



ANTOFAGASTA PLC

Antofagasta plc 2019 Statement Modern Slavery Act 2015 (UK)



INTRODUCTION

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.

The following statement has been prepared in respect of the year ended 31 December 2019 and has been approved by the Antofagasta plc Board.

2019 highlights

- Modern slavery awareness was incorporated in targeted training sessions for higher risk areas of the business, including corporate teams for procurement, sales, human resources, labour relations and the Los Pelambres Expansion project.
- All new employees received information relating to the prevention of modern slavery during their induction programmes
- Specific new internal guidance published on how to detect and prevent modern slavery in the Group's supply chains
- A dedicated section on modern slavery was included in the e-learning training programme for employees launched during the year
- Compliance risk matrixes were updated, including a specific analysis of Modern Slavery risk in the Group's supply chains
- Due Diligence procedures were strengthened further to better understand how our suppliers manage the modern slavery risks

¿Sabías que, según el Índice Global de Esclavitud, en 2018 hay más de 45 millones de personas en el mundo víctimas de esta condición?



- En Chile, esta cifra alcanza a más de 14 mil personas, mientras que en EE.UU llega a 403 mil y en Reino Unido a 136 mil.
- Entendemos por esclavitud moderna:
 - a. Trabajo forzoso.
 - b. Servidumbre por deuda.
 - c. Trata de personas.
 - d. Explotación sexual.
 - e. Trabajo en condiciones extremas.
 - f. Esclavitud infantil.

En Antofagasta Minerals estamos comprometidos con erradicar estas prácticas a lo largo de toda nuestra cadena de valor.

Si sospechas de alguna práctica de esclavitud moderna, denuncia a través de los siguientes canales:



<http://sri.aminerals.cl/>



lineaetica.consultas@aminerals.cl



800-362-672

Seguridad y Sustentabilidad



ANTOFAGASTA PLC

STRUCTURE

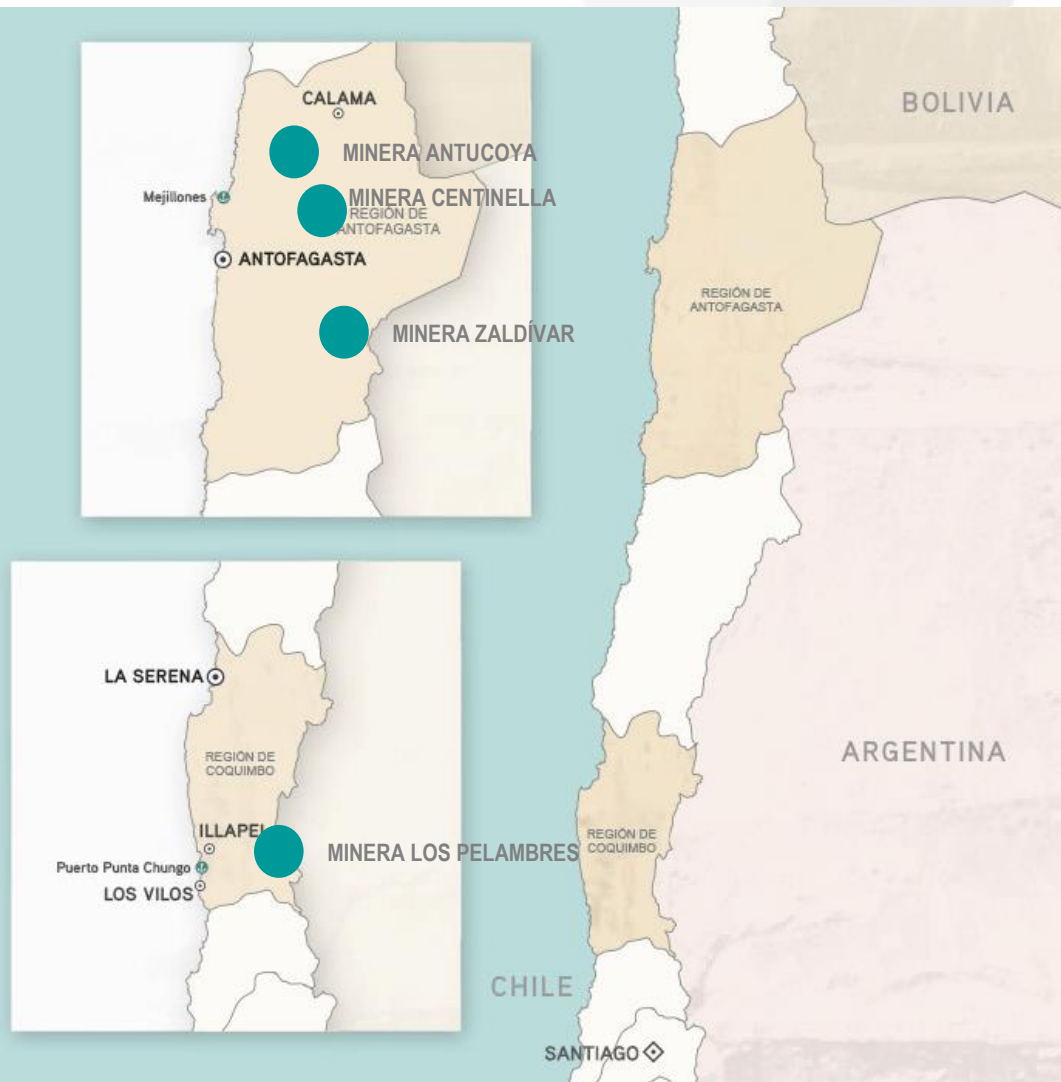
Antofagasta plc is a Chilean copper mining group with significant related by-product production and a freight transport business. Antofagasta plc and its subsidiaries (the “Group”) creates value for its stakeholders through the discovery, development and operation of copper mines. The Group is committed to generating value in a safe and sustainable way throughout the commodity cycle.

Mining is the Group’s core business, representing over 96% of Group revenue and EBITDA. The Group operates four copper mines in Chile, two of which produce significant volumes of by-products. Minerals are extracted and processed before being sold worldwide by the sales and marketing team based in Chile. All of the Group’s mining operations are located in the Antofagasta Region of northern Chile, except for its flagship operation Los Pelambres, which is located in the Coquimbo Region of Central Chile. The Group also has a portfolio of growth opportunities located mainly in Chile.

The Group’s transport division, known as Ferrocarril de Antofagasta a Bolivia (or “FCAB”), provides freight transportation services by rail and truck to the mining industry in the Antofagasta Region of Chile. The transport division operates its own railway network, which provides rail access to Bolivia and the two largest ports in the Antofagasta Region at Mejillones and in the city of Antofagasta.

The shares of Antofagasta plc are listed on the Main Market of the London Stock Exchange.

OCEANO
PACÍFICO



SUPPLY CHAIN

Suppliers play a critical role in the Group's ability to operate, supplying a broad range of products and services from grinding media to catering at the mine sites. The Group conducted business with over 2,499 suppliers in 2019, 94% of whom were based in Chile. Approximately 71% of the Group's 2019 total expenditure with suppliers related to the supply of services and 29% to the supply of goods.

Chilean Law

Chile has been a member of the International Labour Organization (ILO) since 1919. The country has ratified 63 ILO Conventions, of which 49 are in force, including those that prohibit child and forced labour (C029 – Forced Labour Convention, C105 – Abolition of Forced Labour Convention and C138 – Minimum Age Convention). These Conventions have been incorporated into Chilean law. According to the Measurement Action Freedom 2019 report, Chile has one of the strongest responses, relative to wealth, in America to Modern Slavery (7/10 compared to 5/10 regional average). Global Slavery Index 2018 estimates that 14,000 people or 0.078% of the total population, are currently living in modern slavery.

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. Suppliers can raise any concern directly with their contract administrator or through the Group's whistleblowing channel "Tu Voz" (Your Voice). "Modern slavery" is categorised within the system which allows the risk and compliance team to quickly identify and monitor any case that may arise.

All potential new suppliers are submitted to Group's due diligence process and are required to certify that they comply with all applicable laws and regulations regarding modern slavery, describe the main actions they take to ensure there are no instances of modern slavery in their organisation and provide copies of the procedures they have in place for the prevention of modern slavery. Contracts with new suppliers also include specific clauses requiring them to comply with the Group's Compliance Model, as described in more detail below, and specifically to avoid any type of modern slavery. Additionally, general managers or legal representatives of the companies must declare that there is no modern slavery in their company. The Group performed due diligence on 5,570 suppliers in 2019.

The Group conducted business with 138 suppliers of goods and services outside Chile in 2019. The United States accounted for 34.8% of this total, followed by Canada 10.9%, Germany 9.4% and Australia 8.7%.

As shown in Table 1, "GSI Statistics for International Supplies by Value", some 98% of the Group's international expenditure is concentrated in 12 countries and of those supplies, over 80% were concentrated in six countries: the United States, Peru, India, Germany, Sweden and Japan.

Of these countries India and Peru have the highest percentage of population in modern slavery, according to the Global Slavery Index 2018 (GSI), and they accounted for 8.4% and 26.5%, respectively, of the Group's international expenditure on the supply of goods and services. The main supplies from India were pipelines for the Los Pelambres Expansion project and the main supply from Peru was sulphuric acid used to leach copper oxide ore at three of the Group's four mining operations. Due Diligence performed on suppliers concluded they all have procedures and controls consistent with the Group's Compliance Model and satisfy the Group's assessment criteria.

Country of origin	% of International Expenditure	# Suppliers	GSI % of population in MS (2018) (1)	Global Rating (2019) (1)
USA	27,1%	48	0,13%	7*/10
Peru	26,5%	4	0,26%	7/10
India	8,4%	2	0,61%	5/10
Germany	8,2%	13	0,20%	7/10
Sweden	5,7%	1	0,16%	7*/10
Japan	5,4%	1	0,03%	4/10
Switzerland	5,2%	1	0,17%	7/10
Australia	4,4%	12	0,06%	7/10
Singapore	2,8%	2	0,34%	4/10
China	2,3%	5	0,28%	4/10
Netherlands	1,2%	3	1,80%	7*/10
Canada	1,0%	15	0,05%	6/10
UK	0,4%	4	0,21%	6/10
Colombia	0,4%	1	0,27%	6/10
Ireland	0,2%	4	0,17%	7/10
New Zealand	0,2%	1	0,06%	6/10
Argentina	0,1%	2	0,13%	7*/10
South Africa	0,1%	2	28,00%	5/10
Brazil	0,1%	5	0,18%	6/10
Spain	0,1%	4	2,30%	7*/10
Norway	0,1%	1	0,18%	7/10
Costa Rica	0,1%	1	0,13%	6/10
Indonesia	0,0%	1	0,47%	5/10
Uruguay	0,0%	2	0,10%	7/10
France	0,0%	1	0,20%	7/10
Virgin Islands	0,0%	1	NA	NA
Panama	0,0%	1	0,21%	6/10
Total	100,0%	138		

(1) Source: <https://www.globalslaveryindex.org/>

Table 1: GSI statistics for the Group's international suppliers

POLICIES AND GOVERNANCE

The Group's policies are consistent with its culture and core values, one of which is respect for people, and to actively support human rights and avoid the existence of modern slavery in our businesses and supply chain.

Along with the Chilean laws that protect human rights, our Compliance Model is designed to address any unethical behaviour, including modern slavery.

During 2019, a specific internal policy on modern slavery was launched and communicated to the organisation. The purpose of this new policy is to provide relevant information on how to prevent, detect and act on any sign of modern slavery in our supply chains and to create broader awareness of this subject.

The Board is collectively responsible for the long-term sustainable 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 Audit and Risk Committee supports the Board in this task, reviewing and evaluating the effectiveness of management in preventing modern slavery.

The risk and compliance department, in coordination with the procurement and human resources departments, coordinates and implements the established controls to avoid modern slavery in any part of the Group's businesses or supply chains.

COMPLIANCE MODEL

The Group's Compliance Model applies to all employees and suppliers providing goods or services the Group.

The model helps the Group to communicate the importance of ethics and compliance in every activity it undertakes by encouraging all members of the organisation to support its implementation in their day to day activities. The model is regularly communicated and presented to the Group's employees in training sessions, "Integrity Week" presentations and massive communications.

The Compliance Model is founded on the Group's Code of Ethics and Compliance Risk Assessment procedures and its three strategic areas of focus are prevention, detection and action.

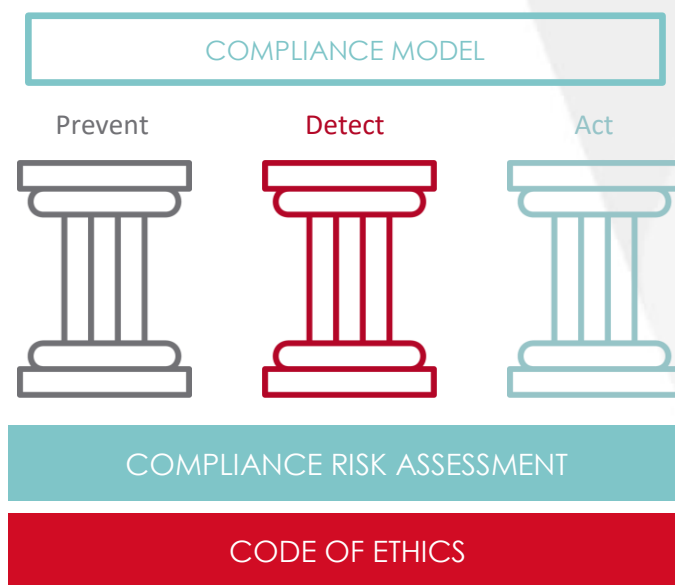


Diagram of Group Compliance Model

Code of Ethics

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 is distributed to all 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 Code of Ethics specifically prohibits the exercise of any form of exploitation or other behaviours constituting slavery or human trafficking.

Compliance Risk Assessment

The Group operates, by the corporate risk team, a centralised risk management and internal control system. This system allows the management of each specific risk by the different risk owners through each one of the Group's companies. This includes conducting risk assessments within each business activity to ensure the early and effective identification, control, mitigation and reporting of relevant risks.

The Group's compliance risk matrix was updated in 2019, and addresses specifically the risks of modern slavery in particularly exposed areas including procurement, human resources, corporate affairs and marketing. Preventive controls include detailed due diligence of each potential supplier and ongoing monitoring of existing relationships. Within our contracts we require suppliers and contractors to commit to avoiding and addressing all types of modern slavery. Specific declarations are also required regarding the presence of modern slavery in their companies, including within any operations they may have that are not directly related to the goods or services that are to be provided to the Group.

Prevention

Overall, the Group focuses on preventing any irregular activity, putting in place several controls, including policies, training and specific communications.

Training and communications

Raising awareness is crucial to preventing any involvement in modern slavery in our businesses and our supply chain.

The Group ensures its Compliance Model and related policies and procedures are implemented and understood across the organisation. This is achieved through induction training for all new employees and contractors, extensive e-learning every two years and special training for the most exposed areas. Compliance model training includes a specific section on modern slavery.

During 2019, on-site personalised training was delivered to corporate teams for procurement, sales, human resources, labour relations and the Los Pelambres Expansion project, and a dedicated chapter was incorporated in the 2019 e-learning training course. The e-learning training is scheduled to be completed by 100% of the Group's executives and supervisors within the first months of 2020.

Information on modern slavery and the importance of preventive actions was informed to the whole organisation via e-mail.

Collaboration between the risk and compliance, human resources, legal and procurement departments is essential for us to continue to improve the controls we have in place to prevent, detect and mitigate the risks of modern slavery occurring in our businesses or supply chain.

Due Diligence and audit process

As part of the risk assessment process, all new suppliers and contractors are subjected to due diligence which allows the Group to understand the compliance systems and processes they have in place and whether there have been any reported incidents of behaviour that might not be in accordance with the Group's policies. Based on the outcome of that due diligence, the supplier's location, ongoing monitoring and/or specific additional controls relating to the risk of modern slavery, such as on-site ad-hoc reviews, may be applied.

The due diligence process requires suppliers to complete a questionnaire explaining their compliance models, training programmes, codes of conduct, processes for receiving and investigating complaints, third party background checks and compliance procedures for the prevention of slavery and human trafficking.

The Group's policy is to ensure that wages for services paid to employees and for third-party services is an ethical wage above the legal minimum wage. This minimum ethical wage paid by the Group was increased in 2019 and new minimum health and life insurance limits were established.

The Group requires bank guarantees for all service contracts to guarantee the contractors' obligations towards their employees during the term of the contract. These guarantees are released on conclusion of the contract, but only if all local labour obligations have been fulfilled during the term of the contract.

During 2019, the Group continued with its requirement for General Managers of all of the Group's contractors to declare that there was no human trafficking or any other modern slavery related activities in their companies. The status of the declarations is also reviewed and periodically audited.

The Group uses specialised external sources of information to conduct due diligence, and the review of suppliers includes identification of negative news and information related to labour conditions and modern slavery.

During 2019, the Group did not identify any issues related to modern slavery or human trafficking in its supply chain.

During 2019, 5,570 third party background checks were conducted in relation to potential suppliers. No cases involving modern slavery or human trafficking were detected.

Detection

Several internal and external audits are conducted each year to detect any non-compliance with the Compliance Model or labour requirements.

Contracts for the supply of services are audited by an independent third party each month to ensure that legal and contractual labour obligations are being complied with. These include restrictions and obligations relating to child labour, working conditions, minimum wages, wage payment practices and the provision of health insurance, pensions and other statutory benefits.

On site, external audits are also performed to ensure that safety, health and hygiene conditions are above the minimum required level. Each service supplier is audited at least once per year.

An additional annual external audit is performed randomly on suppliers of services, and includes the review of the status of their modern slavery declarations, and their compliance with minimum ethical wage requirements, life insurance coverage levels and performance agreement bonus payment commitments.

At the same time, employees and suppliers providing goods or services for or on behalf of the Group are required to report any conduct that is not in accordance with the Code of Ethics through the Group's website, intranet, by email, letter or by using a dedicated whistleblowing hotline. Any reported complaint

is thoroughly investigated and the findings are reported to the Ethics Committee which meets regularly and 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. Of the 391 complaints reported through whistleblowing channels in 2019, none related to modern slavery or human trafficking.

Action

Non-compliance with the Group's Compliance Model is investigated and actions are taken according to the severity and circumstances of the breach.

Potential actions that could be taken if a supplier were in breach of its commitments in relation to modern slavery could include termination of their contract, the exercise of bank guarantees (where applicable) and other legal action.

No events of non-compliance relating to modern slavery were detected in 2019.

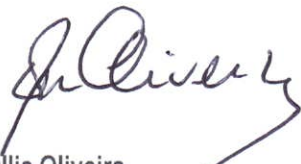
We are committed to the continuous improvement of our controls throughout the organisation, to ensure no modern slavery is present in our supply chain

NEXT STEPS

In 2020 the Group will continue 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. As part of this process, specific plans are in place to:

- Continue to communicate with, and provide training to, exposed areas within the Group.
- Finalise e-learning training, targeting course completion by 100% of the Group's executives and supervisors.
- Extend communication campaigns to contractors and suppliers.
- Reinforce targeted communication with contract administrators regarding their role in preventing and detecting modern slavery.
- Strengthen the annual external audit performed on suppliers of services to ensure 100% compliance with the Group's requirements.

The Group's current procedures, combined with the above 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 own operations is low and that it took appropriate steps in 2019 to confirm this and extend the scope and effectiveness of its assessment of its suppliers.



Ollie Oliveira
Chairman Audit and Risk Committee
Director Antofagasta plc
April 2020

For more information please see the Group's annual report and our website at www.antofagasta.co.uk.