

ASX/Media Release

30 April 2015

FEDERAL COURT PROCEEDINGS AGAINST CAER TO BE DISCONTINUED

CAER ADMITS RESEARCH BEHIND ANU DECISION DOES NOT MEET ITS OWN STANDARDS

Centre for Australian Ethical Research Pty Limited (**CAER**) has today issued a statement on its website admitting that the research processes it applied to compile environmental, social and governance (ESG) ratings and reports on Sandfire Resources NL (ASX: **SFR**; “Sandfire”) failed to meet its own stated standards (the EIRIS research process and ARISTA Quality Standards).

CAER provided the Australian National University (**ANU**) with ESG ratings and reports on Sandfire in August 2014 that were deficient and inaccurate. Significant aspects of the research, conclusions and ratings were drawn from incomplete and out of date information.

CAER’s statement can be viewed at the CAER website.

Sandfire’s Federal Court Proceedings against CAER will now be discontinued.

Background

ANU divestment

In October 2014, the ANU announced that it would divest its shareholding in seven ASX-listed companies, including Sandfire, following an ESG review of its portfolio by CAER. ANU made further public statements that the divestments would be made on the basis that those companies cause “social harm”.

Sandfire responded to the ANU divestment announcement and comments advising that the ESG profile on Sandfire contained a series of false, misleading and damaging claims concerning Sandfire’s activities and policies, including with respect to its environmental, corporate governance and stakeholder management. Sandfire further advised that it was not consulted in the preparation of the information provided to the ANU.

Following the ANU divestment announcement, Sandfire engaged directly with CAER and ANU to highlight and correct the errors and deficiencies in the information that CAER had provided to ANU.

Sandfire provided CAER with a significant amount of publicly available, internal and other third party ESG information.

ANU said it would reconsider the CAER assessments “should new information come to hand, or flaws become evident in the methodology involved”.

CAER and EIRIS media releases

On 17 October 2014 CAER published a statement on its website that included the comment “...CAER categorically stands by the research it supplied to the Australian National University...”



On 19-20 October 2014 CAER published media releases by CAER and its UK partner Ethical Investment Research Service (“**EIRIS**”) (the “**media releases**”) which stated that “CAER conducts its research using the long standing EIRIS research process, which is externally certified to the ARISTA Quality Standard”. These standards require regular dialogue and use of a wide range of company and independent information sources in the conduct of ESG research. They also require research to be shown to companies, targeted questionnaires to be sent in areas where the public data is unclear, and research to be supplemented by information provided as a result of these enquiries. In fact, these standards were not met by CAER.

The CAER media releases further represented that “each of the seven companies in question had their information updated in the past 12 months” and that “CAER has a process to contact the ASX companies to send them the information that we hold on them on a regular basis”. In fact, these standards were also not met by CAER.

As CAER admits in its statement today, the only relevant communication that CAER had with Sandfire before providing its information to the ANU was an email to Sandfire relating to an earlier version of its research in March 2012. CAER concedes “that this communication falls short of the ‘regular’ contact referred to in the CAER media releases” and does not meet the stated standard that research is “shown to companies and supplemented with analysis of any additional information they provide as a result”.

Federal Court proceedings

The media releases compounded the damage caused to Sandfire by the sub-standard, incomplete and out-of-date research which CAER had provided to ANU.

Sandfire again engaged with CAER when the media releases were published and sought a retraction, without success. Sandfire then commenced Federal Court proceedings on the basis that the media releases contained representations which were misleading or deceptive concerning the research methodology and processes followed by CAER in preparing the profiles, as well as the accuracy and fairness of the profile it provided to ANU in relation to Sandfire (ASX announcement 14 November 2014).

Sandfire is satisfied that the fairness of the Sandfire profile provided by CAER to ANU can now be appropriately assessed in light of the admissions in the statement by CAER today. Sandfire will now discontinue its Federal Court Proceedings against CAER.

ESG Performance

Sandfire’s Managing Director, Karl Simich, said he was pleased that the significant shortcomings of the ESG information prepared by CAER and provided to the ANU last year had been publically acknowledged by CAER.

“As I said at the outset, having the public record corrected is an important matter of principle for us.”

“Sandfire respects the right of any organisation to buy and sell shares as it sees fit. However, we expect these decisions be informed by up to date and accurate information.”

“Sandfire takes its ESG obligations very seriously and will strongly defend its ESG record,” Mr Simich said.

ENDS

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