

1 Oct 2018

Audit and Assurance Section
Compliance and Enforcement Branch
Environment Assessment and Compliance Division
Department of the Environment and Energy
GPO Box 787, Canberra ACT 2601

STRATEGIC ENVIRONMENTAL ASSESSMENT (SEA) - ANNUAL REPORT 2017 - 2018

The BHP Billiton Iron Ore Pty Ltd (BHP) Pilbara Strategic Assessment Program was endorsed by the Minister for the Environment and Energy on 11 May 2017 and an Approval Decision (the Approval) for taking actions in accordance with the Program was issued on 19 June 2017.

The Approval applies to the development of new iron ore mines and associated infrastructure and the expansion of existing iron ore mines and associated infrastructure within a defined Strategic Assessment Area in the Pilbara region of Western Australia (Figure 1). Key commitments of the endorsed Program and conditions of approval include preparation and approval of an Assurance Plan and Offsets Plan, and undertaking a validation process including preparation of a Validation Notice for each Notifiable Action (Figure 2).

In accordance with the conditions of the approval decision relating to the BHP Billiton Iron Ore Pilbara Strategic Assessment Program, BHP is hereby submitting an annual report for the reporting period between 19 June 2017 and 30 June 2018. Table 1 outlines compliance with the conditions of the Approval. Table 2 addresses the requirements of an annual report outlined in Part B, Chapter 5 of the endorsed Program:.

Key milestones that have occurred during the reporting period include:

- Department Approval of the Assurance Plan and Offsets Plan: and
- Commencement of the first Validation Notice process for Mining Area C. The Validation Notice included the expansion of Mining Area C and the development of the Southern Flank infrastructure and deposits.

We look forward to working with the Department throughout the review of this document.

Regards



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Pilbara Strategic Assessment



Figure 1 Boundary of the Strategic Assessment Area and Current Tenure

DATE: 20/09/2016
DRAWN: BHP Billiton Iron Ore
Environmental Approvals

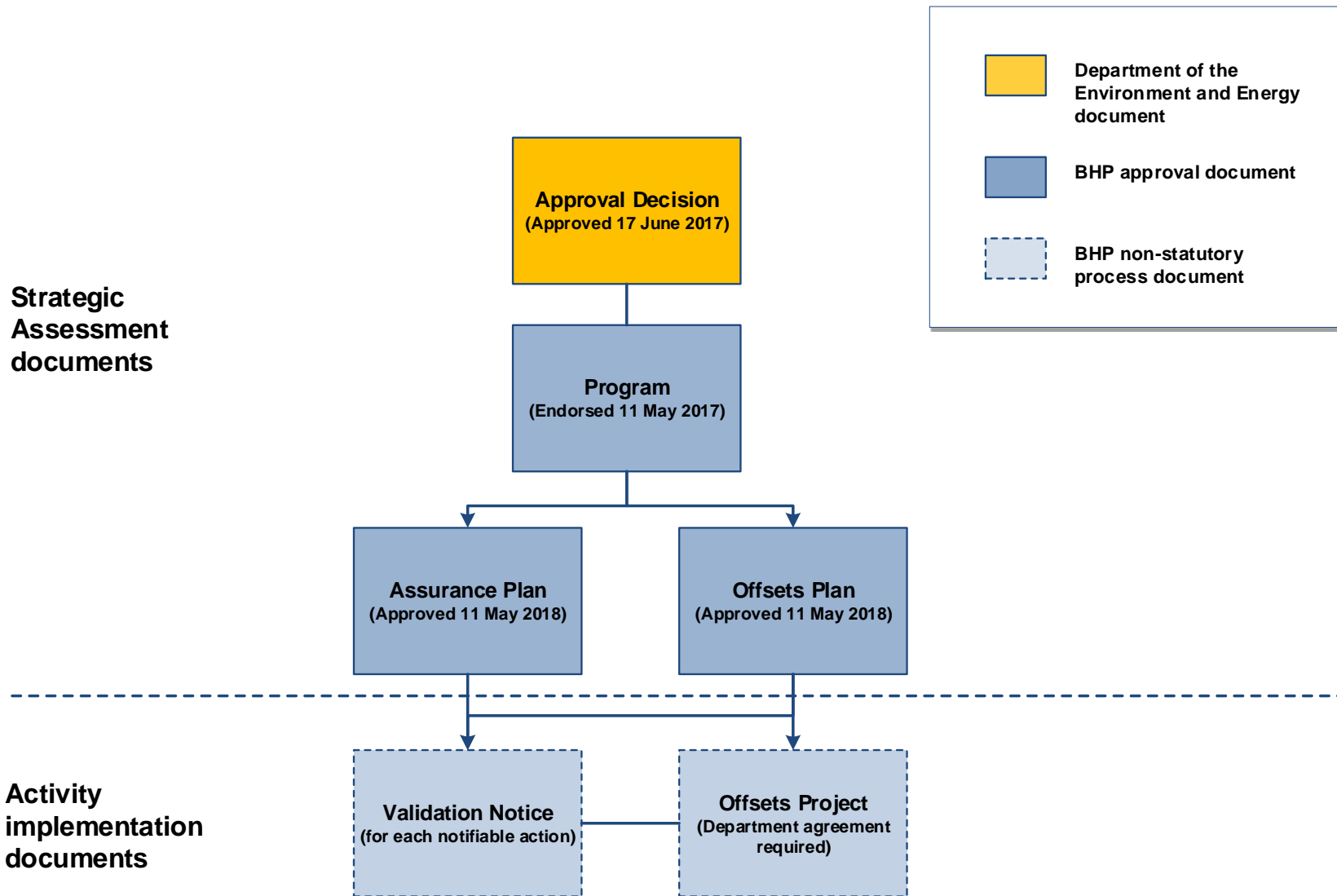


Figure 2 BHP Strategic Assessment – Approval Documents

Table 1 Audit Table for the EPBC SEA Approval Decision

Document	Condition/ Section	Requirement	Status	Notes
Approval Decision Dated: 19 June 2017	1	The approval holder must implement the endorsed Program	Compliant	Activities have been implemented in accordance with the endorsed Program (see Conditions 3 and 7).
	2	The approval holder must not make any validation decisions as outlined in Part C of the endorsed program after 70 years from the date of the approval	Not required at this stage	The approval commenced on the 19 June 2017.
	3	<p>With 12 months of the date of approval, the approval holder must prepare and submit for the Minister's written approval an Assurance Plan and an Offsets Plan in accordance with Section 3 of the endorsed Program.</p> <p>The approval holder must implement the approved Assurance Plan and Offsets Plan.</p> <p>The approval holder must publish the approved Assurance Plan and Offsets Plan on its website within one (1) month of receiving written notice that the Assurance Plan and Offsets Plan are approved.</p>	Compliant	<p>An Assurance Plan and Offsets Plan were prepared and submitted to the Department on 1 March 2018. The Assurance Plan and Offsets Plan were approved by the Department on behalf of the Minister on the 11 May 2018 (Reference Letter from Greg Manning – Assistant Secretary Assessments (WA, SA, NT) and Post Approvals Branch Environment Standards Division dated 11 May 2018).</p> <p>The Assurance Plan and Offsets Plan have been implemented (see condition 7).</p> <p>The Assurance Plan and Offsets Plan was published on the BHP website on the 15 May 2018. Email sent to V. Cox (Senior Assessing Office – Post Approvals) on the 15 May 2018 advising the Plans were available on the website.</p>
	4	<p>Unless otherwise agreed to in writing by the Minister, every five years from the date of approval, the approval holder must review and revise the Assurance Plan and the Offsets Plan in accordance with Section 4.1 of the endorsed Program.</p> <p>The approval holder must submit the revised Plans for the Minister's approval within 6 months of the five year anniversary of</p>	Not required at this stage	The 5 yearly review of the Assurance Plan and Offsets Plan was not required within this reporting period.

Document	Condition/ Section	Requirement	Status	Notes
		<p>the date of approval unless the Minister has agreed in writing that no revisions are necessary.</p> <p>If the approval holder does not submit the revised Plans for approval, the approval holder may not give any further validation notices under Part C of the endorsed Program until the revised Plans have been submitted and approved.</p> <p>The Minister may, within 60 days of receipt by the Department of the revised Plans, advise the approval holder in writing that (a) the revised Plans are approved; or (b) additional revisions are required to be made to the Plans.</p> <p>If the Minister does not advise the approval holder within the 60 days, the revised Plans are taken to have been approved by the Minister and the approval holder must implement the revised Assurance Plan and Offsets Plan.</p> <p>If the Minister requires additional revisions to the Plans, the approval holder has to make the required revisions and resubmit the Plans for approval.</p> <p>If the revised Plans are not submitted, no further validation notice may be given under Part C of the endorsed Program until the revised Plans have been submitted and approved.</p> <p>The Minister has 30 days to advise the approval holder in writing whether the revised Plans are approved. If the Minister does not advise the approval holder within the 30 days, the revised Plans are taken to have been approved and the approval holder must implement the revised Assurance Plan and Offsets Plan.</p> <p>After receiving written notice from the Department that the revised Assurance Plan and Offsets Plan are approved, the approval holder must implement the revised Assurance Plan and Offsets Plan.</p>		

Document	Condition/ Section	Requirement	Status	Notes
		<p>The approval holder must publish and maintain the revised Assurance Plan and Offsets Plan on its website within one (1) month of receiving written notice from the Department that the plans have been approved.</p>		
	5	<p>At any time the approval holder may choose to review and revise the Assurance Plan and/or the Offsets Plan without requiring the Minister's approval of the revised Plans if the revision does not:</p> <ul style="list-style-type: none"> (a) include changes to Program Matters Outcomes; (b) affect the achievement or monitoring of Program Matters Outcomes; or (c) include changes to environmental offsets for any Program Matters. <p>If the approval holder makes this choice, the approval holder must notify the Department in writing that the current approved Assurance Plan and/or Offsets Plan has been revised and provide the Department with a copy of the revised Assurance Plan and/or Offsets Plan.</p> <p>The approval holder must implement the revised Assurance Plan and/or Offsets Plan from the date of the written notice to the Department.</p> <p>The approval holder must publish the revised Assurance Plan and Offsets Plan on their website within one (1) month of the written notice to the Department.</p>	Not required at this stage	BHP did not review or revise the Assurance Plan or the Offsets Plan during the reporting period.
	6	<p>The approval holder must inform any person that they authorise, permit or request to undertake any activity of obligations under the endorsed Program and conditions attached to this approval that restrict or regulate the undertaking of activities within the strategic assessment area.</p>	Not yet required at this stage	<p>The <i>Mining Area C – Validation Notice</i> did not take effect within the reporting period.</p> <p>Implementation of on ground activities are managed via the Project Environmental and Aboriginal Heritage Review (PEAHR). All ground disturbance activities will meet the requirements of the PEAHR. All personnel carrying out works associated with clearing activities are required to</p>

Document	Condition/ Section	Requirement	Status	Notes
				comply with BHP's Sustainable Development Policy, environmental approvals (including this approval), the PEHR requirements and conditions and any other relevant legislative and licensing requirements.
	7	An upper disturbance limit of 110,000 hectares applies to the approval holder. All activities that result in a direct disturbance will account towards the upper disturbance limit. The approval holder may undertake activities that result in a direct disturbance up to the maximum of 110,000 hectares less any direct disturbance permitted in a section 146B approval given in relation to assets divested by the approval holder and for which a validation notice has been given.	Compliant	The <i>Mining Area C – Validation Notice</i> allocated 16,000ha of the disturbance limit for the implementation of the activity. The Validation Notice did not take effect within the reporting period.
	8	By the first business day in October of each year after the commencement of this approval, the approval holder must submit a report to the Department and publish the report on its website. The report must address the requirements of an annual report outlined in Part B of the endorsed Program.	Compliant	This document forms the first annual report under the approval. Table 2 documents the requirements of an annual report in accordance with Part B, Chapter 5 Reporting, of the Program.
	9	The approval holder must maintain accurate records substantiating all activities associated with or relevant to the conditions attached to this approval, including measures taken to implement the endorsed Program, Assurance Plan and Offsets Plan and make them available upon request to the Department. Such records may be subject to audit by the Department or an independent auditor in accordance with section 458 of the EPBC Act, or used to verify compliance with the conditions attached to this approval. Summaries of audits will be posted on the Department's website. The results of audits may also be publicised through the general media.	Compliant	BHP tracks compliance against the Approval conditions and Program commitments at a regional scale and against Validation Notices at a local / site-scale. BHP maintains an ISO 14001 compliant Environmental Management System which is independently certified. BHP has set out its approach to managing environmental compliance and risk in its internal procedure WAIO Risk Management Procedure. This document has superseded <i>How we Manage Environmental Compliance and Risk</i> referenced in the Assurance Plan. BHP currently use the software package CMO online database tool and 1SAP

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				<p>work management to administer and report against its legal and corporate obligations.</p> <p>Implementation of on ground activities are managed via the PEHR. All ground disturbance activities will meet the requirements of the PEHR. All personnel carrying out works associated with clearing activities are required to comply with BHP's Sustainable Development Policy, environmental approvals (including this approval), the PEHR requirements and conditions and any other relevant legislative and licensing requirements.</p>
	10	<p>Upon the direction of the Minister, the approval holder must ensure that an independent audit of compliance with the conditions attached to this approval is conducted and a report submitted to the Minister. The independent auditor must be approved by the Minister prior to the commencement of the audit. Audit criteria must be agreed to by the Minister and the audit report must address the criteria to the satisfaction of the Minister.</p>	Not required at this stage	<p>The Minister has not directed BHP to undertake an independent audit of compliance within the reporting period</p>

Table 2 Audit Table for the EPBC SEA Program Part B

Document	Condition/Section	Requirement	Notes
Program Part B, Chapter 5 Reporting	Item 1	Compliance with the Assurance Plan and Offsets Plan, and Validation Notices.	No non-compliances with the Assurance Plan and Offsets Plan have been identified during the reporting period. No Validation Notices took effect during the reporting period
	Item 2	Actions determined not notifiable.	No actions were determined to be not notifiable in the reporting period.
	Item 3	Activities determined to be a notifiable action.	The Mining Area C – Southern Flank activities met the requirements of a Notifiable Action as outlined in Section 6 of the Program and was made the subject of a Validation Notice
	Item 4	Progress of notifiable actions, including when notifiable actions have commenced and completed.	The <i>Mining Area C - Validation Notice</i> was made available for public comment from 15 June to 12 July 2018. BHP is currently preparing the Offsets Proposal associated with the activity. Construction of the Mining Area C – Southern Flank activity commenced in July 2018 following the Validation Notice becoming effective.
	Item 5	Assets divested through the process described in Section 2.1, noting the status of environmental obligations under this Program at the time of divestment.	No assets were divested during the reporting period
	Item 6	An account of the upper disturbance limit for all activities taken within the Strategic Assessment Area. This will include any direct disturbance that has occurred in the twelve month period and as a cumulative total.	The <i>Mining Area C - Validation Notice</i> allocated 16,000ha of the disturbance limit for the implementation of the activity. The Validation Notice did not take effect within the reporting period.
	Item 7	Results of the five yearly review as described in Sections 4.1.1. and 4.1.2.	The 5 yearly review of the Assurance Plan and Offsets Plan was not required within this reporting period.