply stewardship program<sup>(18)</sup>, which includes modern slavery and involves a third-party audit program, regular checks of the risk scope, and testing of control effectiveness and design. The external audit program was implemented with certain suppliers in higher risk categories of goods and services (see Table 2 on page 15).

We are committed to evolving our program as we learn more about modern slavery risks and recognise that working alongside suppliers to enhance their own due diligence programs is a critical component to understanding and addressing the risks that lie deep within our supply chains. The three primary stages of the program and our FY23 performance are outlined in the next section.

*Stage 1 - Supplier onboarding and assessment – supplier self-assessment*

Our supplier onboarding process requires all current and potential suppliers to confirm their commitment to our supplier requirements and complete a mandatory self-assessment questionnaire (SAQ). All SAQs are reviewed by both our vendor onboarding team and our Supply team.

In FY23, 489 suppliers completed the SAQ, this forms a key part of our due diligence process where additional screening also takes place.

Additional screening may also include engaging directly with the supplier to request additional information to support complete understanding of the supplier risk profile. In FY23 we observed increased engagement across our Supply team in analysing the SAQ and connecting findings to other screening tools used to conduct due diligence.

*Stage 2 – Scorecard assessments*

We continue to embed due diligence using EcoVadis scorecard assessments, conducted through desktop analysis in our supply processes.

We continue to evolve our understanding of how to improve completion rates of the EcoVadis scorecard assessments, and in FY23, while we did not invite suppliers directly to participate in the assessment program, suppliers continued to complete assessments voluntarily. Due to this review in approach, completion rates were lower than previous years, with 23 suppliers finalising their scorecards in FY23, with an additional 39 assessments in progress as at 30 June 2023.

When opportunities for supplier improvement are identified through our due diligence program, they are captured with the supplier directly and will be captured in a Supplier Management Plan (SMP). If a gap is identified that is deemed critical to meeting our minimum requirements, Vendor Development Plans (VDP) are implemented.

Commencing in FY24, we will take a risk-based approach to inviting suppliers to complete their EcoVadis scorecard assessment based on initial screening scores and the South32 contractor management tiering system.

(17) Our Stakeholder Engagement Plan (available on [www.south32.net](http://www.south32.net)) provides detail on the stakeholders we engage throughout the year.

(18) Involving all internal performance standards and risks relating to Supply activities.



**Stage 3 – External audits**

External audits are conducted on selected suppliers. This audit process varies in nature, depending on the goods and/or services being delivered. Typically, it involves management and worker interviews, site inspections and a review of books and records. In FY23, we used responses to our SAQ and desktop assessment to inform the scope of audits, allowing us to target known gaps against our supplier requirements.

Our approach is to work collaboratively with our suppliers to address any gaps noted in the audit. There are several methods in which we track opportunities and development with our suppliers which include: SMPs embedded through our Contractor Management System of Work, direct meetings with suppliers and if required (for critical opportunities) through VDPs, which are tracked to completion through our System of Risk Management. We may request a re-audit to assess remediation of the findings. No findings in FY23 have warranted the termination of a relationship with a supplier.

As part of our South African Enterprise Supplier Development (ESD) program, independent assessments are conducted for small, medium and micro enterprises (SMMEs) that are either current or potential suppliers to South32. The specific assessments under the ESD program are to identify areas of concern with a view to assisting in the development of the supplier. If we proceed to a longer-term relationship with the SMME, we will follow our normal due diligence requirements.

We plan our annual schedule of audits based on a risk assessment, and take into account the geographical, industry and category coverage of suppliers. The schedule is reviewed regularly and tracked throughout the year to incorporate any changes required based on the business or external environment.

In FY23, 16 audits were conducted across six countries. Table 2 outlines the FY23 external audit program. One supplier was placed on a VDP as a result of audit recommendations. Six suppliers remain on VDPs for gaps identified in audits conducted in previous years and we are continuing to work with these suppliers. In FY23, one supplier completed actions required under their VDP.

In FY23 our external audits found no incidence of modern slavery. However, across all audited suppliers, we identified opportunities for improvement in:

- excessive overtime and overtime monitoring systems;
- employee policies and worker awareness of these policies;
- grievance mechanisms; and
- lack of human rights and modern slavery-related policies.

**Table 2 FY23 External audit program**

Relationship (Supplier or ESD beneficiary)	Good or Service supplied	Country where audit conducted
Supplier	Logistics	Colombia
Supplier	Rail	Australia
Supplier	Chemicals	Mexico
Supplier	Commercial Cleaning	South Africa
Supplier	Labour Services	Mozambique
Supplier	Waste Management	Mozambique
Supplier	PPE Supplies	Australia
Supplier - Sub Supplier <sup>(1)</sup>	Manufacturing	India
Supplier	Services	Australia
Supplier	Metal recycling	South Africa
Supplier	Office Suppliers	Australia
Supplier	Repair of machinery and equipment	South Africa
Supplier	Waste Management	Mozambique
Supplier	Repair of machinery and equipment	South Africa
Supplier	Waste Management	Mozambique
Supplier - Sub Supplier <sup>(1)</sup>	IT Firm	India

(1) Audit conducted on supplier and included engagement with a sample set of contracted workforce.

In FY23 we commenced recording any significant recommendations from external audits in EthicsPoint. This allows for the recommendations to be managed according to business conduct response processes.

The results of a scheduled external modern slavery audit identified concerns raised by personnel of one of our suppliers in Africa. The concerns included issues regarding remuneration (including withholding pay and providing inaccurate pay slips), provision of appropriate Personal Protective Equipment and inadequate responses to grievances raised.

A report was raised through our internal reporting mechanism and a cross-functional team including members from South32's Supply, Legal and Human Rights teams were engaged to investigate the allegations and determine appropriate remediation.

Findings in the early stages of the investigation established the supplier itself was aware of the issues raised and was working to remediate them. Upon investigation, South32 did not consider that the identified issues amounted to modern slavery, but remediation actions were taken, including:

- provided liquidity support through the amendment of payment terms to support the supplier's cashflow and allow more prompt payments to its personnel;
- reviewed and updated Supplier Management Plan, with additional responsibility allocated to South32 personnel to support delivery of the plan;
- increased supervision of the supplier's personnel on site; and
- increased signage and training on available grievance mechanisms for the supplier's personnel.

**Enterprise Supplier Development program**

For SMMEs in South Africa, the business environment can be challenging and highly competitive. We have developed our ESD program<sup>(19)</sup> to help local SMMEs address the challenges they face, whether they are suppliers or potential suppliers to South32. We provide development programs which aim to assist small businesses to become procurement ready, increase sales, build competitiveness, and enter the value chain of large companies, including South32. These programs include the areas of health and safety, COVID-19 protocols, anti-corruption, corporate governance, human resources, labour law, financial-record keeping, modern slavery and self-development. In FY23 we continued to support both new and existing suppliers through these development programs.

Due to the ongoing travel restrictions associated with the COVID-19 pandemic in South Africa, supplier visits and onsite assessments in FY23 were limited. Modern slavery due diligence is included as part of the assessment process to participate in the ESD program. In FY24 we plan to optimise our training program for ESD suppliers to improve coverage of human rights and modern slavery awareness.

**Due diligence – Maritime**

We have controls in place to identify modern slavery risks across our inbound and outbound supply chains. While we do not own ships or directly employ seafarers, we collaborate with ship owners and operators to conduct due diligence, address relevant issues, and support seafarer welfare. In FY23 we continued to embed our enhanced due diligence (EDD) program. The EDD program involves additional vetting, quality audits and physical inspections that include human rights due diligence assessments and independent modern slavery audits on supplier vessels employed on South32 charters, or chartered by our customers to load or discharge cargo at South32 operated ports.

Additional vetting is applied to any vessels that meet higher risk criteria<sup>(20)</sup> as a result of RightShip<sup>(21)</sup> vetting and includes desktop reviews of previous port state breaches, the performance of technical managers, financial stability, regulatory compliance, adverse media screening for reputation indicators, and periodic physical inspections that focus on crew wellbeing and compliance with the Maritime Labour Convention.

**Enhanced due diligence program FY23 performance**

In FY23, 361 vessels were chartered, with 545 voyages completed. Vetting was conducted on 297 vessels through RightShip, with 20 subject to inspections. Modern slavery audits were conducted on three vessels.

Our EDD restricted 2 vessels for potential contravention of the Maritime Labour Convention due to substandard labour and unsafe working conditions.

**Seafarer welfare support**

We continue to work with seafarer welfare organisations and stakeholders to understand how we can best support seafarers within our supply chains and the shipping industry. In FY23:

- we continued our “We Care program” arranging for care packages to be delivered to South32 chartered vessels during the holiday period throughout December 2022 and January 2023 and also to coincide with International Seafarers Day in June 2023;
- we actively engaged with our terminals and ports to identify opportunities to reduce quarantine periods for crew; and
- through our commitment to the Neptune Declaration on Seafarer Wellbeing, we worked with vessel owners to facilitate crew changes and did not impose any contractual constraints when changes were required.

We are currently working with the Mission to Seafarers to explore the possibility of providing seafarers on our vessels with the Seafarers Happiness Index, a survey to assess and monitor seafarer well-being at an aggregate level.

**Additional engagement**

**Customers**

Human rights issues, and in particular responsible sourcing, and modern slavery and transparent supply chains, were relevant topics raised by customers during engagement in FY23.

In FY23 we continued to receive requests from customers for the completion of due diligence relating to human rights and modern slavery. These were received through questionnaires, requests for third-party audits and a human rights impact assessment, conducted on a South32 owned operation. We understand the importance of this due diligence of our activities, as an extractives company can be assessed as higher risk within a customer’s supply chain.

We continue to look for ways to enhance our understanding of our customers’ approach to modern slavery risks and our role in their value chains.

**Investors**

We understand that modern slavery risk is a key concern for the investment community. We engage regularly with investors throughout the year to share our approach to identifying and reducing modern slavery risks across our operations and supply chains. In FY23, investor interest continued to centre on understanding how we assess the effectiveness our due diligence and remediation processes in relation to our direct suppliers and the opportunity to extend our focus to our indirect supply chain. Feedback from these engagements is reported to the Working Group and other key internal stakeholders for consideration.

(19) The ESD program falls under the South African Transformation Broad-Based Black Economic Empowerment legal framework.

(20) RightShip Safety Score of below 3; Document of Compliance (DOC) Safety Score of below 4; Age of 13 years or above at time of nomination.

(21) RightShip is a leading maritime risk management and environmental assessment organisation that aims to improve the safety and environmental sustainability of the maritime industry. More information is available at rightship.com.

## Training

### Internal training

In FY23 we conducted a review of our suite of human rights training modules and the assignment protocols in place.

The introductory human rights training module was improved and focuses on our commitment to operate in a manner that respects human rights. The module will be mandatory for certain roles and our intention is to make it available to all employees and selected contractors to complete in FY24. As the module was undergoing improvement, we did not directly assign the training in FY23 and our training completion numbers reflect this transition.

We reviewed the assignment of the modern slavery training module to more effectively target our employees. We identified that some roles with exposure to or risk management responsibilities of modern slavery were not receiving sufficient training. As a result, we conducted a review of all roles, including leadership positions, that require training and these modules were assigned. In FY23 759 employees completed the training. For roles where the training is mandatory, both training modules are required to be completed every two years.

Training on our Code is required to be completed by all employees every three years, with assessments to be completed annually. Additionally, all inductions conducted at South32 operations for contractors and visitors include the key elements of our Code.

### External modern slavery training

In FY23, we piloted a suite of 'deep-dive modern slavery' training modules with six nominated suppliers. The primary objectives of the training modules are to:

- raise awareness of our standards and set clear expectations around our supplier requirements;
- facilitate dialogue with suppliers on human rights and other sustainability topics to improve relationships;
- support capacity building and promote improved social outcomes as outlined in our internal social performance standard;
- enhance our ability to identify modern slavery (and broader human rights risks) within our supplier base through dialogue; and
- inform our selection of suppliers that will require further risk assessment.

In FY24 we will continue to investigate opportunities to improve the ease of enrolment and offer the training to a broader group of external stakeholders, including suppliers.

### Remediation

#### Operations

Our Code contains our Speak Up Policy. It outlines how to report a business conduct concern, what happens when a report is made and how we protect the reporter. We do not tolerate any form of retaliation against anyone for reporting a business conduct concern or cooperating with a related internal investigation.

Our people are supported and encouraged to speak up when our values and Code are not being followed. Anyone can report a business conduct concern, anonymously if preferred, using our confidential and independently administered EthicsPoint reporting hotline. We appreciate this may not be an easy thing to do, and we provide our people with access to mental health and wellbeing support materials, including our Employee Assistance Program.

We respond to identified or reported breaches of our Code in line with our Speak Up Policy and related business conduct response processes. All reports received are initially provided to our Business Integrity team for confidential review and case allocation based on their reported nature, urgency and severity. In some cases, support or guidance is all that is required to resolve a concern. In other cases, where necessary, we will formally investigate the concern.

Our Business Conduct Committee, made up of senior leaders, provides guidance and oversight on material business conduct concerns. Such cases are reviewed by our Business Conduct Committee on a quarterly basis, with a focus on the consistent application of our Code and disciplinary outcomes. Actions and behaviours misaligned to our expected behaviours as outlined in our Code are carefully managed through our disciplinary processes which may, and has, resulted in, disciplinary action up to and including dismissal.

We continue to enhance our Speak Up Policy and related business conduct response processes, including EthicsPoint, as part of our commitment to encourage our people to report concerns. We also run an EthicsPoint user training program for our relevant trusted employees who have a case management role.

Our Speak Up Policy, available in multiple languages, and contact details for EthicsPoint are publicly accessible through our website and are also posted in open spaces across our business, for example on notice boards.

We also listen to and report community complaints and grievances we receive, anonymously or otherwise, through our complaint and grievance mechanisms and we address them as a priority. Our community complaints and grievances processes are aligned with the UNGPs and the UN's Protect, Respect and Remedy Framework, specifically to:

- acknowledge, investigate and document all complaints;
- allow for anonymous reporting of complaints;
- complete appropriate remedial action;
- communicate transparently with complainants; and
- be readily available to all members of host communities.

No complaints of modern slavery were received through internal reporting mechanisms or community complaints and grievance process mechanisms in FY23.

**Suppliers**

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 them. No suppliers were suspended or terminated in FY23 for this reason or for breaching their commitments to our supplier requirements relating to modern slavery.

In FY23 we commenced the preparation of a Modern Slavery Allegation and Incident Response Guideline (Response Guideline) to provide guidance regarding our response to a modern slavery allegation or incident in our operations (including contractors engaged as part of our operations), supply chains or other business relationships. The Response Guideline is aligned with high-level industry guidance provided in Walk Free and the Human Rights Resources and Energy Collaborative’s (HRREC) Modern Slavery Response and Remedy Framework<sup>(22)</sup>, as well as our guidance for investigations. It provides specific additional guidance on implementing these policies and procedures in relation to an allegation of modern slavery.

Any allegation of modern slavery must be reported through EthicsPoint, at which point the Response Guideline provides guidance on the key steps to take to allocate resources, conduct an investigation and where relevant, facilitate remediation.

Our supplier requirements provide details of our Code and Speak Up Policy, and a direct link to EthicsPoint. We understand that some suppliers may find challenges in implementing their own complaints mechanisms and we are committed to working with these suppliers to assess how we can assist with this process.

In FY23, a South32 employee reported concerns that a supplier of technology services was not being paid for work performed for South32 and that, as a result, several individual sub-contractors were not receiving payment for work undertaken. The sub-contractors were located in the Middle East and Eastern Europe.

A full investigation was undertaken. The allegations were not substantiated and there were no findings of modern slavery.

This is an example of South32’s commitment to investigating every allegation made to us in relation to any suspected form of modern slavery.

**Assessing effectiveness**

We assess our effectiveness in identifying and managing modern slavery and human rights risks by regularly tracking our actions and outcomes, engaging with suppliers, utilising regular internal governance and external assurance processes, and reviewing external assessments of our modern slavery disclosures.

We also recognise the challenge in assessing the effectiveness of our programs due to the complexity of modern slavery and the potential for many of the risks to exist deep in supply chains – where our visibility and ability to influence suppliers is limited. We are committed to strengthening our engagement with suppliers with the aim of improving our understanding of risks within their operations and supply chains and to check that our risk assessment processes are fit for purpose.

Our Working Group (see page 13) provides us with the opportunity to take a company-wide approach to monitoring the design and effectiveness of our programs. Through the Working Group we have been able to regularly measure our progress against our FY23 commitments and understand any emerging issues that may prevent progress. Progress of our FY23 commitments is outlined in Appendix Two.

In FY23 an external benchmark was released that provided a review of Modern Slavery Statements prepared under the Australian legislation. We reviewed the findings of the benchmarking activity to continue to improve the level of detail disclosed in this Statement.

As outlined in the Due diligence and remediation section, we also track the effectiveness of our program through supplier engagement and responses to our due diligence activities. Metrics we use include the quality of supplier responses, the number of suppliers placed on VDPs and suppliers that have completed actions and moved off their plans.

We annually review our effectiveness measures for relevance and track our performance against the targets we have outlined above. In FY23 we continued to work towards meeting our effectiveness targets, commitments and forward-looking intentions is provided in Appendix Two.

**Consultation**

Our corporate governance and risk management frameworks (which include the internal policies, standards, procedures and tools through which modern slavery risks are assessed and managed) are overseen by our Board and applied across South32.

Operations 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, due diligence, reporting and training as described in this statement.

This Statement has been prepared with input from, and in consultation with, our Lead Team and management representatives responsible for delivering our human rights and modern slavery risk management processes for our operations and supply chains (including our reporting entities and their controlled entities). These teams include Sustainability Strategy and Community; Commercial, including Supply; Marketing; Legal; Risk; Business Integrity; and Human Resources.

Prior to being endorsed by our Sustainability Committee and approved by our Board, the Statement was reviewed by our Chief Executive Officer, Chief Human Resources and Commercial Officer, Vice President Sustainability Strategy, Vice President Supply and Vice President and Head of Marketing. These people as well as the teams referred to above were involved in developing the Statement and have responsibilities across our owned and controlled entities.

**+ Learn more about our corporate governance practices, Board, Committees, and risk management and internal controls in our Corporate Governance Statement at [www.south32.net](http://www.south32.net).**

<sup>(22)</sup> <https://cdn.walkfree.org/content/uploads/2022/07/12132831/Walk-Free-Response-and-Remedy-Framework-1.pdf>

## Collaboration

We recognise the importance of collective and considered action to address shared modern slavery risks. We regularly facilitate and participate in industry initiatives that encourage and enable organisations to share information, lessons learned and best practice. This helps our industry to overcome challenges, identify blind spots, and assess whether our initiatives are in line with our own expectations and those of wider society.

## Human Rights Resources and Energy Collaborative (HRREC)

HRREC members continue to share best practice and create collaborative opportunities to tackle modern slavery risks in mining, energy and resources supply chains. The HRREC held regular working group sessions throughout FY23, provided administrative resources and participated in workstreams focused on remedy, supplier audits and shipping.

We contributed to the HRREC's submission<sup>(23)</sup> to the review of the Australian *Modern Slavery Act 2018* (Cth). The submission encourages the Australian Government to:

- consider ways to streamline the reporting process and focus on effectiveness;
- focus on describing performance, rather than repetitive reporting of largely policy content; and
- introduce mechanisms to identify companies that do not report, with penalties to apply to those who consistently fail to report.

## United Nations Global Compact (UNGC)

We continue to participate in the UNGC Network Australia's Modern Slavery Community of Practice.

## Maritime collaborations

We continue to participate in several maritime-focused groups, including the Sustainable Shipping Initiative and Mission to Seafarers. We are also a member of the Global Maritime Forum's Neptune Declaration.

**+ Learn more about our FY23 activities on page 16.**

## Looking ahead

In addition to our commitments outlined in Appendix Three, in FY24, we plan to:

- continue identifying themes and activities for the Working Group to discuss in FY24, based on our commitments made to progress our approach to modern slavery and emerging trends;
- investigate opportunities to broaden the use of supplier assessment tools in broader sustainability due diligence; and
- continue to engage with industry associations and the Mission to Seafarers to explore partnership opportunities and ways in which we, as charterers, can contribute towards enhance seafarer wellbeing.

## Our approvals

This Statement was endorsed by our Sustainability Committee and approved by the Board of South32 Limited on behalf of itself and each of the reporting entities on 7 September 2023.



### Graham Kerr

Chief Executive Officer and Managing Director, South32 Limited

(23) The HRREC submission has been informed by inputs from HRREC members but does not represent the views of any particular member. Available at Review of Australia's *Modern Slavery Act 2018*

MODERN SLAVERY STATEMENT CONTINUED

**Appendix One - Reporting entities**

Entity	Principal activity (Operation name)	Location	Effective interest %
Dendrobium Coal Pty Ltd ABN 85 098 744 088	Coal mining (Illawarra Metallurgical Coal)	New South Wales	100
Endeavour Coal Pty Ltd ABN 38 099 830 476	Coal mining (Illawarra Metallurgical Coal)	New South Wales	100
South32 Aluminium (RAA) Pty Ltd ABN 54 095 831 119	Interest in a joint arrangement (Worsley Alumina)	Western Australia	100
South32 Aluminium (Worsley) Pty Ltd ABN 33 088 336 921	Interest in a joint arrangement (Worsley Alumina)	Western Australia	100
South32 Cannington Pty Ltd ABN 48 125 530 967	Silver, lead and zinc mining (Cannington)	Queensland	100
South32 International Investment Pty Ltd ABN 46 601 452 064	Investment holding company	Western Australia	100
Illawarra Coal Holdings Pty Ltd ABN 69 093 857 286	Investment holding company (Illawarra Metallurgical Coal)	New South Wales	100
Illawarra Services Pty Ltd ABN 12 003 996 370	Coal preparation plant (Illawarra Metallurgical Coal)	New South Wales	100
Groote Eylandt Mining Company Pty Ltd ABN 26 004 618 491	Operated joint arrangement (Groote Eylandt Mining Company)	Northern Territory	60 <sup>(24)</sup>
South32 International Investment Holdings Pty Ltd ABN 28 601 444 704	Investment holding company	Western Australia	100
South32 (BMSA) Pty Ltd ABN 44 125 530 949	Investment holding company	Western Australia	100
South32 Australia Investment 3 Pty Ltd ABN 31 088 336 976	Investment holding company	Western Australia	100
South32 Aluminium (Holdings) Pty Ltd ABN 58 169 411 974	Investment holding company	Western Australia	100
South32 Royalty Investments Pty Ltd ABN 27 601 349 562	Investment holding company	Western Australia	100
South32 Group Operations Pty Ltd ABN 74 601 343 202	Investment holding company	Western Australia	100
South32 Chile Copper Holdings Pty Ltd ABN 49 654 187 667	Investment holding company (Sierra Gorda)	Western Australia	100

(24) Anglo American Plc holds the remaining 40 per cent.

## Appendix Two – South32 key data updates and performance indicators from FY21 to FY23

	FY21	FY22	FY23
<b># of Employees</b>	9,074	9,096	<b>9,616</b>
<b># of Suppliers</b>	5,668	5,652	<b>5,623</b>
<b>Payments to Suppliers</b>	US\$5.1 billion	US\$5.0 billion	<b>US\$5.7 billion</b>
<b># of countries where suppliers are located</b>	46	50	<b>57</b>
	<i>Goods</i>	<i>Goods</i>	<b>Goods</b>
	Parts and consumables at site	Parts and consumables at site including Personal Protective Equipment	<b>Parts and consumables at site including Personal Protective Equipment</b>
	Personal Protective Equipment and other Safety Supplies		
	Explosives	Explosives	<b>Explosives</b>
	Raw Materials	Raw Materials and bulk consumables (including refractory materials)	<b>Raw Materials and bulk consumables (including refractory materials)</b>
<b>Higher risk goods and services categories</b>	Coke and Coal		
	Refractory materials		
	Electronics (hardware) and Electronics (Components)	Electronics (hardware) and Electronics (Components)	<b>Electronics (hardware) and Electronics (Components)</b>
	Chemicals	Chemicals	<b>Chemicals</b>
	<i>Services</i>	<i>Services</i>	<b>Services</b>
	Construction	Construction	<b>Construction</b>
	Shipping and Freight	Shipping and freight	<b>Shipping and freight</b>
	Maintenance	Maintenance	<b>Facilities management</b>
	Facilities Management	Facilities management Logistics	<b>Logistics</b>
<b># of suppliers assessed (desktop - risk profiles such as country &amp; industry)</b>	5,354	5,714	<b>5,930</b>
<b># supplier assessments requested</b>	Not reported	430	<b>0<sup>(25)</sup></b>
<b># of suppliers assessed (desktop review, based on documented evidence provided by supplier)</b>	58 EcoVadis Scorecard	133 EcoVadis Scorecard	<b>156 Ecovadis Scorecard</b>
<b># of Independent Audits completed</b>	8 Independent Audits and 6 Enterprise Supplier Development modern slavery audits for South Africa Energy Coal	11 Independent Audits	<b>16 External<sup>(26)</sup> Audits</b>
<b># levels of supply chain audited</b>	Direct suppliers	Direct suppliers	<b>Direct suppliers and sub-suppliers<sup>(27)</sup></b>
<b>Key Human Rights and Labour risks identified during site audits</b>	<ul style="list-style-type: none"> <li>- labour management systems policies, procedures and performance;</li> <li>- poor employee policies and lack of worker awareness of these policies;</li> <li>- inadequate grievance and redress mechanisms;</li> <li>- excessive overtime; and</li> <li>- poor pay practices.</li> </ul>	<ul style="list-style-type: none"> <li>- labour management systems policies, procedures and performance;</li> <li>- poor employee policies and lack of worker awareness of these policies;</li> <li>- inadequate grievance and redress mechanisms;</li> <li>- excessive overtime; and</li> <li>- poor pay practices.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>excessive overtime and poor overtime monitoring systems,</b></li> <li>- <b>poor employee policies and lack of worker awareness of these policies</b></li> <li>- <b>inadequate grievance and redress mechanisms; and</b></li> <li>- <b>lack of human rights and modern slavery-related policies.</b></li> </ul>
<b># of Vendor Development Plans (VDP)<sup>(28)</sup></b>	8	6	<b>1</b>
<b># of suppliers completed remedies required under their VDPs</b>	Not reported	7	<b>1</b>
<b># of SAQ's completed</b>	595	437	<b>489</b>
<b># of employees receiving modern slavery training</b>	1,050	761	<b>759</b>
<b># of suppliers receiving training</b>	125 entities	9 entities <sup>(29)</sup>	<b>6</b>

(25) In FY23 we did not invite suppliers directly to complete the assessments through targeted campaigns.

(26) Terminology change to better reflect the audits are commissioned by South32 and completed by an external third party auditor.

(27) Audit conducted on supplier and included engagement with a sample set of contracted workforce.

(28) New VDPs in FY23. With the maturity of our Contractor Management System, Supplier Management Plans have been used to close non-critical opportunities.

(29) This number reflects our updated approach to piloting a suite of 'deep-dive modern slavery' training modules with nominated suppliers who are uploaded into our internal LMS system. This does not include classroom Modern Slavery awareness when occurs in our ESD program.

**Appendix Three - South32 performance as against effectiveness targets, commitments and forward-looking intentions for FY23**

Effectiveness targets	FY21 Performance	FY22 Performance
Demonstrate improvement in the breadth and depth of suppliers assessed for modern slavery risks.	FY21 with 5,354 suppliers mapped and assessed for country and industry modern slavery risks, together with receiving 58 EcoVadis scorecard assessments. This was a substantial improvement from FY20 where we assessed 401 of our suppliers.	FY22 with 5,714 suppliers mapped and assessed for country and industry modern slavery risks, together with receiving 133 EcoVadis scorecard assessments. This was an improvement from FY21 where we assessed 5,354 of our suppliers.
Verify that all independently audited suppliers implement supplier development plans (where required), with priority actions closed out within agreed time periods.	All independently audited suppliers in FY20 have closed out priority actions. Suppliers independently audited in FY21 have or are finalising development plans, as required.	Of the 8 independently audited suppliers that required vendor development plans in FY21, 7 have closed out their development plans and one is not yet due. Suppliers independently audited in FY22 have or are finalising development plans, as required.
All employees who have been identified as having regular touchpoints with human rights risks complete modern slavery training.	100% of required employees completed the updated e-learning module training in FY21. In addition, the e-learning training was assigned to broader range of operational and functional based roles. In total there was 1,105 completions by employees and contractors during FY21.	93% of required employees completed the modern slavery e-learning training module in FY22.
Commitments tracker	Aims for FY22	
<b>Due diligence (previously Risk Assessments)</b>	Embed a third party modern slavery risk assessment platform in supplier onboarding process, tenders or prequalification (as appropriate) and enhance engagement with suppliers to adopt the third party platform.	Page 14
	Review integration of the Supplier Modern Slavery SAQ to complement the Scorecard assessments.	Page 14
	Continue to demonstrate year on year improvement in depth and breadth of onsite assessments and audits, which may include identifying opportunities where modern slavery assessments can be integrated into existing health and safety assessments at operations.	Page 14
	New for FY24	
<b>Training</b>	Further enhanced our shipping due diligence and vetting processes.	Page 15
	Continue to deploy modern slavery awareness training to broader range of operational and functional based roles. Deliver the supplier training strategy, to enhance awareness and understanding of modern slavery focusing on suppliers operating in higher risk regions and/or known higher risk categories.	Page 16 Page 16
<b>Remediation and grievance mechanisms</b>	Work with stakeholders to identify ways for seafarers to have improved access to grievance mechanisms, focusing on the ports we operate from.	Progress delayed due to competing priorities.
	Implement the Industry Modern Slavery Remediation Action Plan into internal procedures and communicate to key stakeholders.	Page 17
<b>Collaboration</b>	Continued to support the WAMSc, (now HRREc) Global Compact Network of Australia, Sustainable Shipping Initiative and Neptune Declaration.	Page 18
<b>Governance and effectiveness</b>	Established Cross Functional Modern Slavery Working Group.	Page 13

(30) Required personnel must undertake modern slavery training every two years. This results in a significant year-on-year variance between training completions between years. Revised training assignment profiles were made in FY23. In FY22 and FY21, introductory human rights training was included in the total modern slavery training completions as modern slavery content was present in both trainings.



### FY23 Performance

FY23 with 5,930 suppliers mapped and assessed for country and industry modern slavery risks, together with receiving an additional 23 EcoVadis scorecard assessments. This was an improvement from FY22 where we assessed 5,714 of our suppliers.

Of the six externally audited suppliers that required vendor development plans in FY22, one has closed out their development plans. We continue to work closely with the other suppliers to close out plans. One supplier audited in FY23 required a VDP.

759 employees completed the modern slavery e-learning module in FY23<sup>(30)</sup>.

### Aims for FY23

Continue looking for ways to enhance the entire supplier due diligence process which will continue to use a range of tools that is best suited to the vendor, category and geographic location.

Page 14

Continue embedding due diligence, continue process improvements, adhere to our risk management system and mature our understanding of the risk modern slavery in our supply chain.

Page 14

Execute our FY23 modern slavery audit program, where appropriate integrate modern slavery into existing health and safety assessments at operations

Page 15

New for FY24

Continue identifying opportunities to strengthen relationships and collaborative efforts to improve the sustainability of the shipping industry.

Page 16

Revise our human rights training suite.

Page 17

Continue to roll-out our external modern slavery modules to stakeholders.

Page 17

Work with stakeholders to identify ways for seafarers to have improved access to grievance mechanisms, focusing on the ports we operate from.

Page 16

Finalise internal guidance to support the implementation of the global response and remedy framework.

Internal guidance under review with stakeholders at time of writing this statement.

Continue to support the HRREC UN Global Compact Network of Australia, Sustainable Shipping Initiative and Neptune Declaration.

Page 19

Focus on enhancing our approach to monitoring effectiveness through the Working Group.

Page 18

### Aims for FY24

Plan to investigate using these tools to broaden the scope of our due diligence across additional sustainability topics.

Take a risk-based approach to inviting suppliers to complete their Ecovadis scorecard assessment based on initial screening scores and the South32 contractor management tiering system.

Targeted Modern Slavery audit program on a high risk industry to understand global learnings to replicate. This will reduce total number, allowing resource allocation to fast track opportunities identified.

We plan to optimise our training program for ESD suppliers to improve coverage of human rights and modern slavery awareness of these suppliers.

Continue identifying opportunities to strengthen relationships and collaborative efforts to improve the sustainability of the shipping industry.

Roll out introductory human rights training to targeted employees and make available to all employees.

Continue to investigate opportunities to improve the ease of enrolment and offer the training to a broader group of external stakeholders, including suppliers.

Continue to engage with industry associations and the Mission to Seafarers to explore partnership opportunities and ways in which we, as charterers, can contribute towards enhance seafarer wellbeing.

Finalise internal guidance to support the implementation of the global response and remedy framework.

Continue to participate in relevant collaborative opportunities and memberships to enhance our approach managing modern slavery risks.

Identify themes and activities for the Working Group to discuss in FY24, based on our commitments made to progress our approach to modern slavery and emerging trends

