

## **KAZ Minerals PLC**

### **Modern Slavery Act Transparency Statement 2018**

#### **Introduction**

The UK Modern Slavery Act 2015 (the "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 prevent slavery and human trafficking in its supply chain or in any part of its business. This is the third statement made by KAZ Minerals PLC ("KAZ Minerals" or the "Group").

#### **Our business, structure and supply chain**

KAZ Minerals is a copper miner focused on large scale, low cost, open pit mines in the CIS region. It is listed on the London and Kazakhstan stock exchanges and is a member of the FTSE 250 index of UK companies. The Group operates the Bozshakol and Aktogay open pit copper mines in Pavlodar and the East Region of Kazakhstan, three underground mines in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan. KAZ Minerals has subsidiaries in Kazakhstan and Kyrgyzstan which own and operate its copper mining and processing assets in those countries. In 2018 the Group produced 295 kt of copper, 50 kt of zinc in concentrate, 183 koz of gold and 3,511 koz of silver. The Group also has a pipeline of growth projects: the Aktogay expansion project to construct a second concentrator at Aktogay and the Baimskaya project in the Chukotka region of Russia to develop the Peschanka copper deposit. During 2018 the Group employed around 14,000 staff and there were approximately 8,000 contractors working on its sites, principally in Kazakhstan. Further details of the KAZ Minerals business model can be found on pages 10 to 11 of the 2018 Annual Report and Accounts.

The Group's supply chain includes contractors and suppliers providing skilled and unskilled labour, energy, transport, smelting and other services and consumables and raw materials required for the mining, processing and sale of copper. A key supplier to the Group includes the Balkhash smelter in Kazakhstan where 80 kt of copper cathode, 69 koz of gold bar and 2,573 koz of silver bar were toll processed in 2018.

In 2018, approximately 187 separate contracting firms worked at the Group's mining sites, providing a variety of specialised services with around 8,000 contractor-employed workers present on Group sites comprised of both Kazakh and non-Kazakh nationals.

#### **National context**

The Global Slavery Index 2018, published by the Walk Free Foundation, ranks Kazakhstan and Kyrgyzstan at 21<sup>st</sup> and 22<sup>nd</sup> respectively within the Europe and Central Asia region, both with an estimated 0.4% of the population living in modern slavery. Ranked by the estimated prevalence of slavery at national level, Kazakhstan was 83 and Kyrgyzstan 85 out of 167 globally (with a ranking of 1 representing the highest estimated prevalence and 167 the lowest estimated prevalence of modern slavery). In Kazakhstan the main sectors of concern, in particular in relation to living and working conditions for migrant workers, are the construction, hospitality and domestic sectors<sup>1</sup>.

#### **Our policies in relation to modern slavery and human trafficking**

The Group has established policies and procedures aimed at preventing modern slavery and human trafficking and it encourages employees and contractors to report any suspected or actual breaches of the principles set out in the Group's policies, either to KAZ Minerals management or by using the anonymous 'Speak Up' system.

The Group's Code of Fair Employment sets out the standards it expects to be upheld in relation to its own employees and the employees of suppliers or contractors to the Group. It prohibits any involvement in human trafficking of any form and includes clauses prohibiting any forced, involuntary, bonded, indentured or child labour, the retention of passports or identification documents, the taking of deposits, restrictions on freedom of movement and the charging of recruitment fees to workers. All employees of contractor companies must be provided with contracts of employment setting out their

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<sup>1</sup> Global Slavery Index, Walk Free Foundation

rights and responsibilities, be paid above the legal minimum wage, be treated equally with working hours that comply with legal limits and have access to grievance procedures. Harsh or inhumane treatment is strictly prohibited, and workers must be free to terminate their contract of employment at any time and leave the workplace.

The Suppliers' Charter sets out the Group's expectations from its suppliers in relation to human rights, employee wellbeing, anti-bribery and corruption, community relations and environmental responsibilities.

The objectives of the Group's Human Rights Policy are to ensure respect for human rights for all, in every aspect of the Group's operations, in the communities in which it operates. We have adopted the UN Guiding Principles on Business and Human Rights.

The above mentioned Group policies can be viewed at the following links:

1. Code of Fair Employment ([LINK](#))
2. Suppliers' Charter ([LINK](#))
3. Human Rights Policy ([LINK](#))
4. Speak Up Policy ([LINK](#))

All suppliers are required to comply with the Group's policies upon entering into a contract with the Group and to commit to upholding the standards set out in the Suppliers' Charter and the Code of Fair Employment. Any negative outcome from due diligence undertaken, any breaches of the Suppliers' Charter or Code of Fair Employment, or a refusal to confirm compliance with the policies, could result in the termination of the Group's contract with that supplier and/or the exclusion of the contractor from working with the Group in the future.

#### **Due diligence processes in relation to modern slavery and human trafficking in our business and supply chains**

The Group conducts due diligence checks on new suppliers and contractors to obtain information on the compliance systems and processes they have in place and to ensure that the Group works with business partners who meet its standards.

The due diligence process requires suppliers to explain their compliance programme or code of conduct, and to confirm whether they have anti-bribery and corruption policies in place and to provide details of these.

#### **Risk assessment**

During 2018 a further risk assessment of the Group's major suppliers was conducted to identify those with a higher potential risk of modern slavery, using information from a range of sources, including the Global Slavery Index and suppliers' labour policies and supply chain management. Those suppliers identified as a possible modern slavery risk were subject to further enquiries regarding their policies and processes. Following this review, none of these suppliers were deemed to require additional inspections.

#### **Measuring effectiveness**

Staff are expected to monitor suppliers and contractors to prevent instances of slavery and human trafficking in the Group's supply chain and to report any suspected breaches of the Group's policies through the appropriate channels.

In 2016 the Group undertook an assessment of internal working practices amongst its own employees to manage the risk of slavery and human trafficking occurring within its own operations. The assessment confirmed that conditions of modern slavery were not present amongst the Group's own employees. This assessment will be repeated during 2019.

The Group has an independently managed 'Speak Up' facility, which provides a confidential and secure means for our employees, contractors, suppliers, business partners and other external stakeholders

to report concerns. The facility allows complaints to be submitted anonymously. The Group does not tolerate any form of retaliation against employees who raise concerns in good faith. Any complaints are thoroughly investigated and findings are reported to the Audit Committee or Health, Safety and Environment Committee of the Board which meet regularly during the year.

During 2018, the list of suppliers with staff working on KAZ Minerals sites was updated. In respect of suppliers with staff on site, the senior managers at each of the Group's operations and at the Artemyevsky and Aktogay expansion construction projects confirmed that they had undertaken field observations, including walk arounds to observe working conditions and had detected no conditions which could indicate modern slavery amongst contractors' staff working at KAZ Minerals' sites.

At the expansion construction sites, senior managers also conducted short interviews with selected contractors' staff on site regarding their working conditions.

#### **Training for staff on modern slavery and human trafficking**

A training programme was implemented for individuals from procurement teams and managers involved in the supervision of contractors. The aim was to raise awareness of the standards contained within the Code of Fair Employment and Suppliers' Charter, in particular those relating to slavery and human trafficking. During 2018 this training continued as part of the induction programme for new employees in relevant roles, with approximately 1,400 staff trained to date.

Additional training was given to senior managers on the Group's construction projects where there are higher numbers of contractor construction workers, to ensure vigilance on those sites. Training is cascaded by managers throughout their teams.

To ensure information on modern slavery is spread more widely amongst relevant staff, the Group publishes information on modern slavery on its intranet and in its regular newsletters.

#### **Next steps**

KAZ Minerals is committed to continuous improvement of controls throughout the organisation. In 2019 the Group will continue training staff and will further assess and monitor the effectiveness of the actions it has taken to ensure that slavery and human trafficking are not present within the Group or its supply chain, and will incorporate additional measures where appropriate.

#### **Further information**

For further information on the Group's approach to human rights and employee relations, please see the Corporate Responsibility section of the 2018 Annual Report and Accounts ([LINK](#)) and the Corporate Responsibility section of our website ([LINK](#)).

This statement has been prepared in respect of the Group's financial year ended 31 December 2018 and was approved by the Board of Directors of KAZ Minerals PLC.



**Andrew Southam**  
**Chief Executive Officer**  
**KAZ Minerals PLC**  
9 May 2019