Welcome and introductions
Purpose and agenda

Water is vital to the livelihood of communities, the health of the environment and the sustainability of our business. Without access to water, our business simply could not operate.

Purpose

Provide the context to and highlights of BHP’s inaugural Water Report.

Agenda

1. BHP’s water stewardship journey.
3. Open discussion and feedback.
We recognise the shared, varied and changing nature of water-related risks

- Water is a critical enabler for BHP, a shared resource, a basic human right and key to ecosystem function.
- Access to and sustainability of water is under increasing pressure.
- The long-life of our Assets means we are place-bound and have a long-term interest in the sustainability of shared water resources.
- While water stewardship is not new for us, we know we can do more.
The shared nature of water

Water is a vital shared resource. It is essential to life and plays a spiritual, cultural, recreational, ecological and economic role in every landscape.

This requires collaboration within a catchment between communities, government, business and civil society to responsibly meet water needs today while also safeguarding water supplies for future generations.
Our water stewardship strategy

We can create long-term shareholder value only if we safeguard the sustainability of our operations with the support of our host communities. This perspective has informed our water stewardship strategy, so we can improve our management of water, increase transparency and contribute to the resolution of shared water challenges.

The five pillars of our water stewardship strategy

**Risk**
- Embed processes and systems to effectively manage water-related risks and realise opportunities at a catchment level in the short and longer-term.

**Technology**
- Leverage technology solutions that drive a step change reduction in water-related risks, realise opportunities and deliver multiple benefits.

**Value**
- Effectively value water in investment and operational decisions through integration into strategy, planning and evaluation frameworks.

**Disclosure**
- Transparently disclose water-related risks, management and performance at an asset level.

**Collective action**
- Collaborate with stakeholders to improve regional water policy and catchment governance and address shared water challenges within our communities and across our value chain.

Inaugural Water Report
7 September 2018
Water stewardship road map

Inaugural Water Report
7 September 2018

Risk
- Guidance—risk, data, strategy
- Recommend Company-wide requirements
- Develop Company-wide requirements
- Implement and support
- Review and improve

Technology
- Recommend Technology Road Map Focus Areas
- Build Technology Road Map
- Implement and support
- Review and improve

Value
- Evaluation pilot
- Identification of planning & strategy levers
- Evaluation Strategy & Planning guidance
- Implement and support
- Review and improve

Disclosure
- Review investor disclosure approach and implement ICM Guidelines
- Implement and support
- Review and improve
- Review and improve

Collective Action
- Build awareness
- Build relationships – join CEO Water Mandate
- Draft position
- Establish position
- Establish Group collaborations
- Establish Regional and Asset Engagement Strategies
- Engage, influence, review and improve

Asset Actions
- Plan for FY19 – Focus on the fundamentals
- Implement and review
- Incorporate into LoA direction
- Establish Asset Strategy
- Plan, implement and review
- Plan, implement, review and improve

Group-level actions
Asset-level actions
The role of disclosure

Transparency builds understanding and accountability for our water performance. Comparable disclosure of water data, risks and performance by all key users is fundamental to effective water resource governance and sustainability.
Disclosure – where we are coming from

BHP has been using sector specific water accounting standards and reporting water performance publically for a number of years:

• Historically our annual Sustainability Report has been the main platform for disclosure of Company-level water-related risk and performance.

• We have participated in the Carbon Disclosure Program (CDP) Water disclosures since its inception in 2009.

• We have applied the Minerals Council of Australia Water Accounting Framework since it was developed in 2005 and are in the process of implementing the International Council on Mining and Metals (ICMM) Water Reporting Guidelines published in 2017.

• We have had water specific public targets in place for over 15 years.
Disclosure – where we want to go

Effective disclosure requires a simple, transparent reporting of water interactions, performance and risk. This will be a journey both internally and externally.

• Benchmarking and stakeholder engagement has highlighted that the future state for water disclosure is still in development.

• While questionnaires have evolved over recent years, they still do not readily provide stakeholders with sufficient contextual information and comparable data to understand a company’s exposure and response to water-related risks.

• Our benchmarking identified that effective disclosure requires a simple, transparent reporting of water interactions, performance and risk including:
  – Overarching understanding of approaches to water management, stewardship and human right to water;
  – Transparency of the operating context of Assets – physical and socio-political;
  – Understanding of regional water accounts and performance utilising a common language;
  – Disclosure of risks exposure, management and opportunities, with a particular focus on areas of water stress.
This Water Report is our first step towards more accessible and transparent water reporting.

- It shows our interactions with water from extraction, use and discharge; and of our water-related performance and risks.

- The Report is based on the International Council on Mining and Metals ‘A Practical Guide to Consistent Water Reporting’ (ICMM Guidelines) - a minimum disclosure standard that aims to set a transparent benchmark for the mining and metals industry.

- The Report has also taken account of other disclosure frameworks.
  - The United Nations Global Compact’s CEO Water Mandate (CEO Water Mandate).
  - The Global Reporting Initiative (GRI).
  - Carbon Disclosure Project (CDP) Water disclosure requirements.
BHP’s water sensitivity and risk assessments
## BHP’s water sensitivity assessment*

<table>
<thead>
<tr>
<th>Asset</th>
<th>Climate</th>
<th>BHP water source interactions</th>
<th>Competition for resources</th>
<th>Regulation</th>
<th>Catchment-level water sensitivity (BHP assessed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Climate zone¹</td>
<td>Cyclone prone</td>
<td>Ground water</td>
<td>Surface water</td>
<td>Seawater</td>
</tr>
<tr>
<td>1. BHP Billiton Mitsubishi Alliance (BMA)</td>
<td>Humid sub-tropical</td>
<td>Yes</td>
<td>● ● ●</td>
<td>● ●</td>
<td>●</td>
</tr>
<tr>
<td>2. BHP Billiton Mitsui Coal (BMC)</td>
<td>Humid sub-tropical</td>
<td>Yes</td>
<td>● ● ●</td>
<td>● ●</td>
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<td>3. Conventional Petroleum²</td>
<td>Sub-tropical to tropical (off shore)</td>
<td>Yes</td>
<td>● ● ●</td>
<td>● ●</td>
<td>n/a to low</td>
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<tr>
<td>4. Escondida</td>
<td>Cold desert</td>
<td>No</td>
<td>● ● ●</td>
<td>● ●</td>
<td>Arid and low water use</td>
</tr>
</tbody>
</table>

* Low influence on water sensitivity  ● Medium influence on water sensitivity  ● High influence on water sensitivity  n/a Not applicable

* For full list of assets and definitions of terminology used, refer to page 15 of the report.
## Our water-related risks by asset*

<table>
<thead>
<tr>
<th>Asset</th>
<th>Catchment-level risk</th>
<th>Climate change</th>
<th>Closure</th>
<th>Compliance</th>
<th>Environment</th>
<th>Extreme weather</th>
<th>tailings</th>
<th>WASH*</th>
<th>Water excess and/or de-watering</th>
<th>Water quality</th>
<th>Water security</th>
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<tbody>
<tr>
<td>BMA</td>
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<tr>
<td>Conventional Petroleum</td>
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<td>Escondida</td>
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<td>North American Closed Mines</td>
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</tbody>
</table>

* For full list of assets and definitions of terminology used, refer to page 16 of the report.
Risk management – case studies

Managing excess water in the Pilbara

Closure and water management at Beenup
The Board’s Sustainability Committee oversaw the development of our water stewardship strategy in FY2017 and will monitor its implementation and our water-related public targets and goals.

We have core business processes, requirements and guidance materials that apply to our management of water at Group and operational levels.

These include:

- Planning and strategy, and investment evaluation;
- *Our Requirements* standards;
- Tailings management;
- Target setting;
- Water accounting;
- Audit and assurance.
### Water and our governance processes – operational level controls*

<table>
<thead>
<tr>
<th>Risk controls</th>
<th>Climate change</th>
<th>Water quality</th>
<th>Water security</th>
<th>Water management</th>
<th>Water treatment</th>
<th>Water pollution</th>
<th>Water efficiency</th>
<th>Water governance</th>
<th>Water storage management</th>
<th>Water recycling and reuse</th>
<th>Water treatment</th>
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<tr>
<td>Reduced water use</td>
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<tr>
<td>Enhanced water recovery</td>
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<tr>
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</tr>
</tbody>
</table>

* For full list of risk controls and definitions of terminology used, refer to page 43 of the report.
BHP’s Performance
Performance – water inputs

**FY2017–FY2018 Total inputs (by source)**

- **Input (Ml):**
  - Sea water
  - Surface water
  - Groundwater

**FY2017–FY2018 Total inputs (by quality)**

- **Input (Ml):**
  - Type 1
  - Type 2
  - Type 3

**FY2018 Inputs by asset (by source)**

- **Input (Ml):**
  - Escondida
  - Conventional Petroleum
  - WAIO
  - BMA
  - Pampa Norte
  - Olympic Dam
  - NSW Energy Coal
  - BMC

Water source:
- Sea water
- Surface water
- Groundwater
Performance – water outputs

FY2017–FY2018 Total outputs (by destination)

Output (ML)

Water destination:
- Evaporation and entrainment
- Sea water
- Surface water
- Groundwater

FY2017–FY2018 Total outputs (by quality)

Output (ML)

Water quality:
- Type 1
- Type 2
- Type 3

FY2018 Outputs by asset (by destination)

Output (ML)

Water destination:
- Evaporation and entrainment
- Sea water
- Surface water
- Groundwater

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We achieved a two per cent reduction of fresh water withdrawal against our new five-year water target of reducing FY2022 fresh water withdrawal by 15 per cent from FY2017 levels.
Performance – longer term goal

**Longer-term goal**

Aligned with the United Nations Sustainable Development Goals (UN SDGs):

‘In line with United Nations Sustainable Development Goal (UN SDG) 6, BHP will collaborate to enable integrated water resource management in all catchments where we operate by FY2030.’

Initial steps made in FY2018:

- Undertook an assessment of water policies (government and regulatory) across the regions where we operate;
- Commenced a collaboration with the UN CEO Water Mandate to support harmonisation of water accounting. A critical step towards enhancing transparency and collaboration across all sectors for improved water governance.

**WaterGuide’s Six Key Elements**
Questions and comments
Summary FY18 performance data

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Western Australia</th>
<th>Eastern Australia</th>
<th>Chile</th>
<th>Northern America</th>
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<tbody>
<tr>
<td><strong>Inputs (megalitres)</strong></td>
<td>345,710</td>
<td>75,140</td>
<td>54,390</td>
<td>179,780</td>
<td>36,400</td>
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<tr>
<td>Water input by quality - Type 1</td>
<td>28,940</td>
<td>18,210</td>
<td>7,930</td>
<td>0</td>
<td>2,810</td>
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<td>Water input by quality - Type 2</td>
<td>52,700</td>
<td>15,200</td>
<td>34,200</td>
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<td>3,300</td>
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<td>Water input by quality - Type 3</td>
<td>264,070</td>
<td>41,730</td>
<td>12,260</td>
<td>179,780</td>
<td>30,290</td>
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<tr>
<td>Water input by source - Surface water</td>
<td>48,590</td>
<td>1,450</td>
<td>37,020</td>
<td>6,270</td>
<td>3,850</td>
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<tr>
<td>Water input by source - Groundwater</td>
<td>127,870</td>
<td>55,080</td>
<td>17,370</td>
<td>52,730</td>
<td>2,690</td>
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<tr>
<td>Water input by source - Sea water</td>
<td>169,250</td>
<td>18,610</td>
<td>0</td>
<td>120,780</td>
<td>29,860</td>
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<tr>
<td><strong>Outputs (megalitres)</strong></td>
<td>263,860</td>
<td>73,290</td>
<td>53,330</td>
<td>100,970</td>
<td>36,260</td>
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<tr>
<td>Water output by quality - Type 1</td>
<td>74,130</td>
<td>20,390</td>
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<td>Water output by quality - Type 2</td>
<td>6,730</td>
<td>4,580</td>
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<tr>
<td>Water output by quality - Type 3</td>
<td>183,000</td>
<td>48,320</td>
<td>30,050</td>
<td>68,690</td>
<td>35,940</td>
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<td>Water output by destination - Surface water</td>
<td>1,850</td>
<td>410</td>
<td>0</td>
<td>1,120</td>
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<tr>
<td>Water output by destination - Groundwater</td>
<td>2,020</td>
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<td>1,180</td>
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<td>10</td>
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<td>Water output by destination - Sea water</td>
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<td>66,410</td>
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<td>Water output by destination - Evaporation and Entrainment</td>
<td>144,730</td>
<td>53,950</td>
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<td>32,610</td>
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<td>Water output by destination - third party</td>
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<td><strong>Recycled/Reused (megalitres)</strong></td>
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<td>21,620</td>
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<td>220,250</td>
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</table>

18. In some instances, the sum of regional input and output totals for quality, source and/or destination may differ due to rounding.
20. Includes Olympic Dam, BMA, SMC and NSW Energy Coal.
21. Includes Pampa Norte and Escondida.
22. Includes Conventional Petroleum (Northern American operations), Jansen Potash and North American Cia. de Minas.