

Policy + Action → Sustainability

Health, Safety, Environment and Community  
Performance FY 2003

October 2003: London



# Policy + Action → Sustainability

- **Introduction and Overview** Mike Salamon
- **HSEC Performance Highlights FY2003** Ian Wood
- **Approach to Carbon Risk** Holly Lindsay
- **Questions and Answers** All

# Introduction and Overview

Mike Salamon  
Executive Director



# A global footprint

**Petroleum**



**Aluminium**



**Base Metals**



**Carbon Steel Materials**



**Diamonds & Spec Prod**



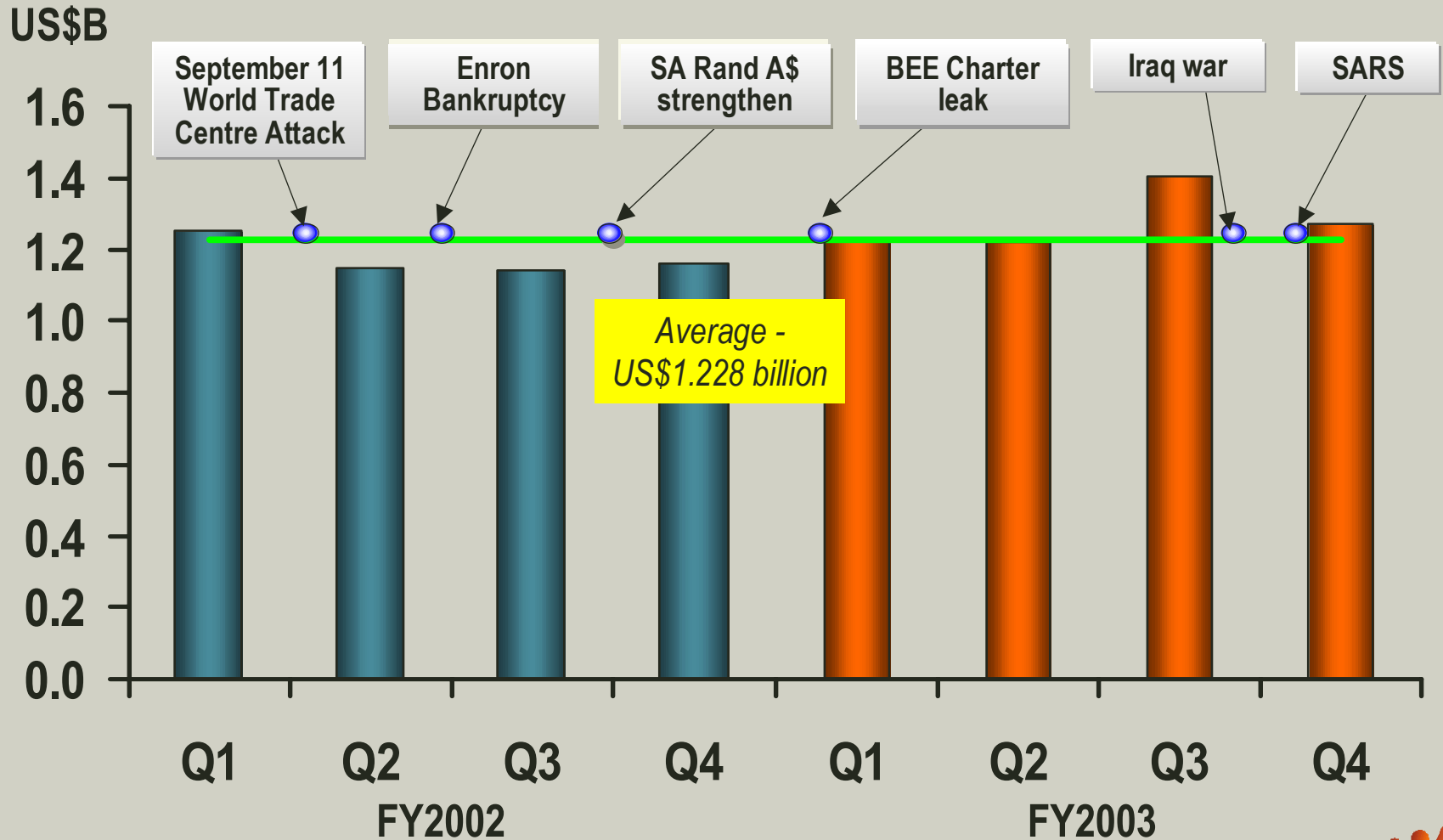
**Energy Coal**



**Stainless Steel Materials**



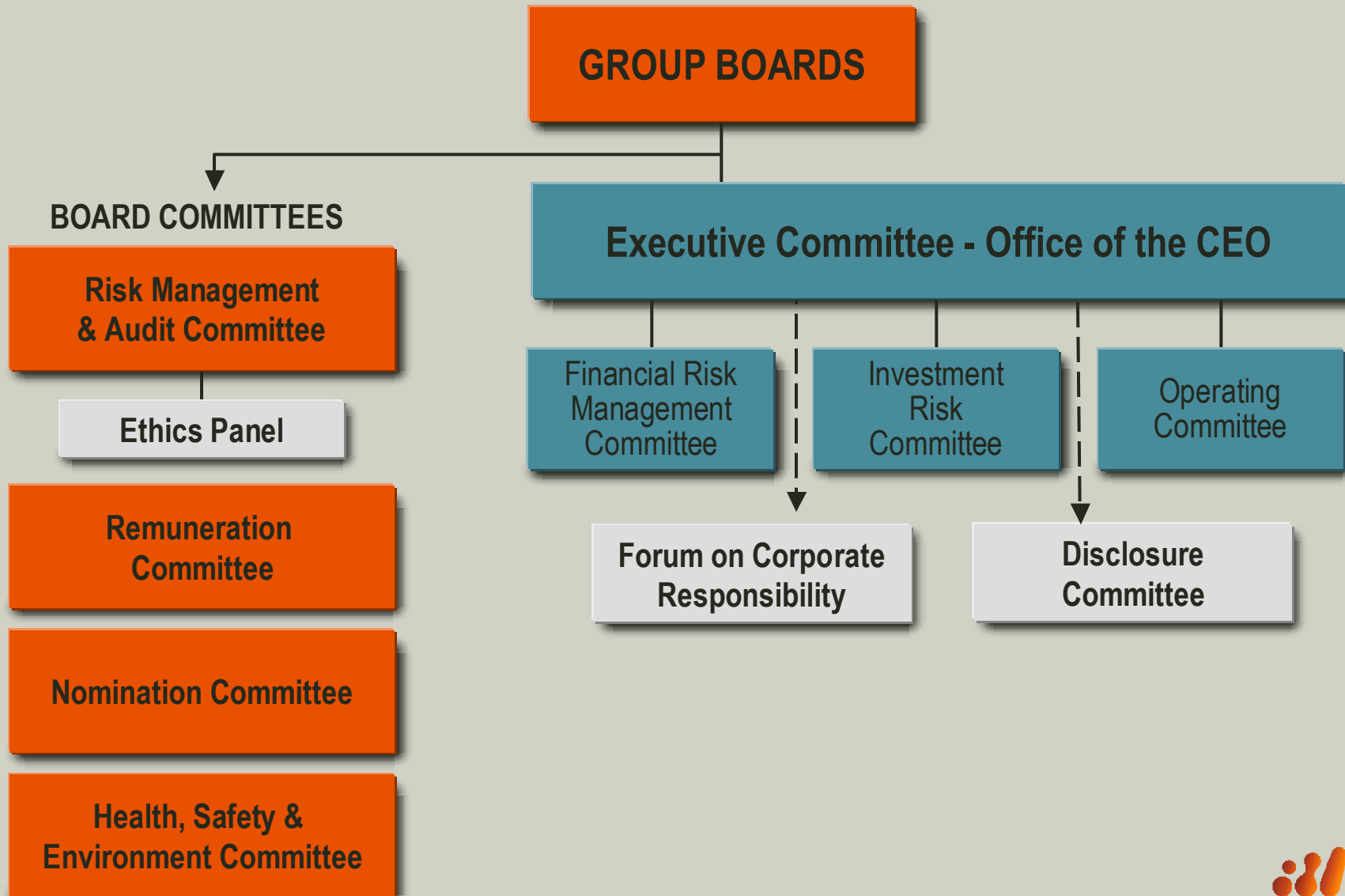
# The portfolio effect: stable EBITDA



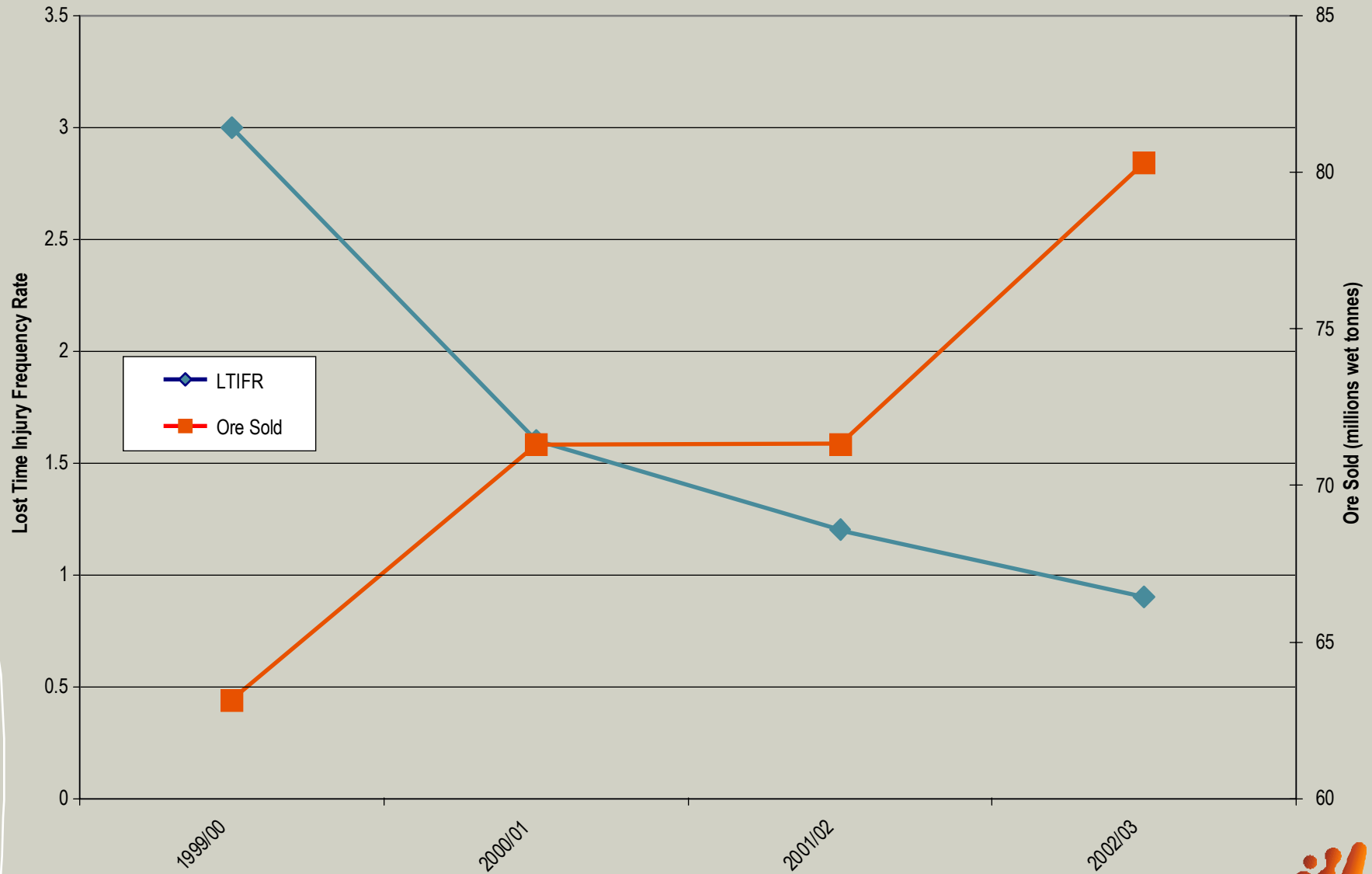
## Highlights – year ended 30 June 2003

- **EBITDA up 9%** to US\$5,129 million and **EBIT up 12%** to US\$3,481 million.
- **Attributable profit of US\$1,920 million** and earnings per share of 30.9 US cents.
- Available **cashflow** remained **strong** at US\$3,590 million.
- **Dividends** of 14.5 US cents per share, an **increase of 11.5%**.
- **Annual production** for all major minerals commodities higher or in line with last year; records for WA iron ore, nickel and Ekati™.
- **US\$595 million total cost savings** delivered since the merger.
- **5 projects commissioned**, all on or below budget and on or ahead of schedule. **3 major projects approved**.

# Corporate governance



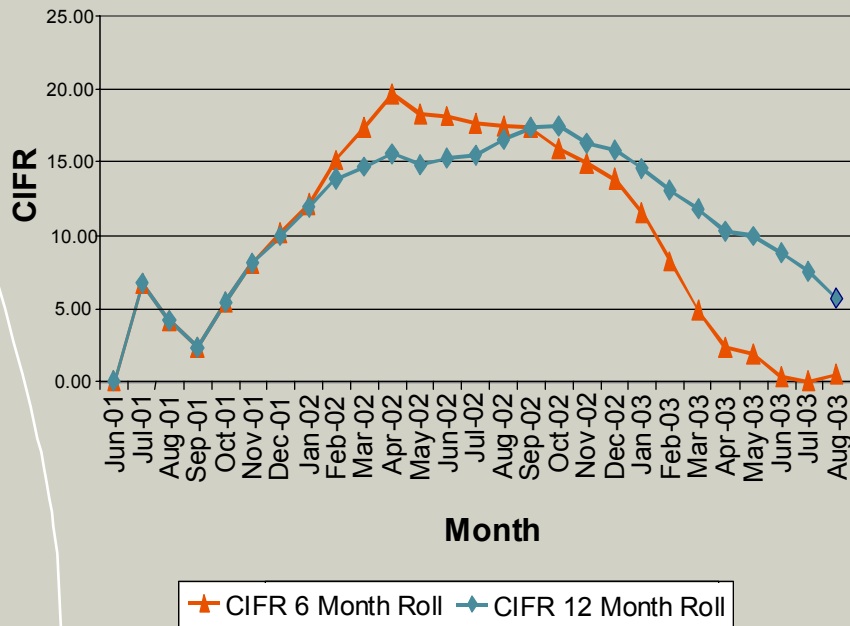
# Iron Ore in WA – operational improvements





# MOZAL II – project delivery

## Rolling Safety Performance



## Other benefits :

### Schedule

- First metal achieved on 7 April 2003
  - 21.5 months vs. Stretch KPI of 23 months

### Capital Cost

- Final cost = US\$ 200 million below budget
  - Additional scope of US\$ 11 million also completed

### Industrial Relations

- Over 17 million manhours completed
- Zero manhours lost to IR incidents

### Local Empowerment

- Forecast local spend = US\$ 93 million vs. US\$ 80 million target
- SME development programme adopted by the IFC

# Performance Highlights FY 2003

Ian Wood

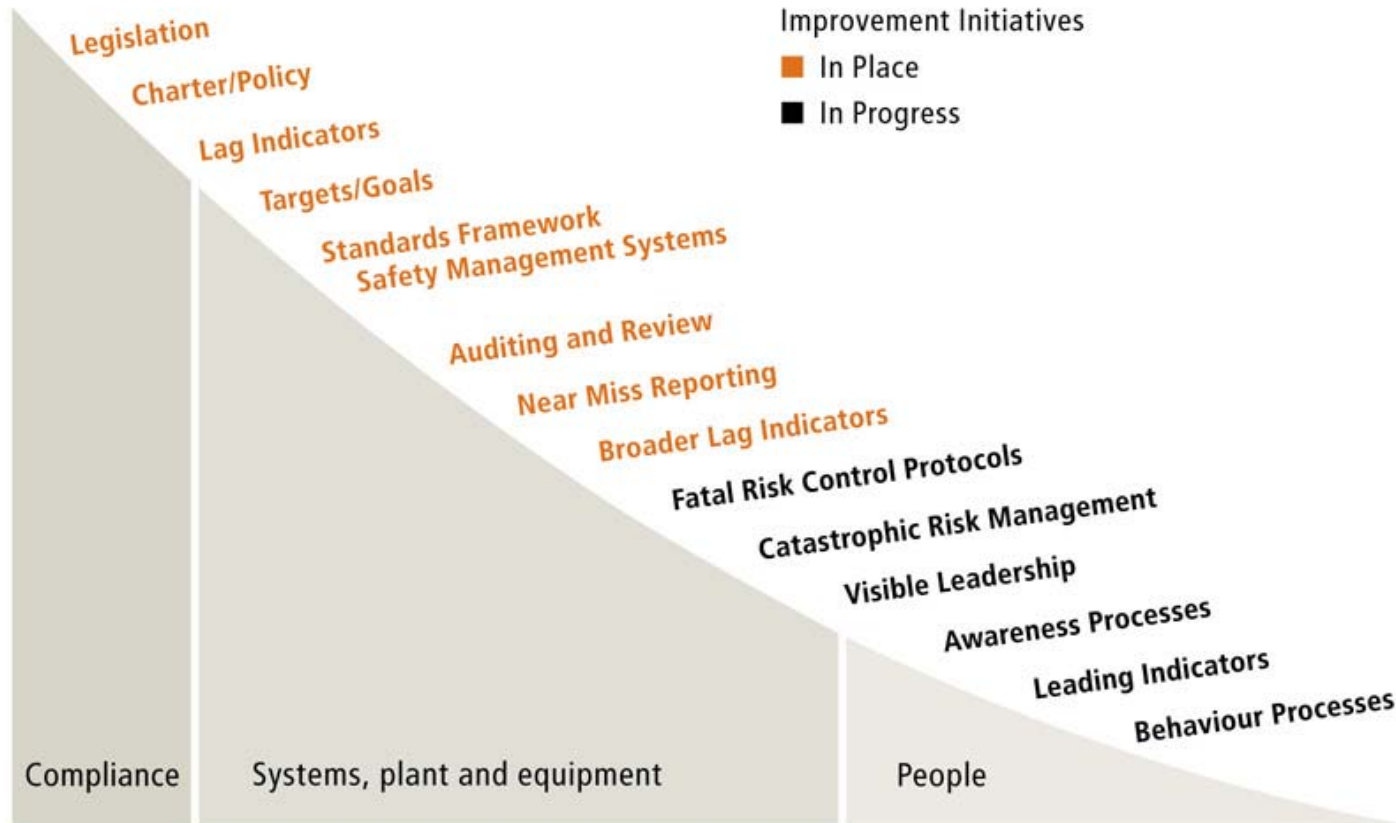
Vice President Sustainable Development



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# HSEC improvement journey



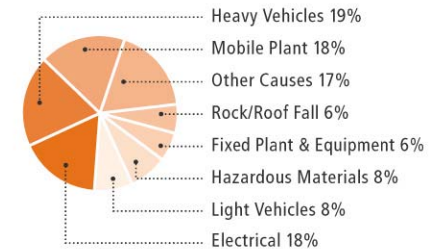
# Health performance

- Baseline surveys established on exposure hazards, key exposures identified
- Development of Occupational Exposure Limits
- HIV/AIDS - condition of employment in South Africa to be a member of medical aid funds

# Safety performance

- Reduction in fatalities and CIFR\*
- Continued drive to eliminate fatalities
- Focus on 1) leadership effectiveness 2) behaviours and awareness 3) rigorous standards and procedures for managing key risks

**Figure 15.**  
Significant Incidents  
by Cause  
2002/03



\*Classified Injury Frequency Rate was introduced as a new way of reporting injuries

# Environmental management

- All sites (57) requiring ISO14001 are now certified
- No significant environmental incidents in FY 2003
- 6% reduction in greenhouse gas intensity
- Water management plans in place at all but one of required sites
- Significant reduction in fluoride emissions due to better controls and investment

## Environmental management cont.

- Provisions for site closure, rehabilitation and remediation according to UK GAAP totalled US\$2 billion
- Provisions based on closure plans for all sites
- Analysis of significant biodiversity issues initiated, to include research on suitable metrics to measure post-mining land rehabilitation
- ICMM work programme



# Community performance

- Public reporting conducted at 97% of required sites, posted on [www.bhpbilliton.com](http://www.bhpbilliton.com)
- Human Rights Self-Assessment toolkit implemented
- World Bank Guidelines on Involuntary Resettlement
- US-UK Voluntary Principles on Security and Human Rights
- Black Economic Empowerment in South Africa
- Guide to Business Conduct
- US\$42 million on community investment, equivalent to 1.4% pre-tax profit

# Economic performance

- Recognise need to communicate economic contribution more clearly
- Support for Extractive Industry Transparency Initiative (EITI)

Figure 29. Expenditure by region (US\$ million)<sup>1</sup> 2002/03

	Income Tax Resource Rent Tax and Royalties	Employee Payments Goods and Services <sup>2</sup>	Community Contributions <sup>4</sup>	Shareholder Dividends <sup>3</sup>	Regional Totals
Africa	317	2 036	14	72	2 439
Australia and Asia	1 241	5 061	10	396	6 708
Europe	89	207	< 1	270	567
North America	95	913	5	162	1 175
South America	88	1 476	13	< 1	1 577
<b>Global total</b>	<b>1 830</b>	<b>9 693</b>	<b>42</b>	<b>900</b>	<b>12 466</b>

1. The data in this table have been rounded and cover operated assets and the Group's share of unincorporated joint ventures.

2. Due to the way that we currently document the sourcing of all imported materials and services, we have not been able to allocate all expenditure on goods and services. (note: these data have not been audited). Additional unallocated expenditure on goods and services totalled US\$1302 million globally.

3. Shareholder dividends are based on a shareholder register analysis dated 30 June 2003 and total dividends payable FY03.

4. Cover both operated assets and our share of joint ventures.

# Summary and outlook

- Strong progress made in all key areas
- Growth from well defined project pipeline
  - risks understood and manageable
  - structured HSEC reviews in internal approval process
- Continued focus on:
  - Progress toward Zero Harm
  - ensuring support from host communities
  - clear and relevant reporting at Group and site level
  - embedding management standards, procedures and other requirements
  - HSEC audit process
- Enterprise Wide Risk Management completed at site and corporate

# Management of Carbon Risk

Holly Lindsay

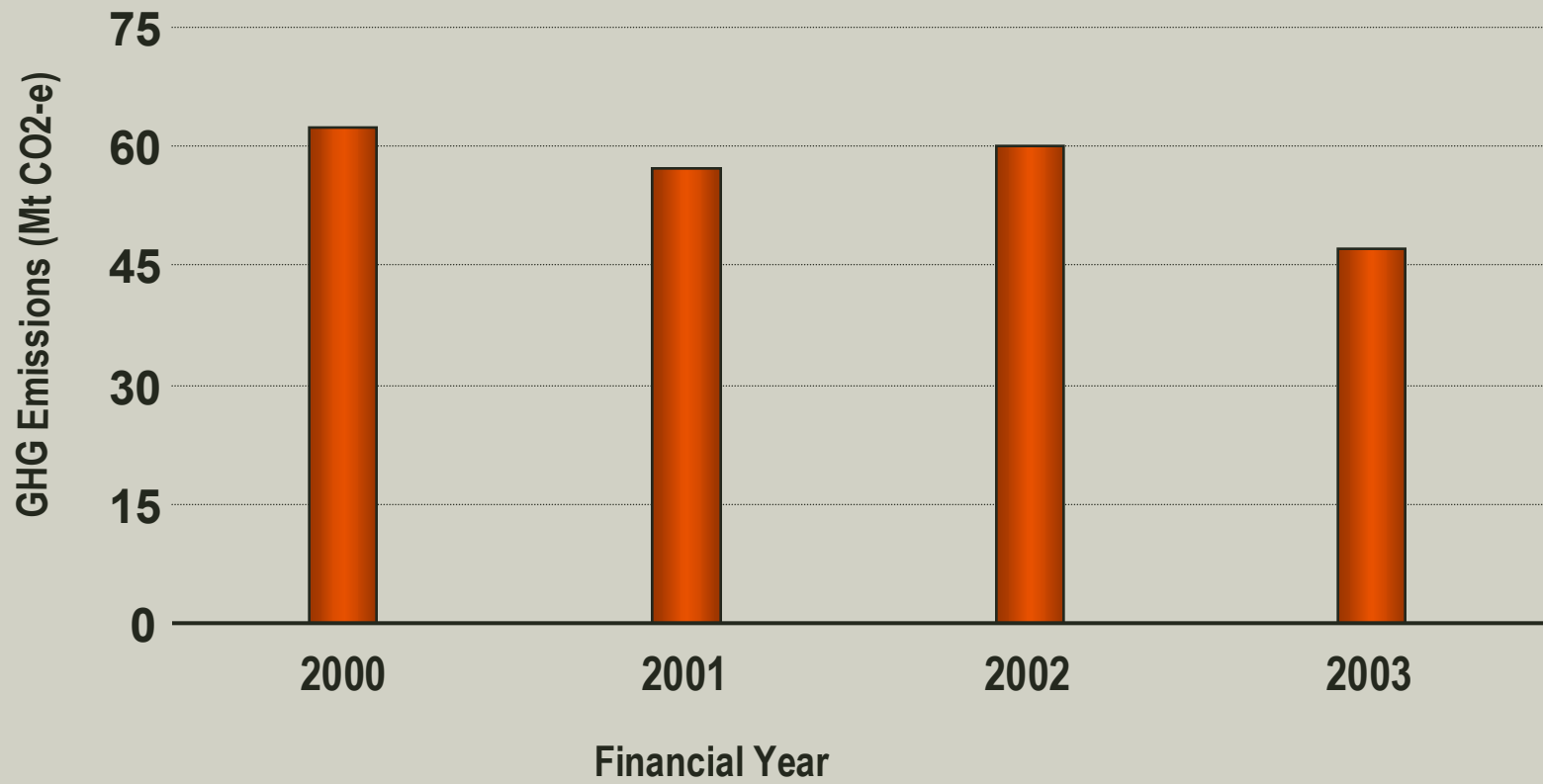
Vice President Public Policy and Business Conduct



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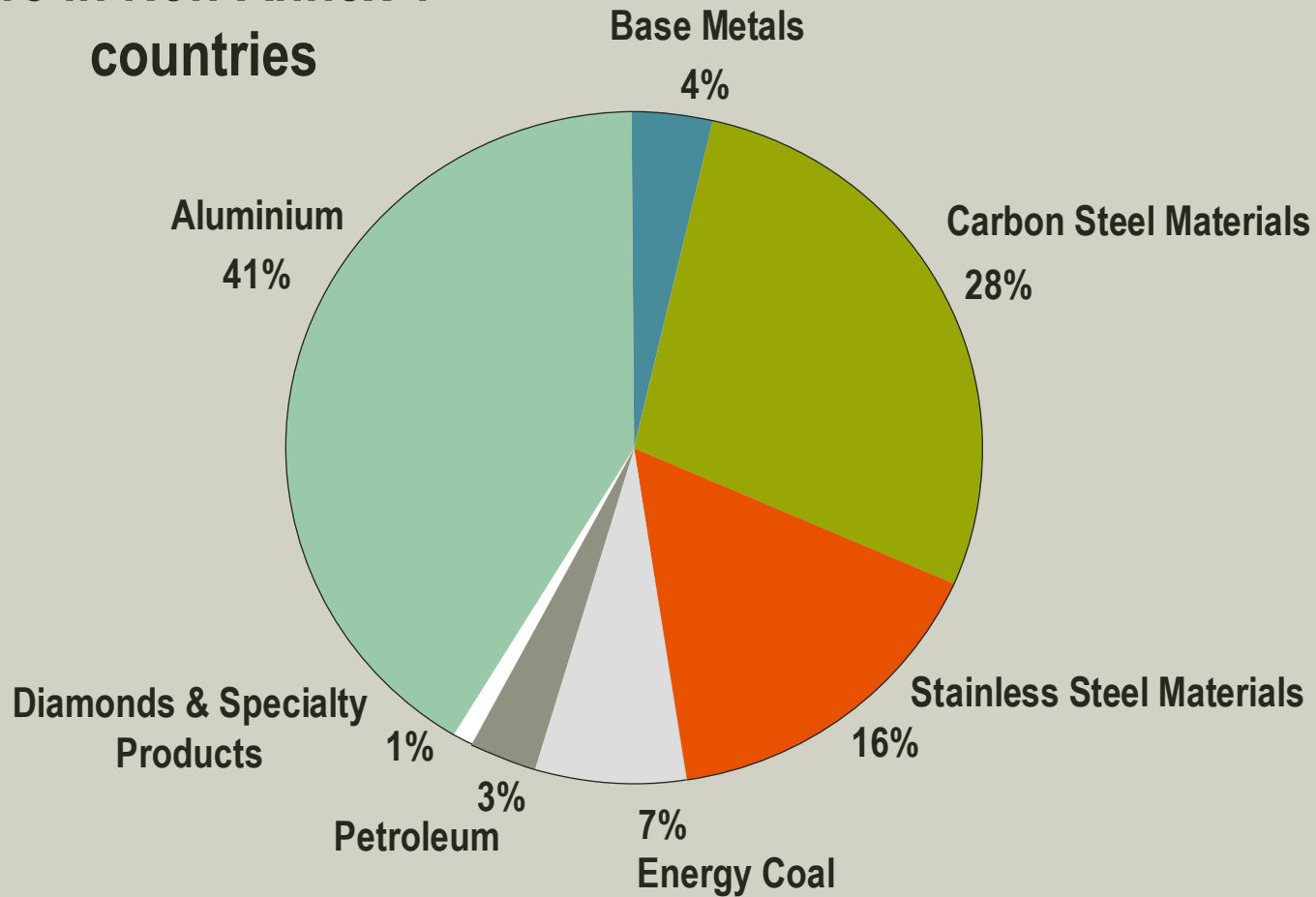
# Greenhouse gas emissions

**FY 2003 Total GHG Emissions 47 mn tonnes CO<sub>2</sub>-e**

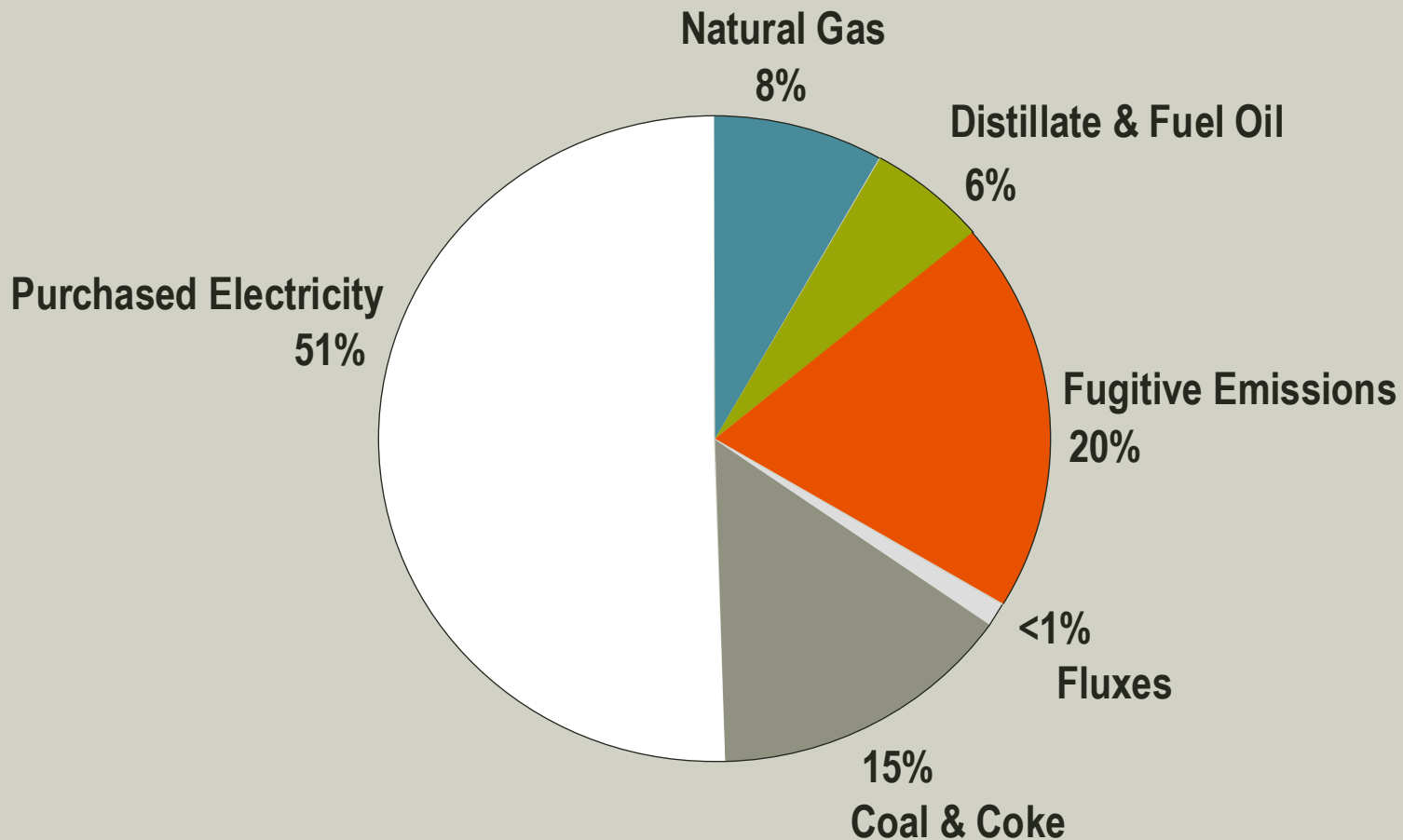


# Greenhouse gas emissions by business

**About 65% of emissions  
are in Non-Annex 1  
countries**



# Greenhouse gas emissions by source



# Climate change action plan

- Intensity reduction target of 5% per unit of production (FY 2002-07) & energy conservation & greenhouse gas management plans: Aluminium & Diamond Case Studies
- Carbon pricing sensitivity analysis carried out for new investments with >100,000 tonnes CO<sub>2</sub>-e per annum
- Internal protocol calls for assessment of potential direct & indirect business impacts of climate change as part of annual strategy development process for carbon intensive businesses
- Collaboration with customers and research funding with key focus on low emission coal & geosequestration



# Conclusion and Q&A

Mike Salamon  
Executive Director



# Summary

- Financial stability provides platform for continual improvement in HSEC
- Sound governance structures, including in HSEC area
- Strong growth prospects in familiar environments
- HSEC performance driven by targets, for which senior management are accountable
- Committed to clear and relevant public reporting, following GRI guidelines



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