

Modern Slavery Statement 2020





Modern Slavery Statement 2020

About this Statement

Sandfire's Modern Slavery Statement (Statement) outlines our commitment and actions taken to identify, manage and respond to modern slavery risks in our operations and supply chain.

The Statement has been prepared in accordance with Australia's *Modern Slavery Act 2018* (Cth) (Modern Slavery Act) and relates to the financial year ending 30 June 2020 (FY2020).

This is Sandfire's second year of modern slavery reporting. Sandfire published a voluntary statement for FY2019 and this year issues its Statement in-line with mandatory reporting under the Modern Slavery Act.

All references to our, we, us, the Group, the Company and Sandfire refer to Sandfire Resources Limited (ABN 55 105 154 185) and its subsidiaries. All references to a year are the financial year ended 30 June 2020 unless otherwise stated.

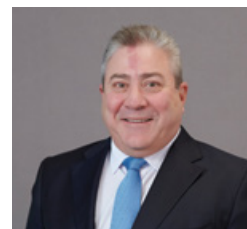
Feedback

We value your feedback. Please visit the Contact Us page of our [website](#) to provide your feedback on this statement or request additional information.

This statement has been approved by the Board on 21 December 2020.



Karl Simich
Managing Director and CEO



Modern Slavery Statement 2020

Introduction

Sandfire is an Australian mining and exploration company listed on the Australian Securities Exchange (ASX: SFR). Sandfire has a strong track record of safe, consistent and profitable production and a clear strategy to grow into an international diversified and sustainable mining company.

As we expand our business globally, we recognise that this has the potential to expose us to a heightened level of human rights and modern slavery risks.

Modern slavery presents one of the most complex human rights challenges worldwide. It is estimated that 40 million people are victims of modern slavery, with occurrences in almost all countries, including those where we have activities. Modern slavery includes serious human exploitation such as human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, child labour, and deceptive recruiting for labour or services.¹

While no instances of modern slavery have been identified throughout our business, we are committed to ensuring that we are able to identify and minimise the risk of modern slavery from occurring in our operations and global supply chain. Businesses, including in the mining sector, are connected through extensive, multi-tiered supply chains that stretch across borders.

Our commitment to address modern slavery is embedded in our [sustainability strategy](#), with one of the strategic objectives of that strategy being to champion responsible business practices where we operate. We have a role to play in contributing to global sustainable development and are committed to conducting our business responsibly, from exploration through to mine closure.

Key Milestones Achieved in FY2020

- 1 Development of our modern slavery approach
- 2 Modern slavery risk software trial
- 3 Questionnaire issued with tenders
- 4 Modern slavery clause in supplier contracts
- 5 Work to increase our understanding of our supply chain
- 6 Training of our employees

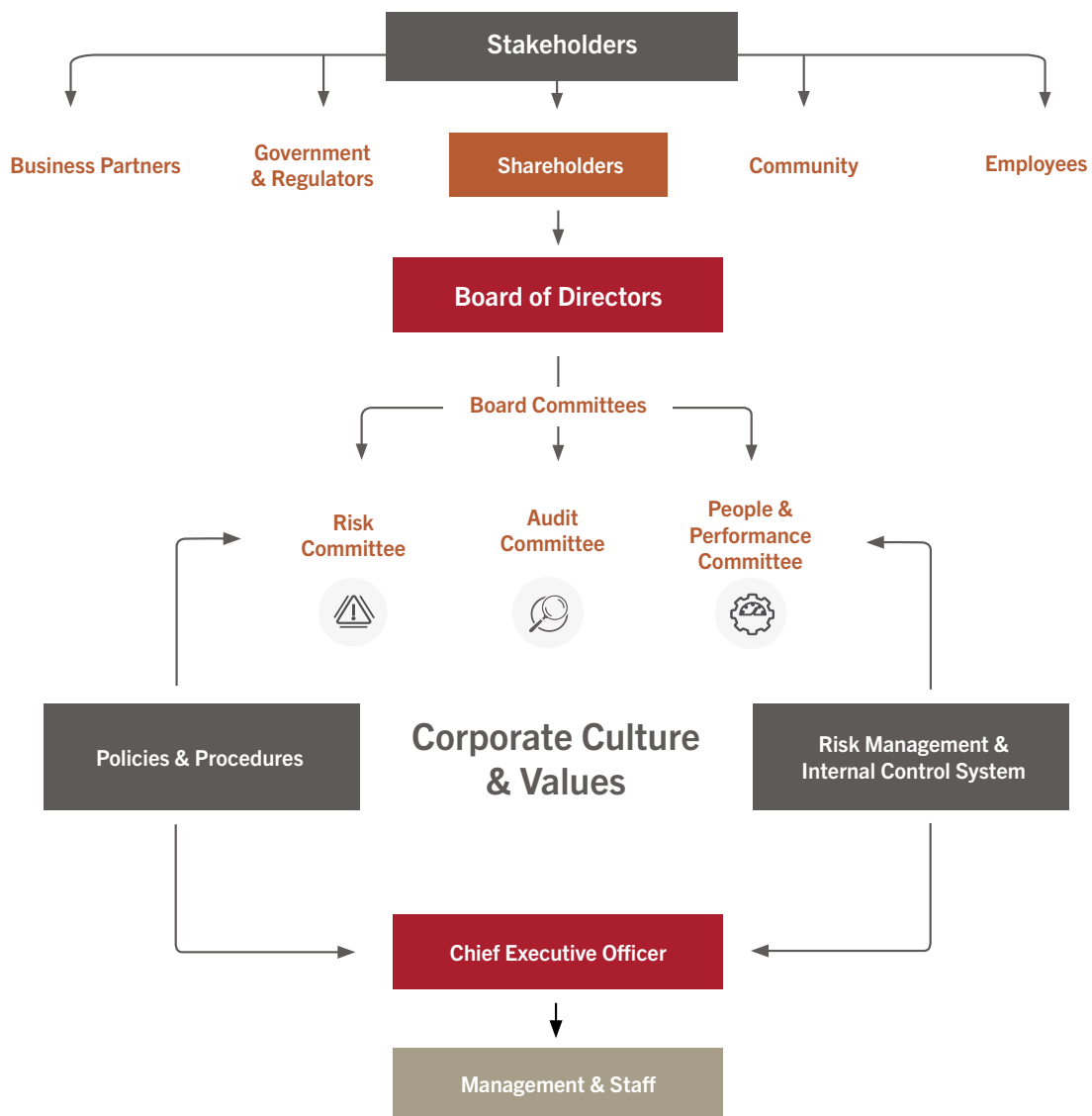


¹ [The Global Estimates of Modern Slavery](#), was published in 2017 and is the result of a collaboration between the International Labour Organization (ILO) and the Walk Free Foundation, in partnership with the International Organization for Migration (IOM).

Governance Framework

The Sandfire Board of Directors (Board) has ultimate responsibility for the Company's sustainability strategy, performance and management of sustainability risks and opportunities. The Board is committed to fostering a culture of compliance, ethical behaviour and good corporate governance and is assisted by the Risk Committee to fulfil its responsibilities for oversight of Sandfire's risk management system, including the effective management of modern slavery risks.

We believe good governance is the collective responsibility of all our management and staff and forms part of our core values and application of responsible business practices.



Management of modern slavery risks in our operations are undertaken by the Procurement team in collaboration with the Legal; Sales; Health, Safety, Environment and Communities (HSEC); and Human Resources teams.

The Sandfire team is supported by our established standards, values and policies, including our [Code of Conduct](#) (Code), that actively promote ethical and responsible decision making. The Code establishes the essential standards of personal and corporate conduct we expect of our employees, suppliers, contractors and all those with whom we do business, including in relation to human rights and modern slavery and help us to identify, address and manage modern slavery risks.

Operations

Operating assets

Sandfire operates the DeGrussa Copper-Gold Mine, located 900km north of Perth in Western Australia, which produces copper concentrate with gold credits. Our concentrate is shipped to Asia and Europe and is sold to a variety of commodity trading companies and smelters for refining.

Development portfolio

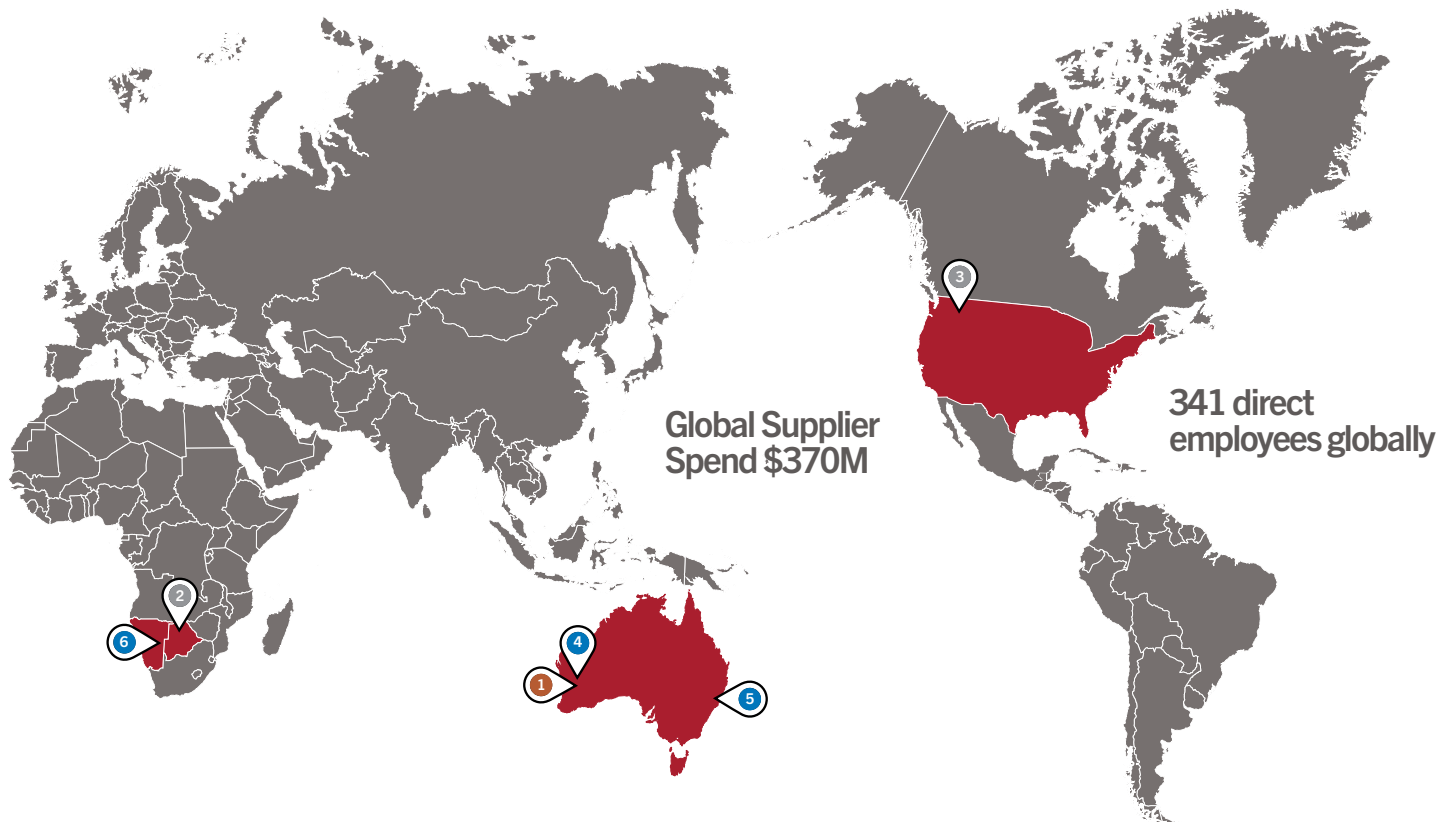
Our Tshukudu Operations in Botswana include the development of the T3 Mother Copper-Silver Project. The T3 Deposit is a significant sediment-hosted copper and silver deposit, located in the Kalahari Copper Belt in Botswana. The T3 Project, held through 100 percent owned in country-subsiary, Tshukudu Metals Botswana (Pty) Ltd, was acquired through Sandfire's acquisition of MOD Resources Ltd in October 2019.

Sandfire also holds an 85% interest, via Canadian listed company Sandfire Resources America Inc. (TSX-V: SFR), in the Black Butte Copper Project, located in central Montana in the United States.

Exploration portfolio

Our Australian exploration activities cover Western Australia, New South Wales, Northern Territory and Queensland.

Our African exploration activities cover the Kalahari Copper Belt in Botswana and Namibia through 100 percent owned Tshukudu Exploration (Pty) Ltd and Trans Kalahari Copper Namibia (Pty) Ltd.



Operating assets

1. DeGrussa, Western Australia
DeGrussa Operations (DeGrussa and Monty Copper-Gold Mines)



Development portfolio

2. Tshukudu, Botswana
T3 Copper-Silver Project
A4 Dome Project
3. Black Butte, Montana, USA
Black Butte Copper Project

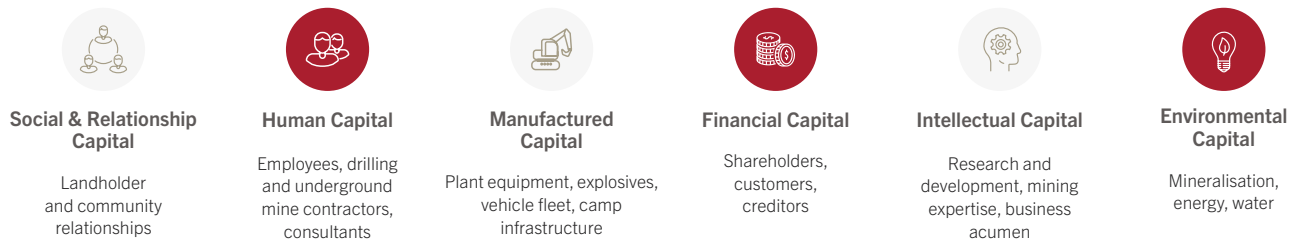


Exploration portfolio

4. Doolgunna, Western Australia
Doolgunna Province Exploration
(7,137km² land holding)
5. Eastern Australia
New South Wales Exploration Projects
6. Tshukudu Exploration,
Botswana and Namibia
Kalahari Copper Belt Exploration
(11,700km² land holding in Botswana^A
and 6,700km² land holding in Namibia)

Our Value Chain

Our Inputs



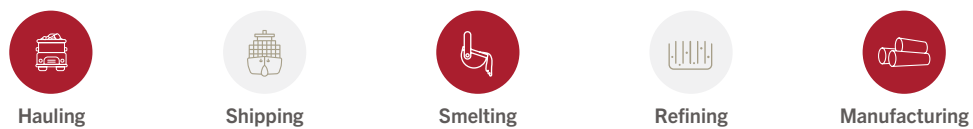
What we do



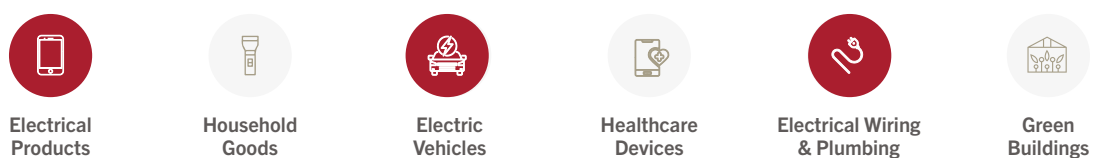
Value we create



Downstream Logistics & Processing



Value from our product



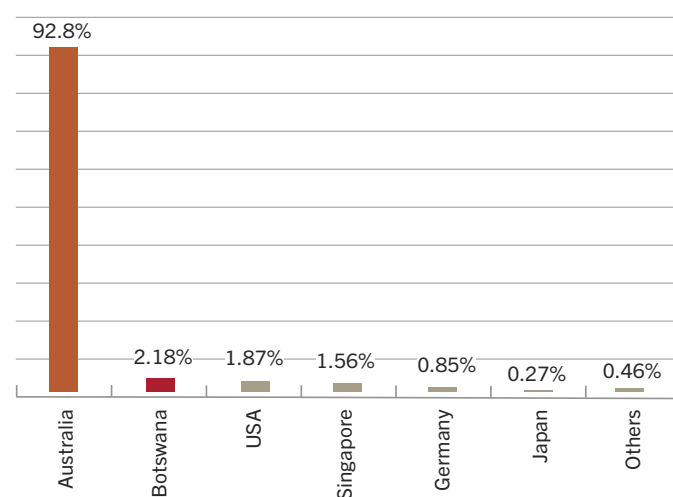
Our Supply Chain

Our diverse network of suppliers is integral to our success. Our supply chain provides a wide range of products and services, including labour, that contribute to our operations. During FY2020, these products and services included:

- **Support services** – camp management services, air charter services, freight of inbound goods, power supply, information technology services, training providers, fuel supply, provision of branded clothing and Protective Personal Equipment (PPE), other equipment and vehicles;
- **Exploration** – drilling and geophysical contractors, drill tools, general hardware and analytical laboratories;
- **Processing** – shutdown contractors, supply of grinding media, supply of flocculants, labour hire;
- **Mining** – underground mining contractors, cement, explosives, earth movers;
- **Delivery** – haulage services, port services, stevedoring and shipping; and
- **Projects** – technical support services, equipment suppliers, construction contractors.

In FY2020 we spent \$370 million with our direct (Tier 1) suppliers. 93 per cent of this spend was with Australian suppliers. The majority of international spend was with suppliers operating in Botswana, USA, Singapore and Germany. We understand that whilst the majority of our Tier 1 suppliers operate in Australia, our extended supply chains are complex and span the entire globe.

Global Spend



² <https://www.globalslaveryindex.org/>

Identifying Risks of Modern Slavery Practices

The identification and management of risk is central to achieving our strategic objectives. Sandfire's Risk Management Framework assists the Board and management to identify, assess, manage and monitor risks that may have a material impact on the Group.

As we start to realise our key growth objective to build an international diversified and sustainable mining company, we recognise that this increases our exposure to modern slavery risk, both within our global operations and throughout our expanding supply chains.

The Company's assessment of the risk of modern slavery practices to our operations and supply chains are set below.

Operations

The health, safety and wellbeing of our employees and contractors remains our highest priority. Sandfire's [Our People Policy](#) sets out our commitment to our workforce. Central to the policy, is the commitment to uphold relevant laws and safeguard human and labour rights. The policy is supported by standards which detail the Company's approach for creating a workplace where our people thrive, are safe and empowered to contribute to the Company's success. A majority of our workforce are employed directly and on permanent contracts. This lowers modern slavery risks within our direct team.

The extractives industry however, is one where the risk of modern slavery exists. This risk is mitigated by the geographic locations of our operations, which according to the 2018 Global Slavery Index, do not have a high prevalence of modern slavery.² Our operations in Australia, Botswana and USA are supported by a strong regulatory and cultural environment.

Human rights risks are evaluated annually as part of our enterprise risk process. An assessment conducted in calendar year 2019, undertaken with reference to international and industry standards, found that the risk of causing, contributing or being linked to modern slavery within our operations was low. Sandfire's controls and management practices mitigated the identified human rights risks through a program of screening, training, monitoring and reporting.

Supply Chains

Sandfire prioritises procurement from the countries where we operate. This approach has resulted in a majority of our Tier 1 supplier spend to be in jurisdictions that do not have a high prevalence of modern slavery. We understand that through the extended supply chain certain goods and services we procure may be sourced from countries that carry elevated risks. Gaining visibility and understanding these lower tier suppliers, beyond Tier 1, is challenging and an area of heightened risk.

To date, we have identified the following procurement categories where there is a potential for us to contribute or be linked to modern slavery risk.

- Electrical products
- Apparel (PPE)
- Certain food products
- Construction
- Facilities management
- Hospitality
- Transportation including shipping



Case Study

Mitigating risks during COVID-19

The COVID-19 pandemic has heightened the global risk of modern slavery, particularly for the already vulnerable. Our COVID-19 response has focused on implementing protocols and systems to safeguard our people, manage risk and maintain operations.

Our supply chain

We have been closely monitoring impacts on our supply chain including the increased challenges of obtaining goods and services. The pandemic has not changed our Tier 1 supplier base, but we acknowledge there may have been changes and increased risks to our lower tier suppliers.

We maintained regular engagement with our suppliers and continued to provide critical payments and assistance as required.

Our people

We implemented several measures to protect the health and safety of our people. These included establishing flexible and remote working plans for our employees. In Botswana, we continued to pay wages to our site-based field employees during times of government imposed lockdowns.



Our Approach to Managing Modern Slavery

We undertook the following actions with respect to modern slavery during FY2020.

Development of our modern slavery approach

We developed and formalised our approach to identifying and managing modern slavery risks in our supply chain.

This included a risk assessment process to identify high risk suppliers, including their:

- Geographic risk;
- Sector and industry risk;
- Product and services risk; and
- Entity risk.

The results were used to formulate risk profiles for the Company's procurement categories and suppliers.

A supplier on-boarding modern slavery risk questionnaire was also developed that will be launched in FY2021.

Modern slavery risk software trial

We assessed a number of compliance automation systems to help us identify modern slavery risk through our supply chain and arrive at appropriate risk ratings for current and potential suppliers. We encountered challenges in finding a suitable solution that is fit for purpose, whilst being accurate and reliable. We will continue to assess suitable software solutions.

Questionnaire issued with tenders

As part of our due diligence process, a questionnaire was designed to understand a supplier's risk of modern slavery practices and included in our invitation to tender documentation. The questionnaire was issued to a number of tenderers in FY2020.

Modern slavery clause in contracts

We have developed a modern slavery clause for our supplier contracts and a number of our strategic contracts now contain this clause. Suppliers are required to ensure that their personnel and supply chain do not engage in any conduct that would constitute an offence under modern slavery laws.

Work to understand our supply chains

In conjunction with the supplier risk assessment, work was completed to better understand our supply chains. We now categorise suppliers by industry; request details on product manufacturing locations; and have commenced mapping the supply chains of our critical spares, including below our Tier 1 supplier level.

Training

We continued to develop our approach to training, including workforce training packages.

Initial modern slavery training was delivered as a component of our contract management training and this will continue to be rolled out in FY2021.

Effectiveness of our approach

We recognise that reviewing the effectiveness of our approach to modern slavery is key to improvement. This includes:

- Reviewing and updating our modern slavery approach on an annual basis;
- Reviewing and assessing business risks on a regular basis, including when the business changes. We formally assess the risk of modern slavery in our supply chain and human rights risks in our operations annually, as part of our enterprise risk management process;
- Measuring effectiveness via established key performance indicators (KPI's) including:
 - Number of employees that have undertaken training;
 - Changes in supplier modern slavery risk profiles; and
 - Number of enhanced modern slavery due diligence supplier assessments.

Consultation with Owned and Controlled Entities

Details of our owned and controlled entities can be found in our [2020 Annual and Sustainability Report](#).

For FY2020, supplier spend through controlled entities represented approximately 3% of total Group supplier spend.

As the Company expands globally, we will embed the Group modern slavery risk approach to the procurement processes of operational controlled entities.

Looking Ahead - FY2021 Actions

The following priorities have been set for FY2021.

Training and compliance

Continue to deliver modern slavery training to our people.

System automation

Continue to assess and seek a fit for purpose software solution to assist with identifying and managing modern slavery risk.

Human Rights Framework

Introduce a stand-alone Human Rights Policy and continue to develop our global framework of policies, standards and procedures to support the assessment and management of modern slavery risks.

Due Diligence

Continue to perform due diligence on our highest risk suppliers and expand the use of the supplier questionnaire.

Supplier Engagement

Continue to engage with our suppliers, to determine the extent to which modern slavery risks are adequately managed. If further action is required, remediation plans will be developed.

Growth Strategy

Ensure that modern slavery risks are assessed as Sandfire's business expands globally.