

SOUTH32 RESPONSE

1. What policies and procedures does your institution have to undertake human rights due diligence regarding the companies and projects it finances, beyond what is publicly available on your website?

South32 is a globally diversified mining and metals company. We produce 10 commodities across our operations in Australia, Southern Africa and South America. We are also the owner of a high-grade zinc, lead and silver development option in North America and have several partnerships with junior explorers with a focus on base metals.

At South32, we work to create positive social impact by mitigating human rights related risks, leading improvements and promoting respect for human rights as a result of our decisions, including our investment decisions, across our operations and beyond.

We clearly define our commitment to conduct business in a manner consistent with human rights principles within our company-wide Sustainability Policy, Code of Business Conduct, Sustainability and Business Conduct Requirements for Suppliers and our internal standards. In relation to projects we choose to invest in, our Sustainability Policy states *"We monitor the external environment for opportunities to invest and develop natural resources that deliver shared value for society"*.

Our policies are guided by international human rights principles set out in the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the 10 United Nations Global Compact principles, the United Nations Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights (VPSHR) and ICMM's Sustainable Development Framework.

We put these policies into practice through our internal standards which apply to our operated assets and projects. For example, we set appropriate labour conditions in our workplace in line with national laws and appropriate ILO conventions, and manage the activities of our security teams in line with the United Nations Voluntary Principles on Security and Human Rights. We also systematically conduct human rights impact assessments at our existing operations and supply chain due diligence programs with our tier-one suppliers.

South32 demerged from BHP in May 2015 and since this time we have not conducted any resettlements. However, it is written into our internal standards that resettlement must be undertaken in accordance with the International Finance Corporation Performance Standard 5: Land Acquisition and Involuntary Resettlement.

2. Do you require new clients or new projects in the extractives sector to have undertaken human rights due diligence prior to providing financing?

As a global resources company, we have interests in exploration companies and also conduct exploration for new projects. As part of the process to develop resources from exploration to an operation, we adhere to our internal standards, which include conducting human rights impact assessments.

3. Which human rights issues are included in your risk assessment process for extractive projects?

As a resources company, we conduct human rights and social impact baselines for projects to provide us with input into our assessment of the potential social and community impacts. These initial profiling exercises draw on publicly available social, demographic, community, economic and other relevant information for the potential investment area in scope. The profiling includes an assessment of community profiles, stakeholder groups, community interaction and sentiment, lands rights and regulatory environment considerations.

These preliminary assessments are a starting point for a more comprehensive, formal social impact assessment and human rights impact assessment as the project develops from exploration to operation.

4. Does your institution adapt its human rights policies and procedures for the specific sector of investment in order to account for the varied risks across sectors? If so, do you have specific policies on the mining sector?

South32 applies our policies in a consistent manner across our portfolio, including where exploration activities develop into operations.

5. Does your institution adapt its human rights policies and procedures for the specific country of investment in order to account for the varied risks across nations? If so, do you have specific policies for any countries or areas in Southern Africa?

South32 adapts its approach to human rights impact assessments depending on the country of operation to recognise the higher levels of risk that exist in certain jurisdictions in which we operate. For example, at our South Africa, Mozambique and Colombia operations, human rights risk is assessed as medium or higher (according to the Maplecroft Human Rights Index 2014), and we complete a human rights impact assessment at these locations that is reviewed annually and validated every three years by a technical specialist. At our Australian operations, human rights risk is assessed as lower, and our internal standards require us to complete, review and update a human rights self-assessment annually.

These assessments include internal and external stakeholder assessments of our human rights practices and the extent to which our company policies, procedures and practices respond to international human rights governance standards. Should impacts be identified, we develop and implement appropriate remedial actions and controls.

6. Who assesses human rights risks at your bank (departments, positions, internal/external, etc.)?

As a resources company, we identify, assess and manage our human rights risks. We have an internal Human Rights Specialist who manages South32's human rights strategy, including our modern slavery in supply chains work.

We have an internal Community Manager who provides support and guidance on community and human rights considerations for projects and operations.

We have individual site Community/Stakeholder relations leads at each of our existing operations who have accountability for human rights related due diligence activities at existing operations/in our local communities.

We draw on external experts to assist us with conducting our human rights due diligence, where required.

7. Do you require companies to have grievance mechanisms in place for each extractive project and if so, what do you see as essential in an effective grievance mechanism?

As a resources company, South32 has complaints and grievance mechanisms at each of our existing operations and we also make available EthicsPoint, an independent external platform for employees and contractors to anonymously report concerns regarding potential breaches of our Code of Business Conduct. Further information on our complaints and grievance mechanisms is contained in our Modern Slavery Statement, the Community chapters of our annual reporting and the EthicsPoint portal which can all be found at www.south32.net.

8. Have you ever taken any steps to require or support a client in remediating a human rights impact?

As a resources company with projects and existing operations, we work with stakeholders from our existing operations, such as local community members and our suppliers, to support human rights related remediation actions.

An example of this is work we conducted with local community organisation's in FY18 to address human rights impacts relating to the environment, education and the right to work. This includes our partnership with Landcare Australia at our Illawarra, Collie and Boddington areas to engage community youth through hands-on, outdoor learning, helping to promote greater environmental responsibility, and with the International Youth Foundation at our Mozal Aluminium smelter in Mozambique to encourage the implementation and development of micro, small and medium enterprises which will in turn increase the representation of women in industrial roles.

9. Have you ever withheld loans or other financial services as a result of a human rights assessment or allegation?

As a global company, we assess potential new jurisdictions and investment options based on risk. For this reason, we have assessed that the Democratic Republic of Congo is not a place we can operate in and maintain our own internal standards. In an article in the UK Financial Times on 24 August 2017, our CEO Graham Kerr stated: *"DRC is not a place we can operate in and maintain [our] standards"*.

10. Do you undertake any form of on the ground assessment of conditions at project sites?

As outlined above, we complete a range of ongoing human rights due diligence activities for our existing operations and complete initial community and social investigations for potential projects, which are a starting point for a more comprehensive, formal human rights and social impact assessment as a potential project moves through investment tollgates. A human rights and social impact assessment will include the collection of verifiable primary information which may be gathered from on-the-ground field surveys and on-site interviews to understand the issues and track impacts that matter to stakeholders so that mitigation measures are informed and effective.