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resourcing the future

Responses to Shareholder Questions

BHP Billiton Plc and BHP Billiton Limited
2014 Annual General Meetings
October and November 2014

Responses to Shareholder Questions

BHP Billiton invited shareholders to ask questions of the Board either ahead of, or at, the 2014 Annual General Meetings (AGM) for BHP Billiton Plc and BHP Billiton Limited.

Many shareholders raised the same or similar issues so we have grouped responses under common themes. Below is an overview of the themes raised by shareholders and the BHP Billiton position.

These responses should be read in conjunction with the Chairman's and Chief Executive Officer's (CEO) addresses to the AGMs, which are available at:

<http://www.bhpbilliton.com/home/investors/shareholderinfo/Pages/Meetings.aspx>

Thank you to those shareholders who submitted questions.

1. Dividend policy and capital returns

What is the Board's policy in relation to delivering a return to shareholders?

Within our framework of capital allocation, our four capital management priorities remain unchanged: we are committed to a strong balance sheet and a solid A credit rating; we will seek to at least maintain or grow our base dividend in every reporting period; we will continue to invest selectively in our diversified portfolio to maximise value and returns through the cycle; and we will continue to return excess capital to shareholders in the most efficient way.

BHP Billiton has a progressive dividend policy. The aim of this policy is to steadily increase, or at least maintain, our base dividend per share in US dollars at each half-yearly payment. Our progressive base dividend is the minimum annual distribution that a shareholder should expect and is expected to grow broadly in accordance with the growth of our business.

Over the last 10 years, we supplemented our progressive base dividend by returning excess capital to shareholders and returned US\$23 billion in the form of buy-backs, which is almost 35 per cent of total capital returned. We have now returned US\$64 billion in the form of dividends and buy-backs over the last 10 years, equivalent to an underlying payout ratio of approximately 50 per cent.

Would BHP Billiton consider distributing dividends on a quarterly basis, consistent with some of its peers?

Our practice is for dividends to be determined at the time our half year and full year results are approved. As a result, our interim dividends are determined in February and paid in March and our final dividends are determined in August and paid in September.

Why do you return excess capital to shareholders via buy-backs, not special dividends?

There are various views within our diverse shareholder base on capital management. When determining the preferred mechanism for returning excess capital to shareholders, the Board considers all options while seeking to maximise value for all our shareholders. These include

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further growth in our progressive base dividend, on-market buybacks, off-market buybacks and special dividends. Value is always the key consideration.

2. Dividend Reinvestment Plan

Will BHP Billiton consider implementing a Dividend Reinvestment Plan?

We regularly review our capital structure, including whether we should reintroduce a Dividend Reinvestment Plan (DRP), and will continue to do so. We understand that a DRP would be attractive to some shareholders. There are two ways to implement a DRP – issuing new shares or buying them on-market. We are not intending to issue new shares at present.

3. Share price performance

BHP Billiton's 10-year total shareholder return is impressive, but what about over the shorter term?

We operate in a cyclical sector and short-term volatility does not reflect our underlying performance. We are exposed to factors beyond our control, such as commodity markets and foreign exchange rates, and therefore we focus on the fundamentals of our strategy and our business.

Our clearly defined purpose is 'to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources'. This has enabled us to grow our business through the cycle, while maintaining a strong balance sheet and our progressive base dividend, as well as returning excess capital to shareholders.

We continue to focus on what we can control, which over the last 10 years has delivered:

- a compound annual growth rate of 4 per cent in our production;
- an average EBIT margin of 42 per cent;
- a compound annual growth rate of 14 per cent in our underlying earnings;
- a compound annual growth rate of 17 per cent in our dividend (in US dollars); and
- US\$64 billion of capital returned to our shareholders.

4. Executive remuneration

What is your approach to executive remuneration?

We recognise that remuneration has an important role to play in supporting the implementation and achievement of the Group's strategy and our ongoing performance, aligning the activities of executives to the interests of shareholders, and in supporting *Our Charter*. The key principles of our remuneration policy, which remain unchanged, are to:

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- support the execution of the Group's business strategy in accordance with a risk framework that is appropriate for the organisation;
- provide competitive rewards to attract, motivate and retain highly skilled executives willing to work around the world;
- apply demanding performance measures, including key financial and non-financial measures of performance;
- link a significant component of pay to our performance and the creation of value for our shareholders from relative outperformance;
- ensure remuneration arrangements are equitable and facilitate the deployment of people around the Group; and
- limit severance payments on termination to pre-established contractual arrangements (which do not commit us to making any unjustified payments).

The Remuneration Committee determines appropriate remuneration levels, taking into account responsibilities, location, skills, experience and performance within the Group. In doing so, the Committee recognises that levels of remuneration should be sufficient to attract, motivate and retain highly skilled executives, but also that the Group should avoid paying more than is necessary for this purpose.

Each year, the Committee's independent adviser, Kepler Associates, sources and consolidates relevant remuneration data for comparable roles, based on their analysis of relevant organisations and markets. The adviser prepares a comparison to current GMC remuneration, but does not make specific recommendations regarding the level of individual executives' remuneration.

From this market comparison, the Committee determines the appropriate remuneration for each individual, taking into account their responsibilities, location, skills, experience and performance within the Group. In doing so, the Committee recognises that levels of remuneration should be sufficient to attract, motivate and retain highly skilled executives, but also that the Group should avoid paying more than is necessary for this purpose.

Total remuneration comprises different elements of remuneration to reflect a balance between fixed and at-risk remuneration and between short and long-term incentives. The mix of remuneration elements is described below.

GMC members' remuneration is structured in three components as follows:

1. Fixed pay: Base salary and pension contributions need to be competitive in order to attract and retain high quality executives. Fixed pay is broadly aligned with comparable roles in global companies of similar complexity, size, reach and industry, and reflects an individual's responsibilities, location, performance, qualifications and experience. We benchmark fixed pay against other large companies in Australia, the United Kingdom and the United States, and in our sector.

2. Short-term incentive (STI): An individual scorecard of measures is set for each executive at the commencement of each financial year. These measures and their relative weightings are chosen by the Committee in order to appropriately drive overall performance for the coming year, including achievement of financial outcomes and delivery against measures that impact the long-term sustainability of the Group. At the conclusion of the financial year, each executive's achievement against their measures is assessed by the Committee and the Board,

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and their STI award determined. Half of any STI award is paid in cash and half is delivered in deferred equity vesting in two years.

3. Long-term incentive (LTI): The purpose of the LTI is to focus management's efforts on the achievement of sustainable long-term value creation and success of the Group and to align senior executive rewards with sustained shareholder wealth creation through the relative Total Shareholder Return (TSR) performance measured over a five year period. This is a longer measurement period than many other companies use.

In 2013 we reduced the CEO's package by 25 per cent compared to the previous CEO, and also rebased the remuneration packages of other GMC members downwards. With our recent pay reduction, our executives are generally positioned in the lower part of the relevant peer groups.

BHP Billiton's remuneration arrangements reinforce the achievement of our success, as set out in *Our Charter*, and are designed to ensure that executives take a long-term approach to decision-making and minimise activities that focus only on short-term results at the expense of longer-term business growth and success. The Remuneration Committee has considered the ways in which risk management and the long-term horizon are reflected throughout BHP Billiton's remuneration arrangements for all executives, and is satisfied that the approach reinforces the desired behaviours.

This is largely achieved through the Group's approach to STI and LTI awards, which comprise a significant portion of total remuneration. The equity component of any STI award is deferred for a two-year period, and performance under the long-term incentive plan (LTIP) is measured over a five-year period. The actual rewards received by the CEO therefore reflect the Group's performance and share price over an extended period.

In addition, STI and LTI outcomes are not driven by a purely formulaic approach. The Remuneration Committee holds discretion to determine that awards are not to be provided or vested in circumstances where it would be inappropriate or would provide unintended outcomes. The Remuneration Committee has no discretion to allow vesting of equity awards when performance conditions have not been satisfied (other than in the event of death or serious injury, disability, illness that prohibits continued employment or total and permanent disablement of the CEO).

Our approach to incentive structures has been in place for more than a decade and has served both shareholders and participants well, delivering remuneration outcomes to executives aligned to the performance of the Group and of individuals. BHP Billiton adopted the deferral of a substantial portion of short-term incentive awards in equity in 2003, and a five-year term for long-term incentive awards in 2004. These approaches, which were then market-leading, have since become more prevalent and acknowledged as best practice.

Notwithstanding our stable approach, the Remuneration Committee and the Board continue to pay close attention to shareholders' views so they can be factored into the Group's future approach.

5. Board size

Why is the BHP Billiton Board so large?

The Board considers that diversity of skills, backgrounds, knowledge, experience, geographic location, nationalities and gender is required in order to effectively govern the business. The Board and its Nomination and Governance Committee work to ensure that the Board continues to have the right balance of skills, experience, independence and Group knowledge necessary to discharge its responsibilities in accordance with the highest standards of governance. In particular, the Nomination and Governance Committee reviews the skills and experience on the Board and identifies future requirements.

Why is your Chief Financial Officer (CFO) not on the Board?

There is no one answer to the balance between executives and non-executives. In the past, we have had two or three Executive Directors on our Board, but at this point in time we think the balance we have works for us. The CEO is our only Executive Director, but the Board has extensive access to members of senior management. Our senior executives frequently attend Board meetings, where they make presentations and engage in discussions with Directors, answer questions, and provide input and perspective on their areas of responsibility.

Although the CEO is our only Executive Director, the Board has extensive access and direct engagement with the CFO and all other members of senior management.

6. Board diversity

How does the Board consider Board diversity, in particular the appointment of women to the Board?

The Board is committed to ensuring gender diversity is actively pursued and implemented in terms of current and future Board composition. Diversity is a core consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and Group knowledge necessary to discharge their responsibilities. The right blend of perspectives is critical to ensuring the Board oversees BHP Billiton effectively for shareholders.

In 2011, the Board outlined its aspirational goal of increasing the number of women on the Board to at least three, having appointed Carolyn Hewson and Baroness Shriti Vadera in 2010 and 2011, respectively. The Board remains committed to this goal, and continues to work towards it in a structured manner, looking out over a five-year period. We have used this structured approach now for several years and it provides a robust framework to consider what the Board requires over time, including diversity of gender, background, geography, skills, knowledge and experience.

For the past two years, independent external advisers have produced all-women short lists focused on the United Kingdom, Europe and the United States, which are continually refreshed. The two lists – combined with our skills and experience profile five-year matrix – ensure we maximise the number of female candidates we talk with and consider for appointment. Short-listed candidates are considered by the Nomination and Governance Committee, and during

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FY2014, the Chairman met regularly with potential female candidates who have a range of backgrounds.

While we are making good progress, our goal is unlikely to be achieved until the end of 2015. Our immediate business imperative in FY2014 has been to appoint an additional Director with skills and experience in the upstream oil and gas sector. The candidate search actively considered both potential female candidates and other diversity considerations, including background, experience and culture. Former Royal Dutch Shell Director, Malcolm Brinded, was appointed to the Board in 2014, bringing specific oil and gas sector experience.

The Board also considers that it is important to continue to develop the potential of women at all levels of the Company, and part of the Board's role is to consider and approve the Group's measurable objectives, and oversee the Group's progress towards these objectives.

7. Tax

What is the taxation expenditure of BHP Billiton in FY2014?

BHP Billiton is the largest taxpayer in Australia. In FY2014, BHP Billiton paid almost US\$10 billion in company taxes, royalties and certain indirect taxes to our host governments and our global adjusted effective tax rate was 32.5 per cent.

The Group's adjusted effective tax rate, which excludes the influence of exchange rate movements, re-measurement of deferred tax assets associated with the MRRT and exceptional items, was 32.5 per cent (30 June 2013: 34.2 per cent).

Is BHP Billiton paying its share of Company Tax?

We take our tax obligations seriously and we are transparent about where we pay our tax. We are a founding signatory to the Extractive Industries Transparency Initiative, and we report our taxes paid by region annually in our Sustainability Report.

Given our size and global footprint we have a number of entities in various countries associated with our business operations in those countries. We recognise the importance of paying the correct amount of taxes in the countries in which we operate. Contributing financially to our host communities is key to our long-term success. Wherever we operate, we do so in a manner consistent with *Our Charter* values and relevant statutory obligations – including the payment of taxes and royalties.

8. Transparency

Is BHP Billiton committed to a global transparency standard?

We believe transparency is in the best interest of our shareholders, employees, contractors, partners, customers and the communities and societies in which we operate.

To this end, we have publicly stated the Principles we feel are important in enhancing revenue transparency (see page 12 of the BHP Billiton 2014 *Sustainability Report*).

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As stated in the preamble to the Principles we note “the importance of appropriate national and extra-territorial mandatory corporate reporting that complements the EITI and provides a globally consistent regulatory framework for all extractive companies.” This will deliver a level playing field to ensure all companies disclose on the same basis while minimising the burden for those companies that are listed in multiple jurisdictions.

Revenue transparency information must be meaningful, practical and presented in a form that is easily captured, reported and understood. It is also important to recognise that governments, civil society and the corporate sector must work in partnership to support transparency. No one sector can achieve real progress on its own.

9. Climate change and the environment

What is BHP Billiton’s view on climate change? What action is BHP Billiton taking to respond to the challenges of climate change?

Addressing climate change is a Board governance and strategic issue. Successful implementation of our strategy requires us to sustainably develop our asset portfolio to deliver superior long-term shareholder returns.

Climate change is one of the most serious global challenges we all face. Our view on climate change is clear.

We accept the Intergovernmental Panel on Climate Change’s (IPCC) assessment of climate change science, which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable.

We believe the world must pursue the twin objectives of limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements, while providing access to the affordable energy required to continue the economic growth essential for maintaining living standards and alleviating poverty.

We use the IPCC’s findings to build our understanding of the impacts climate change will have on our business and to inform our decision-making. Limiting climate change will require substantial and sustained reductions of greenhouse gas (GHG) emissions.

Our view is that an effective, long-term climate change policy framework should use a portfolio of complementary measures to reduce emissions and build resilience. This should include a price on carbon that addresses competitiveness concerns, support for energy-efficiency improvements, and the development and deployment of low-emissions technologies, together with measures to respond to the physical impacts of climate change.

Climate change has been a key priority for us for nearly 20 years. We have a clear track record of action – which includes reducing our emissions and transparently reporting our performance.

We will continue to take action to reduce our emissions and build the resilience of our operations, investments, communities and ecosystems to the impacts of climate change. Recognising their role as policy-makers, we engage with governments to enhance the global

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response. We work in partnership with resource sector peers to improve sectoral performance and increase the industry's influence in policy development to deliver effective long-term regulatory responses.

What tangible steps is BHP Billiton taking to reduce greenhouse gas emissions?

We have been setting GHG targets for our business since 1996. Unlike many other resources companies, we now have an absolute target to keep our emissions below our FY2006 baseline in FY2017.

We are very pleased to report that in FY2014, our total GHG emissions reduced by 1.7 million tonnes across the Group keeping us on track to meet our target.

The primary driver in achieving this reduction was improved supply of hydropower to our Mozal aluminium operations in Mozambique. We continue to engage with the supplier to address reliability issues.

Meeting our absolute target is not easy. Growth across our Businesses will increase emissions so we must continually look for opportunities to improve energy efficiency and implement reduction projects to mitigate these increases.

In FY2014 implementation of these projects resulted in GHG reductions of 800,000 tonnes.

What is BHP Billiton doing to participate in climate change public policy development? What role can, and does, BHP Billiton play in the public policy debate on climate change, particularly in Australia?

We think that a long-term and effective policy framework is essential to address climate change. This should include a price on carbon, complemented by measures to support energy efficiency, low emissions technology and build resilience to the impacts of climate change. Our role is to engage with other companies and policy-makers to share our perspective and build support for action.

For example:

- We have supported a price on carbon for many years, and in September 2014 endorsed the World Bank's carbon pricing statement.
- In November 2014, we hosted a roundtable with the Climate Institute for Australian business leaders on the post-2020 climate change framework and its implications for Australia's business community.
- In December, we are attending the UN climate conference in Lima, Peru to share our views and understand global policy developments.

We will continue to provide our perspectives on policy development, and importantly, to deliver on our commitments.

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Will BHP Billiton reduce thermal coal production and reduce the risks associated with thermal coal as a ‘stranded asset’? Will BHP Billiton continue to invest in thermal coal?

Discussions around ‘carbon bubble’ or ‘stranded assets’ reflect concerns around the transition to a carbon constrained world. The IPCC is clear that limiting climate change will require substantial and sustained reductions in GHG emissions. We have undertaken extensive analysis and scenario testing of our portfolio and believe we are well positioned for this transition. This is driven by the diversity of our portfolio and the relatively short pay-back periods for most of our fossil fuel investments, such as shale.

Thermal coal remains the current source of affordable energy that offers security of supply and is likely to remain so for some time. Currently, energy coal makes up 25 per cent of the global energy mix. In the International Energy Agency’s (IEA) *World Energy Outlook* released in November 2014, global demand for coal continues to grow to 2040.

In severely carbon constrained scenarios we still see coal playing a role in the energy mix - and believe there will be demand for our high quality thermal coal. We also see potential upsides which mitigate negative impacts on our fossil fuels. Investment in both renewable energy infrastructure and nuclear power will need to increase, driving demand for uranium and supporting the price of copper. Steelmakers will likely place a premium on our quality metallurgical coal and iron ore products that can help them reduce emissions from their furnaces. Farmers will continue to need potash to increase agricultural yields.

Given the continuing role of fossil fuels in meeting global demand, there must be also be an acceleration in deployment of low emissions technologies. We continue to look for technology investments that have potential to lead to material emission reductions in our own operations and across our supply chains.

Our strategy is tied to sustainable economic growth in both emerging and developed economies which will require an effective response to climate change. We can, and will, continue to adjust the shape of our portfolio to match demand and meet society’s expectations while maximising shareholder returns.

We remain vigilant in assessing our strategy and investment decisions to ensure we create sustainable long-term value for shareholders.

What is BHP Billiton’s view on transitioning from fossil fuel to renewable energy sources?

We recognise the world needs more energy, and renewables will play an increasingly important role. Our core competency lies in the exploration and development of natural resources. For over a century, we have been employing and developing the world’s best geologists, mining engineers, and petroleum engineers.

Our expertise in technology, geology and markets underpins our competitive advantage in the natural resources sector and provides the building blocks for renewable energy development and deployment. The skill-set to succeed in the renewables industry itself is very different.

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However, the products we produce are critical to the effective deployment of renewables. Iron ore and metallurgical coal and copper are all essential materials for building both the physical infrastructure, and the energy networks that are required to support renewable energy.

10. Demerger

What is the rationale for the demerger?

We have been very successful over the last decade but it's clear that our portfolio has evolved into two distinct businesses and we expect to unlock shareholder value by each being operated independently.

A demerger would simplify the portfolio in a single step and make us an even higher margin, higher return company. By concentrating on its largest assets, BHP Billiton will be able to reduce costs and improve productivity more quickly. Meanwhile the assets chosen for the new company, which are not as large, will benefit from a dedicated Board, management team and strategy, focused on making them even more competitive.

Importantly, a demerger gives shareholders a chance to benefit from the potential value created by two high-quality resource companies.

Will the new company be listed on the London Stock Exchange?

On 16 October 2014, BHP Billiton confirmed that it will pursue a Standard listing on the UK Listing Authority's Official List and admission to trading on the London Stock Exchange for the new company it plans to create via demerger.

Why have you not proposed a dual-listed company structure for the new company? Will the new company be listed on the London Stock Exchange?

We assessed a wide range of alternatives and believe that the proposed structure would maximise value for shareholders and set the new company up to achieve its potential. While the Dual Listed Company structure works for BHP Billiton, it is not appropriate for a company the scale of the new company given the cost and complexity involved.

We have been pleased by the interest investors have shown and have confirmed that we will pursue a Standard listing on the UK Listing Authority's Official List and admission to trading on the London Stock Exchange for the new company.

Who will be on the Board of the new company?

As you would expect, the new company will be established with strong leadership. The Board will be formed with consideration given to the diversity of skills, backgrounds, knowledge, experience, geographic location, nationalities and gender required in order to effectively govern the business.

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Currently, we have announced that the Chairman of the new company would be David Crawford; Graham Kerr would assume the role of Chief Executive Officer; and Keith Rumble and Xolani Mkhwanazi would also join the Board. Further announcements on the Board composition of the new company will be made in due course.

Will the new company adopt BHP Billiton's Charter?

If the demerger proceeds, we expect the leadership of the new company to develop a set of values which will be based on the heritage of BHP Billiton's Charter values. These would include a commitment to the safe operations of its assets, responsible environmental management and making a positive contribution to its host communities and nations. Existing community commitments would be fulfilled and the new company would foster its own partnerships and establish its own community programs.

Further information will be included in the Shareholder Circular and Information Memorandum we expect to release in March 2015.

Will BHP Billiton ensure that all working entitlements of current workers, moving to the proposed new company are preserved?

BHP Billiton employees who join the New Company will receive:

- equivalent base pay;
- recognition of existing accrued leave and entitlements; and
- recognition of continuity of service.

Existing accrued leave and leave entitlements will be maintained. Continuity of service would also be recognised for service-based entitlements.

Will the new company adhere to the same Health, Safety, Environment and Community (HSEC) standards as BHP Billiton?

If the demerger proceeds, the new company will be committed to responsible environmental management, the safe operation of its assets and to making a positive contribution to its host communities and nations. Provisions for closure and rehabilitation obligations will be transferred as appropriate. We would expect that the new company as a leading, independent, global resources group would adopt the highest HSEC standards.

BHP Billiton's existing community commitments would be fulfilled, while the new company would foster its own partnerships and establish its own community programs.

11. Cerrejon Coal, Colombia

What is BHP Billiton doing to address the impact of the Cerrejon mine on the local community?

As a shareholder in the Cerrejon mine we take a very active interest in the way the mine is working with the local communities.

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Progress is being made and we know the Cerrejon management team is absolutely committed to maintaining and enhancing its relationship with the local communities, with the indigenous communities first and foremost in their minds.

There are things that could have been done better in the past and there are always opportunities for improvement in the future.

We recognise that Cerrejon is operating in a difficult socio-political environment and that the history is long and complex. The important thing is that we continue to engage and work together to create a lasting positive legacy for the people of the area.

12. IndoMet Coal, Indonesia

What is the status of BHP Billiton's plan to mine in the Murung Raya district? Is BHP Billiton committed to sustainable development in Central Kalimantan?

BHP Billiton takes the issue of sustainable development very seriously. We will not be sanctioning a major project in Kalimantan this year. However, as we reported last year, we have progressed a small project at Haju and we are likely to be producing next year.

We fully recognise the environmental and social significance of the region and will ensure these issues are addressed and assessed as part of our studies and decision-making. The conservation issues in Indonesia are complex and we are committed to managing these issues responsibly. Our IndoMet project plans do not include open-cut mining in any Protection Forest areas, however, we may construct roads through the area as permitted by law. We have not sought to change the boundaries of Protection Forest.

The IndoMet project has established a partnership with Fauna & Flora International to provide US\$1.9 million dollars towards sustainable land use planning and local conservation leadership training in central Kalimantan. We also contribute to Orangutan conservation and reintroduction initiatives in Central Kalimantan.

Looking forward, our leases in Kalimantan have the potential to support a very attractive, world class development. However, further studies are required to confirm the optimal development of the resource and this will include extensive stakeholder engagement. Our Forum on Corporate Responsibility has provided significant input to our thinking to date and will be visiting the site in 2015.

We apply the same standards wherever we operate – as with any project, we will only proceed with development in a way that is consistent with *Our Charter*.

13. Ebola, Liberia

Can you please outline what you propose to do to contribute to the fight against Ebola and the actions taken to date?

The health of our workforce is critical, and we continue to monitor the situation everywhere we operate, but we also take a global view. In 2014, the BHP Billiton Sustainable Communities charity donated US\$400,000 to the World Health Organisation Ebola Outbreak Response Fund to support humanitarian efforts in the region.

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This humanitarian contribution is in view of the fact that we have a historical relationship with the region, however, we have minimal activity in the areas currently impacted by the Ebola outbreak and are in the process of divesting the remaining interests.

14. Uranium

What is BHP Billiton's position on the sale of uranium to India and does BHP Billiton ensure the appropriate safeguards are in place?

BHP Billiton welcomes the recent signing of the Australia-India Civil Nuclear Cooperation Agreement. With the appropriate safeguards in place, we believe that this agreement could be an important step in providing energy to around 400 million people who currently live without electricity in India.

It is the role of governments to regulate the sale of uranium.

Australia's uranium is sold exclusively for use in the civilian power industry and there is a system of safeguards in place (including external monitoring), to ensure this. Australia's safeguards are based on the system overseen by the International Atomic Energy Agency (IAEA) under the Treaty on the Non-Proliferation of Nuclear Weapons. Under these arrangements, BHP Billiton can only sell uranium to countries with which Australia has a bilateral safeguard agreement.

Could BHP Billiton detail what actions were taken to contain the minor uranium spill in October 2014?

BHP Billiton has been transporting uranium oxide for over 25 years – that equates to over 11,000 containers of product, with no incidents.

In October 2014, there was a logistics incident at the Flinders Adelaide Port Container Terminal involving four shipping containers.

The Environment Protection Authority South Australia (EPA) immediately inspected the four shipping containers and the incident was publicly reported. The EPA confirmed that there was no exposure of radioactive material to either workers on site or the environment, and no risk of exposure to the public. The containers were then transported back to Olympic Dam.

15. Olympic Dam

Has BHP Billiton conducted the relevant environmental impact statements to conduct heap leaching trials at Olympic Dam?

Olympic Dam is the largest underground mine in Australia and it has been operating safely and in an environmentally responsible manner for 25 years. By any definition Olympic Dam is a world class resource as a producer of copper cathode, uranium oxide, gold, and also silver.

As announced, we have been investigating growth options for the mine that are incremental, sustainable and less capital intensive than other growth options. This involves pilot-scale heap

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leaching which has shown promising results to date. We are currently advancing plans for a larger-scale heap leach trial within the existing boundaries of our current operations.

The heap leach technology development program commenced approximately four years ago. The Company currently conducts heap leaching for copper in Chile at Spence, Cerro Colorado and Escondida.

An extensive heap leach testing program has been developed to evaluate and optimise key process parameters and to gather design information. Test work is being conducted in a purpose-built facility in Adelaide, South Australia. To date, test results are promising.

Further, site trials are proposed to demonstrate the technology at a commercial scale, subject to regulatory and internal approvals. If approved, the trial period is expected to run for about three years.

The heap leach technology development and processing option comparison undertaken to date has shown that heap leaching technology has the potential to deliver: good economic returns, and a strong potential to achieve superior economic performance when compared with other processing technologies

For any growth plan to be approved the project needs to be able to obtain regulatory approvals and deliver returns competitive with the other growth options in our portfolio – we will not commit capital unless we are confident of delivering robust returns for our shareholders.

Will BHP Billiton continue to sustainably manage its water resources?

The sustainability of our operations relies on our ability to obtain an appropriate quality and quantity of water and manage it responsibly. With operations located across the world, the water risks and impacts experienced by our Businesses vary from region to region.

Water scarcity is an ongoing challenge, but in some locations we contend with water excess or water quality issues. All Businesses with water-related risks are required to implement projects to reduce their impact on water resources.

For example:

- At Escondida we are constructing a new desalination facility to provide a sustainable water supply and minimise reliance on the region's aquifers.
- In South Australia, the Olympic Dam operation has been operating bore fields within the Great Artesian Basin for over 25 years and during this time we have worked to ensure that the operations stay within sustainable yields and strict licence conditions. We have also worked with other users to enhance the overall management of the resource.

BHP Billiton remains focused on reducing our impact on water resources.

Is BHP Billiton committed to maintaining the highest levels of occupational health and safety with regard to uranium mining? Is BHP Billiton committed to the highest standards of corporate responsibility and sustainability with regard to community impacts of uranium mining?

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Occupational health and safety is a critical focus across all our operations. Our core responsibility is to provide a healthy and safe workplace and operating environment in accordance with Our Charter and Government regulatory requirements.

Olympic Dam has been operating the underground mine for more than 25 years. Our operations are regulated and frequently inspected by the state government. In addition, our systems and processes must comply with both national and international guidelines. We also operate an extensive worker health and radiation monitoring program approved by the South Australian government.

BHP Billiton will continue in our endeavours to provide a workplace where all of our employees and contractors return home fit and well at the end of every day. This is an important area, not only because of its clear significance to the well-being of everyone in the Company, but a good safety record is a good indicator of a well-run Company.

Is BHP Billiton committed to working with indigenous land owners in South Australia on all new and existing mining projects?

In September of this year, Olympic Dam signed an Indigenous Land Use Agreement with the Kokatha people, and the State of South Australia, and we have very strong relationships with the Kokatha people, also with the Kuyani people, and the Barngarla people.

16. Centenary of ANZAC

Is BHP Billiton supporting the virtual internet memorial of all the war memorials in South Australia as part of the Centenary of ANZAC in April 2015?

BHP Billiton Sustainable Communities is supporting the redevelopment of the Australian War Memorial's First World War galleries to help commemorate the Centenary of World War I.

17. Workforce

Will BHP Billiton continue to support local jobs for people living near mines that have fly-in fly-out (FIFO) workers? Does BHP Billiton have a bias towards a FIFO workforce over a local workforce?

BHP Billiton has 123,000 employees and contractors worldwide, many of these employees live locally, and some of these are FIFO workers.

We are a company that remains deeply integrated and aligned with its local workforce. Our operations compete in global markets and need to ensure they can remain globally competitive. Ensuring the right approach to our workforce for each operation is a question of balance.

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Fundamentally, it is an operating decision to achieve the best balance of skills, flexibility, work practices and competitiveness. Our responsibility is to manage the business effectively in the interests of all our shareholders and employees. As a result, each operation will decide what delivers the best outcomes.

18. KPMG Tenure as Auditor

How does BHP Billiton consider the tenure of the auditor, and their independence, and when will an audit firm tender be conducted?

The Risk and Audit Committee (RAC) manages the relationship with the External Auditor on behalf of the Board. It considers the reappointment of the External Auditor each year, as well as remuneration and other terms of engagement, and makes a recommendation to the Board. There are no contractual obligations that restrict the RAC's capacity to recommend a particular firm for appointment as auditor.

The lead audit engagement partners in both Australia and the United Kingdom have been rotated every five years. The current Australian audit engagement partner was appointed for the FY2010 year-end, and therefore FY2014 was their last year. There has therefore been a transition period to the new engagement partner who took formal responsibility at the start of FY2015. A new UK audit engagement partner was appointed for the FY2013 year-end, and therefore FY2017 is scheduled to be his last year.

During FY2014, the RAC continued to monitor and discuss the UK and EU developments in regard to audit firm tender and rotation. The RAC is satisfied with the External Auditor's performance and independence and therefore does not believe a tender in the near term is appropriate. Consistent with the guidance on transitional arrangements published by the UK Financial Reporting Council, the Committee's current intention is to conduct an audit firm tender for either FY2018 or FY2019.

19. Ian Dunlop, Candidate for BHP Billiton Board

How did the Board consider the nomination of Mr Dunlop, and how does the Board keep up-to-date with the climate change debate?

The Board and the Nomination and Governance Committee considered Mr Dunlop's nomination. John Schubert – who is a member of our Nomination and Governance Committee and Chairman of our Sustainability Committee – met with him. Mr Dunlop also met with the CEO Andrew Mackenzie. Mr Dunlop's nomination was considered in the context of the structured and rigorous planning the Board undertakes for Non-Executive Director succession. The Board looks out five years when planning Board renewal. We work to ensure that the Board continues to have the right balance. Our Directors need the skills and experience, as well as a breadth of perspective on complex and inter-related issues, to ensure decisions are in BHP Billiton's best interests. A threshold requirement is for the skills and experience of any prospective Board member to augment the Board and meet its future needs. In this context, the Board considers that Mr Dunlop would not add to the effectiveness of the Board in fulfilling its role.

The strategic issues facing the Company change over time. The Board includes the right mix of skills and experience to understand the implications of climate change on our operations,

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markets and society. The Board has taken a number of measures to ensure that its decisions are appropriately informed by climate change science and expert advisors within our management team. For example, BHP Billiton's management team led by Andrew Mackenzie, a member of the Royal Society, includes executives such as Dr Fiona Wild our Vice-President Environment and Climate Change, whose qualifications and experience in climate change science and policy contribute to the Board's understanding of climate change risk.

The Board also seeks independent advice and perspectives from external experts. For example, our Forum on Corporate Responsibility, which advises the Board on sustainability issues, includes Greg Bourne, Chair of the Australian Renewable Energy Agency who was previously the CEO of WWF Australia and a senior BP executive. In addition, our long-term scenarios, which are reviewed by the Board, are also benchmarked against a broad range of external perspectives, including the International Energy Agency and the IPCC. As with all governance matters, we also receive and welcome regular feedback through our dialogue with investors.