

Modern Slavery Act Statement

KAZ Minerals PLC

Description of the Group

KAZ Minerals is a copper miner focused on large scale, low cost, open pit mines in Kazakhstan. It operates the Bozshakol and Aktogay open pit mines, three underground mines and three concentrators in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan. In 2016 the Group produced 140 kt of copper cathode equivalent, 75 kt of zinc in concentrate, 120 koz of gold bar equivalent and 3,103 koz of silver bar equivalent.

Approach to modern slavery

KAZ Minerals recognises all human rights as defined in the UN Universal Declaration of Human Rights and is committed to ensuring that working practices in its operations and supply chain do not infringe on these rights. The Group has policies and procedures in place aimed at preventing modern slavery and encourages employees and contractors to report any instances or suspected occurrences of modern slavery or human trafficking.

Structure of business and supply chain overview

KAZ Minerals PLC is listed on the London Stock Exchange, the Kazakhstan Stock Exchange and the Hong Kong Stock Exchange and is a member of the FTSE 250 index of UK companies. The Group has operating subsidiaries in Kazakhstan and Kyrgyzstan which own and operate its copper mining and processing operations in those countries. For further details on the Group's business model please see pages 8 and 9 of the 2016 Annual Report.

During 2016 the Group employed around 13,000 people, principally in Kazakhstan, together with approximately 7,000 contractors across the Group's construction sites and underground mining sites as at 31 December 2016. The Group's supply chain includes contractors and suppliers providing skilled and unskilled labour, energy, transportation, raw materials, smelting and other services required for the mining, processing and sale of copper.

National context

Kazakhstan and Kyrgyzstan ranked joint 25th in an index of 167 countries in the 2016 Global Slavery Index published by the Walk Free Foundation, with an estimated 0.467% of the population in modern slavery. Ranked by the estimated total number of people in modern slavery, Kazakhstan was 64 and Kyrgyzstan 99. A ranking of 1 represented the most serious problems and 167 the least severe problems. In Kazakhstan the higher risk areas, in particular in relation to living and working conditions for migrant workers, are the construction, hospitality and domestic sectors¹.

Key suppliers and contractors

Key suppliers to the Group include providers of smelting and construction services. Approximately 75 kt of copper cathode, 55 koz of gold bar and 2,800 koz of silver bar were toll processed at the Balkhash smelter in Kazakhstan in 2016. Construction services at the Group's major growth projects in 2016 were provided by around 30 different contractors, employing approximately 3,000 people at the Group's sites in 2016. The contractors comprised both Kazakh and non-Kazakh nationals. The non-Kazakh nationals were employed under work permits for the duration of the construction of the projects. As of the beginning of 2017, construction works at both Bozshakol and Aktogay have been substantially completed and the majority of staff employed on these sites are direct employees of the Group.

¹ Global Slavery Index 2016, Walk Free Foundation

Policies and controls

During 2016 the Group established policies to combat modern slavery including a Suppliers' Charter and Code of Fair Employment ("the Policies") which can be viewed at the following links:

1. Suppliers' Charter ([LINK](#))
2. Code of Fair Employment ([LINK](#))

The Code of Fair Employment, which applies to contractors as well as the Group's own employees, includes clauses prohibiting any forced, involuntary, bonded, indentured or child labour. Retention of identity documents and any involvement in human trafficking of any form is prohibited. Employees of contractor companies must be provided with contracts of employment setting out their rights and responsibilities and workers must not be required to lodge deposits or security payments. Wages and working hours must comply with legal limits, harsh or inhumane treatment is strictly prohibited, all staff are to be treated equally and workers must be free to terminate their contract of employment and leave the workplace.

The Suppliers' Charter also sets out the Group's expectations in relation to anti-bribery, corruption and environmental issues.

The Group encourages reporting of any suspected or actual breaches of its supplier policies directly to KAZ Minerals management, or via a secure and anonymous 'Speak Up' telephone reporting system. All reports made through these channels are investigated and referred to the Audit Committee for consideration, if appropriate.

Compliance with Policies

New suppliers and contractors will be requested to comply with the Policies and material existing suppliers are required to confirm continued compliance. 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.

2016 review of working practices

The Group has undertaken an assessment of working practices during 2016 to manage the risk of modern slavery occurring within its own operations and those of its key suppliers and contractors. An internal review confirmed that conditions of modern slavery were not present amongst the Group's own employees.

A risk assessment of the Group's major contractors and suppliers has been carried out to identify those with a higher risk of modern slavery. The Group's largest suppliers determined by contract value were requested to confirm compliance with the terms of the Group's Suppliers' Charter and Code of Fair Employment in respect of 2016. No instances of modern slavery conditions amongst the Group's contractors were reported or observed in respect of 2016.

Actions to be carried out in 2017

- A training programme to raise staff awareness of modern slavery issues has commenced and will continue during 2017.
- The Group's supplier lists and risk assessment will be updated at least annually.
- The standard terms of business for new suppliers will incorporate the Suppliers' Charter and Code of Fair Employment.

Further information

For further information on the Group's approach to human rights and employee relations, please see the Corporate Responsibility section of the 2016 Annual Report ([LINK](#)) and the Corporate Responsibility section of our website ([LINK](#)).

Board Approval

This statement has been approved by the Board of KAZ Minerals PLC.

A handwritten signature in black ink, appearing to be 'ON', with a long vertical stroke extending downwards from the bottom of the signature.

Oleg Novachuk
Chief Executive, KAZ Minerals PLC
May 2017