

# BHP Billiton Statement: Modern Slavery Act 2015 (UK)

The United Kingdom Modern Slavery Act 2015 requires companies carrying on a business in the UK, which supply goods or services and have a total annual turnover of GBP 36 million or more, to publish an annual statement describing the steps it has taken to ensure that slavery and human trafficking are not occurring in its supply chains or in any parts of its own business.

Below is BHP Billiton's Statement for FY2016 in relation to this requirement. The Statement has been approved by the BHP Billiton Board.

## 1. About BHP Billiton

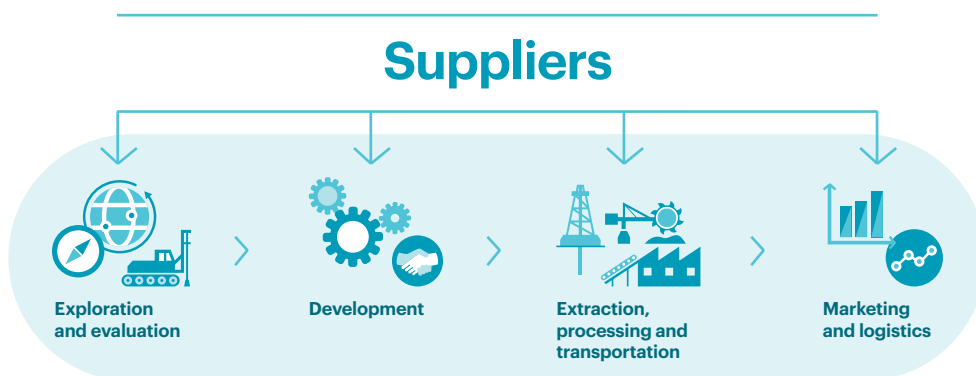
BHP Billiton is one of the world's top producers of major commodities, including iron ore, metallurgical coal, copper and uranium and a significant producer of energy coal, oil and gas. We extract and process minerals, oil and gas from our production operations located primarily in Australia and the Americas. Our products are sold worldwide, with sales and marketing led through Singapore and Houston, United States.

BHP Billiton operates under a Dual Listed Company structure, with two parent companies (BHP Billiton Limited and BHP Billiton Plc) operated as a single economic entity. We are run by a unified Board and management. The headquarters of BHP Billiton Limited and the global headquarters of the combined BHP Billiton Group are located in Melbourne, Australia. BHP Billiton Plc is located in London, United Kingdom.<sup>(1)</sup>

Our Operating Model describes how we are organised and work together and is described in section 1.5.3 of our Strategic Report 2016, which is contained in section 1 of the BHP Billiton Annual Report 2016, available online at [www.bhpbilliton.com](http://www.bhpbilliton.com).

## 2. Our supply chain

Our operations are supported by a global supply chain for goods and services. This supply chain includes suppliers of raw, direct and indirect materials, skilled labour and services required for our operations and the supply of a wide range of legal, technical and administrative professional services. In FY2016, BHP Billiton made payments to 11,145 entities comprising our supply chain.



(1) Throughout this Statement, the terms:

- BHP Billiton, the Company and the Group refer to the combined group, including both BHP Billiton Limited and subsidiary companies and BHP Billiton Plc and subsidiary companies, and the identical Boards of Directors of BHP Billiton Limited and BHP Billiton Plc are referred to collectively as the Board; and
- BHP Billiton assets or our operations refer to assets that have been wholly owned and operated by BHP Billiton and assets that have been owned as a joint operation and operated by BHP Billiton during the period from 1 July 2015 to 30 June 2016 (FY2016) and references to our supply chain and suppliers are to the goods and services and suppliers that support those assets.

### 3. Company governance and policy

Our Board governs the Company and oversees our sustainability approach. A Board Sustainability Committee assists the Board in overseeing health, safety, environment and community (HSEC) matters, including climate change, human rights, HSEC-related risk control and legal and regulatory compliance, sustainability reporting and overall HSEC performance.

The policy framework we apply to our own business and our supply chain is consistent with our overarching company human rights commitments to act in a manner consistent with the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the UN Global Compact principles.

Supporting the sustainability value in *Our BHP Billiton Charter* (available at <http://www.bhpbilliton.com/aboutus/ourcompany/charter>), these human rights commitments are reflected in the *BHP Billiton Code of Business Conduct* (available at <http://www.bhpbilliton.com/aboutus/ourcompany/codeofbusconduct>) and, in turn, in the mandatory minimum performance requirements articulated in relevant *Our Requirements* standards (formerly Group Level Documents).

The *Code of Business Conduct* outlines our commitment to uphold ethical business practices and to meet or exceed applicable legal requirements. The Code applies to all BHP Billiton employees, directors, officers, contractors and suppliers (where under relevant contractual obligation) and controlled entities, regardless of location or role and non-controlled joint ventures and minority interests are to be encouraged to adopt similar principles and standards.

The *Code of Business Conduct* requires the human rights implications of all our activities to be considered and for due diligence to be undertaken on our partners and contractors to assess their alignment with human rights. The Code specifically prohibits the use of suppliers who breach laws or regulations or use child or forced labour or physical punishment to discipline employees, even if allowed by local law. The Code requires members of our workforce to report to management any evidence of child or forced labour or the inhumane treatment of employees in our operations or those linked to our Company.

### 4. Our Requirements standards

For all our goods and services, we engage our suppliers through a commercial framework that is aligned with *Our Charter* values and our ethical practices. To enable this, we manage our relationships through relevant contractual arrangements, applicable regulatory frameworks, *Our Charter*, our *Code of Business Conduct* and *Our Requirements* standards.

*Our Requirements* standards frame the daily activities and decisions of the Company and are the foundation for developing and implementing management systems at our operations (including with our suppliers) across all jurisdictions in which the Company operates. *Our Requirements for Supply* standard sets minimum mandatory HSEC and business conduct requirements for all BHP Billiton suppliers, available at <http://www.bhpbilliton.com/aboutus/ourcompany/governance> (Zero Tolerance Requirements), which include the following:

<b>Child labour</b>	Children must not be hired to work before completing their compulsory education (as determined by applicable local laws). Notwithstanding local requirements, the minimum age for entry into employment must not be younger than 15 years of age.
<b>Forced or compulsory labour</b>	The supplier must affirm there is no forced, bonded or involuntary labour.
<b>Freedom of association</b>	The supplier must: <ul style="list-style-type: none"> <li>• adopt an open attitude towards the legitimate activities of trade unions;</li> <li>• allow their workers' representatives to carry out their legitimate representative functions in the workplace and not be discriminated against.</li> </ul>
<b>Living wage</b>	Wages and benefits paid for a standard working week must satisfy, at a minimum, national legal standards or local industry benchmarks, whichever is higher.  In nation states where no minimum wage legislation exists, the supplier must seek to establish a living wage that provides an adequate standard of living for all its employees and their dependants.
<b>Non-discrimination and diversity</b>	The supplier must: <ul style="list-style-type: none"> <li>• provide a work environment in which everyone is treated fairly and cultural, ethnic, religious or other diversity factors such as gender are respected;</li> <li>• offer employment on the basis of merit;</li> <li>• not base decisions regarding employment on attributes unrelated to job performance (including but not limited to, race, colour, gender, religion, personal associations, national origin, age, disability, political beliefs, marital status, sexual orientation and family responsibilities).</li> </ul> <p>Decisions relating to suppliers, customers, contractors and other stakeholders must also be based on merit.</p>

<b>Workplace health and safety</b>	<p>The supplier must provide:</p> <ul style="list-style-type: none"> <li>• safe and healthy working facilities and appropriate precautionary measures to protect employees from work-related hazards and anticipated dangers in the workplace;</li> <li>• workers with regular and recorded health and safety training;</li> <li>• clean and safe accommodation that meets the basic needs of the workers (where provision is applicable).</li> </ul> <p>The supplier must:</p> <ul style="list-style-type: none"> <li>• follow all relevant legislation, regulations and directives in the countries in which the contract activities are undertaken to provide a safe and healthy workplace;</li> <li>• implement systems for the prevention of occupational injury and illness, including standards for fire safety; emergency preparedness and response plans; occupational or industrial hygiene standards; appropriate lighting and ventilation; machinery safeguarding; reporting and investigation of occupational injuries and illness; reasonable access to potable water;</li> <li>• assign responsibility for health and safety to a management representative.</li> </ul>
<b>Treatment of employees</b>	<p>The supplier must create and maintain an environment that treats all employees with dignity and respect and must not use any threats of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse.</p>
<b>Community interaction</b>	<p>The supplier, and in turn its employees, must treat members of the community with dignity and respect. They must not impact on the health, safety or wellbeing of members of the community by engaging in activities such as threatening behaviour, violence, sexual exploitation or abuse, verbal or psychological harassment or abuse.</p>

Our *Requirements for Supply* standard provides the framework with a view to ensuring that our suppliers comply with our Zero Tolerance Requirements, including:

- each prospective supplier is to be pre-qualified before being invited to tender or being set up as a vendor. This should include: (a) the supplier's written acceptance of the Zero Tolerance Requirements; and (b) our identification of risks, taking into account the Zero Tolerance Requirements, and assessment of their impacts;
- supply controls are to be implemented for the risks identified during pre-qualification.

While the Zero Tolerance Requirements are not new, *Our Requirements for Supply* standard was amended during FY2016 to expressly state the requirement for prospective suppliers to accept the Zero Tolerance Requirements in writing.

In addition, *Our Requirements for Supply* standard requires the development of a procedure to manage risk for each supply category tier (assessed according to commercial dependency and supplier risk) for pre-qualification of suppliers, contracting and re-contracting. In FY2016, this requirement was expanded so each supply category tier procedure must also include requirements for ongoing monitoring.

Both of these FY2016 changes are progressively being incorporated into the Company's supply systems and processes.

Within our own business footprint, *Our Requirements – Community* standard, available at <http://www.bhpbilliton.com/aboutus/ourcompany/governance>, requires all BHP Billiton assets to identify and document key potential human rights risks by having completed a Human Rights Impact Assessment (HRIA), which is reviewed whenever there are changes in operating context that may affect the impact profile. Each HRIA is required to be verified every three years through an engagement process with stakeholders. In medium and high-risk jurisdictions, the HRIA must also be validated every three years with a qualified human rights specialist.

HRIAs are required to consider risk areas relevant to the extractives sector, including forced and child labour; community health, safety and wellbeing; diversity and non-discrimination; freedom of association and collective bargaining; gender impacts; security and law enforcement; and workplace health and safety, and to assess performance against the UN Universal Declaration of Human Rights, Principles 1 and 2 of the UN Global Compact and host country legislation governing human rights issues. Where a HRIA identifies a material risk, a Human Rights Management Plan is required to be implemented and reviewed annually, and must include employee and contractor training on compliance with our human rights commitments and the risks identified.

## 5. Training

Employees are provided with the *Code of Business Conduct* (which includes the human rights commitments and standards described in the *Company governance and policy* section above) upon commencement with BHP Billiton, and it is a condition of employment to behave in accordance with the Code. Our Code requires suppliers to be given access to the current edition and helped to understand our compliance and business conduct expectations as outlined in the Code.

Annual risk-based *Code of Business Conduct* training must be undertaken by all our people in each area of the organisation.

## 6. Managing sustainability risk

The priority for our sustainability framework is identifying and managing material risks. Through *Our Requirements for Risk Management* standard, we seek to identify and manage the risks involved in our business activities, functions and processes. Risks that are identified as material to our business are assessed with consideration of the potential health, safety, environmental, community, reputational, legal and financial impacts. Risk severity is assessed according to the most severe associated impact, which allows us to understand the potential causes and impacts in the context of business plans.

We assess supply categories according to commercial dependency and supplier risk, on a tiered approach. Engagement with each supplier is determined by the risk level and, if required, we work together to develop a plan to ensure the supplier meets our requirements throughout the relationship.

No BHP Billiton supplier has been terminated in relation to forced or compulsory labour or human trafficking during FY2016. We, however, recognise the need to focus more systematically and effectively on the potential for forced or compulsory labour or human trafficking in our supply chain, and to keep our assessment of the risk profile of this issue for our business under review.

## 7. Access to remedy: reporting mechanisms

*Our Requirements – Community* standard requires every BHP Billiton asset to put in place a complaints and grievance mechanism for people potentially impacted by its activities. These mechanisms must be communicated to stakeholders and are required to:

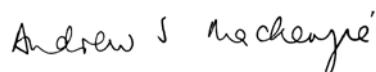
- be scaled to the country context, risks and adverse impacts;
- use an understandable and transparent process;
- be culturally appropriate;
- be readily accessible to all segments of the affected host communities;
- be available without retribution;
- not impede access to judicial or administrative remedies;
- acknowledge, investigate and document all complaints and grievances;
- undertake appropriate remedial actions where a complaint is legitimate;
- advise complainants of the remedial action promptly and document outcomes.

In addition, EthicsPoint is the 24-hour multilingual business conduct hotline and online case management system, which is managed by an independent third party. This worldwide service is available to internal and external stakeholders, providing a confidential means to report concerns about conduct that may be contrary to our values and ethical business standards, anonymously if chosen.

Based on our investigations of the complaints received via EthicsPoint or our local complaints and grievance mechanisms during FY2016, none was related to forced or compulsory labour or human trafficking.

## 8. Next steps

As part of our commitment to continuous improvement in human rights performance, a review of company policy and practice in relation to certain key human rights issues will occur in FY2017. This review will incorporate human rights related aspects of supply chain management to ensure consistent high performance across all BHP Billiton assets and global functions.



### Director

For and on behalf of  
BHP Billiton Plc  
BHP Billiton Limited