

IMARC

**Vanessa Torres, Head of Group Investments and Value Management
Melbourne, 22 September 2014**

Thank you, and good morning ladies and gentlemen.

'Once upon a time', when I was 5 years old living in Sao Paulo, Brazil, I dreamed of being an engineer who would travel the world and live in different places. I followed my dream and graduated as a chemical engineer in my early twenties and by my late twenties was working on international assignments as a senior process engineer. I had realised my dream.

Today I live here in Melbourne working for BHP Billiton. I continue to travel the world, engineering the strategy for the world's largest diversified resources company.

I love working in the mining sector and I truly believe that our mission as an industry is to resource the world out of poverty. Growing up in a developing country has thought me the importance of this mission. That is what drives me and gets me excited about my work every day.

For today I was asked to talk about the global business case of diversity – which I would like to address from an engineer's perspective.

Why? The mining industry is full of engineers, geologists and accountants. What does that mean? They like data and use logic to make decisions... and engineers, geologists and accountants run the majority of the companies in our industry.

So you would think that all decisions in the industry are very logical, and the workplace is organised and resourced in a logical way, right?

Wrong! Over decades and decades since the inception of what we call the "modern mining industry", data and logic has been ignored in relation to gender balance and diversity.

Almost every month there is a new report being published, showing, through data and logic, the benefits of diversity to business results. They all say the same thing, that diversity improves business results and shareholder value.

A global study published by McKinsey in April 2012, indicated that companies that have a diverse executive team in relation to nationality and gender have 14 per cent higher average Earnings Before Interest and Tax – or EBIT – when compared to less diverse companies. And the Return on Equity of companies with higher executive diversity was superior by 53 per cent. This means companies with higher diversity deliver materially more shareholder value. This is compelling!

What business would not want to increase their return on equity by 53 per cent without more people or more capital? We are all after more productivity and the data shows that diversity is its most effective driver!

The business case for diversity in every industry and everywhere in the globe is just there. It does not need discussion; it just needs basic reading, basic data assessment capabilities and basic use of logic. You don't need a PhD to get it, you don't need an MBA to get it, in fact, you don't need even a university degree to get it.... It is just there!

However, almost every month there is a report published about how dismally diversity and gender equality is progressing in the workplace. For instance, research published by the consultancy 20-

First in November 2013 has shown that amongst executive committees in the global mining and metals industry, only 8 per cent of the roles are occupied by women. I repeat, 8 per cent.

So based on data and logic, we can say today, with almost 100 per cent certainty, that the mining industry and the broader economy are sub-optimised due to the lack of diversity in the productive workforce.

So, why has the mining industry, the business environment, and society in general ignored this business case for so long? And why, even now, when we have some enlightened CEOs that really get the business case and advocate for diversity, is it so difficult to stop operating in a sub-optimal manner?

In my view, the answer lies in a simple word that relates to both statistics and psychology: that word is bias.

In statistics, maths and engineering, bias is - a systematic distortion of a result due to a factor not allowed for in its derivation... Whether the bias is conscious or unconscious that is irrelevant.

Any engineer knows that, when you have a sub-optimised system due to a negative bias, the first and most powerful action to optimise such a system is.... To get rid of the bias! So, if our industry is a sub-optimised system due to the effect of negative bias that affects diversity, it is time to stop discussing the business case and start engineering out this bias.

How can we, in the mining industry, "engineer out the gender bias"? In my view, we can learn with another industry full of engineers... the IT industry. For instance, IBM started their quest on diversity back in 1953, with their first written Equal Opportunity Policy, and today, is not only led by a female CEO, but is widely recognised as one of the best workplaces for women and men. Last month, we at BHP Billiton had a session with IBM's top executive in diversity, and the key learning is that it takes a lot of effort and a lot of time to get rid of the biases that result in sub optimal diversity. But it can be done, and it must be done not only because is the right thing to do from an ethical standpoint, but also because, as I mentioned, diversity and inclusion increase shareholder value.

At BHP Billiton, we are taking the 'lots of effort' message very seriously in order to reduce the time we need to achieve an inclusive environment and an optimal diversity balance which will make our organisation not only better in terms of our workforce satisfaction, but also more and more productive through time.

And, at BHP Billiton, it starts with our CEO, Andrew Mackenzie, who named diversity and inclusion as one of the strategic priorities in his message that informs business planning for the whole organisation. It continues with group-wide initiatives such as training supervisors to be better leaders, and in doing so creating more inclusive environments where our employees feel valued and heard and embracing diversity as a source of motivation and productivity for their teams. Robust policies for maternity leave and flexible work arrangements. Simple, yet powerful actions like identifying qualified women in succession plans for key leadership roles. And, also, by including inclusion and diversity as KPIs in the scorecards of all leaders across the company.

So, at the end of the day, this is about leadership! Inclusion and diversity starts with good leadership, and results in good leadership.

It starts with leaders challenging their own paradigms and understanding the biases we all have as human beings to make the right decisions to hire and promote individuals based uniquely in their potential, performance and experience. And making these decisions despite their background, gender, age, race, religion, style, affiliation or the so-called "fit".

Good Leaders value differences, and they use these differences to get rid of statistical (and psychological) biases.

Good leaders create environments where employees feel their voice is heard and they are valued.

And, as a result, they make their businesses more profitable and the World more developed and inclusive.

In conclusion, good business results and good leadership is about diversity and inclusion. Let's get rid of the bias.

Thank you.