



SANDFIRE
RESOURCES NL

2019
MODERN SLAVERY
STATEMENT

2019 MODERN SLAVERY STATEMENT

Introduction

Modern slavery presents one of the most complex human rights challenges worldwide. Globally it is estimated that 40 million people are victims of modern slavery, with nearly two thirds of those living in Asia Pacific and 15,000 in Australia.¹ Businesses today are connected through extensive, multi-tiered supply chains that stretch across borders. We all have a role to play to combat this issue.

In December 2018, the Australian Federal Government passed the *Modern Slavery Act 2018 (Cwth)* (MSA). Sandfire welcomes the introduction of the Act and has commenced work to identify and address the risk of modern slavery in its operations and supply chains. As a values-driven organisation, Sandfire is committed to protecting human rights wherever it operates. We see this as a fundamental element of our corporate responsibility and inherent in our contribution to sustainable development.

Modern slavery includes serious human exploitation such as human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services.²

Reporting entity

Sandfire Resources NL (Sandfire) is a mid-tier Australian mining and exploration company headquartered in Perth, Western Australia and listed on the Australian Securities Exchange (ASX:SFR).

The content of this statement was guided by the MSA and Draft Guidance for Reporting Entities³. It describes the actions Sandfire took in financial year 2019 (FY2019) to assess and address the risk of modern slavery in its operations and supply chains.

FY2019 Actions



Conducted
**operations human
rights risk assessment**



Conducted high level
**supply chain risk
assessment**
of 91 tier one suppliers

Formed
Modern Slavery Act
Working Group



Benchmarked our policies
& procedures against the
UN Guiding Principles
for Business & Human Rights



Updated
**Code of
Conduct**



Developed a
**two-year
Action
Plan**



Organisational structure, operations and supply chains

Structure and operations

Sandfire produces copper and gold from its 100 per cent owned DeGrussa and Monty Copper-Gold Mines, which are located 900 kilometres north of Perth, Australia. Our copper concentrate is primarily shipped to Asia and sold to commodity trading companies and smelters for refining.

Sandfire's Australian exploration activities cover the Bryah Basin in Western Australia, Mt Isa Inlier in Queensland, the Lachlan Fold Belt of NSW and McArthur River Basin in the Northern Territory. In addition, Sandfire has an international pipeline of growth opportunities and investments in the Americas, Europe and Africa.

¹<https://www.minderoo.com.au/global-estimates-of-modern-slavery/>
²<https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/draft-modern-slavery-act-reporting-entity-guidance.pdf>
³<https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/draft-modern-slavery-act-reporting-entity-guidance.pdf>

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Sandfire holds an 85 per cent interest in TSX Venture Exchange-listed company Sandfire Resources America⁴ (Sandfire America) (TSX-V: SFR). Sandfire America is advancing permitting of the high-grade underground copper mine, Black Butte Copper, located in Montana, USA. Key approvals required for the project include a finalised Environmental Impact Statement and associated Record of Decision, ahead of a decision to mine and assessment of project funding requirements.

On 25 June 2019 Sandfire and MOD Resources Ltd (MOD) (ASX/LSE: MOD) executed a binding Scheme Implementation Deed (SID) for the implementation of a Scheme of Arrangement (Scheme) under which Sandfire will acquire 100 per cent of the issued and to be issued share capital of MOD.⁵ MOD is a dual ASX and LSE-listed mining company whose flagship asset is the T3 Copper Project in Botswana, Africa. In the event that the Scheme is approved by MOD shareholders, we will include this project in the scope of future reporting.

Supply chain

Our direct (tier one) suppliers are predominantly located in Australia. We have over 1000 registered suppliers across 130 sector classifications. Our procurement expenditure in FY2019 was \$350 million, with 96 per cent of expenditure paid to suppliers in Australia. The majority of overseas products and services procured were from Germany, Singapore and USA.

Figure 1: Australian expenditure

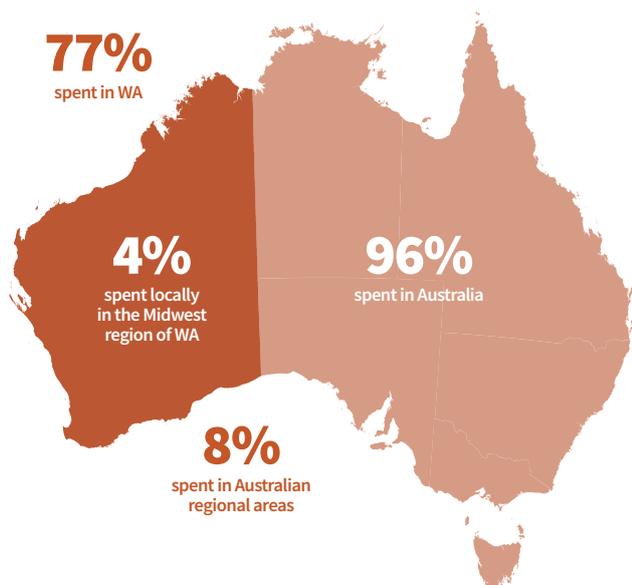
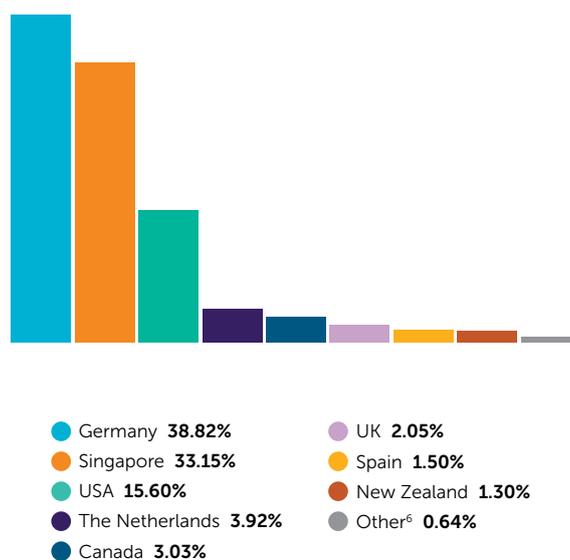


Figure 2: International expenditure



Our supply chain includes the following services and products:

- **Support services** – accommodation management services, air charter services, freight of inbound goods, power supply, IT services, consultants, training providers, fuel supply, equipment and vehicles
- **Exploration** – drilling and geophysical contractors, drill tools, general hardware and analytical laboratories
- **Processing** – shutdown contractors, grinding media, flocculants, labour hire
- **Mining** – underground mining contractors, cement, explosives, earth movers
- **Delivery** – haulage services, port services, stevedoring and shipping
- **Projects** – technical support services, equipment suppliers, construction contractors

⁴<https://www.sandfireamerica.com/>

⁵<https://www.modresources.com.au/>

⁶Countries with spend less than 1%: Bosnia, Chile, France and Ireland.

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Modern slavery risk

Operations

The mining industry in Australia is not considered high risk for modern slavery.⁷ However, protecting the human rights of our workforce, suppliers and communities is important to Sandfire. The human rights most relevant for our operations are related to workplace safety, labour conditions, and the rights of native title groups and communities where we have an impact. We know that companies can inadvertently elevate the risk of human exploitation by placing unreasonable demands on suppliers and this is something we keep in mind when engaging with suppliers.

In May 2019, we conducted an internal human rights risk assessment of our operations at the DeGrussa and Monty Copper-Gold Mines. The assessment considered human rights incidents including forced labour, child labour, withholding wages and personal ID, unsafe living conditions and unsafe working conditions and the controls in place to mitigate the risk of such occurrences. The assessment concluded that Sandfire's controls and management practices appropriately mitigate the relevant risks through a program of screening, training, monitoring, reporting and auditing.

Supply chain

The majority of our international spend is in countries with low prevalence of modern slavery.⁸ However, we understand that through the supply chain our footprint stretches across borders and sectors that may carry elevated risks.

Our approach to assessing supply chain risk is based on product, sector, geographic and entity risks. We engaged a third party to undertake a high level risk assessment of 91 tier one suppliers across exploration, delivery (transport), mining and support services. The assessment incorporated spend, industry and location data. The work provided a high level snapshot of our tier one risk profile. Over the next 12 months we will undertake a more comprehensive assessment to more clearly stratify our suppliers according to risk and identify suppliers for further engagement.

Our modern slavery actions

Governance and management

The Sandfire Board of Directors (Board) has ultimate responsibility for the Company's sustainability strategy, performance and management of sustainability risks and opportunities. To assist the Board in its duties, Sandfire has a dedicated Sustainability Committee comprising three non-executive Board Directors.

Supported by the managers of sustainability related functions, the Sustainability Committee oversees policies, management systems, performance, reporting and compliance related to health, safety, environment, community, and diversity and inclusion. Sandfire's response to and disclosure of matters relating to modern slavery are overseen by the Sustainability Committee. Sandfire's Group Management Team is responsible for upholding policies and implementing management controls that relate to human rights and modern slavery.

In FY2019, we formed a Modern Slavery Act Working Group and developed a two-year Action Plan to further our capacity to effectively manage modern slavery risk and ensure compliance with the Modern Slavery Act. The Working Group comprises members of Sustainability, Commercial and Procurement teams and meets regularly to track progress against the Action Plan. The Action Plan covers tasks to be undertaken across policy and governance, risk, supplier remediation, training and communication, and reporting.

Policies and procedures

Our approach to managing human rights and modern slavery risk is supported by a framework of policies and procedures. Our policies include our Code of Conduct, Equal Employment Opportunity, Anti-discrimination, Harassment and Bullying Policy, Our People Policy, Whistleblower Protection Policy, Grievance Mechanism Procedure, Employee Assistance Program and whistleblower helpline.

⁷<https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>
⁸<https://www.globallslaveryindex.org/2018/data/country-data/singapore/>; <https://www.globallslaveryindex.org/2018/data/country-data/united-states/>; <https://www.globallslaveryindex.org/2018/data/country-data/germany/>

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We benchmarked our policies and procedures related to human rights against the UN Guiding Principles for Business and Human Rights (UNGPs). The benchmark assessed our policy commitment, due diligence procedures and remediation process where adverse impacts are identified. Following the benchmark, we updated our Code of Conduct to expressly acknowledge our respect of the right to freedom of association and collective bargaining, the right to equal remuneration for equal work, and our zero tolerance stance on forced labour, child labour and unfair discrimination.

Employees and site-based contractors are required to undertake Code of Conduct training during induction and once every two years thereafter. To complement the Code and supporting policies, employees, contractors and suppliers have access to an anonymous whistleblower helpline. The helpline is facilitated by an independent third party and is available 24 hours a day, seven days a week. Availability of the helpline is communicated through induction and scheduled communications briefs. Workers can lodge complaints directly to Sandfire as well.

Our procurement, contractor and supplier procedures provide internal governance relating to the contracting of goods and/or services from external parties. The procedures outline our procurement, tendering, engagement, authorisations, execution and management of contracts. Suppliers with formal contracts are required to accept our Code of Conduct.

Modern slavery consultation

Over the next 12 months we will consult with Sandfire America to understand its processes for managing modern slavery risk and collaborate where appropriate. This will allow us to include information about modern slavery risks relevant for Black Butte Copper in addition to Australian operations in future reporting.

Modern slavery roadmap

In FY2020, we will enact many of the initiatives in our Action Plan to strengthen our management controls, improve the transparency of our risk profile and collaborate with suppliers where appropriate to address modern slavery risk. In particular we will focus on the following tasks:

Action effectiveness – we will develop a framework for assessing the effectiveness of actions taken to manage modern slavery risk.

Supplier screening – we will update our supplier IT management systems to flag high risk suppliers according to sector classification, location and spend.

Risk detection – we will undertake a detailed risk assessment of our supply chain to prioritise high risk suppliers.

Awareness training – we will provide training to equip our supplier and contract managers with the knowledge and skills to identify high risk suppliers and engage with them where appropriate.

Supplier engagement – we will engage with high risk suppliers where appropriate to determine the extent to which modern slavery risks are adequately managed. We plan to develop a supplier remediation plan to manage cases where further action is required.

Policy review – we will review and improve policies and procedures based on the outcomes of our actions.

We are confident that the foundations we have laid will assist us to address modern slavery risk, but recognise this is the start of a long term process. We are committed to reporting progress through annual modern slavery statements and look forward to working with our suppliers and industry partners in playing our role to combat this global issue.

Signed,



Karl Simich

Managing Director and CEO

This statement was approved by the Board of Sandfire Resources NL on 27 September 2019.

SANDFIRE RESOURCES NL

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