

Case study

## Supporting sustainable procurement



At BHP Billiton, we believe design, engineering and innovation capabilities will become even more important in order to maintain and enhance our competitiveness. We also believe suppliers have an important role to play in this.

In 2008, BHP Billiton launched the World-Class Supplier Program, during a time when the Chilean mining industry was facing competitiveness challenges that have since intensified.

Projects were developed under the World-Class Supplier Program following an internal analysis conducted by our operations. The aim was to identify and prioritise problems that lacked a satisfactory market solution and to which a solution would potentially have measurable economic benefits or a positive health, safety, environmental or community impact.

The Program's goal is to reach 250 Chilean-based world-class resource industry suppliers by 2020. As of 31 December 2014, we were developing 37 projects at our Pampa Norte and Escondida Assets in Chile. Since the Program was launched, more than 70 innovation projects have been developed and some suppliers have begun to export the resulting solutions. International organisations such as the OECD, the World Bank, the Inter-American Development Bank, the World Economic Forum and the international Finance Corporation have recognised the Program as an innovative approach to local development in the mining industry. In FY2015, for the third consecutive year, BHP Billiton's World-Class Supplier Program was awarded a 'Big tick' re-accreditation by UK-based Business in the Community, an organisation that seeks to draw attention to best corporate practices internationally.

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In Queensland, Australia, BHP Billiton Mitsubishi Alliance (BMA) developed the Local Buying Program, which is a collaborative partnership between BMA and the Mackay Whitsunday Isaac Regional Economic Development Corporation. The Program, which is the first initiative of its kind in the region, sets out to build local business capacity and capability that contributes to sustainable economic opportunities for local small businesses. Goods and services are sourced from businesses in local communities, and a purpose-built website allows local vendors to register and respond to quotes, which BMA considers when planning and purchasing.

Funds from the Program are invested into business development initiatives to help create more competitive local supply markets and contribute to a stronger regional economy.

BHP Billiton Mitsui Coal (BMC) joined the Local Buying Program in May 2013, thereby broadening the Program's footprint to the community of Nebo. In late 2014, the Program was expanded into the Mackay region for suppliers to BMA's Hay Point Terminal.

As of June 2015, 660 local businesses had been approved as suppliers to BMA and BMC, including many that were not previously engaged. This has led to 4,860 work opportunities for local businesses, with US\$46 million in payments made to suppliers in those regions. More than US\$590,000 has also been contributed to the Local Buying Community Foundation, with 37 approved business development programs either delivered or in progress.

Our Western Australia Iron Ore (WAIO) Asset is committed to supporting local industry and sourcing goods and services through local businesses, where it is economical and practical to do so.

The WAIO Vendor Registration tool is accessible globally via the BHP Billiton website. This online tool provides suppliers with a user-friendly avenue to make themselves known to WAIO. The self-registration tool is utilised by WAIO as an additional source of market information to identify vendors based in host communities and regions. Procurement officers are able to access the tool to remain informed of the capability and capacity of the local vendor base. In addition, the tool informs WAIO's vendor site visitation program. The tool also demonstrates our commitment to ensuring benefits of our operations flow through to our host communities by providing a simple, user-friendly way for local businesses to engage with WAIO.