



BHP

Sustainability Report BHP Chile 2016

**Minera Escondida
Pampa Norte**

Our Charter

Our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market.

**We are BHP,
a leading global
resources company**

Our Values:

Sustainability

Putting health and safety first, being environmentally responsible and supporting our communities.

Integrity

Doing what is right and doing what we say we will do.

Respect

Embracing openness, trust, teamwork, diversity and relationships that are mutually beneficial.

Performance

Achieving superior business results by stretching our capabilities.

Simplicity

Focusing our efforts on the things that matter most.

Accountability

Defining and accepting responsibility and delivering on our commitments.

We are successful when:

Our people start each day with a sense of purpose and end the day with a sense of accomplishment.

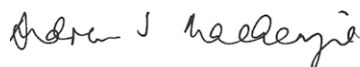
Our teams are inclusive and diverse.

Our communities, customers and suppliers value their relationships with us.

Our asset portfolio is world-class and sustainably developed.

Our operational discipline and financial strength enables our future growth.

Our shareholders receive a superior return on their investment.



Andrew Mackenzie

Chief Executive Officer

September 2016

Contents

Message from the President	2
Corporate Information	4
Our Sustainability Approach	6
Our Sustainability Performance	8
Operating Model	11
Governance	12
Performance	16
Business Strategy	21
Value Added	23
People	28
Environment	42
Strategic Resources	44
Biodiversity	46
Society	52
Significant Relations with the Community	54
Appendix	66

About this Sustainability Report

This Sustainability Report provides an account of the economic, environmental and social performance of the operations of BHP in Chile between 1 January and 31 December 2016. It covers Minera Escondida and Pampa Norte (which includes Compañía Minera Cerro Colorado and Minera Spence).

As well as setting out information about our three operations in Chile, the Report summarises the main aspects of the distinctive way in which BHP seeks to do business and addresses the matters of greatest importance to our internal and external stakeholders as well as our potential impacts.

Message from the President



“To be sustainable implies doing what is right and taking decisions thinking about the future we want to build.”

**— Daniel Malchuk
President**

At BHP, safety and sustainability are at the heart of what we do. They are the values that guide every decision we take on operational matters, investments and, of course, our relations with the environment and neighbouring communities.

In line with a practice of transparency we adopted over a decade ago, we are now presenting our 2016 Sustainability Report in which we provide an account of the performance of all the operations and activities of BHP in Chile.

I would like to take advantage of this opportunity to review the main aspects of the financial year which has just ended. I will start with what is most painful for us. In October 2016, Rudy Ortiz Martínez, a young employee of one of our contractors, lost his life while carrying out maintenance work at Minera Escondida. Although nothing we do

can give Rudy his life back, his death prompted us to review the way we were addressing safety at all our operations around the world. The reflections and lessons that arose from this tragedy have strengthened us as an organisation and led to a deep cultural change in the way we understand and apply safety - a change we see as sustainable in the future and is already bearing fruit in the present. The Field Leadership Program about which you can learn more in this Report is a global initiative that consolidates our safety management so that events like this do not recur.

People's health is also one of our priorities. This was reflected in 2016 in the significant progress which, through projects that harness innovation and technology, we achieved in reducing the number of people exposed to dust at our mines.

Over the past four years, we have reduced the numbers exposed by an average 59% and our operations plan to improve this further, bringing us into line with stricter norms established under the protocols of the US Occupational Safety and Health Administration (OSHA). We have also implemented specific mental health initiatives such as the Employee Assistance Program, a platform that provides free help to employees and their family group on different matters related to physical and mental well-being, along with training that seeks to improve understanding of mental health and counteract myths.

Being sustainable implies doing what is right and taking decisions thinking about the future we want to build. This is the standpoint from which we have implemented our water strategy. Its aim is to gradually modify our water balance, reducing the use of aquifers. In a milestone in this strategy, Escondida began to pump water from its new desalination plant to the mine. This year, we have also permanently ceased to withdraw water from the Punta Negra Salt Flat for operational purposes and have submitted an Environmental Impact Study under we would continue to withdraw water from Monturaqui for 11 years, but at less than half the present level.

Despite market conditions and the challenges and transformations we have experienced as a company, BHP has invested over US\$10,000

million in its operations in Chile over the past six years in order to build infrastructure that allows us to look forward to the long term.

We continue to invest with a sustainable approach. In line with this, progress was achieved in 2016 towards obtaining environmental approval for the Spence Growth Option (SGO) project. Including a concentrator that will also operate with desalinated water, this project would give the mine a further 60 years of useful life.

As important as health, safety, our investments and our strategy is the way we relate to neighbouring communities. In this field, we began to implement a new model for relations with indigenous communities in a bid to establish participative processes that respect their autonomy, culture and traditions. Here, we still have a long road to travel but will do so with humility and conviction.

In our work, we continue to focus on doing things well today and preparing ourselves for the challenges the future will bring. We know that Chile is one country with its mining industry and a very different one without it. We accept the responsibility of being an important player in our country's mining industry and aspire to remain so for many years more. We are proud that, through creative solutions in the field of sustainability that go far beyond their impact on our financial

results, we can make a contribution to Chile's development.

Here you can learn about our performance in 2016 and our contribution to maintaining Chile's position as a leader in the industry internationally.

I invite you to read the Report carefully and to send us your comments.



Daniel Malchuk
President BHP
Minerals Americas

Corporate Information

At the global level

BHP is the world's largest diversified resources company. It had its origin in the merger in 2001 of Australia's Broken Hill Proprietary (BHP) and the UK's Billiton. It has operations in 13 countries and its global headquarters are located in Melbourne, Australia.

In 2014, in view of the challenges and market opportunities, BHP launched a plan to reorganise its assets globally to provide a simpler, more agile structure at a lower cost. In line with this, the company was divided in 2015 and South32, an independent company that grouped together a series of assets, was created. This has allowed us to focus on a simpler portfolio, consisting of four main business units: Oil and Potassium, Copper, Iron Ore, and Coal.

In 2016, these four business units were then regrouped into three new areas: Minerals Americas, Minerals Australia and Petroleum. This resulted in an organisational model under which operations are grouped together by geographical area, supported by global services.

BHP's assets in Chile are part of Minerals Americas which has its headquarters in the country's capital, Santiago. Minerals Americas also includes the non-operated joint ventures (JVs) of Antamina (Peru), Cerrejón (Colombia) and Samarco (Brazil) as well as the Resolution project (United States).

As part of this restructuring, the company also standardised all its processes globally and then simplified them and centralised most functions, with Finance, Human Resources, Procurement and Technology added to the global areas that already existed (Marketing, Legal and External Affairs).

Through this globalisation, the company is seeking to focus the efforts of its operational leaders on safety, culture, productivity and costs. In addition, it hopes to be able to identify and adopt best practices more quickly and facilitate the development of talent throughout the group.

In May 2017, in the framework of this simplification process, the company announced that it would be returning to its original name, BHP.

In Chile

BHP made its debut in Chile in 1984 after acquiring Utah Corporation, then the main partner in Minera Escondida. In 2000, Billiton acquired Rio Algom whose assets included Spence and Cerro Colorado.

Since May 2013, Andrew Mackenzie has been CEO of BHP and Daniel Malchuk, a Chilean, has been President of Minerals Americas since 2014.



Timeline 2016

2016	<ul style="list-style-type: none"> · BHP simplifies its operations and reorganises them into three areas: Minerals Americas, Minerals Australia and Petroleum. · The Kelar gas-fired power plant, built to supply Minera Escondida and other BHP mines in northern Chile, starts operation. · Escondida celebrates 25 years of operations with the inauguration of OGP1, its third copper concentrator, and begins to pump water from its new seawater desalination plant with a capacity of 2,500 litres per second. · Cerro Colorado starts work on its project for operational continuity through to 2023.
2015	<ul style="list-style-type: none"> · Escondida's OGP1 project starts operation. · The extension of the life of Cerro Colorado through to 2023 is approved.
2014	<ul style="list-style-type: none"> · BHP Billiton's new offices in Santiago start operation. · Construction of the Kelar power plant begins. · The OLAP project starts operation.
2013	<ul style="list-style-type: none"> · Base Metals is renamed copper and Exploration and Olympic Dam (an operation in Australia) are incorporated into this business unit. · BHP Billiton assigns the construction contract for the Kelar power plant. · Construction of Escondida's second desalination plant is announced.
2012	<ul style="list-style-type: none"> · Escondida Ore Access starts production. · Construction of the OGP1 and OLAP projects is announced.
2010	<ul style="list-style-type: none"> · The BHP Billiton Pampa Norte business unit (Cerro Colorado and Spence) is created. · The Minera Escondida Foundation building is inaugurated.
2008	<ul style="list-style-type: none"> · Pampa Escondida is discovered.
2006	<ul style="list-style-type: none"> · Spence produces its first copper cathode.
2005	<ul style="list-style-type: none"> · The Escondida Norte pit and leaching of sulphides at Escondida are inaugurated.
2004	<ul style="list-style-type: none"> · BHP Billiton Base Metals corporate centre is installed in Santiago.
2002	<ul style="list-style-type: none"> · Start-up of Phase 4 Escondida expansion.
2001	<ul style="list-style-type: none"> · Merger of BHP and Billiton.
2000	<ul style="list-style-type: none"> · Billiton acquires Rio Algom, owner of the Spence deposit and Compañía Minera Cerro Colorado.
1999	<ul style="list-style-type: none"> · The Escondida Educational Foundation (CEIM) is inaugurated.
1998	<ul style="list-style-type: none"> · Start-up of Phase 3.5 expansion and leaching of oxides at Escondida.
1997	<ul style="list-style-type: none"> · The Minera Escondida Foundation is inaugurated.
1996	<ul style="list-style-type: none"> · Start-up of Phase 3 Escondida expansion.
1994	<ul style="list-style-type: none"> · Start-up of Phase 2 Escondida expansion.
1993	<ul style="list-style-type: none"> · Start-up of Phase 1 Escondida expansion.
1991	<ul style="list-style-type: none"> · Official inauguration of Minera Escondida.
1984	<ul style="list-style-type: none"> · BHP acquires Utah, the principal partner in Escondida.
1981	<ul style="list-style-type: none"> · The Escondida deposit is discovered.

Our Sustainability Approach

Present value in everything we do

Our approach to sustainability is based on Our Charter, BHP's most important corporate document, which expressly establishes our commitment to "putting health and safety first, being environmentally responsible and supporting our communities".

Our Charter enables all of us who work at BHP to understand the purpose and values to which we adhere as well as the way we measure our success. It serves as the basis for our decision-making and is supported by our Code of Business Conduct which guides us and helps us in putting the values that inspire us into practice.

As the leading value in Our Charter, sustainability is at the heart of everything we do. It guides our investments in the countries where we operate, in local communities and in our operations.

Our priority is people's health and safety and we, therefore, seek to identify and manage materials risks, guaranteeing that our employees and suppliers and the communities in which we operate stay safe and healthy.

We are committed to responsible management of the natural resources we use and strive to avoid and minimise impacts on the environment. We also strive to be part of the communities where we operate, establishing long-term relations of trust that respect local cultures and generate lasting benefits.

Our Code of Business Conduct sets behavioural standards for when working for or on behalf of BHP, serving as a valuable guide for our daily tasks. It demonstrates how to apply the values set out in Our Charter and compliance with it is expected of everyone who forms part of the organisation, regardless of their post or where they are based.

Acting in accordance with this Code fosters a culture of respect for each other, of doing what is right and honouring our promises. At the same time, it helps us to preserve trust and build solid relations with our communities, governments, suppliers, commercial partners and customers and their teams.

Fatality Risks

These are the risks that could cause one or more fatalities at our operations. In order to manage them, the organisation has a process through which to identify the risk, define critical controls and verify their correct implementation in the field.

At the end of 2016, we successfully completed a process of design and operational standardisation for the five most frequent fatality risks. Thanks to this, all operations, projects and explorations at Minerals Americas now have the same critical controls.

Analysis carried out by the Safety team of Minerals Americas showed that, in July-December 2016, 73% of the significant events with the greatest fatality potential were related to the risk of falling objects, accidents at the mine, leach pad, waste dump or stock pile or a road accident.

These standardised controls were designed jointly with the operational line of Assets, Projects and Exploration. The Risk and Analysis and Improvement teams held analysis and validation workshops with the people responsible for the corresponding risks so that they themselves could develop the tools required for safe work.



We put health and safety first and are committed to being environmentally responsible and supporting our communities

In this way, it was possible to share best practices and skills across all the organisation, creating a valuable body of institutional knowledge with which to fulfil our undertaking that everyone goes home safe.

During this process, we learned important lessons and added to our knowledge about the opportunities for standardising the next five risks and, by the end of financial year 2017, have a Top 10 fatality risks for all Minerals Americas.

It is important to note that our risk management system is consistent with the hierarchy of controls described in Article 6 of Convention 176 - the Convention concerning Safety and Health in Mines established in 1995 by the International Labour Organization (ILO).

Field Leadership Program

This program forms part of a global BHP initiative and seeks to bring about a cultural change and improve our performance on health, safety and the environment through visibly committed leaders and highly engaged work teams, including both direct employees and contractors.

The program comprises four activities: auditing and coaching by level; critical control observation and verification; planned task observations; and take time talks.

In 2016, a pilot stage was implemented through which it was possible to identify the areas requiring adjustment for successful implementation of the global project which will begin in July 2017.

Our Sustainability Performance

Results FY 2016 (*)

The table below summarises the company's targets for health, safety, environment and community matters in the financial year from July 1 to June 30 of the following year. The results are reviewed annually by internal auditors.

● Not achieved ● Achieved ● Underway

Target	Performance	Result	Compliance Period
Safety			
Zero fatalities at controlled operations (*)	No fatalities occurred at either Minera Escondida or Pampa Norte (July 2015-June 2016). The safety of our employees is paramount in every aspect of the business; in this, management of fatality risks through the verification of critical controls, the simplification of processes and improved investigation has been key.	●	Annual
Year-by-year improvement in Total Recordable Injury Frequency (TRIF) (*)	The TRIF of Minera Escondida was 1.61 which represented an increase of 3% on the previous FY (1.57). Pampa Norte's TRIF was 2.26, up by 42% from 1.31 in the previous FY. Despite the increase, the TRIF remains relatively low. We will nevertheless maintain our focus on visible field leadership on safety, self-care and the commitment of all our workers since these are, in the company's view, the crucial measures for success on safety.	●	Annual
Annual reviews of alignment with the Voluntary Principles (VPs) on Security and Human Rights and implementation of plans to close gaps	We carry out annual reviews to ensure alignment with the Voluntary Principles (VPs) on Security and Human Rights and we implement improvement plans where they are required.	●	Annual
Health			
10% reduction in potential workplace exposure to air-borne carcinogens and contaminants	Each operation implemented plans to control and mitigate exposure to harmful agents, such as acid mist and silica, that in the long term can produce occupational illnesses. These plans were managed by the Health area and compared with our baseline exposures and levels of occupational exposure. In the reporting period, Minera Escondida met its target, ending the year with 658 workers exposed, below the pre-established target of 727 cases. Pampa Norte ended the year with 79 workers exposed as compared to its target of 44 cases. Minerals Americas as a whole ended FY 2016 with 737 cases, below the target of 771 cases. In addition to the successful implementation of the projects, compliance with the targets also reflects the end of activities of some contractors and the exit of our own workers.	●	30 June 2017

Environment			
No significant environmental incident at controlled operations	According to our internal procedures, no significant incidents occurred at our operations in Chile. This was the result of management plans and the respective controls implemented to identify, assess, prevent and mitigate impacts.	●	Annual
Maintenance, as a company at the global level, of total greenhouse gas emissions below their level in FY 2006	In order to limit emissions of these gases, we have improved production processes and implemented energy-efficiency projects and other initiatives such as the transformation of the Kelar power plant from coal to natural gas.	●	30 June 2017
Development by all operations of management plans, including controls to prevent, minimise, rehabilitate and compensate for impacts on biodiversity and ecosystems	We implement land and biodiversity management plans that are updated regularly.	●	Annual
Financing for the conservation and management of areas of great biodiversity and ecosystemic value that are of national or international importance	We continue to contribute to generating lasting environmental benefits, particularly through the agreement signed with The Nature Conservancy (TNC) for the permanent conservation of the Valdivian Coastal Reserve which is recognised internationally as a priority biodiversity site.	●	30 June 2017
Community			
No significant community incidents ⁽¹⁾	No significant community incidents occurred at BHP's operations in Chile during the reporting period. We have in place management plans as well as processes and controls to identify, assess and mitigate incidents that could potentially impact communities in our area of influence.	●	Annual
1% of average profits over the previous three years (pre-tax) invested in community projects	In the 2016 calendar year, BHP's operations in Chile committed US\$11,917,488 to social investment. We work with communities, the public and private sectors and other relevant players in society to contribute to communities' economic and social development. To this end, we identify areas in which we can make a significant contribution and design and implement appropriate social investment plans after undertaking consultation and participation processes.	●	Annual
Local procurement plans with targets at all operations	In the 2016 calendar year, local suppliers and services accounted for US\$3,719 million in procurement. We focus on strengthening the capacity of local companies and entrepreneurs and their opportunities to participate in our business. In line with this, we continued to implement our World-Class Supplier Program.	●	Annual

(*) From 1 July 2015 to 30 June 2016. This result does not include the death of Rudy Ortiz Martínez which occurred on 21 October 2016, after the end of FY 2016.

(1) A significant incident, arising from an operation controlled by BHP, is one classified as 4 or higher on our severity scale of 1 to 7 in line with our corporate risk management documents.



Operating Model

Simple, agile and efficient

We seek to work as an integrated global team in order to achieve sustainability and success in the long term

Operating Model

In March 2016, BHP announced a fundamental change in the way it works, laying the foundations for the organisation of the future. In its essence, this implies a simpler, agile and lower-cost structure as a means of enhancing the company's adaptability in order to adequately address growth opportunities and, at the same time, allow it to focus efforts on what matters most: to work safely.

In line with this, minerals assets throughout the Americas - including operations in Chile - were grouped together so as to foster more fluid and effective relations between them. This transformation process also implies the globalisation of most of our functions so as to focus the efforts of our operational leaders on safety, culture, productivity and costs. In addition, the change in our functions' reporting lines will increase the speed with which we can identify and implement best practices and facilitate the development of talent throughout the group.

This structure seeks to avoid duplications, promote functional excellence and highlight best practices and, therefore, facilitate their replication. This implies working as an integrated global team behind our common objective of achieving the best possible results.

Our aim, through this new operating model, is to achieve sustainability and success in the long term, being more agile and striving for the greatest efficiency in all we do, both as individuals and as a team.

Governance

Guided by Integrity

Code of Business Conduct

Our Code of Business Conduct demonstrates how to apply the values set out in Our Charter and compliance with it is expected of everyone who forms part of the organisation, regardless of their post or where they are based. This includes employees, directors, contractors and suppliers (in cases that must be governed by specific contractual obligations) as well as controlled entities.

In order to foster understanding and application of the Code, training in it is included in the induction process for all new employees and annual training is compulsory for all existing employees. Acting in accordance with the Code is a basic requirement for belonging to the company.

Compliance with this Code fosters a culture of respect for each other, of doing what is right and honouring our promises. At the same time, it also helps us to preserve trust and build solid relations with the communities where we operate, governments, suppliers, commercial partners and customers and their teams.

Consistent and appropriate commercial conduct creates loyalty and trust among stakeholders and between the people who make up the organisation.

The Code of Business Conduct represents our commitment to ethical commercial practices and management that seeks to ensure that we do business with integrity. Our capacity to work in accordance with high ethical standards must never be compromised on the grounds of commercial objectives.

The Code clearly defines our obligations as regards addressing cases where people who form part of the organisation could be exposed to situations in which compliance with it is at risk. A series of reporting mechanisms, including the EthicsPoint, are available through which internal and external stakeholders can make known any grievances or concerns.

EthicsPoint is a multilingual service designed as a confidential means to report doubts and concerns about business conduct that may be at odds with our values and ethical standards.

Employees can choose to use this hotline to raise concerns which are then evaluated and investigated, allowing us to improve and safeguard our values. The service is managed by an independent third party, is available 24 hours and is equipped with an online case management system.

Our Code of Business Conduct also ensures that we deliver on our undertakings. These include support for the objectives and principles of the International Council on Mining and Metals, the United Nations Global Compact, the Voluntary Principles on Security and Human Rights and the Extractive Industries Transparency Initiative.



We foster a culture of respect, based on doing what is right and honouring our promises in order to strengthen trust and build solid relations with those who make up the context in which we operate.

Compliance Program

At BHP, we attach great importance to the way in which we do business and this implies working with integrity and responsibility. Our Charter, our Code of Business Conduct and our Compliance Program provide us with systems and procedures to facilitate this.

We are aware that, when interacting with third parties in the exercise of our responsibilities, we are exposed to the risk of infringing laws on fair competition and anti-corruption. We also know that infringement of these laws can have very serious consequences for both the company and the persons involved.

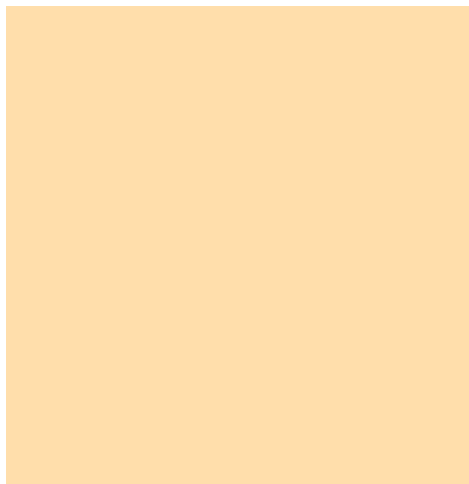
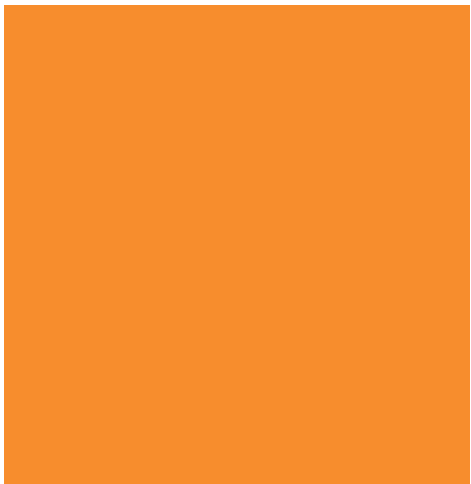
BHP's Compliance Program serves as the basis for advising the business on the identification of risks that include those related to corruption, unfair competition, asset laundering, financing of terrorism and transactions with persons and/or institutions sanctioned for crimes of this type. The Program also addresses the design, implementation and monitoring of the corresponding controls. It applies

across the organisation and forms part of a broad and robust crime prevention model that seeks to cover some specific aspects of Chilean legislation.

The company considers it essential that all employees are up-to-date with their anti-corruption and fair competition training and that they comply with the norms on the approval and registration of visits from and meetings with competitors that are established in Our Requirements for Business Conduct.

At BHP, we seek to ensure that all our employees and contractors bear in mind that the way we achieve our results is as important as the results themselves.





Performance

Achieving our full potential in order to reach our targets

We seek to optimise value creation through a simplified operating model, based on safety, productivity and culture.

In 2016, we continued to improve this model through collaborative and inclusive work and high-performance teams that are engaged with our purpose.

1,243,524 tonnes of fine copper produced by BHP operations in Chile, accounting for 22% of total Chilean output

US\$4,200 million in investment and 9,200 workers required at the peak of construction of OGP1, Minera Escondida's third concentrator



Performance

Generating and distributing value: the role of our operations

Operations in Chile

In Chile, BHP operates Minera Escondida, Minera Spence (Spence) and Compañía Minera Cerro Colorado (Cerro Colorado). In 2016, these three operations together produced 1,243,524 tonnes of fine copper, down by 11% on the previous year. This positioned the company as the leading private player in the Chilean mining industry.

Minera Escondida

Minera Escondida is BHP's largest asset in Chile. Located 170 km southeast of the city of Antofagasta in the Atacama Desert at 3,100 metres above sea level, it produces copper concentrate and cathodes from two open-cut operations (Escondida and Escondida Norte).

In 2016, Escondida produced 1,002 million tonnes of which 689,884 tonnes corresponded to copper contained in concentrate and 312,147 tonnes of copper in cathodes. This represented a drop of 13.1% from 1,152,510 tonnes in 2015 that was explained principally by lower ore grades as well as by the suspension of operations for four days in the second half of the year for investigation of the fatal accident that occurred on October 21.

According to the Chilean Copper Commission (COCHILCO), Escondida accounted for 18% of the fine copper produced in the country in 2016 which, at 5.54 million tonnes, was down by 3.8% on the previous year.

The infrastructure at the mine currently comprises crushing and mineral transport systems, three concentrator plants, two leach pads, two solvent extraction plants, an electrowinning plant and the two pipelines that transport the concentrate to the company's installations in Puerto Coloso, south of the city of Antofagasta, where it is filtered and shipped to customers. In Puerto Coloso, there is also a seawater desalination plant that produces water for industrial use which is pumped up to the mine through a 166-km pipeline.

Copper concentrate is obtained through flotation of sulphide mineral while copper cathodes are produced by leaching oxide mineral, bioleaching low-grade sulphides, solvent extraction and electrowinning.

Minera Escondida's corporate offices are in Antofagasta. Its owners are BHP, the operator, with 57.5%; Río Tinto with 30%; JECO Corporation with 10%; and JECO 2 LTD with 2.5%.

BHP Pampa Norte

BHP Pampa Norte is the business unit that comprises two operations: Minera Cerro Colorado (Cerro Colorado), the first in the world to use bioleaching to treat its mineral, and Minera Spence (Spence), the first BHP asset to start operation in the twenty-first century, with the latest copper production technology. Both operations produce high-quality cathodes, using leaching, solvent extraction and electrowinning to process oxides and sulphides.

In 2016, Pampa Norte produced 241,493 tonnes of high-purity copper cathodes, down by 3.4% from 250,109 tonnes in the previous year. Spence produced 167,491 tonnes and Cerro Colorado produced 74,002 tonnes, down by 4.63% and 0.64%, respectively, on volumes in 2015.

Spence is an open-cut mine located in the Atacama Desert in the Sierra Gorda municipal district of the Antofagasta Region at 1,750 metres above sea level. It began production in December 2006, with an expected useful life through to 2024.

Key Figures

2016					
Operating Data	Unit	Pampa Norte		Minera Escondida	Total BHP Chile
		Cerro Colorado	Spence		
Total fine copper production	tmf	74,002	167,491	1,002,031	1,243,524
Share of Chilean copper production	%	1.0	3.0	18.0	22
Sales	MMUS\$	1,402		5,273	6,675
Direct employees ⁽¹⁾	Personas	953	1,064	3,600	6,810
Contractors' employees ⁽²⁾	FTE ⁽³⁾	1,003	1,458	5,961	8,422
Investment in community	MMUS\$	13		25.4	38
Local suppliers ⁽⁴⁾	Proveedores				1,815
Percentage of local suppliers ⁽⁵⁾	%				94

(1) Includes Santiago offices.

(2) Does not include contractors in Santiago.

(3) Full Time Equivalent.

(4) For all three operations.

(5) Calculated as a percentage of total Chilean suppliers.

In July 2015, Spence applied for an environmental permit for a project that has the potential to add 50 years to its useful life. It comprises two initiatives: the Spence Growth Option (SGO) project, which envisages the construction of a concentrator with an average processing capacity of 95,000 tonnes/day to produce copper and molybdenum concentrate, and the construction of a seawater desalination plant in Mejillones, able to treat 800 litres of water per second, to supply the concentrator.

The BHP Board is expected to take a decision on the SGO in the second half of 2017.

Cerro Colorado is located in the Pozo Almonte municipal district, inland from the city of Iquique in the Tarapacá Region at 2,600 metres above sea level. It uses leaching and electrowinning processes to produce copper cathodes.

In 2016, BHP Chile accounted for 6.2% of world copper production

Cerro Colorado began production in 1994, with an expected useful life through to 2016. However, in September 2015, the Environmental Evaluation Commission for the Tarapacá Region approved the environmental permit for the Operational Continuity project to extend its useful life through to 2023 at its current production level.

Both Cerro Colorado and Spence have continued to focus on safety and continuous improvement of productivity as a means to sustainable development. They are also both certified under the highest quality standards for the production of cathodes and under those related to environmental management.

The Pampa Norte business unit is 100% owned by BHP.

The company's Marketing area is responsible for the sale of the copper produced by Minera Escondida and BHP Pampa Norte.

CASE STUDY

Operational Continuity at Cerro Colorado



Safety and productivity, keys to the project

In March 2016, Cerro Colorado was able to begin work on extending its useful life through to 2023. This followed activation of the Environmental Approval Resolution (RCA) for its Operational Continuity project, marking a milestone in the history of the mine located in the Tarapacá Region.

In line with its objective of maintaining the mine's current production level, the project involves broadening and deepening the mine pit, expanding the areas of the waste dumps and continuing to withdraw water from the Lagunillas basin sector through to 2023.

Operational continuity also implies compliance with a number of undertakings entered into by Cerro Colorado during the Environmental Impact Evaluation and Indigenous Consultation processes. These include over 130 environmental and community obligations such as environmental monitoring activities, relocation of flora and fauna, protection of archaeological heritage, infrastructure and sustainable development projects and initiatives as regards cultural change and relations between workers and the communities in the project's area of influence.

These undertakings will ensure that we continue to work in a sustainable manner, respecting our surroundings and creating value for the Region.

For BHP, Cerro Colorado's operational continuity project is a great opportunity to further improve its results on safety and productivity and, in this way, ensure the future of the operation.

Business Strategy

Our strategy focuses crucially on safety and productivity. In other words, we seek to do what we currently do more safely, at a lower cost and with less capital. Our goal is to further accelerate processes and tasks such as the transfer of best practices, the use of 1SAP and the incorporation of innovative technology that we currently carry out correctly and with good results.

In line with this, the company has continued to implement investments in order to achieve continuous improvement in productivity and efficiency as a means of offsetting the decline in copper grades and maintaining the profile of the operation.

At Escondida, a project to extend the life of Los Colorados (the mine's oldest concentrator) for ten years was approved in June 2016. This project, which is scheduled to come into operation at the end of financial year 2017, involves an investment of some

US\$180 million and will enable the company to operate Los Colorados simultaneously with its other two concentrators, Laguna Seca and OGP1.

Escondida expects to restart operations at Los Colorados in mid-2017. Its second seawater desalination plant (EWS) will also start to operate at full capacity in 2017. This latter plant, located in Puerto Coloso, south of the city of Antofagasta, (alongside Escondida's first desalination plant which has been in operation since 2006), will have a capacity of 2,500 litres per second, making it one of the largest in the world. It is designed to ensure supply and significantly reduce use of aquifers. Its construction began in August 2013 and, by the end of December 2016, showed an important advance, allowing the project to achieve milestones that included the start of pumping of water to the mine on September 3, almost nine months ahead of schedule.

In the last quarter of 2016, Pampa Norte started operation of the Spence Recovery Optimisation (SRO) project, allowing this operation to reach an annual production level of 200,000 tonnes as from this date. In addition, since the end of 2015, Pampa Norte has been implementing the feasibility stage of the Spence Growth Option (SGO) project which has the potential to extend the mine's life for 50 years. This initiative envisages the construction of a concentrator with an average processing capacity of 95,000 tonnes/day and a seawater desalination plant to supply the new concentrator. The company expects to take a decision on this project's go-ahead in 2017.

At Cerro Colorado, work on the Operational Continuity project began in March 2016. This will extend the mine's useful life through to 2023 and implies broadening and deepening the pit and increasing the areas of the waste dumps. The company has undertaken to reduce average annual water withdrawals from the Lagunillas wetland from 150 to 135 litres per second and to renounce its water rights so they are not used after 2023.

Exploration

In 2016, our exploration activities focused on the search for large-scale copper deposits in Chile, Peru, the United States, Canada and Australia.

In Chile, three main programs are being implemented: Inti (Tarapacá Region), Chile Norte (Antofagasta Region) and Chile Central (central Chile and the Atacama and Coquimbo Regions). During the year, the Exploration area developed targets using terrestrial geophysics and drilled over 17,000 metres in Chile.

In Peru, the United States and Canada, work focused on identifying and testing targets in exploration properties with some 5,780 metres of bore holes while, in Australia, targets were identified and developed using terrestrial geophysics for testing in 2017.

In order to generate projects, our geologists actively seek new opportunities on BHP and third-party properties around the world, enabling us to maintain a long-term, diversified and high-quality portfolio.

CASE STUDY

Escondida celebrates 25th anniversary by upping its capacity



Working to reach maximum potential

On 7 April 2016, Minera Escondida inaugurated OGP1, its third copper concentrator. Its construction represented an investment of US\$4,200 million, required 60 million man-hours of work and, at its peak, employed 9,200 workers. The inauguration marked Escondida's 25th anniversary, an event that was celebrated in a ceremony at the mine, located in the Antofagasta Region.

OGP1 adds a further 152,000 tonnes/day to the capacity of Escondida's other two concentrators (Los Colorados and Laguna Seca) and means that its total processing capacity, at 422,000 tonnes/day, exceeds that of any other mining operation.

Since it began operations, Escondida has increased its processing capacity more than tenfold and, as of December 2016, its copper output had almost quadrupled.

Value Added

Chile is the world's largest copper producer, accounting for 26.9% of the volume produced globally in 2016. Locally, the mining industry contributes 41% of GDP and is the driver of economic growth in northern Chile's Tarapacá and Antofagasta Regions where it accounts for 48.6% and 58.2% of regional GDP, respectively (data available to 2014).

In 2016, copper accounted for 46% of Chile's total exports. The mining industry also creates production chains and has an important multiplier effect on the economy although, in recent years, it has lost competitiveness as a result of declining ore grades, cost pressures, low productivity and the large amounts of capital required for investment projects.

BHP is one of the world's principal copper suppliers and Escondida is Chile's largest private mine. In 2016, our operations in Chile produced 1,243,524 tonnes of fine copper, equivalent to 22% of the country's total output.

Our contribution to Chilean society can be seen in greater detail in the distribution of value added which, in 2016, reached US\$6,906 million including Minera Escondida and Pampa Norte.

In line with this, procurement from suppliers in Chile totalled US\$3,719 million.

(Sources: Chilean Central Bank, Chilean Copper Commission (COCHILCO), National Customs Service and National Institute of Statistics (INE)).

World-Class Suppliers (Cluster)

Supply Innovation is an initiative (previously known as the World-Class Suppliers Program) that BHP has been implementing in Chile since 2008. It seeks to promote innovation through a collaborative model that brings together mining companies, suppliers, universities, sources of finance and the government. It was strengthened by the inclusion of the state copper producer, Codelco, under an agreement signed in 2010 to make a coordinated effort and achieve an ever broader impact on the country's production base.

The aim is to create a system that consolidates a model of sustainable development beyond the life of today's mines and accelerates development of the capacity for innovation to help address the mining industry's competitiveness and productivity challenges and create shared value for Chile, BHP and the communities where we have our operations.

All the projects developed under this program have their starting point in the internal analysis carried out by each of our operations in order to identify and prioritise problems whose solution would have a measurable economic impact or a positive impact on matters related to health, safety, the environment or the community.

In this way, the initiative not only helps to resolve our own operational challenges but also allows the country to harness its great mining production base to the development of an industry that can provide technologies and services for the mining industry globally. Since 2008, 63 companies of all sizes have participated in our program, developing over 80 innovation projects, and some suppliers have already begun to export the solutions generated. These results have earned Supply Innovation recognition as a best industry practice internationally.

Since 2015, Supply Innovation also forms part of the roadmap of the National High-Grade Mining Program, led by the Chilean government's Economic Development Agency (CORFO) and the Mining Ministry. Since 2016, it has also participated actively in the Open Innovation Platform for Mining, led by Fundación Chile. The aim is to develop a sector of knowledge-intensive suppliers, starting from the mining industry and targeting the rest of the world.

Contribution to Fundación Chile

Since 2005, the company has, together with the state of Chile, provided financial support to Fundación Chile, a private non-profit institution that, for over three decades, has played a leading role in the introduction of high-impact innovations and the development of human capital in Chile. Thanks to its model of technological innovation and networks of knowledge, it has helped boost the competitiveness and globalisation of different sectors of the Chilean economy, including the mining industry.

Under this strategic alliance, BHP - represented by Minera Escondida - became a partner in Fundación Chile and joined its board of directors where it actively participates through its six directors, allowing it to contribute to the definition of the institution's strategic lines of action.

Alliances

BHP is a member of the principal international organisations related to sustainability issues, including:

- **International Council on Mining and Metals (ICMM)** of which BHP is a founding member. Belonging to this organisation implies aligning our management standards and practices with its sustainability framework, related principles and stated positions.
- **UN Global Compact.** BHP Billiton signed the Global Compact in 2003, undertaking to adhere to its ten universal principles related to human rights, labour norms, the environment and anti-corruption.
- **World Business Council for Sustainable Development (WBCSD).** This international association brings together over 200 companies exclusively to work to promote sustainable development and BHP has been a member since 2000.

- **International Copper Association (ICA).** This leading international organisation for the promotion of copper has some 500 members and is active in around 60 countries.
- **Transparency International (TI).** BHP finances the Mining for Sustainable Development Program of Transparency, a global civil society organisation that leads the fight against corruption. The Program works in 20 countries to foster transparency and eradicate corruption related to permits, licences and agreements in the mining industry.

In Chile, the company is a member of the following organisations and initiatives:

- **Chilean Mining Council,** a business association that brings together the larger copper, gold, silver and molybdenum producers with operations in the country;
- **National Mining Society (SONAMI),** a business association that represents large, mid-sized and small metallic and non-metallic mining companies;
- **Alianza Valor Minero,** a public-private institution that seeks to represent the plurality of interests that exist in the sector, with strategic lines of action that point towards a virtuous, inclusive and sustainable mining industry;
- **National High-Grade Mining Program,** a public-private initiative led by the government's Economic Development Agency (CORFO) and the Mining Ministry and coordinated by Fundación Chile that seeks to promote productivity, competitiveness and innovation in the country's mining industry and its suppliers.

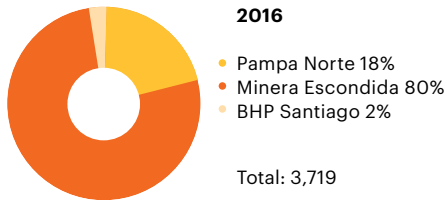
At the local level where our operations are located, we participate in the Iquique and Antofagasta Regional Mining Roundtables and also belong to the Antofagasta and Iquique Industrialists' Associations and the Antofagasta and Tarapacá Regional Councils on Mining Safety.

Recognitions

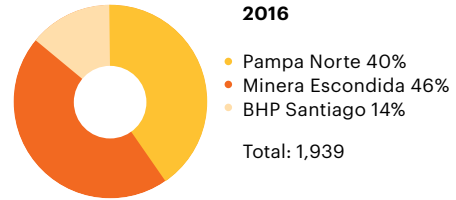
In 2016, BHP and its operations in Chile received important recognitions:

- **Recognition of Minera Escondida for its 25 years of leadership in copper production**
The company was awarded the 2016 National Mining Society Award, in the Large Producer category, for its 25 years of operation in the country as a leader in copper production and for the start of operation of its new OGP1 concentrator which will allow Escondida to maintain this leadership by processing 422,000 tonnes/day. The award was presented at the Mining Dinner, an annual event organised by SONAMI, which was attended by President Michelle Bachelet.
- **Award to BHP Billiton Foundation for solar energy project**
The Ayllu Solar project of the BHP Billiton Foundation and the Solar Energy Research Centre (SERC) was recognised by the UN Global Compact in Chile as Best Business Practice in the Environment category. This project seeks to help communities in the Arica y Parinacota Region achieve sustainable development through the use of solar energy. In addition, BHP's Indigenous Peoples Policy was one of the initiatives nominated for the Best Business Practice award in the Human Rights category.

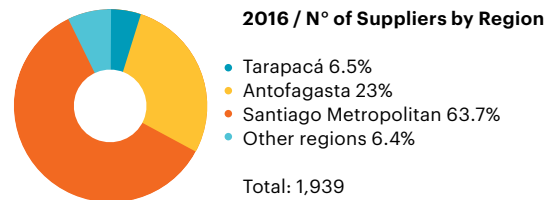
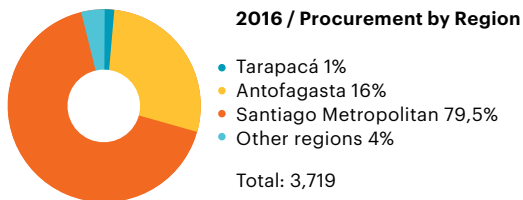
Procurement from Suppliers in Chile (US\$ million)



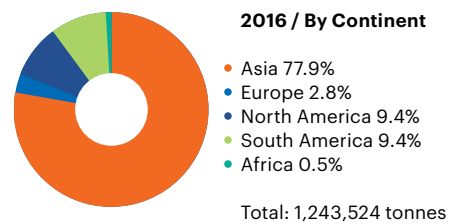
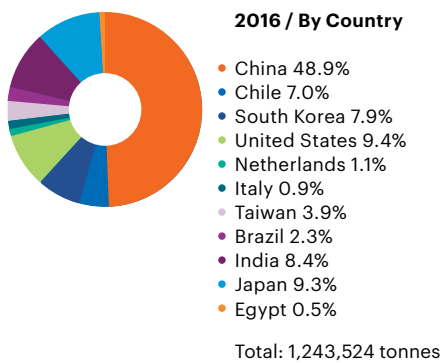
N° of Suppliers in Chile



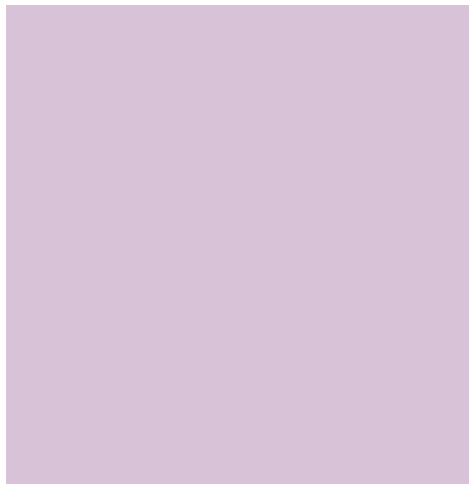
Distribution of Local Suppliers, BHP Chile



Export Markets







Our People

The base of our strategy

We know that the environments in which we operate can be risky and people's health and safety are, therefore, our priority.

We seek to foster an inclusive and diverse workplace in which everyone can achieve their full potential and contribute to the success of the business.

155,307 hours
of training for
employees in 2016

11.4% of our
workforce
are women



People

Focus on people

The health and safety of our employees and contractors are and always will be our top priority. As a mining company, we know that the environments in which we operate can be risky and a critical aspect of our work is, therefore, to identify and manage material risks in a timely manner so that everyone goes home “safe and sound”.

Similarly, we strive to foster an inclusive and diverse workplace because we consider that to be right and fair. We believe that companies which invest in inclusion and diversity have more committed employees, are more innovative and have stronger financial results.

Our Charter defines progress on inclusion and diversity throughout the organisation as an explicit value. In October 2016, our CEO publicly announced the company’s undertaking to achieve gender parity by 2025 and one of our targets is, therefore, to increase women’s representation at the international level by 3% each year. As BHP, we have set ourselves the goal of being a company in which everyone, whatever their post, has the same opportunity to be successful.

Measurements of our performance indicate that inclusive and diverse teams have a wide range of benefits. Our ten most inclusive operations have a performance that is at least 15%

above the average for the company as a whole. When teams are inclusive and diverse, people feel free to express themselves, share ideas and work together to improve things and, in so doing, they enrich the organisation.

We also seek to foster an organisational culture in which our employees are highly motivated and feel they are valued for their contribution. Our aim is to provide a harmonious work climate in which all are treated with respect, have opportunities for development and maximise their potential - in other words, a culture in which employees are engaged, can achieve their potential and have a satisfactory career in which they also have the support of their colleagues and leaders and have access to training and the necessary tools.

Safety

At BHP, in line with the values defined in Our Charter, we strive to improve our safety management on a daily basis, paying particular attention to those activities which could result in a fatality or serious injury. Our priority is “safety before productivity” which means that, regardless of our post, whether at a mine or in an office, we must always have safety very much in mind.

Our priority is that all our workers go home safe and sound

The priority we give to people’s safety and health is reflected in our corporate documents and in the tools and processes used throughout our operations, which go beyond what is required by law. That is part of our culture. It is in our DNA.

However, on 21 October 2016, despite application of the strictest operational standards in this field, we faced the sad death of Rudy Ortiz Martínez, a young worker with the CAINSA contractor, at the installations of Minera Escondida. This fatal accident occurred while he was carrying out maintenance work on the SAG mill of Line 2 at the Laguna Seca concentrator.

Operations at Escondida were immediately suspended and the necessary support for his family was provided, along with care for our employees and those of our contractors since tragedies of this type have a deep impact on all the members of the organisation.

Fostering women's inclusion



Companies that are more inclusive and diverse are also more productive

In 2016, in line with our objective of fostering work teams that are more inclusive and diverse, Escondida once again implemented a trainee program targeting women. Through a similar initiative in 2013, it had hired 62 women operators of whom 40 remain with the company.

The program trains maintenance and operations personnel for the different operational areas, with a strong emphasis on safety. It includes two months of theoretical-technical training at the Industrial and Mining Training Centre (CEIM) in Antofagasta, followed by six months of practical on-the-job training and, finally, three months of work. Since the program is based on the Mining Qualifications Framework of the Mining Skills Council, the certification obtained on completion of the training improves participants' employment prospects and they can also apply to other companies.

Similarly, Cerro Colorado implemented a pilot Mine Operators Apprenticeship plan under which 20 women, mostly from neighbouring communities, joined the operation in February 2016, with one-year fixed-term contracts, working a shift system that allows them to go home at the end of each day.

As well as informing the authorities about the accident, we ordered an exhaustive independent investigation, using the Incident Cause Analysis Method (ICAM) to determine the causes of the fatality and take measures to prevent a repetition. The resulting report was made available globally in order to reflect on how each one of us who works at BHP can contribute to safety in their daily tasks and to continue building on the foundations that have taken so much effort to put in place.

Training and Development

At BHP, we believe that all employees must have the opportunity to grow, achieve their potential and have productive and meaningful work experiences.

We understand development as the process in which our people learn and progress through their own career. This implies personal effort on their part but with the support of their line managers and other leaders, through tools provided by the company.

We value and foster internal promotion. We seek to build a high-performance organisation with a model of compensation and recognition that is fair for our employees. We also seek to develop the skills of our workforce through regular reviews of performance and operational results, accompanied by robust development programs that focus primarily on increasing productivity.

These programs are designed and implemented in accordance with the requirements of the business and the development needs of our employees, including technical training and continuous training in safety and occupational health.

In addition, as part of a compulsory induction process, all our own employees and those of contractors must accredit training in health and safety as well as in Our Charter, our Code of Business Conduct and our anti-corruption guidelines. In 2016, the company provided 155,307 hours of training, including employees of BHP Santiago as well as Minera Escondida and Pampa Norte.

Inclusion and diversity

One of BHP's most important undertakings is to promote inclusion and diversity. In order to make real progress in this field, major and sustained changes in the way we work are necessary. That is why we have updated Our Charter so that it reflects this undertaking more clearly and publicly.

To be inclusive and diverse is imperative because we understand that it benefits everyone who forms part of the organisation through greater safety, culture and productivity, enabling us to learn from each other, broaden our vision and complement each other equally.

Different studies have confirmed that organisations that are more inclusive and diverse are also more innovative, mitigate risks better and achieve better financial results. In addition, they have more highly committed employees and have increased their productivity.

At BHP, we have focused on inclusion in a bid to achieve a work climate in which people feel included, respected and valued and are connected to each other and in which all differences are accepted. In the case of diversity, we envisage a workforce that is representative of the community in which we operate and the context in which we develop our business. Diversity consists in valuing the different aspects that are inherent to each person, including their way of thinking, experience, age, different capacities, nationality, ethnic origin, sexual orientation and gender.

In 2016, the inclusion indicator in our Employee Perception Survey (EPS) maintained its upward trend, increasing to 78% from 77% in 2015. We are, however, still three percentage points below the norm for high-performance companies.

As regards gender balance, women account for 11.4% of the workforce at the operations of BHP Chile.

Our undertaking in this field is to promote equality of job, development and promotion opportunities for men and women without discrimination. Our goal is to attract and retain the people who are best suited for the job and fulfil the requirements for the post and the needs of the team.



By making gender diversity a priority for the company at the global level, we are also able to attract and retain people of different nationalities and with different types of experience.

We are aware we still have a long road ahead that will bring further important changes as we seek to comply with our undertakings on inclusion and diversity. In this context, Minerals Americas has established an Inclusion and Diversity Council to oversee the design, planning and implementation of initiatives along with specific action plans for each Asset and function.

Health and quality of life

Work at altitude: New regulation and its implications

The Chilean Health Ministry's norms on work at altitude (over 3,000 metres above sea level), which came into force in November 2013, stipulate that workers exposed to these conditions must undergo a medical examination by one of the country's workplace health and safety insurers in order to verify they are fit for such work.

Minera Escondida, which is at 3,100 metres above sea level, has implemented an integral strategy to comply with this regulation and protect the life and health of its workers.

In line with the regulation, it has a management program to address problems and prevent their recurrence. It includes the following measures:

- Evaluation of the workforce. This seeks to identify people who are fit (normal or on the limit) or not fit for work at altitude.
- Recovery program. Through a treatment plan, the operation seeks to manage medical conditions in order to keep its personnel fit for work at great altitude.
- Preventive program. This program seeks to encourage workers to improve their state of health through a well-being program that includes a healthy life style and diet, constant physical exercise, etc., with particular emphasis on employees who are on the borderline in order to avoid new "not fit" cases.
- Recruitment plans. Priority is given to hiring workers who are fit for altitude and any deficit is managed through the use of temporary workers.

- Medical team. A specialised medical team is located at the point of support in order to comply with altitude requirements.
- Camp infrastructure. Efforts are made to improve the sound proofing and lighting standards of accommodation at the mine and its medical facilities.

Implementation of this strategy began with approximately 3,600 exposed workers and 350 "not fit" workers. By December 2016, the number of the latter had been reduced to 50 and they are all receiving treatment.



Reduction of exposure to carcinogens

BHP has plans in place to control and reduce its workers' exposure to agents such as dust (silica) and acid mist that can cause work-related illnesses. Through projects based on innovation and new technologies, we have successfully reduced the number of people exposed at our operations.

In 2016, Minera Escondida began implementation of a project to reduce exposure to dust in the blasting process. Using atomisers and water tanks installed on earth-moving equipment in the mine sector, water mist is sprayed directly over the source of the dust in order to abate it.

This project follows others developed in previous years such as the use in Minera Escondida's crushers of the "Golden West" additive, a polymer that keeps the mined material damp from the crushers through to the stock pile, reducing dust emissions in these areas.

These projects are accompanied by preventive programs of medical check-ups which take place regularly in order to safeguard people's health.

Life at the mine

BHP's program in this field seeks to improve the quality of life of its employees and their families through a multidisciplinary approach that includes plans to encourage physical exercise and healthy eating and to address fatigue and drowsiness, use of drugs and alcohol and mental health. All these initiatives are implemented as part of the Quality of Life Policy signed by the company in 2016.

The principal activities undertaken in 2016 were:

- Improvements to the gyms at the Villa San Lorenzo camp (VSL) and the incorporation of new sports classes;
- Expansion of the healthy eating option at the VSL canteen;
- Incorporation of contractors providing transport of personnel into the fatigue and drowsiness program;
- Implementation of the Employee Assistance Program as from July 2016, offering free, confidential and voluntary psychological, medical, financial, legal and nutritional advice to all Minera Escondida workers, their partners and children under 25;
- Mental health course for all Minera Escondida leaders to provide them with the basic knowledge and skills to identify, understand and address situations that could be affecting the health of their work teams.

Labour relations

Our policy on labour relations is anchored in dialogue and mutual cooperation, directly covering all employees and the organisations that represent them, in the framework of Our Charter of Values and the legislation in force.

We understand that it is our responsibility to provide adequate guarantees of full respect for employees' labour rights and their collective instruments. This has been achieved through a constant quest for agreements through which to balance employees' legitimate interests with the sustainability of the business in the context of macroeconomic conditions which, over the past few years, have challenged and seriously affected the industry.

Two collective agreements are in force at Minera Escondida. One of these is with the Workers' Union N° 1, which represents operators and maintenance personnel. During the last regulated collective bargaining process, this union decided to extend the existing collective contract, which expired on 31 January 2017, for a further 18 months as permitted under Article 369 of Chile's Labour Code. The other collective contract is with Union N° 2, which represents supervisors and personal staff, and is for the period through to December 2017.

CASE STUDY

Digital Cathode Blocking System



The idea arose when workers were invited to share their ideas for improvements

An innovative safety initiative has been implemented by Minera Escondida in its cathodes maintenance area. It consists in a digital blocking system that replaces each worker's personal fingerprint lock and eliminates the risk of injuries when carrying out an activity in this area due to the release of energy.

Thanks to this new system, which is effective and non-transferrable, it was possible to increase safety and simplify the isolation and blocking process.

In order to guarantee verification of zero energy, the system requires a code provided by the control room without which the area cannot be accessed. In other words, verification of zero energy is guaranteed by a unique password since, without this, the digital process is blocked.

The idea arose when workers and contractors were invited to question processes in a bid to raise safety standards. This electronic lockout is an example of innovation and the use of new technology that puts BHP at the forefront of this field.

CASE STUDY

Workers' mental well-being



Increased awareness and access to professional advice are the pillars of the program

In 2016, all Minerals Americas operations implemented a mental well-being program based on two key pillars: increased awareness and access to professional advice.

In order to boost awareness about mental health, two online training modules - Becoming Aware of Mental Health and Mental Health for Leaders - were made available. The first is designed for use by all the company's employees globally and seeks to draw attention to the importance of mental illnesses and the need for them to be addressed and also provides information on how to recognise them and seek help. The other module is compulsory for leaders and seeks to reinforce their role in recognising symptoms, training them in how to address the problem and provide assistance.

In order to facilitate access to help, the Employee Assistance Program (PAE) was implemented in a standardised form across Minerals Americas. Through it, employees and their family group can obtain free and confidential professional advice on psychological, legal, financial, nutritional and medical matters 24 hours a day seven days a week. The service is provided by a specialised independent supplier and covers our operations in Chile and Peru.

In 2016, all Minerals Americas operations and functional areas also implemented the Chilean Health Ministry's psychosocial survey. The results were published and action plans were established for the gaps identified. It is important to note that none of the units analysed was found to be in the "High Risk/Level 3" category.



The Code of Business Conduct defines our obligations in cases or situations that may pose a risk to people's integrity or compliance with internal or external norms.

In 2016, Cerro Colorado signed a collective contract with the union of its operators and maintenance personnel. The principal undertaking entered into by the workers under this contract was to incorporate certain improvement practices into their habitual functions in a bid to maximise yields, availability, the time effectively worked, collaboration between areas in accordance with the needs of processes and the workers' own skills.

Minera Spence has collective contracts with its unions, one of which is formed principally by operators and maintenance personnel while the other represents supervisors and personal staff. In 2016, a new collective contract (signed in December 2015) with the operators and maintenance personnel union was implemented in a process that was not without challenges,

principally as regards interpretation of the new conditions it introduced. In the case of the supervisors' union, implementation of the collective agreement signed at the beginning of 2015 was consolidated in 2016.

In all cases, the company has sought to maintain honest and constant dialogue which has allowed it to develop a collaborative work culture, always with safety as its principal value.

Ensuring compliance with Our Charter of Values

BHP's Charter of Values and Code of Business Conduct define our obligations in cases in which members of the organisation may be exposed to situations that pose a risk to compliance with them.

In order to safeguard this ethical undertaking, we have mechanisms and processes such as the EthicsPoint hotline that facilitate open and safe expression of the complaints, concerns and worries that may arise among employees and other internal and external stakeholders.

As discussed in the Governance chapter of this Report, EthicsPoint is a multilingual service especially designed as a confidential means to report doubts and concerns about business conduct that may be at odds with our values and ethical standards. It can be used by our own employees, contractors and other stakeholders and the information it receives is evaluated and investigated, allowing us to enhance and protect our values.

CASE STUDY

Reduction in vehicle accidents: The road to Escondida and EWS



We achieved an important cultural change in our drivers

Vehicle accidents are one of the most important material risks on mining roads. The Escondida Water Supply (EWS) project, Escondida's second desalination plant, serves as a good example of how this risk can be controlled since, through the use of technology and strict enforcement, it has practically eliminated speeding by drivers.

Between some points at EWS, there is a distance of over 270 km and externally it covers almost 3,000 km. In order to ensure that these distances are travelled safely, the project has accredited 1,870 van drivers and 1,409 drivers of vehicles for the transport of personnel and equipment as well as accrediting and certifying 1,769 vehicles.

In a bid to eliminate the risk of vehicle accidents with fatal consequences, the project designed and implemented a Road Management Plan that involved a series of actions and controls as well as training for all the companies and drivers working for it.

All the roads used by EWS were geo-referenced as to be able to enforce the speed limits established for each of them and the conduct expected of drivers was clearly defined, with the corresponding sanctions for non-compliance. In addition, a Driving Simulator, with modelling of the MEL Road (Escondida), was provided to simulate different weather conditions and situations which drivers could face during their work.

Thanks to the improvements and controls implemented between 2014 and 2016, drivers' conduct changed radically, with infractions dropping by 97% after a year and to practically zero at present. This is reflected in the more than 104 million kilometres driven without serious accidents.



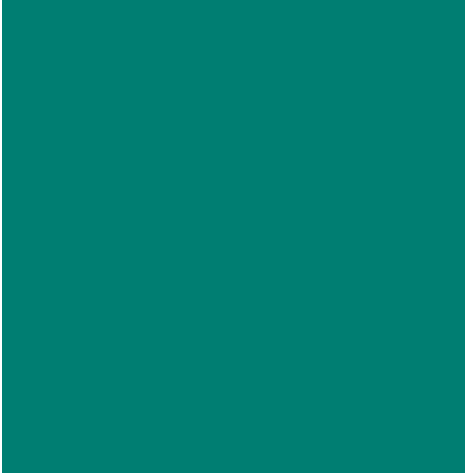
The program has two 7x7 leaders at the mine and is supported by the Sleep Centre of the Catholic University of Chile.

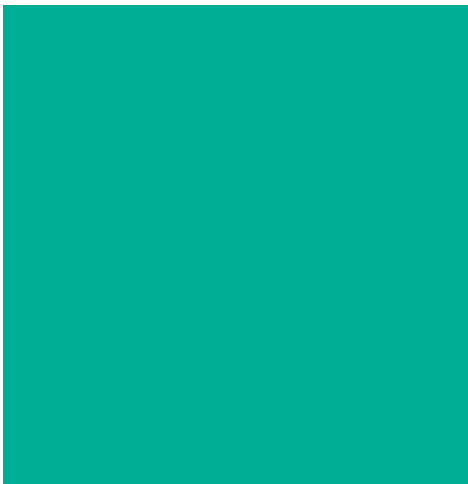
Fatigue and drowsiness program

This program seeks to identify, evaluate, mitigate and/or eliminate fatigue and drowsiness among workers in order to control the fatal accidents, injuries and operational incidents they can cause. In line with this, the health area checks all operators of high-tonnage equipment and floating workers for sleep apnea and other sleep disorders.

Under the program, there are two 7x7 Fatigue and Drowsiness leaders at the mine site and the laboratory of the Sleep Centre of the Catholic University of Chile carries out polysomnogram tests there and provides treatment according to the disorder diagnosed.

There are four ways to be included in the program: by voluntary request; when this is requested by a peer or line manager; when occupational medical tests indicate that it is necessary; or as part of the critical evaluation group (mine operators). To date, 605 workers have participated in the program of whom 209 have undergone a polysomnogram test, 85 are receiving Continuous Positive Airway Pressure (CPAP) treatment and 17 are being treated with oxygen concentrators.





Environment

Effective and transparent management of natural resources

We understand that sustainable growth calls for an effective response to climate change. As an important energy producer and consumer, we are committed to the reduction of greenhouse gas (GHG) emissions.

In our water management, we prefer those sources that have less impact on the environment in line with our commitment to modifying our water balance and reducing the use of aquifers.

We implemented water consumption optimisation projects that represented 722 litres per second

1.5 tonnes of fewer carbon emissions expected this year due to the start of operations of Kelar in December 2016



Strategic Resources

Focus on efficient and responsible management

Water

Efficient and responsible water management

One of our paramount objectives is to achieve efficient and responsible water management since we are aware that this is a strategic resource for both environmental sustainability and production processes. To this end, we have implemented a system under which we are committed to water sustainability goals based on specific targets set by each operation.

In our water management, we seek to use those sources that have less environmental impact, minimising withdrawals from aquifers and optimising water consumption in our different processes through recovery and/or reuse.

We also look for opportunities to replace more sensitive sources as reflected, for example, in the use of desalinated seawater instead of groundwater.

The company has announced that, as from June 2017, it will cease to withdraw water for operational use from the Punta Negra Salt Flat as well as presenting an Environmental Impact Study to continue withdrawals from Monturaqui after 2019 for 11 years, but reducing them to less than half their current level.

Key events in 2016 included the completion of a second desalination plant in Puerto Coloso, the Escondida Water Supply (EWS) project. This plant has the capacity to produce 2,500 litres per second of industrial-quality water through the pre-treatment, filtering and reverse osmosis of seawater.

In addition, BHP's three operations in Chile are all implementing water consumption optimisation projects which, in 2016, resulted in a reduction of 722 litres per second. In a key initiative at Escondida, spigots were installed every 500 metres in the Laguna Seca tailings dam, helping to reduce water consumption by more than 10.5 million cubic metres.

Important initiatives at Spence included a project to optimise the watering of roads and, at Cerro Colorado, the use of drip, rather than sprinkler, systems to water the leaching stockpiles.

The Escondida Water Recovery and Tailings Management (EWRTM) project, which is currently under implementation, initially focused on water recovery but, in line with the objectives of Minerals Americas globally in this field, its scope has been broadened to include tailings management.

As of December 2016, the project was analysing alternatives such as filtering, cycloning and high-density paste as well as different options for the deposit of the processed tailings.

Through this project, the company is seeking to achieve the following:

- Reduction of water loss in the dam and, therefore, also of consumption of fresh water;
- Reduction or postponement of investment of capital in the dam and, thanks to lower consumption, the need for desalinated water;
- Extension of the dam's useful life;
- Reduction of the environmental risk associated with the management of tailings;
- Reduction of carbon emissions.



CASE STUDY

EWS Project: Increasing the use of seawater



BHP's undertaking is to modify the balance of its water sources, reducing the use of aquifers

In December 2016, Minera Escondida completed construction of a second seawater desalination plant in Puerto Coloso. With a design capacity of 2,500 litres per second - one of the largest in the world - it joins the plant (with a capacity of 525 litres per second) that has been in operation in Puerto Coloso since 2006.

The new plant represented an investment of over US\$3,400 million and will supply a large part of Escondida's water needs, allowing it to significantly reduce its use of aquifers.

At the time this Report went to press, the new plant's first module, with a capacity of 834 litres per second, and the related pumping system were undergoing tests and being ramped up. All three of the plant's modules are expected to be ready by mid-2017.

Water from the plant will be pumped up to mine through a pipeline with a length of more than 170 km and, once there, will be stored in a reservoir with a capacity of approximately 500,000 cubic metres.

Desalinating the water and pumping it to the mine will require a large quantity of energy, a challenge addressed by BHP through the construction in Mejillones of the Kelar gas-fired power plant which, at 517 MW, is the largest in northern Chile and started commercial operation at the end of 2016.

Biodiversity

Committed to protection of biodiversity and the land

The environments in which we operate

Minera Escondida's operations take place in the ecosystem of the High Andean Plateau, characterised by its salt flats, and the marine environment of the coast of northern Chile. In both environments, we not only implement monitoring programs in line with our legal obligations but also carry out voluntary studies in order to gain a better understanding of the context in which we operate.

Through research, awareness activities and environmental education, we also support and promote the development of two protected natural areas in the Antofagasta Region: the Llullaillaco National Park and the La Portada Natural Monument.

In the case of the coastal environment, we have optimised our marine monitoring program so that it gathers more valuable scientific data and, through participative work with the Coloso community and the inclusion of parameters in which they are interested, gives us a better insight into their environmental concerns.

Valdivian Coastal Reserve

Located in the Los Ríos Region of southern Chile, the Valdivian Coastal Reserve, with its rich biodiversity, is one of the 34 ecological treasures of the world. As part of BHP's commitment to the conservation of areas of high ecosystemic value, the company has formed a partnership with The Nature Conservancy (TNC), the owner of the property, under which it has undertaken to contribute US\$20 million for the development of a project for its management and permanent protection.

It is important to note that the Valdivian Coastal Reserve is the first carbon project in Chile to obtain CCB (Climate, Community and Biodiversity) verification, an innovative standard which assures that the project not only captures carbon but also contributes to the conservation of biodiversity and the development of neighbouring communities.

Air

In the case of air quality, the company is working to centralise and standardise the controls used at its operations in order to align their implementation, monitoring and verification. For this purpose, documents have been reviewed, field visits have taken place and the different technologies available in the market have been evaluated, accompanied by the development of suppliers and technologies through our Supply Innovation Program (formerly the World-Class Supplier Program).

The aim is to have the best most cost-effective technology that is available and for it to be standardised across all our operations.

We manage emissions of particulate matter (PM) through an Air Quality Management Plan under which each of our operations implements a series of mitigation measures that include the treatment and watering of mine roads, the reduction of emissions in the crushing process and an Air Quality Monitoring System.

Spence not only implements and continuously monitors the controls designed to mitigate the impacts identified and evaluated but also has in place monitoring programs to verify their effectiveness.

Spence also participates actively in the Air Quality Roundtable of the Sierra Gorda municipal district, a public-private initiative convened by the regional environmental authorities and formalised through a cooperation agreement signed by the company in 2014. The Sierra Gorda municipal government and the Centinela and Sierra Gorda SCM mining companies also participate in this Roundtable in addition to Spence and the Regional Office (SEREMI) of the Environment Ministry.



Its aim is to identify and evaluate the contribution of the private and public players to PM emissions in Sierra Gorda as a step towards defining measures to improve the district's air quality and reaching a broad agreement for their implementation.

Energy and climate change

We accept the assessment of the Intergovernmental Panel on Climate Change (IPCC) that global warming is unequivocal, human influence is clear and physical impacts are unavoidable.

As an important consumer of fossil fuels, we recognise our responsibility to take action by focusing on reducing our emissions, preparing ourselves to address the challenges and working with others, including the rest of the industry and the government, to enhance the global response to climate change.

With the identification of pathways for adaptation to climate change at Cerro Colorado, the cycle of their identification at BHP's operations in Chile has been completed. The pathways identified will be prioritised and implemented within a period of five years.

Better preparation in this field will allow us to reduce the risks posed by chronic and extreme climate events. Through workshops in 2015 and 2016, we developed capabilities that enable us to understand these changes and identify and classify the principal events that could affect the company and have alternatives for adapting to them, thereby ensuring safety at our mines and operational continuity.

Kelar plant, in commercial operation

The Kelar natural gas power plant, which is designed to supply the growing demand for energy of Minera Escondida and BHP's other operations in northern Chile, has a maximum capacity of 517 MW, making it the largest plant of its type in the north of the country.

Located in the Mejillones municipal district of the Antofagasta Region, it began commercial operation in December 2016. At the time this Report went to press, it was in the process of assuring its expected reduction of carbon emissions, estimated to be over 1.5 million tonnes per year, before the United Nations Framework Convention on Climate Change (UNFCCC).

In order to connect Kelar to Chile's Northern Interconnected Grid (SING), BHP implemented the Minera Escondida Transmission System (SitraMEL) project consisting in the construction of the Kapatur electricity substation and 70 kilometres of 220 kV transmission lines to the O'Higgins substation.

Kelar will replace higher-cost generating units, increasing security in the SING and the system's versatility as well as permitting greater and better integration of the growing output of intermittent renewable energy sources. As well as making for a more secure system, this will also mean that it is more competitive and diverse and, since it has so far been a largely coal and diesel-fired system, will significantly reduce its GHG emissions.

In May 2014, Minera Escondida signed a supply contract for Kelar with Spain's Gas Natural Fenosa (GNF), with delivery through the regasification terminal of GNL Mejillones S.A.

Located in the industrial port area of Mejillones, 200 km from Escondida and 400 km from Cerro Colorado, the Kelar plant represented an investment of some US\$600 million and was built by a consortium formed by South Korea's Kospo (65%) and Samsung C&T (35%), which will also be responsible for its operation.

Waste

Our waste management plans seek to control the risk of adverse environmental impacts. Each of our operations has areas that have permits and are specially equipped for the storage and disposal of domestic and non-hazardous industrial waste as well as hazardous waste. Its treatment is regulated and audited internally to ensure compliance with the applicable external regulation.

Most of the waste generated by our operations is the so-called “massive mining waste” (solids) which corresponds principally to waste rock, gravel and tailings. Specific controls apply to the deposit of each of these types of waste, ensuring their stability and protection of the environment.

Escondida’s Laguna Seca tailings dam (TLS) is subject to the following controls:

- Weekly monitoring of the phreatic level and control of the flow from the TLS wells;
- Weekly analysis of the tailings unloaded and the area of the lagoon formed in them;
- Monthly topographical analysis to check that there is a safe distance between the level of the clear-water lagoon and the top of tailings dam’s retaining wall;
- Specialised instruments for geotechnical monitoring carried out every two weeks and normally reported monthly to Chile’s National Geology and Mining Service (SERNAGEOMIN) and immediately if any abnormality is detected;
- Special reviews and inspections in the case of an earthquake or an extreme climate event.

The latest monitoring carried out in accordance with these parameters showed that the tailings dam is stable.

In the case of Spence’s gravel deposit, geotechnical monitoring takes place weekly while the humidity of the material deposited is monitored four times a week. At Cerro Colorado, the gravel dumps are inspected daily at the unloading platforms in order to check their stability and the humidity level is also measured daily.

All these controls mean that it is possible to deposit regularly under optimum conditions of stability and to verify the maximum humidity so as to avoid leakage of the solutions contained in the material.

In 2016, Minera Escondida implemented a pilot composting project in the mine’s waste management centre. For this project, designed to reduce the volume of waste sent to the landfill, it used 2 tonnes of domestic waste from the canteen and eight tonnes of wood from packaging and, over a period of six months, obtained five tonnes of Class B compost for application to ornamental plants.

Closure plans

Minera Escondida has a closure plan which obtained approval from SERNAGEOMIN under a transitory regime in June 2015. It complies with the terms of the company’s sustainability framework and Health, Safety, Environment and Community requirements, which address the complete life cycle of projects, and with Chilean legislation on the Closure of Mines and Mining Installations (Law N° 20.551/2011).

In 2016, the company began work on the technical and legal matters that will serve to support the future update of the closure plan under the general regime. It is important to note that this plan is constantly reviewed in line with BHP’s corporate standards.

Each year, since the plan’s approval, Minera Escondida has provided the state of Chile with monetary guarantees against the obligations involved in a mine’s exploitation. This is not only required by law but also reflects the company’s commitment to the environment.

Cerro Colorado and Spence have also complied with the law on mine closures. In both cases, the plans submitted to SERNAGEOMIN were drawn up under the law’s transitory regime and, after they were approved in 2015, the two operations began to set up guarantees to the state.

In addition, Compañía Minera Cerro Colorado carried out an update from the transitory to the permanent regime, which was reviewed and approved by SERNAGEOMIN in April 2016. It incorporated those closure and post-closure undertakings established in the Environmental Approval Resolution (RCA) obtained for its Operational Continuity project from the Tarapacá Region Environmental Evaluation Service.

Rescue and relocation of flora

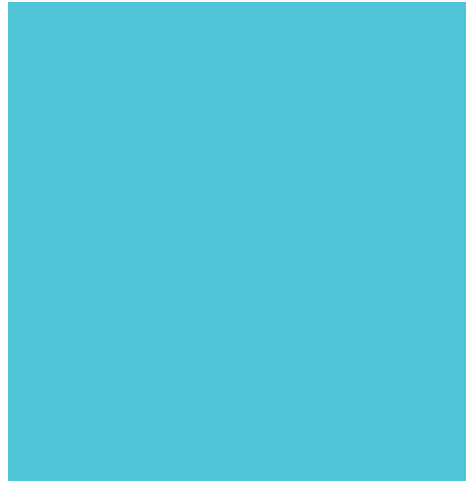
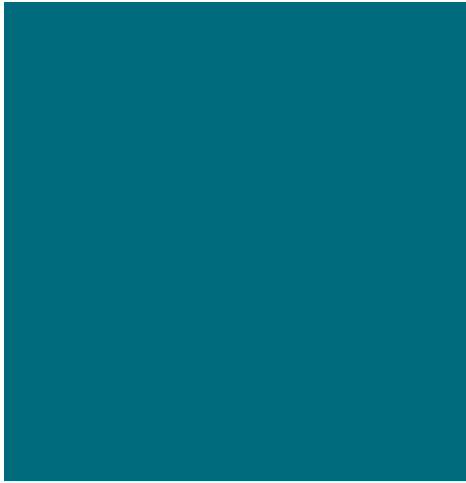


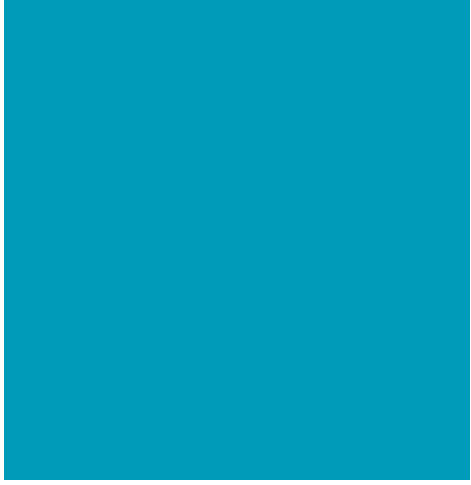
Germination process obtains twenty-six plants of the algarrobo blanco tree and candelabro cactus

In 2016, Cerro Colorado implemented a number of initiatives to comply with undertakings related to the evaluation of the Operational Continuity project to extend its useful life through to 2023. These measures included the first fauna recovery campaign in the areas where the pit will be extended in which, however, no species requiring rescue were identified. A rescue and relocation campaign was also implemented for the candelabro cactus in order to transplant examples located in the sector of the Lastre Sur dump to the designated area to the east of the dump.

Examples of the candelabro cactus and algarrobo blanco tree were also germinated and monitored in a specially equipped nursery in the Camp sector in order to mitigate and compensate for the impact that operational activities may have on the flora. The germination process began in April 2016 and, when this Report went to press, 26 plants of the two species had been obtained.

In March 2017, the first Annual Report of the Flora Rescue and Relocation Program was presented to the Superintendency for the Environment and the Parca Aymara indigenous community. It provides an account of the community's participation in the three activities that took place in 2016: a workshop on flora and vegetation measures, the candelabro cactus rescue plan and the monitoring of examples under conservation in the sectors close to the expansion of the Lastre Sur dump and in the Cerro Colorado nursery.





Society

Committed to the social, economic and environmental progress of society

We want to be recognised as the best partner of the communities where we work, contributing long-term social, economic and environmental value and building lasting relations based on trust and mutual respect.

Our social investment is transparent and strategic, clearly focusing on the community's specific needs and with an emphasis on programs that have a positive impact on people's quality of life.

Over 550,000
people attended the
different activities
of BHP's cultural
program in Chile

**26 schools and
nursery schools
in San Pedro de
Atacama and Mejillones
were supported by
the Minera Escondida
Foundation through
training for teachers
and directors**



Significant Relations with the Community

Based on trust and mutual respect

Social investment

Under our voluntary corporate commitment to invest 1% of our pre-tax profit (calculated on the average of the previous three years), we implement and support community development plans that focus on improving people's quality of life.

The activities undertaken in Chile are aligned with the global pillars of BHP's social investment: governability, capabilities and inclusion, and the environment.

In the case of governability, we seek to support regional and local governments and community organisations in developing projects that help communities to undertake effective social investment initiatives. Our strategic focus is on strengthening the institutional structure of public and civil society organisations and includes training in governability, development of the skills of key members of the organisations and the improvement of their resources.

In the case of capabilities and inclusion, our aim is to contribute to communities' quality of life so that the regions where we operate are better places to live and work. We recognise that the development of human capabilities and the quest for diversity and inclusion are important attributes of a flourishing society, all of whose members are empowered to participate fully in community life.

In the case of the environment, we focus principally on biodiversity and water, supporting local and regional communities in understanding and improving management of the natural resources that are important in protecting their way of life. This area is aligned with the company's global social investment framework and our approach in working with local and indigenous communities because of their special connection with the environment.

Strengthening ties with our host communities

From the start of the life cycle of our projects, we strive to build lasting relations with neighbouring communities as a means of gaining a better understanding of our impacts and ensuring that we making a significant contribution to their economic and social well-being.

We take an inclusive and proactive approach to community relations and seek to foster open and constant communication through mechanisms for engagement and consultation.

In order to measure the effectiveness of their engagement and community development activities, our operations must carry out a perception survey every three years. These studies provide a very valuable external perspective about the quality of our relations and help us to determine whether we are addressing the concerns of our counterparties appropriately.

We understand that, in order to be successful, we must support the progress of the society of which we form part

Responding to stakeholders

We have in place different mechanisms through which our stakeholders can make their concerns and worries known and communicate fluidly with our teams which answer their enquiries daily. All our operations in Chile must have mechanisms for registering complaints and responding to them effectively and opportunistically.

Respect for human rights

At the global level, we operate in accordance with the UN Declaration of Human Rights and the principles of the UN Global Compact. We also adhere to the UN Guiding Principles on Business and Human Rights which require that companies comply with respect for human rights by incorporating these principles into their systems and processes.



In practice, this means that we seek to ensure that our people respect human rights both in the workplace and in our relations with the communities and/or indigenous peoples that live near our operations.

Indigenous Peoples Policy

Indigenous communities are critical stakeholders for BHP operations around the world, many of which are located on or near lands traditionally owned by indigenous peoples or under their customary use.

We recognise the rights and traditional values of indigenous peoples and their special connections to the land and natural resources that are necessary for their physical, spiritual and cultural well-being.

In northern Chile's Antofagasta and Tarapacá Regions where Minera Escondida and Pampa Norte, respectively, have their operations, there are lands that were traditionally inhabited by the Aymara, Quechua and Atacameño o Likan Antai peoples.

Our approach is based on the Indigenous Peoples Policy Statement, drawn up and approved by the BHP Steering Committee in financial year 2015, which we also began to implement in Chile in order to strengthen our relations with these peoples and be a valued partner in their economic, social and cultural empowerment.

This undertaking, which is consistent with the 2013 Indigenous Peoples and Mining Position Statement of the International Council on Mining and Metals (ICMM), includes:

- Undertaking participatory and inclusive assessments of social and environmental impacts;
- Seeking to agree on and document engagement and consultation plans with potentially impacted Indigenous peoples;
- Working to obtain the free consent of Indigenous peoples to BHP's activities.

In 2016, we worked to publicise the Indigenous Peoples Policy, focusing on the areas of governance, economic empowerment, social and economic support and public positioning. This approach included the establishment of culturally appropriate mechanisms for engagement and dialogue and the development of capabilities for self-management of the land and its resources as well as the joint preparation of development programs, the creation of opportunities for employment, training and entrepreneurship, and support for initiatives that help promote recognition of the interests, culture and heritage of indigenous peoples

In addition, through the implementation in Chile of the BHP Cultural Awareness Program, we equip our employees and contractors with greater knowledge about the country's first peoples and their present-day descendants. Taught transversally across the company, this program includes face-to-face and online training at operations for those workers who, because of the nature of their job, have direct relations with indigenous communities.

In this way, we seek to strengthen dialogue and avoid the impacts that our activities could have on the tangible and intangible expressions of these cultures.

New approach to relations with indigenous communities



BHP's Indigenous Peoples Policy has provided a unique opportunity to lay the foundations for a new way of relating with communities

Through the successful implementation of this model, we aspire to build long-term relations based on respect, trust and mutual understanding and to contribute to the economic empowerment, social development and cultural well-being of indigenous communities.

We seek to establish engagement processes that are aligned with BHP's Indigenous Peoples Policy and international standards in this field as well as Chilean law.

These relations are based on the principles of good faith, transparency and mutual respect and include participative and inclusive assessments of the social and environmental impacts of BHP's activities and culturally appropriate consultation processes so that the communities' concerns and expectations are effectively represented in decision-making.

The model also envisages a methodology that includes the formalisation of agreements that transcend the representatives of the parties, serving as instruments that endure in the long term and really empower the communities.

An important prior experience occurred during the evaluation of Cerro Colorado's Operational Continuity project which was approved in 2015. As part of this, a voluntary engagement and dialogue process was implemented under the terms of ILO Convention 169, complementing the Indigenous Consultation carried out by the Chilean government. This process strengthened the company's relations with the Aymara and Quechua indigenous communities in its area of influence, particularly as regards socio-environmental issues, and was formalised through mutually beneficial cooperation and sustainability agreements that are currently being implemented.

The lessons learned during this process and the guidelines of the Indigenous Peoples Policy served as the foundations for a new model of relations that, as from 2016, also began to be extended to our work with Atacameño communities in San Pedro de Atacama in Minera Escondida's area of influence. This methodology is being deployed in the form of three lines of action: activities to increase awareness of the Policy; the presentation of Minera Escondida's water strategy - which will gradually reduce withdrawals from the area's aquifers - and related projects such as Monturaqui and the end of operational withdrawals from the Punta Negra Salt Flat; and the joint design and implementation of community development projects.

Significant Relations with the Community continued

Between September and December 2016, 612 people, including direct employees and contractors, participated in training workshops on cultural awareness.

Public-private alliances for the benefit of the community

Our community relations policy includes active participation in public-private alliances for the implementation of projects that improve quality of life in the towns, villages and regions where we operate.

One of these projects is the CREO Antofagasta Plan, launched in 2011 as a tripartite initiative of the regional government, the municipal government of Antofagasta and BHP to address the challenge of the city's growth. Many other players in society have since also joined the initiative which is working according to a Master Plan drawn up in 2015, with the participation of the community, as the key instrument for guiding the city's sustainable urban development through to 2035.

Under the plan, a network of bicycle lanes, expected to have a length of 30 km by 2020, is being built in the city to foster use of this means of transport. In 2016, with the contribution of Minerals Americas, 6.7 km of lanes were designed and built by the Housing and Urban Planning Ministry (MINVU) and construction of a further 5 km began in the north of the city.

Other initiatives with a high impact on the community include the construction of the Plaza Inés de Suárez, a public square with solar lighting, and the city's first Eco-plaza waste recycling collection point which will serve the central-northern part of the city. Both these projects will be inaugurated in 2017.

In 2016, work also began on the Antofagasta Shanty Town Eradication Plan, targeting 1,600 families who live in 21 shanty towns in the city. Its aim is to make Antofagasta a city without shanty towns. Led by the regional government and financed by Minera Escondida, the project is being implemented by three institutions - Fundación TECHO, Fundación Superación de la Pobreza and Fundación Servicio Jesuita a Migrantes - that specialise in providing support to socially vulnerable families. This permanent integrated alliance aims to offer most immigrant families opportunities for their development by providing them with tools for their labour market insertion as well as many other benefits.

Building local capabilities

We also seek to contribute to the economic development and quality of life of the inhabitants of neighbouring communities through the creation of local capabilities.

In 2016, we implemented a pilot program for suppliers from Sierra Gorda, one of the municipal districts in Pampa Norte's area of influence. Designed jointly with the Sierra Gorda Working Group, it aims to promote the development of suppliers in the town. Over the course of the year, it worked with three laundry services, a company providing mining services that include earth movement and the rental of machinery, and a plant that purifies and sells bottled water.

The program involves an internal line of work that seeks to flexibilise the criteria or requirements that the company establishes for the procurement of services from firms in Sierra Gorda as a step towards a long-term increase in the use of local suppliers.

In 2016, Minera Spence implemented a Program for the Support of Local Development (PADL). The initiative, proposed through the company's Sierra Gorda and Baquedano Working Groups, benefitted 22 projects put forward by entrepreneurs, micro firms and social organisations from these two towns (15 from Sierra Gorda and seven from Baquedano), providing funds for the improvement of their activities.

CASE STUDY

Alliance with Pre-Columbian Museum



15 years working to recover the legacy of the indigenous peoples

BHP's alliance with the Chilean Museum of Pre-Columbian Art, formed in 2001, seeks to contribute to the recovery, conservation and appreciation of the culture of the country's indigenous peoples. The modernisation and expansion of the Museum - which included the new *Chile antes de Chile* (Chile before Chile) room inaugurated in 2014 - represent the country's most important public-private cultural infrastructure project in a decade. In 2016, some 120,000 people visited the renovated Museum.

In the framework of our Indigenous Peoples Policy, we have begun to implement a model of work that aspires to incorporate the vision and ancestral knowledge of the present-day descendants of Chile's indigenous peoples into the design of the new initiatives or cultural projects developed jointly with the Museum. This process includes opportunities for dialogue with indigenous communities so as to learn about their interests and expectations.

The activities implemented in 2016 under this alliance included the *Rostros del Norte Grande* (Faces of the Far North) exhibition shown in Antofagasta and San Pedro de Atacama, which re-created the lives and customs of the pre-Columbian cultures that inhabited this part of the country and attracted a total of some 2,000 visitors. In Santiago, meanwhile, the *El arte de ser diaguita: Al sur del Tawantinsuyu* (The art of being Diaguita: To the south of Tawantinsuyu) focused on the extraordinary wealth, colour and duration of the artistic expressions of Chile's Diaguita culture and included some 230 emblematic pieces of ceramics, textiles, stone, bone and metal. It was visited by around 60,000 people.

This alliance between BHP and the Museum has contributed to Chileans' re-encounter with their rich indigenous heritage and culture whose history, legacy, traditions and artistic expressions form part of Chile's identity and diversity.



Through the Coloso Fund, Minera Escondida supports the training of entrepreneurs, the financing of projects and the strengthening of the area's social and economic organisations.

Education

Education is a key focus of BHP's social investment. We seek to support the improvement of transversal skills among primary and secondary school children as well as those looking for better job opportunities.

Since 2013, Minera Escondida has implemented the Commitment to Educating Together Program in which it works with the inhabitants of Caleta Coloso. This program has helped to improve the educational standards of the community's children and young people, provided access to teaching support and, through scholarships, facilitated access to higher education as well as supporting sports and cultural activities.

Through our Scholarship Program, we also support the most vulnerable students who have demonstrated motivation and performed well academically, facilitating their access to high-quality technical education in the form of certified courses that qualify them to work in the mining

industry. Each year, the company also enables 25 students from local indigenous communities, Coloso, Mejillones and Antofagasta to study free-of-charge at the Industrial and Mining Training Centre (CEIM).

In 2016, we also began work with the Antofagasta University (UA) and the Catholic University of the North (UCN) in a strategic alliance that seeks to foster and facilitate the development of research, culture, inclusion, entrepreneurship, innovation and the sciences and other disciplines. The company helped to finance seven projects developed by UCN, which are estimated to have impacted some 566,000 people, and 11 projects at UA, estimated to have impacted 9,584 people across different age groups and socioeconomic groups.

Since 2009, Minera Spence has implemented a Scholarship Program in Sierra Gorda in a bid to support the development of students from the town by contributing economic and socio-educational resources. In 2016, the program benefitted 62 secondary and higher-education students in addition to the beneficiaries from previous years.

Inclusion program

According to UNESCO (2005), inclusion is an approach that responds positively to people's diversity and individual differences, viewing diversity as an opportunity to enrich society through active participation in family life, education, work and, in general, all social, cultural and community processes.

BHP fully adheres to this approach and recognises that diversity in the workforce is a value that improves productivity and promotes the organisation's success in general.

Through alliances with social organisations, we seek to promote the incorporation of people with different capacities into the workplace. We work with the Antofagasta Office for the Integration of Persons with a Disability (OID) which attends people in the city who have a disability and seeks to foster participation and discussion and awareness of rights, duties and the benefits available to them, their families and carers and related social organisations. Over 5,000 people participated in activities organised by the OID in 2016 which included family races, paralympic games, workshops for primary school children and other awareness-building initiatives.



In the *Pensamiento Propio* conversations, Cristián Warnken has talked to around one hundred leading thinkers and figures from different disciplines from both Chile and other countries.

We also participate actively in the Antofagasta Inclusive Companies Program of Fundación Descúbreme which encourages companies in the city to take a broader view and discover the potential of people with a cognitive disability and, in this way, create inclusive and diverse workplaces. Under this agreement, 25 people have been hired since 2014 and 14 are working with a contract.

Culture

We believe that access to culture improves a country's quality of life and the well-being of its people, helping to foster equity and society's integral development.

In this field, we strive each year to offer an extensive program of activities for the benefit of the community, with the support of cultural and artistic institutions with which we have forged alliances over the past 18 years.

Since 1999, in an alliance with Fundación Teatro a Mil (FITAM), we have supported the Santiago a Mil International Theatre Festival which is regarded as the country's most important performing arts festival. Its 23rd version was held in Santiago in January 2016, with a total of 300 functions of 66 plays and shows (of which 32 were international and 35

were local) that were seen by over 480,000 spectators. The Festival also took place in theatres and public spaces in eight regions of the country, including Iquique a Mil, launched seven years ago, and Antofagasta a Mil, launched eight years ago.

In 2016, we also once again supported the *Santiago en 100 Palabras* (Santiago in 100 Words) literary contest, organised by Fundación Plagio, and its local versions in Iquique, Antofagasta and Concepción. In the 16 years since this contest was launched, 552,900 entries about aspects of the city or life in it, which must have a length of no more than 100 words, have been submitted.

The company also has an alliance with Fundación Puerto de Ideas under which three science festivals have been held in Antofagasta since 2014, attracting a total of more than 32,000 visitors. The multidisciplinary Puerto de Ideas (Port of Ideas) event, which lasts three days, is designed principally to bring science, technology and culture closer to a diverse audience of all different ages, fostering knowledge, discussion and reflection. BHP's alliance with Puerto de Ideas also reflects its commitment to the country's cultural decentralisation and helps position Antofagasta as its scientific capital.

Another important activity in our annual cultural program is the *Pensamiento Propio* (Own Thinking) cycle of conversations with poet and journalist Cristián Warnken. Over the past 15 years, more than 100 leading figures from different disciplines, from both Chile and other countries, have participated in these conversations.

Other activities in 2016 included the second version of the *Todos Somos Diferentes* (We Are All Different) short film contest. This initiative harnesses the tools of the cinema to promotion of the transversal incorporation of the concept of "different capacities". This activity attracted a direct audience of over 2,000 people and a further 23,000 indirectly.

CASE STUDY

Contributing culture of quality



Proud of the recognitions received by our cultural projects

Over the course of the years, the projects that make up BHP's cultural program have earned important recognitions. In 2016, the emblematic *Santiago en 100 Palabras* (Santiago in 100 Words) short story contest won the Avonni Award in the Culture category for its contribution to fostering the reader-writer and the innovation seen in the initiative's expansion to another five regions of Chile and six cities in other countries.

In addition, the production of the *Tempest* by Korean director Oh Tae Suk was selected as the best overseas production of 2016 by the Circle of Art Critics of Chile.

The Santiago a Mil International Theatre Festival has received numerous recognitions that, most recently, have included the 2015 Arts and Literature Prize in the Cultural Management and Production category from the Santiago municipal government.

Since its launch, the Puerto de Ideas Science Festival has received 11 awards, including the 2015 Avonni Award in the Culture category and the 2014 Valparaíso Region Arts and Culture Prize in the Cultural Organisation category from Chile's National Council for Culture and the Arts.

In addition, the Zicosur International Book Fair (FILZIC) was recognised by the Association of Performing Arts Journalists in 2014 for its contribution to Latin American integration and, in 2013, the Antofagasta Symphony Orchestra was awarded the Chilean Senate's Medal of Honour for its contribution to the city's artistic development.

Local Suppliers Pilot Program in Sierra Gorda



In 2016, the program benefited over ten entrepreneurs and micro firms

Targeting entrepreneurs and micro firms in Sierra Gorda and Baquedano, towns in Minera Spence's area of influence, the Program for the Support of Local Development (PADL) seeks to consolidate a model of long-term business development by equipping participants with transversal tools for the better management of their activities and, in this way, also develop local suppliers who have the capacity to provide services to the region's mining companies.

In 2016, this program benefited over ten entrepreneurs and micro-firm owners, half of whom were women heads of household. It resulted in marked growth of the enterprises to the point that they now represent the livelihood of their owners and are creating local jobs, with the resulting impact on living standards.

In this framework, we launched the Local Suppliers Pilot Program in Sierra Gorda in 2016 in order to promote the development of the town's five most advanced micro firms through a process of diagnosis and joint design of improvement plans from an integral perspective that includes aspects such as safety, administrative and financial management, leadership and teamwork.

One successful example of the program's results is the FERA Commercial Laundry set up by Iris Fredes in 2002 as a personal venture. Through the PADL, which she has won four times, she has grown her business into an industrial laundry. In 2016, thanks to the training received under the PADL and the Local Suppliers Pilot Program, she went on to achieve important improvements in areas that included personnel management, safety and risk prevention, corporate image and the optimisation and standardisation of processes as a result of which her company's services have improved notably.

At present, the laundry has eight employees, up from two at the beginning, all of whom are residents of Sierra Gorda. It has 11 companies as customers as well as providing services to local residents and workers who request them on their own account. It handles 150 loads of laundry each week, equivalent to half its capacity, and generates monthly revenues of around 4 million Chilean pesos.

Significant Relations with the Community continued

Supporting employees who contribute to the community

Since 2007, we have implemented BHP's Matched Giving Program in Chile through which we support employees' commitment to the community, doubling as a company their personal financial contribution to non-profit organisations (1+2).

FME and CEIM Foundations

In the Antofagasta Region, BHP's social contribution is complemented by the work of the Minera Escondida Foundation (FME) and the Industrial and Mining Training Centre (CEIM). Through them, we are able to help raise the standards of preschool and primary education and professional-technical training for the mining industry as well as promoting entrepreneurship in our communities.

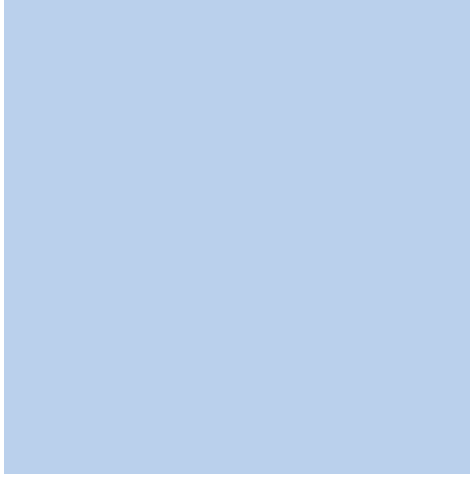
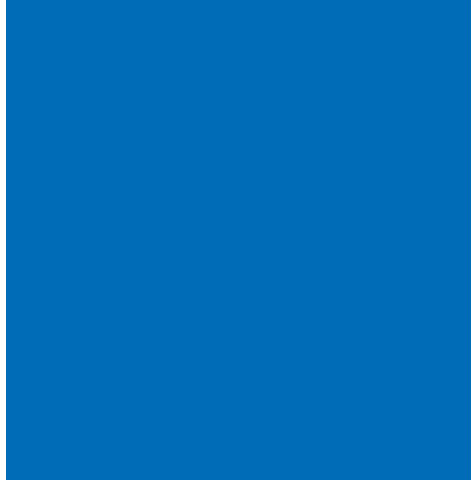
Since its foundation in 1996, FME has focused on developing spoken and written communication in pupils of up to eight years of age at 26 preschools and schools in the San Pedro de Atacama and Mejillones municipal districts.

It also supports organisations and social leaders and entrepreneurs so that they autonomously develop initiatives that contribute to the Region's development. A key event in this field is the AntofaEmprende social entrepreneurship contest which, in its third version, received 328 proposals, submitted from Chile and other countries, on the lines of "Antofagasta Clean City" and "Building the Region of Our Dreams".

CEIM provides industrial and mining training to the regional and national community as a means of contributing to the development of qualified labour and addressing the great needs of the mining industry. In order to improve its reach, it also has campuses in Iquique and Santiago.

In 2016, in a bid to expand the range of job opportunities open to women, CEIM gave courses in equipment and plant operation and mechanical, electrical and plant maintenance for seven groups of Minera Escondida trainees.





Appendix

Stakeholders	67
Performance Data	68-70
People	71-73
Environment	74-78
Report of Independent Professionals	79

Stakeholders

Who are they?	Engagement methods
Direct employees and their families	
Employees and their families; social, sports and trade union organisations	Expanded quarterly meetings for each shift led by the operation's general manager / Operational supervision meetings / Company magazine and newsletter / Motivational communications campaigns and campaigns on specific issues / Annual communications survey (work climate, leadership and corporate values) / Meetings between unions and Human Resources / Training talks; recreational, social and cultural activities; ceremonies of recognition for years of service; celebration of Miner's Day; sports competitions / Coordination meetings with different internal organisations / Performance evaluations.
Contractors	
Contractors' employees	Contract administrators (channel of information and support coordination) / Regular meetings with the Health, Safety, Environment and Community Area, Superintendency for Finance and Human Resources area, geared to the contract administrator and risk prevention expert.
Suppliers	
Suppliers of goods and services	Digitalisation of procurement processes (technological diffusion program) / Participation in BHP's World-Class Supplier Program.
Indigenous communities and expanded community	
The communities in Cerro Colorado's area of influence are Mamiña, Quipisca, Parca, Iquiuca, Macaya and Apo in the ravines of the Andean foothills of the Pozo Almonte municipal district as well as Lirima, Collacagua and Cancosa on the Andean Plateau of the Pica municipal district and the town of Pozo Almonte in the Pampa del Tamarugal / In the case of Spence, the inhabitants of the Sierra Gorda municipal district: the towns of Sierra Gorda and Baquedano / In the case of Escondida, the Antofagasta municipal district and the Coloso community, the Mejillones municipal district, the San Pedro de Atacama municipal district and the La Grande Atacama Indigenous Development Area, especially the communities on the southern edge of the Salt Flat: Peine, Socaire, Camar, Talabre and Toconao.	Development of projects with neighbouring communities as well as regular field work with the different participants in joint social investment projects and initiatives / Working groups with neighbouring communities / Alliances for the development of community activities / Distribution of Sustainability Report / Engagement and dialogue process with CMCC indigenous communities (principles of ILO Convention 169) / Workshops implemented by Escondida in Coloso, Minera Escondida Foundation's office for indigenous affairs.
Government and regulatory bodies	
National and regional government authorities / National and regional heads of public services	Development of joint projects through the establishment of alliances / Publication of annual Sustainability Report / Formal and technical meetings between company executives and authorities.
Associations, organisations, NGOs and others	
Iquique Industrialists' Association (AII) and Antofagasta Industrialists' Association (AIA) / Tarapacá and Antofagasta Regional Mining Safety Councils / Fundación Juventud Emprendedora (sponsored since 1998 in Iquique and since 2010 in Antofagasta) / At the national level, membership of Chilean Mining Council, National Mining Society (SONAMI), Chambers of Commerce, Acción RSE and other civil society organisations / Through specific projects, relations with Casa de la Paz and the Norte Grande and Fraternidad Ecológica Universitaria corporations, of which the latter two are regional environmental NGOs.	Periodic meetings with participation of company representatives as well as the coordination required for implementation of joint initiatives / In the case of NGOs, informative and technical meetings as well as field visits, distribution of reports and other methods.

Performance Data

1 / Economic Value Generated, BHP Chile

	2015		2016	
	Pampa Norte ⁽¹⁾	Minera Escondida	Pampa Norte ⁽¹⁾	Minera Escondida
	US\$ million		US\$ million	
Operating income	1,673	6,575	1,402	5,273
Financial Income	3	1	29	1
Non-operating income	11	34	2	53
Economic value generated	1,687	6,610	1,433	5,327

(1) Figures for Pampa Norte are the sum of Spence and Cerro Colorado.

2 / Economic Value Distributed,⁽¹⁾ BHP Chile

	2015		2016	
	Pampa Norte ⁽²⁾	Minera Escondida	Pampa Norte ⁽²⁾	Minera Escondida
	US\$ million		US\$ million	
Operating costs	927	3,147	666	1,380
Employee wages and benefits	143	437	117	268
Other payments to third parties	231	728	200	1,153
Taxes	-38	341	12	422
Financial expenses	20	22	21	50
Social investment	6	27	13	25,4
Owners	0	400	1,880	700
Economic value distributed	1,289	5,102	2,909	3,997
Economic value retained⁽¹⁾	398	1,508	-1,476	1,330

(1) Retained by the company: corresponds to income reinvested in the company for continuity of operations. Includes depreciation and amortisation of the period as well as profit of the period. Calculated as economic value generated less economic value distributed.

(2) Figures for Pampa Norte are the sum of Spence and Cerro Colorado.

3 / Distribution to Local Suppliers, BHP Chile

	N° of suppliers by region		% by region, 2016	Payments to suppliers by region (US\$ million)		% by region, 2016
	2015	2016		2015	2016	
	Arica y Parinacota Region	8		6	0.3	
Tarapacá Region	145	126	6.5	47	39	1.1
Antofagasta Region	613	448	23.1	742	590	15.9
Santiago Metropolitan Region	1,856	1,235	63.7	4,041	2,958	79.5
Other regions	156	124	6.4	159	132	3.5
Total	2,778	1,939	100.0	4,992	3,719	100.0

4 / Copper Sales by Product (tonnes), BHP Chile

Sales	2014	2015	2016
Fine copper in concentrate	814,520	793,953	689,884
Fine copper in cathodes	564,058	580,733	553,640
Total fine copper⁽¹⁾	1,378,578	1,374,686	1,243,524

(1) Includes only own production.

5 / Key Figures, BHP Chile

Operating data	Unit	2015				2016			
		Pampa Norte		Minera Escondida	Total BHP Chile	Pampa Norte		Minera Escondida	Total BHP Chile
		Cerro Colorado	Spence			Cerro Colorado	Spence		
Fine copper produced (cathodes)	fmt	74,482	175,627	326,290	576,399	74,002	167,491	312,147	553,640
Fine copper produced (concentrate)	fmt	N/A	N/A	826,220	826,220	N/A	N/A	689,884	689,884
Total fine copper produced	fmt	74,482	175,627	1,152,510	1,402,619	74,002	167,491	1,002,031	1,243,524
Financial data									
Sales ⁽¹⁾	US\$ million		1,673	6,575	8,248	1,402		5,273	6,675
Economic value distributed ⁽¹⁾	US\$ million		1,289	5,102	6,415	2,909		3,997	6,906
Economic value distributed to the community ⁽¹⁾	US\$ million		6	27	33	13		25.4	38
Workforce and contractors									
Direct employees	Persons	822	1,033	3,798	6,416	953	1,064	3,600	6,180 ⁽²⁾
Total contractors' employees (Operations and Projects) ⁽³⁾	FTE ⁽⁴⁾	3,574		5,846	17,549	1,003	1,458	5,961	8,422
Percentage of women in the organisation	%	8.1		8.6	9.8	7.8		6.4	10.6
Total hours of training ⁽⁵⁾	Hours	61,522		75,711	137,233	14,401		24,919	111,698
TRIF (global) ⁽⁶⁾	N/A	N/A	N/A	1.63	N/A	2.26		4.70	1.43
Frequency rate	N/A	N/A	N/A	23.69	N/A	2.82		2.39	1.23
Severity rate	N/A	N/A	N/A	0.91	N/A	87.78		60.24	303.60
Suppliers									
Local suppliers ⁽⁷⁾	Suppliers	1,050		1,328	2,778				1,815
Local suppliers	%	96		91	90				94
Environmental data									
Total water consumption	ML	9,912		70,424	80,336				83,472
Total energy consumption (direct and indirect)	GJ	7,299,980		22,874,917	30,174,897	2,792,486		4,093,415	25,848,596
Total GHG emissions	KT CO ₂ eq	1,014		3,695	4,709	332		540	4,283

(1) Figures for Pampa Norte are the sum of Spence and Cerro Colorado.

(2) Includes offices in Santiago.

(3) Information for contractors of Santiago offices not reported.

(4) Full Time Equivalent.

(5) Includes Santiago offices.

(6) Includes direct employees and contractors.

(7) Defined as suppliers located in Chile.

People

6 / Direct Employees, BHP Chile

	2014	2015	2016
BHP Santiago	674	511	563
Pampa Norte	2,194	2,107	2,017
Minera Escondida	4,608	3,798	3,600
Total	7,476	6,416	6,180

7 / Direct Employees by Category, BHP Chile, 2016

Employees by category	Pampa Norte		Minera Escondida		BHP Santiago			Total		
	Male	Female	Male	Female	Male	Female	Male	Male %	Female	Female %
Executives	4	1	133	20	40	17	177	82	38	18
Supervisors / Professionals	277	40	700	122	340	160	1,317	80	322	20
Operators, Administrative and Similar (OAS)	1,593	81	2,374	155			3,967	94	236	6
Graduates	1		11	5	2	4	14	61	9	39
Operators and Maintenance Personnel Development Program (Apprentices)	0	20	0	80			0	0	100	100
Total	1,875	142	3,218	382	382	181	5,475	89	705	11

8 / Direct Female Employees, BHP Chile

	Total female workforce					
	2014		2015		2016	
	Nº	%	Nº	%	Nº	%
BHP Santiago	179	27	130	25	181	32
Pampa Norte	175	8	170	8	142	7
Minera Escondida	340	7	328	9	382	11
Total	694	9	628	10	705	11.4

9 / Direct Employees by Age and Average Age, BHP Chile, 2016

	< 30			30 - 50			> 50			Average age	
	Male	Female	Total	Male	Female	Total	Male	Female	Total	2015	2016
BHP Santiago	16	14	30	298	150	448	68	17	85	33	40.7
Pampa Norte	184	31	215	1,437	109	1,546	257	2	259	39	40
Minera Escondida	260	94	354	2,294	282	2,576	664	6	670	42	42
Total	460	139	599	4,029	541	4,570	989	25	1,014	38	40.9

10 / Turnover and New Hires, BHP Chile, 2016

	BHP Santiago	Pampa Norte	Minera Escondida ⁽¹⁾	Total
Total workforce	563	2,017	3,600	6,180
Total exits	151	127	235	513
Total new hires	118	307	176	601
Turnover (%)⁽²⁾	26.8	6.3	6.5	8.3
Rate of new hires (%)⁽³⁾	21.0	15.2	4.9	9.7

(1) Includes only employees with an indefinite contract.

(2) Calculated as exits/workforce.

(3) Calculated as new hires/workforce.

11 / Absenteeism, BHP Chile, 2016

	BHP Santiago		Pampa Norte		Minera Escondida		Total
	Male	Female	Male	Female	Male	Female	
Hours planned	848,629	371,617	3,824,385	207,073	8,764,632	648,318	14,664,653
Hours of absenteeism	52,918	67,270	3,907	238	218,882	10,405	353,619
Absenteeism rate (%)	6.2	18.1	0.1	0.1	2.5	1.6	2.6

12 / Training, BHP Chile

	Average annual hours of training per employee		Hours of training		Annual investment in training per employee (US\$)	
	2015	2016	2015	2016	2015	2016
BHP Santiago	N/A ⁽¹⁾	8	N/A ⁽¹⁾	4,289	N/A ⁽¹⁾	435
Pampa Norte	29	19	61,522	39,320	494	328
Minera Escondida	20	31	75,711	111,698	321	484
BHP Chile	23	25	137,233	155,307	383	376

(1) Information for 20015 not available.

13 / Direct Employees Evaluated, BHP Chile, 2016

	Unit	Pampa Norte		Minera Escondida		BHP Santiago	
		Male	Female	Male	Female	Male	Female
Executives	%	350	0	87	41	100	100
Supervisors / Professionals	%	106	123	92	64	100	100
Operators, Administrative and Similar (OAS)	%	106	98	101	48	0	0
Graduates	%	0	0	100	100	100	100
Total	%	106	107	98	51	100	100

Note: Where the percentage of employees evaluated exceeds 100%, this is because some employees evaluated were no longer with the company as of December 31.

Environment

14 / Strategic Inputs, BHP Operations in Chile

Strategic inputs	Unit	2014		2015		2016	
		Pampa Norte	Minera Escondida	Pampa Norte	Minera Escondida	Pampa Norte	Minera Escondida
Diesel ⁽¹⁾	m ³	112,505	283,772	115,139	291,578	110,564	341,206
Oil and lubricants	m ³	3,055	6,383	3,381	6,738	3,885	7,471
Explosives	tonnes	29,400	112,811	27,020	110,199	33,019	104,846
Tyres	n°	708	1,507	622	1,639	650	2,086
Mill balls	tonnes	N/A	65,846	N/A	61,859	N/A	75,446
Quicklime	tonnes	N/A	159,634	N/A	182,031	N/A	155,571
Sulphuric acid	tonnes	632,026	591,671	592,628	730,583	656,370	832,474
Extractants	tonnes	581	720	474	1,119	500	515
Ánodos	n°	10,948	10,496	6,304	14,437	10,641	12,625

(1) In the case of Pampa Norte, also includes petrol consumption.

15 / Energy Consumption by Source, BHP Operations in Chile

Energy consumed directly and indirectly	Unit	2015			2016		
		Pampa Norte		Minera Escondida	Pampa Norte		Minera Escondida
		Cerro Colorado	Spence		Cerro Colorado	Spence	
Diesel ⁽¹⁾	GJ	2,265,770	2,179,612	11,254,925	1,930,285 ⁽¹⁾	2,326,941 ⁽¹⁾	11,749,289
Petrol	GJ	0	0	14,181	0	0	8,140
Liquefied petroleum gas (LPG)	GJ	3,482	3,546	3,798	0	2,065	2,118
Emergency diesel generators	GJ	0	0	0	0	0	0
Subtotal energy consumed directly	GJ	2,269,252	2,183,158	11,272,904	1,930,285	2,329,006	11,759,547
Energy consumed indirectly							
Electricity	GJ	900,125	1,930,126	13,388,904	862,201	1,764,409	14,089,050
Subtotal energy consumed indirectly	GJ	900,125	1,930,126	13,388,904	862,201	1,764,409	14,089,050
Total energy consumed directly and indirectly	GJ	3,169,377	4,113,284	24,661,808	2,792,486	4,093,415	25,848,596
Efficiency in total energy consumption	GJ/tonne of fine, Cu produced	42.6	23.4	21.4	37.7	24.4	25.8

(1) In the case of Cerro Colorado and Pampa Norte, also includes petrol consumption.

16 / Water Withdrawals by Source, BHP Operations in Chile

Water withdrawals					
Operation	Source	Unit	2014	2015	2016
Cerro Colorado	Lagunillas	ML	3,297	3,526	3,773
Spence	FACB & ADASA	ML	6,615	6,789	6,458
	Monturaqui	ML	41,157	44,105	43,385
Minera Escondida	Punta Negra Salt Flat	ML	11,484	9,248	9,220
	Hamburgo	ML	3,300	2,608	2,423
	Mine drainage	ML	3,481	3,403	3,725
	Seawater	ML	23,673	24,376	29,570
	Water from bottom of mine	ML	1,154	1,299	873
	Rainwater	ML	0	12	N/A
Total water withdrawn, BHP Chile		ML	94,161	95,366	100,089
Total water returned to source		ML	13,825	15,400	16,617
Total water consumed, BHP Chile		ML	80,336	79,966	83,472

17 / Water Recycling, Minera Escondida

Water recovery	Unit	2015	2016
Volume of treated recycled water			
Effluents of sewage treatment plants	ML	944	490
Volume of water reused			
Recovery of clear water (tailings dam)	ML	27,325	28,464
Effluent of filter plant	ML	1,402	1,280
Reverse osmosis reject water	ML	1,452	1,020
Recycling of water of concentrators	ML	137,328	132,580
Total volume of water recycled and/or reused	ML	168,451	163,834
Water recycled and/or reused as percentage of total water consumed		71%	70%

Environment continued

18 / Water Recycling, Spence

Water recovery	Unit	2015	2016
Volume of treated recycled water			
Effluents of sewage treatment plants	ML	N/A	71
Volume of water reused			
Reuse leach pads	ML	N/A	148,315
Total volume of water recycled and/or reused	ML	N/A	148,386
Water recycled and/or reused as percentage of total water consumed		N/A	95%

19 / Greenhouse Gas Emissions, BHP Operations in Chile

Strategic inputs	Pampa Norte				Minera Escondida		BHP Chile		Unit
	Cerro Colorado		Spence		2015	2016	2015	2016	
	2015	2016	2015	2016					
Direct emissions	157	134	151	162	881	1,043	1,190	1,338	KT CO2-e
Indirect emissions	215	198	461	406	3,195	3,240	3,871	3,845	KT CO2-e
Total emissions	372	332	612	540	4,076	4,283	5,061	5,155	KT CO2-e
Intensity of direct emissions	2.1	1.8	0.9	1.0	0.8	1.0	0.8	1.0	KT CO2-e/KT fine Cu produced
Intensity of indirect emissions	2.9	2.7	2.6	2.4	2.8	3.2	2.8	3.0	KT CO2-e/KT fine Cu produced
Intensity of total emissions	5.0	4.5	3.5	3.2	3.5	4.3	3.6	4.1	KT CO2-e/KT fine Cu produced

20 / Air Quality, BHP Operations in Chile

Type of emission	Unit	Average annual concentration		Measurement point	Operation
		2015	2016		
PM ₁₀	ug/m ³ N	96	132	135	Villa San Lorenzo Camp
	ug/m ³ N	52	79	83	Camp 2000
	ug/m ³ N	89	86	78	Camp 5400
	ug/m ³ N	43	34	33	Coloso
	ug/m ³ N	40	33	33	Mamiña
	ug/m ³ N	42	34	41	Parca
	ug/m ³ N	63	57	48	Sierra Gorda

Note: In the case of Minera Escondida, the three-year average PM10 air quality norm (ug/m3N) <= 50 applies only to Coloso.

21 / Solid Waste, BHP Operations in Chile

Type of solid waste	Unit	2015			2016		
		Pampa Norte		Minera Escondida	Pampa Norte		Minera Escondida
		Cerro Colorado	Spence ⁽¹⁾		Cerro Colorado	Spence	
Hazardous	tonnes	2,019	N/A	10,100	2,437	1,612	11,530
Non-hazardous	tonnes	619	N/A	51,055	2,840	5,300	36,197
Total	tonnes	2,638	N/A	61,155	5,277	6,912	47,727
Intensity of hazardous waste (tonnes/tonne of Cu produced)		0.027	N/A	0.009	0.03	0.01	0.01
Intensity of non-hazardous waste (tonnes/tonne of Cu produced)		0.008	N/A	0.044	0.04	0.03	0.04

(1) Information for 20015 not available.

22 / Treatment and Disposal of Hazardous Waste, BHP Operations in Chile

Treatment or disposal of hazardous waste (tonnes)	2015			2016		
	Pampa Norte		Minera Escondida	Pampa Norte		Minera Escondida
	Cerro Colorado	Spence ⁽¹⁾		Cerro Colorado	Spence	
Reuse	1,291	N/A	4,409	1,033	N/A	6,089
External recycling	124	N/A	1,309	240	N/A	1,342
External security landfill	604	N/A	4,382	1,164	1,612	4,108
Total	2,019	N/A	10,100	2,437	1,612	11,539

(1) Information for 20015 not available.

23 / Treatment and Disposal of Non-Hazardous Waste, BHP Operations in Chile

Treatment or disposal of non-hazardous waste (tonnes)	2015			2016		
	Pampa Norte		Minera Escondida	Pampa Norte		Minera Escondida
	Cerro Colorado	Spence ⁽¹⁾		Cerro Colorado ⁽²⁾	Spence	
External recycling	0	N/A	30,705	2,099	1,277	19,815
Landfill	619	N/A	20,350	741	1,185	16,382
Industrial landfill (Rescon)	0	N/A	N/A	N/A	2,838	N/A
Total	619	N/A	51,055	2,840	5,300	36,197

(1) Information for 20015 not available.

(2) The difference between 2015 and 2016 in disposal of non-hazardous waste is due to the fact that, in 2015, non-hazardous waste was not sold and, in 2016, part of the accumulated stock was sold together with the waste generated that year.

24 / Massive Mining Waste, BHP Chile

Mining waste	Unit	2015			2016		
		Pampa Norte		Minera Escondida	Pampa Norte		Minera Escondida
		Cerro Colorado	Spence		Cerro Colorado	Spence	
Waste rock	tonnes	46,222,570	47,639,688	187,239,371	43,334,978	61,210,902	200,929,243
Tailings	tonnes	N/A	N/A	82,131,466	N/A	N/A	82,359,965
Leaching gravel	tonnes	19,814,139	16,019,197	0	16,513,650	22,681,669	14,793,118
Low-grade mineral	tonnes	N/A	5,008,371	0	N/A	8,331,571	0

Environment continued

25 / Recyclable Waste, BHP Operations in Chile

Type of waste	Classification	Unit	Cerro Colorado		Spence		Minera Escondida	
			2015	2016	2015	2016	2015	2016
Iron scrap	Non-hazardous	tonnes	43	44	N/A	158	30,625	19,815
Recycling of plastic bottles, cardboard and industrial plastics ⁽¹⁾⁽²⁾	Non-hazardous	tonnes	N/A		N/A		80	N/A
Batteries	Hazardous	tonnes	18	16	N/A		N/A	54
Lead-containing sludges	Hazardous	tonnes	29	113	N/A		431	163
Lead anodes	Hazardous	tonnes	N/A		N/A		858	1,097
Others/Reused bins	Hazardous	tonnes	N/A		N/A		20	28

(1) Information for 20015 not available.

(2) There was no recycling plan.

26 / Energy Saving and Emissions Reductions by Initiative

Initiative	Energy saving GJ				Emissions reductions tCO ₂ -e			
	Cerro Colorado		Minera Escondida		Cerro Colorado		Minera Escondida	
	2015	2016	2015	2016	2015	2016	2015	2016
Change of membrane osmosis rack Coloso	N/A	N/A	3,200	4,472	N/A	N/A	763	1,028
Improvements to SAG mills	N/A	N/A	100,257	1,303	N/A	N/A	23,945	300
Implementation of Sele Cartridge	N/A	N/A	99,888	69,475	N/A	N/A	25,606	15,979
Use of used oil for blasting	—	8,865	N/A	N/A	—	164,23	N/A	N/A
Total	N/A	8,865	203,345	75,250	N/A	164,23	50,314	17,307



Informe de los Profesionales Independientes "Informe de Sustentabilidad BHP Chile 2016"

Señores
Presidente y Directores
BHP Chile Inc.
Presente

Hemos revisado los contenidos de información y datos presentados en el "Informe de Sustentabilidad BHP Chile 2016" que se mencionan más adelante de BHP Chile al 31 de diciembre de 2016.

La preparación de dicho informe, es responsabilidad de la Administración de BHP Chile. Asimismo, la Administración de BHP Chile también es responsable de la información y las afirmaciones contenidas en el mismo, de la definición del alcance del informe y de la gestión y control de los sistemas de información que hayan proporcionado la información reportada.

Nuestra revisión fue efectuada de acuerdo con normas de trabajos de atestiguación emitidas por el Colegio de Contadores de Chile A.G. Una revisión tiene un alcance significativamente menor al de un examen, cuyo objetivo es de expresar una opinión sobre el "Informe de Sustentabilidad BHP Chile 2016". En consecuencia no expresamos tal opinión.

Los contenidos de información y datos presentados en el "Informe de Sustentabilidad BHP Chile 2016" fueron revisados tomando en consideración los criterios descritos en la Guía para la Elaboración de Informes de Sostenibilidad del Global Reporting Initiative (GRI) en su versión G4 y su respectivo suplemento para el Sector de Minería y Metales y se resumen a continuación:

- Determinar que la información y los datos presentados en el "Informe de Sustentabilidad BHP Chile 2016" estén debidamente respaldados con evidencias suficientes.
- Determinar que BHP Chile haya elaborado su "Informe de Sustentabilidad BHP Chile 2016" conforme a los principios de Contenido y Calidad de la Guía GRI en su versión G4 y su Suplemento para el Sector de Minería y Metales.
- Confirmar la opción de conformidad "esencial" declarado por BHP Chile en su "Informe de Sustentabilidad BHP Chile 2016", según la guía G4.

Nuestros procedimientos consideraron la formulación de preguntas a la Dirección, Gerencias y Unidades de BHP Chile involucradas en el proceso de elaboración del Reporte, así como en la realización de otros procedimientos analíticos y pruebas por cómo se describen a continuación:

- Entrevistas a personal clave de BHP Chile, a objeto de evaluar el proceso de elaboración del "Informe de Sustentabilidad 2016 BHP Chile", la definición de su contenido y los sistemas de información utilizados.
- Verificación de los datos incluidos en el "Informe de Sustentabilidad BHP Chile 2016" a partir de la documentación de respaldo proporcionada por BHP Chile.
- Análisis de los procesos de recopilación y de control interno de los datos cuantitativos reflejados en el "Informe de Sustentabilidad BHP Chile 2016".
- Verificación de la fiabilidad de la información utilizando procedimientos analíticos y pruebas de revisión en bases a muestreos y revisión de cálculos mediante re-cálculos.
- Visita a las oficinas corporativas de BHP en la Región Metropolitana, y visitas las operaciones de Minera Spence.
- Revisión de la redacción del "Informe de Sustentabilidad BHP Chile 2016".

Basados en nuestra revisión, no tenemos conocimiento que:

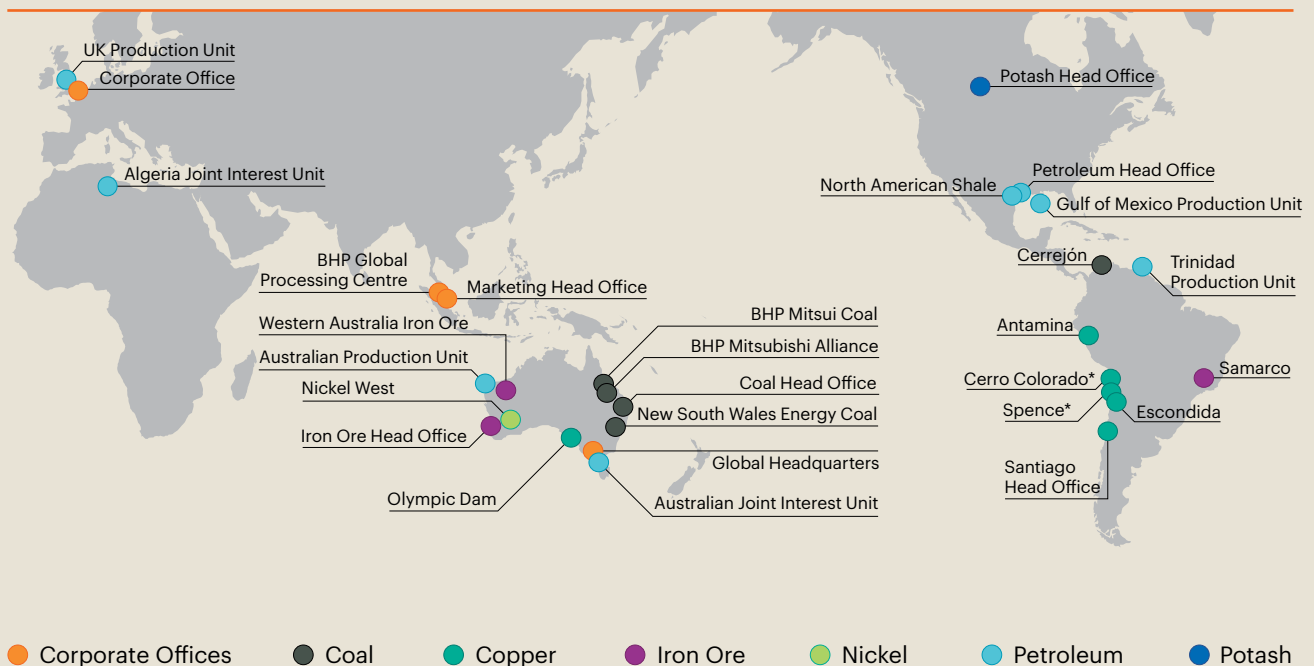
- La información y los datos publicados en el "Informe de Sustentabilidad BHP Chile 2016", no estén debidamente respaldados con evidencias suficientes.
- El "Informe de Sustentabilidad BHP Chile 2016" no haya sido elaborado en conformidad con la versión G4 de la guía para la elaboración de Reportes de Sostenibilidad del GRI y su Suplemento para el Sector de Minería y Metales.
- La opción de conformidad "esencial" declarado por BHP Chile no cumpla con los requisitos que están establecidos en la Guía GRI versión G4.

KPMG Ltda.

Luis Felipe Encina K-P
Socio

Santiago, 30 de junio de 2017

BHP around the world



(*) Cerro Colorado and Spence form the Pampa Norte business unit.

BHP Sustainability Report 2016

Cover photograph

Copper cathodes at Minera Spence

Content: BHP Chile

Assurance: KPMG

Design and Layout: Pozo Marcic Ensemble

Photographs: Archivo Fotográfico BHP

Printing: Ograma

© BHP. All rights reserved.

No part of this Sustainability Report may be reproduced in any format, on paper or electronically, without the prior consent of BHP.

Printed in Chile, 2017

BHP

BHP Minerals Americas

Cerro El Plomo 6000, 18th floor
Las Condes, Santiago, Chile.
Telephone: +56 22 579 5000
www.bhpbilliton.com

Minera Escondida Antofagasta

Avda. de la Minería 501
Antofagasta, Chile.
Telephone: +56 55 220 1177

BHP Pampa Norte

Esmeralda 340, 4th floor
Iquique, Chile.
Telephone: +56 22 579 5390

Minera Escondida

Latitude: 24° 15' 30" S
Longitude: 69° 4' 15" W
Altitude: 3,100 metres
above sea level

Cerro Colorado

Latitude: 20° 3' 33" S
Longitude: 69° 15' 49" W
Altitude: 2,600 metres
above sea level

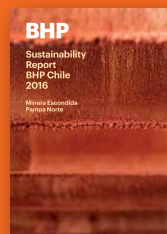
Spence

Latitude: 22°48' 24" S
Longitude: 69° 16' 20" W
Altitude: 1,750 metres
above sea level

Contact:

BHP Minerals Americas
MineralsAmericasNews@bhpbilliton.com
Telephone: +562 2579 5000

The complete index of GRI indicators for which information was provided and further details of the materiality process are available from the e-mail indicated above.



**Download the application
from the App Store
or Google Play.**