

## Antofagasta plc 2016 Statement: Modern Slavery Act 2015 (UK)

Section 54 of the Modern Slavery Act requires any company carrying on a business in the UK which supplies goods or services and has a total annual turnover of £36 million or more, to publish an annual statement setting out the steps it has taken to ensure that slavery and human trafficking are not occurring in its supply chains or in any part of its business.

Antofagasta plc has prepared the following statement in relation to this requirement, which has been approved by the Antofagasta plc Board.

### Structure

Antofagasta plc is a Chilean copper mining group with significant by-product production and an interest in freight transportation. The Group creates value for its stakeholders through the discovery, development and operation of copper mines.

The Group's business model is described in more detail in our Strategic Report, which is contained on pages 11 to 24 of the 2015 Antofagasta plc annual report and is available at [www.antofagasta.co.uk](http://www.antofagasta.co.uk).

The Group operates four copper mines in Chile from which minerals are extracted and processed before being sold worldwide by the sales and marketing team in Chile. The Group also has an important portfolio of growth opportunities, predominantly in Chile. The shares of Antofagasta plc are listed on the main market of the London Stock Exchange.

### Supply chain

Suppliers play a critical role in the Group's ability to operate, supplying a large range of products and services from grinding media to catering at the mine sites. The Group currently conducts business with approximately 4,000 first tier suppliers, 80% of whom are based in Chile. Some two-thirds of the suppliers provide services to the Group and one third supply goods.

The Group maintains open channels of communication with its suppliers and encourages them to raise any issues or concerns that arise in the conduct of their business. The Group's suppliers are audited periodically to ensure that they meet their obligations with respect to their work force and to ensure that they are complying with applicable laws and the Group's policies and procedures.

## Policies and procedures

The Board is collectively responsible for the long term success of the Group, its leadership and strategic direction, and for the oversight of the Group's performance, risk, compliance and internal control systems.

The Group's Compliance Model applies to all employees and suppliers providing goods or services for or behalf of the Group and comprises of five elements:

1. The Code of Ethics
2. The Crime Prevention Model
3. Whistleblowing
4. Communication and Training Programme
5. Compliance Risks and Control Assessment

The Group's Compliance Model is more fully described in the Risk Management section on pages 33 to 34 of the 2015 Antofagasta plc annual report.



Figure 1: Diagram of Group Compliance Model

The Code of Ethics sets out the Group's commitment to undertake business in a responsible and transparent manner. It demands honesty, integrity and accountability, mandating compliance with the law as well as the Company's values and expectations in relation to moral and ethical conduct, including specific expectations in relation to human rights.

The Code of Ethics was reviewed and updated in 2016 to specifically prohibit the exercise of any form of exploitation or other behaviours constituting slavery or human trafficking.

Employees and suppliers providing goods or services for or behalf of the Group are required to report any conduct that is not in accordance with the Code of Ethics through the Group's intranet, by email, letter or by using a dedicated whistleblowing hotline. Any report that is made is thoroughly investigated and the findings are reported to the Ethics Committee which decides what further action, if any, should be taken. The system allows reports to be made anonymously. All complaints are reported to the Audit and Risk Committee at least every quarter.

All new contracts with suppliers include specific clauses requiring them to comply with the Group's Compliance Model. Suppliers must also declare that they conduct their business in a manner that is consistent with it.

Further information on the Group's Compliance Model, whistleblowing arrangements and a copy of the Code of Ethics are available on the Group's website at <http://www.antofagasta.co.uk>.

## Due Diligence

As part of the Compliance Model, due diligence is performed on all new suppliers before they are engaged and periodically thereafter. The due diligence process requires suppliers to complete a questionnaire explaining their compliance models, training programs, codes of conduct, processes for receiving and investigating complaints, third party background checks and compliance procedures for the prevention of slavery and human trafficking.

## Risk Assessment, Accountability and Results

The Group operates a centralized risk management and internal control system. This includes conducting risk assessments within each business activity to ensure the early and effective identification, control, mitigation and reporting of relevant risks.

As part of the risk assessment process, all of the Group's suppliers are reviewed based on the outcome of the due diligence analysis, the supplier's location and the slavery index<sup>1</sup> of the country in which they operate.

During 2016, of the Group's suppliers reviewed, none had issues relating to forced labour, child labour or human trafficking.

**Chilean Law:** Chile has been a member of the International Labour Organization (ILO) since 1919. The country has ratified 61 ILO Conventions, of which 51 are in force, including those that prohibit child and forced labour (C029 – Forced Labour Convention, C105 – Abolition of Forced Labour Convention and the C138 – Minimum Age Convention). These Conventions have been incorporated into Chilean law. Under the Global Slavery Index, Chile has one the lowest vulnerability scores in the Americas. It estimates that 27,700 people, or 0.154% of the total population, are currently living in modern slavery.

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<sup>1</sup> According to the Global Slavery Index, an annual study and ranking of world-wide slavery conditions published by the [Walk Free Foundation](#)

## Education and Training

The Code of Ethics is distributed to all of the Group's employees and contractors who are required to acknowledge in writing that they have read and understood the Code and undertake to implement it in the performance of their obligations and duties on behalf of the Group.

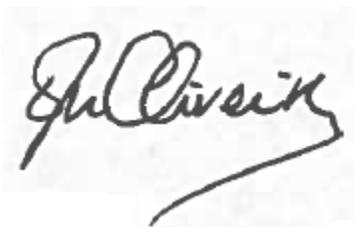
The Group also provides a comprehensive training programme to ensure that all of the components of the Group's Compliance Model are understood and embedded in the Group's culture. This training programme emphasises the right to know and there are measures in place to bolster the skills required to ensure its effective implementation.

During 2016 the new employee induction training programme and the Compliance Model e-learning training programme for existing employees and contractors were updated to include training on obligations in relation to ensuring that slavery and human trafficking are not occurring in the Group or in the Group's supply chains.

## Next Steps

In 2017 the Group will implement a programme to monitor the effectiveness of the actions it has taken to ensure that slavery and human trafficking are not occurring in the Group or in the Group's supply chain. It will also engage external consultants to perform specific reviews of its suppliers in relation to the steps that they have taken to ensure that slavery and human trafficking are not occurring in their supply chains.

The Group's current procedures, combined with these steps and the continuous improvement of the Group's Compliance Model, provides the Board with assurance that the likelihood of modern slavery taking place in its first tier suppliers or any part of its business is low and that it took appropriate steps in 2016 to confirm this and to extend the scope and effectiveness of its assessment of its suppliers.



**Ollie Oliveira**  
**Chairman Audit and Risk Committee**  
**Director Antofagasta plc**