



IMARC 2020 | Tuesday, 24 November 2020

Developing Resilient Supply Chains in 2021

Sundeep Singh

Good morning.

For those of you that I haven't met yet my name is Sundeep Singh and I am the Group Procurement Officer at BHP.

I would traditionally commence by acknowledging the traditional owners of the land upon which we are meeting. However, given that we are meeting virtually, I will instead take this opportunity to extend my deepest respects to all the traditional owner communities upon whose land BHP operates.

It's very unfortunate that we are unable to meet in person, but I am super pleased to be a part of IMARC again this year.

In what has been a year of full of extraordinary challenges, I wanted to start by taking the opportunity to thank you.

Thank you - for the resilience and partnership you have shown throughout this critical time.

With your support, we've been able to demonstrate once again what this industry is capable of and what we have to offer.

It has been fantastic to see the way that companies were able to mobilise quickly to safeguard the health of our workforces, to support communities and each other – all the while keeping our operations running.

Our ability to keep operating and generate employment, taxes, royalties and dividends in a time of crisis has been a really positive differentiator relative to other industries.

Last year, I called upon you help us build more productive and sustainable relationships relationships that bring... competitive advantage – no one could have foreseen the events that were going to unfold just two months later.

We knew our partnerships were going to be a key differentiator for shared business value, but the way that came to life through COVID-19 was so much more amplified than anything we could have expected.

So many of you answered that call to arms, you stepped into that space and showed us not only how to survive but we came out of it better and stronger – more resilient.

You should be incredibly proud of what you have accomplished and what we have accomplished together.

We need to now take this resilience – and the lessons learned from this difficult time – and harness themto grow better, together.

Because there is a great opportunity confronting our industry - to provide the resources the world needs for a better future.

As I'll outline today, I think resilient supply chains are built with a culture of partnership that will really help us capture competitive advantage and shared business value.

If there was any doubt, the pandemic has truly proven that supply chains are a vital source of competitive advantage and I don't just say this as the Group Procurement Officer.

Supply Chains have had to withstand massive market change, rising trade tensions, disruptive technologies, the effects of climate change and now COVID-19.

These challenges have really showed us that supply chains not only need to be cost effective and reliable, but truly resilient and sustainable.

It showed us the inter-connectedness of the supply chain at its very depth - with impacts on things like people movement that previously had never been under threat.

Navigating these complexities to thrive in a new normal requires us to rethink our supply chain, to build a supply chain that can actually adapt and remain agile – all the while remaining safe, removing waste and... pulling cost out!

Once it was clear COVID-19 would present a significant challenge to our operations, our first priority was to keep people safe. We were quick to enforce strict social distancing and hygiene protocols.

For the supply chain, we triggered the traditional responses such as seeking alternative sources of supply for things like hygiene products. We managed our inventory levels for critical spares for our mobile and fixed plant, we even stepped up data analytics for supply chain transparency – however, none of this alone gave us our resilience.

Over this past year, it is with your support that BHP's global supply chain adapted quickly to respond to the crisis.

The competitive advantage of a resilient and sustainable supply chain comes from the work that we do together – how we innovate, how we improve, how our relationships unlock future value opportunities that are hard to replicate and that others don't have.

Partnering enabled us to react swiftly and confidently in these times. It has allowed our supply chain to rapidly repair with preferential treatment, re-route through joint collaboration and re-invent for new value.

Let me give you a few examples.

Our partnership with Compass, who provide facilities management support for our operations across Australia, was critical during COVID-19.

It included everything from hygiene supplies, to the safe movement and accommodation of our people.

We could not have done this successfully with a transactional approach.

Instead, partnership led Compass through this time, and through this difficult year, to build a facility in Perth, known as ...“The Academy”. The Academy includes a training kitchen, juice and barista training stations, simulation accommodation rooms.

The benefit is twofold: our BHP Residents benefit from the higher standards and the skills of the Compass staff to manage this new COVID normal.

Compass benefits via improved customer satisfaction, but also the ability to train their people more broadly, for roles outside of BHP. We now have continued safe flow of people and a better experience for our workforce on site.

Earlier I spoke of increasing supply chain transparency. An example of this was our 'Supplier Illumination program'.

We were able to leverage advanced analytics – AI with Deloitte. This helped us to create visibility through multiple tiers of our supply chain. We can now see information on our suppliers' suppliers and their suppliers.

We all know increasing visibility into the network to manage disruption is at the heart of future supply chain management – but what do you do with those insights. What do you do with them? You can have all the control towers and data transparency for your supply chain but what are your relationships to repair, reroute, re-invent together?

The resilience came from taking those analytics and sharing them with our other partners, which in turn made their supply chains more robust.

These shared analytics helped our explosives provider Dyno Nobel to mitigate disruption in their supply chain.

The illumination was a catalyst for Liebherr to review their stock holdings and identify parts that were better supplied locally. It also helped them identify second tier suppliers requiring monitoring if lock downs were to persist in Europe.

This meant that parts still flowed and we took actions together where we saw our tier 2 or even tier 3 suppliers being impacted.

Through partnerships, we not only got advanced analytics but had the right collaboration to enable our supply chain to adapt quickly and meaningfully - this is real resilience.

Looking forward, I believe there are so many positives that we need to take away from this trying year.

And to me that is taking the spirit of partnership into our shared future.

While the pandemic has been unsettling, the biggest challenges facing the world have not gone away, and in many instances, they will be amplified. The only way to tackle them is collectively.

This is embodied in the concept 'build back better' – a phrase that is becoming popular for good reason.

It frames the current situation as a clear choice: to make the world a better place.

The world must return to growth to help improve living standards and drive prosperity, but this growth needs to be clean, sustainable and to the benefit of all.

The resources, companies like BHP provide – that many of you help us provide – will be central to this.

And just like with COVID-19, supply chains steeped in partnership, collaboration and engagement will provide an advantage in reaching this goal.

So it is one thing to provide the clarion call, but let me give you a taste of how we are partnering to build that better world.

Last year we announced that our Chilean copper mines at Escondida and Spence would move to 100 per cent renewable energy. The contracts with our partners ENEL and Colbún will effectively displace 3 million tonnes of CO2 per year from 2022, that's around 700,000 combustion engine cars.

Last month, we added to this with renewable contracts to CleanCo. This will reduce Scope 2 emissions in our Queensland operations by 50 per cent by 2025.

Last year, I also spoke of BHP's Maritime team pushing to ignite LNG shipping. Now in October, they awarded the world's first LNG-fuelled bulk carrier tender to Eastern Pacific Shipping.

This initiative will reduce greenhouse gas emissions by more than 30 per cent per voyage and help catalyse broader reductions in the shipping industry.

The actions here are only a start, but they do show our commitment to responsible operations, to supporting decarbonisation in our own right and working with strong, reliable partners.

We are also using different approaches for engaging suppliers to bring the best of the outside world in.

Our Supplier Innovation Program is a great example of this. It is a series of challenges that work like a “hackathon”, where we put forward our business challenges to a group of suppliers and they all pitch ideas to solve them.

The “winning” solution then goes toward a paid pilot program before wider replication. A recent challenge launch in Australia focused on fatality elimination in our top safety risks. This challenge generated 700 ideas to solve problems that have never been solved before.

Programs like these makes it easier for the ‘Mining Equipment and Technology Sector’ to access opportunities with us, while retaining their intellectual property, expanding their businesses which in turn generates that broader economic recovery.

We are also in the midst of establishing BHP’s first ‘indigenous construction panel’ targeting a set of sustained construction opportunities to Traditional Owner and Indigenous businesses.

We’ve talked about the examples of the work we are doing - but we also want to be easier to work with – so, not only do we want to partner, collaborate and innovate with you, we want to make it easier for you to do business with us.

To that end, we are fixing our supplier on boarding and registration to be much simpler, we are rolling out SAP Ariba for payments so you get paid on time and we will be using this as an important channel to communicate with you.

Our ‘Integrated Contractor Management’ program is developing tools, to help you to work better onsite.

We are serious about the way we set ourselves up to work with you.

A culture of partnership allows us to lean into those future facing challenges with a resilient and sustainable supply chain!

My message is simple: the past year has shown what we can do when we work together. Through real partnerships we have shown how resilient our businesses can be when faced with challenges that were previously unthinkable.

My ask is this - even as the imminent threat of COVID slows, let’s keep this spirit going.

We have a chance to lift our collective standards even higher as we aim to ‘build back better’.

The opportunity of doing this is so great – and the threat of not doing it, so serious – we simply must come together to lift our shared business value and in doing so, tackle issues like social value, climate change and inclusion and diversity.

Our shared prosperity depends on it....

There will be clear winners and losers in the decade ahead.

I truly believe that the winners will be those who understand what’s possible when we partner, when we challenge and transform together. When we go after shared business value.

This is a time of great opportunity for all of us.

Because as great as the challenges are that the world is facing, we are certain in the strength and resilience that our supply chain gains through shared goals and valued partnerships.

Thank you.