



# Modern Slavery Act 2015 (UK) FY2017 Statement



# Modern Slavery Act 2015 (UK) FY2017 Statement

Slavery and Human Trafficking Statement for the BHP Group for the financial year ended 30 June 2017. This Statement is made pursuant to the United Kingdom Modern Slavery Act 2015 and has been approved by the Board.

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Throughout the Statement, the terms:

- 'BHP'; 'the Group'; 'we'; 'us'; and 'our' are used to refer to BHP Billiton Limited and BHP Billiton Plc and their respective subsidiaries, and the Boards of Directors of BHP Billiton Limited and BHP Billiton Plc are referred to collectively as 'the Board'; and
- 'assets' or 'operations' refer to assets (including those under exploration, projects in development or execution phases, sites and closed operations) that have been wholly owned and operated by BHP and those assets that have been owned as a joint operation which are operated by BHP during the period from 1 July 2016 to 30 June 2017 (FY2017). Our Marketing and Supply business and our functions are also included. References to our supply chain and suppliers are to the goods and services and suppliers that support those assets, businesses and functions.

BHP also holds interests in assets that are owned as a joint venture but not operated by BHP (referred to in this Statement as 'non-operated joint ventures'). Our non-operated joint ventures are **not** included within the scope of this Statement and data for non-operated joint ventures is not presented here.

Further details on the boundary and scope of this Statement are on page 12.

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# Our Business

**BHP is a world-leading resources company. We extract and process minerals (including iron ore, metallurgical coal, copper, uranium and energy coal), oil and gas, with more than 60,000 employees and contractors, primarily in Australia and the Americas. Our products are sold worldwide, with sales and marketing led through Singapore and Houston, United States.**

BHP is a Dual Listed Company structure comprising BHP Billiton Limited and BHP Billiton Plc. The two entities continue to exist as separate companies but operate as a combined Group known as BHP. Both companies have Boards of Directors comprised of the same individuals as Directors of each company and are run by a unified management team. The headquarters of BHP Billiton Limited and the global headquarters of the combined Group are located in Melbourne, Australia. The headquarters of BHP Billiton Plc are located in London, United Kingdom.

Our Operating Model explains how we are organised and work together and is described in section 1.4.1 of our Strategic Report 2017, which is contained in section 1 of the BHP Annual Report 2017, available online at [bhp.com](http://bhp.com)

Our business can be divided into four distinct components: evaluation and exploration, development, extraction and processing and rehabilitation and closure. Each component is supported by Marketing and Supply, an interdependent core business of BHP linking our global operations, customers and local and global suppliers. Marketing secures sales of BHP products and gets our resources to market. Supply is our global procurement division, which purchases the goods and services that are used by our assets and manages supply chain risk.

A map outlining BHP's minerals and petroleum assets (including BHP's interests in non-operated joint ventures, which are not included within the scope of this Statement) and principal office locations is available at section 1.4.2 of our Strategic Report 2017, which is contained in section 1 of the BHP Annual Report 2017, available online at [bhp.com](http://bhp.com).

## FY2017 developments to address modern slavery risk

- **Development of a human rights risk assessment matrix to apply when our new Supply function enterprise management system is introduced – refer to page 9.**
- **Amendments to our standard contract templates to require contractual commitment to human rights standards by suppliers – refer to page 5.**
- **Tailoring of categories in EthicsPoint, our business conduct and advisory hotline, to specifically identify modern slavery related concerns – refer to page 10.**
- **Tailored human rights related criteria added to our Due Diligence Scope Guidance Note for transactions – refer to page 8.**

Some of our operations or principal office locations are in countries with a more elevated potential for slavery and trafficking than others, according to the 2016 Global Slavery Index (GSI) published by the *Walk Free Foundation*<sup>1</sup>. For example, the GSI estimates that Trinidad and Tobago and Malaysia have an estimated prevalence of modern slavery of 0.453 per cent and 0.425 per cent respectively, compared to 0.297 per cent in Mexico, 0.165 per cent or less in each of Singapore and Chile, and 0.018 per cent in each of Australia, Canada, the United Kingdom and the United States. Notably, the bulk of our employees are located in Australia, Chile and the United States.

<sup>1</sup> The GSI provides an approximation of the percentage of the population in some form of modern slavery in the requisite countries, with prevalence calculated based on surveys undertaken by the international research-based company Gallup Inc. across the world in over 50 languages, which are then extrapolated across countries with similar risk profiles. The GSI also assesses 24 variables in a country that affect vulnerability. See [www.globalslaveryindex.org/methodology/](http://www.globalslaveryindex.org/methodology/). Note that we treat the GSI ratings only as indicative; refer to the **Our Suppliers** section of this Statement (below).

## BHP operations

### Evaluation and exploration



We invest in discovering new resources to meet the needs of future generations.

### Development



We invest in studies, trials and infrastructure with the goal of creating the maximum value from resources.

### Extraction and processing



We extract and process commodities safely and sustainably.

### Rehabilitation and closure



We close our operations through one or a combination of rehabilitation, ongoing management or – in consultation with the community – a transition to an alternative use.



### Marketing and Supply



We sell our products, procure suppliers, organise freight and manage market risks to maximise value.

# Our Suppliers

**At every stage of our business, BHP is supported by a supply chain composed of a complex global network. Our day to day operations are facilitated by the provision of raw, direct and indirect materials<sup>2</sup>, and skilled labour and services. In FY2017, we made payments to over 10,000 entities in more than 60 countries.**

Ninety-five percent of our direct suppliers are concentrated in nine countries: Australia, the United States, Chile, Canada, the United Kingdom, Trinidad & Tobago, Singapore, Brazil and China. Eighty-four percent are located in just three: Australia, the United States and Chile.

According to the 2016 GSI, of the nine countries noted above, Trinidad & Tobago (which accounts for 2 per cent of our total suppliers) poses the greatest risk of modern slavery.

We treat the GSI ratings only indicatively, recognising (as acknowledged by the GSI) that the illicit nature of modern slavery makes it a difficult offence to accurately measure. As detailed in the **Due Diligence** section of this Statement (below), we avoid relying on a single index or methodology in our risk assessment process, but the GSI can provide a useful overview of the risk faced across jurisdictions with regard to slavery and human trafficking.

Country	% of BHP's Direct Suppliers	GSI % of Population in Modern Slavery <sup>3</sup>	GSI Government Response Rating <sup>3,4</sup>
Australia	48	0.018	BBB (5th)
United States	18	0.018	BBB (2nd)
Chile	17	0.154	B (44th)
Canada	3	0.018	BB (16th)
United Kingdom	3	0.018	BBB (8th)
Trinidad & Tobago	2	0.453	CCC (75th)
Singapore	2	0.165	CC (129th)
Brazil	1	0.078	BB (19th)
China	1	0.247	CCC (40th)
<b>Total</b>	<b>95%</b>		

<sup>2</sup> Direct materials are those used in our production cycles, such as trucks and explosives, and indirect materials are all other materials incidental to our business, including personal protective equipment; camp equipment; stationary etc.

<sup>3</sup> Based on 2016 Global Slavery Index (GSI) covering 167 countries, available at [www.globalslaveryindex.org/findings/](http://www.globalslaveryindex.org/findings/).

<sup>4</sup> The GSI ranks countries on government response to modern slavery based on eight indicators of good practice, including laws in place, support to victims, and the application of labour standards to vulnerable populations. The countries are graded from AAA to D based on 98 indicators of good practice. During FY2017, only one country (the Netherlands) scored an A, with eight countries (including Australia, the United States and the United Kingdom) scoring a BBB.

# Our Policies and Governance in Relation to Slavery & Human Trafficking

**Respecting human rights, including those relating to slavery and human trafficking, wherever we operate is critical to the sustainability of our business and is consistent with our support for the United Nations (UN) Declaration on Human Rights, the UN Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights and the 10 UN Global Compact principles.**

The Board oversees our sustainability approach. The Board's Sustainability Committee assists with governance and monitoring. The Sustainability Committee also oversees health, safety, environment and community (HSEC) and other human rights matters, including the adequacy of the system in place to identify and manage HSEC-related risks, legal and regulatory compliance and overall HSEC and human rights performance.

Our approach to sustainability is defined by *Our Charter* and realised through *Our Requirements* standards. These clearly describe our mandatory minimum performance requirements and provide the foundation to develop and implement management systems at our assets.

Our *Code of Business Conduct* (Code) outlines the human rights commitments applicable to our people, as well as our contractors and suppliers (where under relevant contractual obligation). The Code:

- 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 our human rights standards;
- 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 such conduct is permitted under local law; and
- 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 BHP.

A risk-based approach that includes consideration of human rights and community impact issues is required by *Our Requirements* standards for our decisions around acquisitions and divestments, new activities in high risk countries and major capital projects. For all the goods and services we procure, we manage supplier relationships through a commercial framework aligned with *Our Charter* values and applicable regulatory frameworks.

We recognise the value of regularly engaging with our stakeholders to understand the sustainability issues that are of interest to them and important to our business. This helps us to review and, where needed, enhance our policy commitments and practice to reflect evolving expectations and remain accountable to our communities, stakeholders and shareholders.

We conduct an annual materiality assessment (in accordance with Global Reporting Initiative principles) that is based on a review of sustainability risks and opportunities. These are identified by analysing inputs, including our risk registers, and by engaging with internal and external stakeholders.

Our materiality assessment and stakeholder engagement processes are detailed in our 2017 Sustainability Reporting Navigator available online at [bhp.com](http://bhp.com).

## Our Policies and Governance in Relation to Slavery & Human Trafficking

### Our Requirements for Supply Standard

The *Our Requirements for Supply* standard sets minimum mandatory HSEC and business conduct requirements, relevant components of which are outlined below (Zero Tolerance Requirements) for all BHP suppliers of non-traded goods and services.

The due diligence framework established by *Our Requirements for Supply* standard requires each prospective supplier to be pre-qualified before being invited to tender or being set up as a vendor. This aims to include identification of risks, taking into account the Zero Tolerance Requirements, and assessment of their impacts. Additional controls are then required to avoid or mitigate the risks identified during pre-qualification.

As noted in our previous Statement, in FY2016 we amended the *Our Requirements for Supply* standard to expressly state the requirement for suppliers to accept the Zero Tolerance Requirements in writing. In FY2017, we amended our standard contract templates for the supply of goods and services to include:

- express acknowledgment of our expectation that the supplier will read, understand and adhere to our *Code of Business Conduct*; and
- a requirement for the supplier to comply with our Zero Tolerance Requirements in its business with BHP, and to ensure that its subcontractors do likewise.

This step is designed to support and strengthen our existing pre-qualification process by which prospective suppliers are asked to confirm their compliance with our Zero Tolerance Requirements. Recognising that some of our suppliers have their own business conduct codes or commitments, we may agree to alternative contractual provisions (from our standard contract template) that require the supplier to adopt and adhere to similar standards, practices or processes, as applicable.

In addition, the *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 contracting, on-going monitoring and re-contracting.

During FY2017, we began development of a detailed human rights risk assessment matrix to apply when our new supplier and contract enterprise management system is introduced (refer to the **Due Diligence** section of this Statement, below).

Determining that slavery and human trafficking is not taking place in BHP's supply chain, particularly beyond our direct suppliers, remains a challenge. We are committed to continuous improvement through the above measures, including engaging with our direct suppliers to assess and encourage continuous improvement in their own capacity to manage modern slavery risks in their subcontractors and broader supply chain.

### BHP supports an Australian Modern Slavery Act

At the Australian Attorney General's request, a Parliamentary Committee (Joint Standing Committee on Foreign Affairs, Defence and Trade) was established to enquire into the possibility of an Australian Modern Slavery Act.

BHP, as part of a public consultation process, made a submission to the Committee stating that:

1. We support the heightened focus on businesses' role in the eradication of modern slavery.
2. Increased transparency can be a powerful driver towards improving practice, particularly if it drives improved performance over time.
3. We support an Australian Act requiring annual reporting of an organisation's practices to eliminate modern slavery.
4. An Australian Act should, where possible, align with the reporting and compliance requirements of the UK Act to allow performance to be compared across consistently reported criteria and to minimise the reporting burden.
5. We support minimum expected content criteria, clarity about who must report and an official registry of Statements.

## Our Requirements for Supply standard – Zero Tolerance Requirements

<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 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;</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>	The supplier must provide: <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>	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, or verbal or psychological harassment or abuse.
<b>Community interaction</b>	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, or verbal or psychological harassment or abuse.

### Access to Remedy

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We have mechanisms in place to address the concerns of stakeholders who feel our *Code of Business Conduct* has been breached. Employees and contractors can raise concerns through their BHP line managers or Human Resources personnel. Processes for the community to raise concerns are available at the asset level (as described below).

Concerns can also be raised through our confidential, 24-hour, multilingual business conduct and advisory hotline, EthicsPoint. EthicsPoint is managed by an independent third party, and concerns may be raised anonymously, if desired.

We acknowledge, investigate as appropriate and document all concerns. Where concerns are investigated and substantiated, we take appropriate remedial actions, advise the reporter promptly and document the outcomes. Our *Code of Business Conduct* prohibits any form of punishment, disciplinary or retaliatory action being taken against anyone for raising or helping to address a business conduct concern.

The *Our Requirements for Communications, Community and External Engagement* standard requires every BHP 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;
- undertake appropriate remedial actions where a complaint is legitimate;
- advise complainants of the remedial action promptly and document outcomes
- 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; and
- acknowledge, investigate and document all complaints and grievances.

### Corporate Human Rights Benchmark

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**We recognise the value of social policy related voluntary initiatives, benchmarks, assessments and multi-stakeholder processes in assisting us to shape our policy commitments and assess our human rights performance.**

**During FY2017, we were included in the pilot Corporate Human Rights Benchmark (CHRB), a publication by investors and civil society organisations that aims to create a public benchmark of corporate human rights policy, practice and performance. Among the 98 publicly traded companies assessed, BHP was the highest ranked company overall and the highest ranked of 41 extractives companies. We have carefully reviewed the assessment to identify areas where we may be able to enhance our human rights performance.**

**In a bid to encourage transparency, the CHRB only assesses organisations on publicly available information. Companies were assessed on both general and sector-specific risks. The CHRB identifies child labour and forced labour as 'key industry risks' (those commonly regarded as potentially severe or likely with the industry) for the Agricultural Products and Apparel sectors, but not the Extractives sector, for which health and safety and freedom of association and collective bargaining are identified as the key labour related industry risks. The CHRB does include a number of indicators, regardless of industry sector, that assess a company's commitment to principles concerning fundamental rights at work in its own operations and its business relationships.**

# Due Diligence Processes

**We aim to identify and manage human rights related risks in all our activities. Due diligence is performed to mitigate those risks and we seek to remediate any adverse human rights impacts we have caused or to which we have contributed.**

In FY2017, we have sought to strengthen our human rights related due diligence by developing more intensive supplier screening processes and by introducing tailored criteria to our Due Diligence Scope Guidance Note for transactions such as acquisitions and divestments, both of which are detailed below.

## Due Diligence in our own business

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Due diligence assists BHP in identifying and assessing risks, including those relating to slavery and human trafficking, within our own business footprint.

As noted above, a risk-based approach that includes consideration of human rights and community impact issues is required for our decisions around acquisitions and divestments, new activities in high risk countries and major capital projects.

*Our Requirements* standards in relation to investment in major capital projects require a Human Rights Impact Assessment (see below for details) to be conducted in accordance with the *Our Requirements for Communications, Community and External Engagement* standard for each of the key project phases. Human Rights Impact Assessments must also be conducted and periodically reviewed by all BHP assets (see below).

If a new activity is not categorised as a major capital project but is proposed to occur in a designated high risk country, a risk assessment must first be performed in accordance with the *Our Requirements for Risk Management* standard, which includes human rights and community impacts as applicable.

As a general practice, we use Due Diligence Investigations (DDI) to seek to minimise risk and prevent adverse impacts (including to external stakeholders) that may arise as the result of transactions such as acquisitions, divestments, mergers and demergers. A DDI is required for all major divestments and for other major transactions, including acquisitions, if appropriate and able to be undertaken.

In FY2017, we drafted additions to our Due Diligence Scope Guidance Note (available as a guide to the issues that may be considered when scoping a DDI). These additions include more targeted consideration of human rights aspects such as the risk profile of the location of operations, supply chain due diligence and management and the internal policies, standards and controls of assets and/or entities under evaluation.

## Human Rights Impact Assessments

The *Our Requirements for Communications, Community and External Engagement* standard requires all BHP assets to identify and document key potential human rights risks by completing a Human Rights Impact Assessment (HRIA), which is also reviewed whenever there are changes in operating context that may affect the impact profile<sup>5</sup>. 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.

HRIs 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.

The HRIs must also 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.

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<sup>5</sup> Refer to page 12 for further information about the application of this requirement to Nickel West.

### Due diligence in our supply chain: enhancing the human rights focus in our supplier risk management framework

Our FY2016 Statement anticipated a review of company policy and practice in relation to certain key human rights issues. In FY2017 we established a cross-functional Human Rights Policy and Practice Working Group to consider the way BHP implements its human rights commitments across the business and determine any adjustments or enhancement opportunities to improve our human rights performance.

One of the Group's recommendations identified an opportunity to refine and strengthen the effectiveness of how we implement the *Our Requirements for Supply* standard, including its slavery and human trafficking prohibitions. We recognise that seeking to prevent or mitigate the risks of modern slavery at all levels of our supply chain, particularly beyond our direct suppliers, is a demanding and ongoing task that will require progressive and prioritised enhancements.

As noted above, this year we began development of a detailed human rights risk assessment matrix to apply when our new supplier and contract management system is introduced (planned for FY2018). The new platform is designed to enhance streamlined and standardised processes, improve compliance controls and provide better insights into our suppliers.

The human rights risk assessment matrix was formulated with the assistance of BSR (Business for Social Responsibility)<sup>6</sup>. The risk of a potential supplier is to be assessed through a series of tailored questions and data inputs across two risk components, 'Core Risk' and 'Focused Risk', with the higher scoring of the two producing an initial 'Overall Risk Score' ('very high risk'; 'high risk'; 'medium risk' or 'low risk'). A supplier with a 'high' or 'very high' Overall Risk Score will trigger the need for further due diligence and screening to determine if the risks can be reduced to an acceptable level before engaging the supplier.

The Core Risk component of the Overall Risk Score is designed to identify country and intrinsic risk factors impacting human rights, including those indicative of a heightened potential for embedded supply chain risk. The country risk analysis for the Core Risk score is proposed to be based on eight key indicators published by a range of NGOs and governmental agencies, such as the US Department of State's Trafficking in Persons Report and UNICEF's Elimination of Child Labour Index, together with

indicators with a broader focus such as the United Nations Development Programme's Human Development Index and the World Bank's Rule of Law Index.

The Focused Risk component of the Overall Risk Score will be based on the potential supplier's responses to Human Rights Due Diligence questions that align with BHP's Zero Tolerance Requirements and international standards, including questions relating to modern slavery and child labour. We have sought to frame the Human Rights Due Diligence questions to identify any potential red flag areas and minimise the inherent limitations of self-assessment.

We anticipate an opportunity to assess and refine the methodology, as required, following the launch of our new supplier and contract management system. We would then intend to include illustrative examples of how the matrix applies in practice in our FY2018 Statement.

#### Seafarers' Human Rights

**BHP is one of the largest global shippers of bulk commodities. In FY2017, we developed a project proposal with BSR (Business for Social Responsibility)<sup>6</sup> to:**

- **better understand the full range of human rights and ethics risks (including the potential for forced labour or unacceptable working conditions) to which its charter vessels may be exposed; and**
- **develop and validate an inspection process designed to identify as many of these impacts as possible via physical inspection and interviews.**

**The project aims to review and build on our current documentary assessment process to develop a robust assessment methodology that goes beyond paper compliance. The review will draw on key internal and external stakeholder input and include an examination of the adequacy of Maritime Labour Convention enforcement in key maritime jurisdictions for BHP. The proposed enhanced assessment process will be supported by a training program for BHP personnel and other port staff.**

**We intend to work with BSR to conduct this assessment in FY2018 and will consider opportunities to share best practice solutions to seek to drive a more integrated approach to human rights and integrity challenges in ports.**

<sup>6</sup> BSR is a global nonprofit business network and consultancy that works with large multinational companies, government agencies and global and local NGOs in relation to sustainable business strategies and solutions.

# Risk Assessment & Management and Effectiveness

**We believe high standards of governance are critical to deliver our strategy, create long-term value and maintain our social licence to operate.**

As noted above, the Board oversees our sustainability approach and the Board's Sustainability Committee assists with governance and monitoring and overseeing HSEC and other human rights matters. Complementing this, the Board's Risk and Audit Committee assists with oversight of the Group's systems of risk management.

Our assets and functions are required to identify and manage material risks across our business activities, functions and processes through *Our Requirements for Risk Management* standard. This allows us to consistently apply a risk-based approach to sustainability.

All material risks are assessed with consideration of the potential HSEC (including human rights), reputational, legal and financial impacts. By embedding risk management into our work processes and critical business systems, we ensure we make decisions based on relevant inputs and valid data.

Our risk identification and assessment processes in relation to human rights, described in the **Due Diligence in our own business** subsection of this Statement (above), apply the risk management framework to specific business activities.

Our Internal Audit function evaluates the design and effectiveness of our sustainability processes every year. These audit results are used to create detailed management plans to address any identified gaps. Key findings are reported to the Executive Leadership Team and Asset Presidents, with summary reports provided to the Sustainability Committee and the Risk and Audit Committee.

We obtain assurance of operational compliance with our human rights commitments and relevant standards through independent internal audits.

The application of our risk assessment and management processes in FY2017 has not identified any instances of slavery or human trafficking taking place in our own business nor any indication that this is a significant risk.

Based on our investigations of the complaints received via EthicsPoint or our local complaints and grievance mechanisms during FY2017, none was related to slavery or human trafficking.

## EthicsPoint

**EthicsPoint is our confidential, 24-hour, multilingual business conduct and advisory hotline through which any concerns can be raised, anonymously, if desired.**

**During FY2017, a new field was added to EthicsPoint to enhance identification of concerns raised that may meet the modern slavery definition. This enables additional screening of responses in relevant 'issues categories' for a potential modern slavery concern.**

We are able to confirm that no BHP supplier has been terminated due to identification of a slavery or human trafficking violation during FY2017.

As noted above, determining the efficacy of our policies and practices to ensure that slavery and human trafficking is not taking place in BHP's supply chain, particularly beyond our direct suppliers, remains a challenge. We hope the introduction of our detailed human rights risk assessment matrix within our new supplier and contract management system will strengthen our confidence in these outcomes.

We continue to keep our assessment of the risk profile of this issue for our business under review.

# Training

Our *Code of Business Conduct* (Code) demonstrates how to apply *Our Charter* by setting behavioural standards for everyone who works for, or on behalf of, BHP.

Acting in accordance with our Code is a condition of employment, and all our people are required to undertake annual training on our Code. All employees are provided with the Code (which includes the human rights commitments and standards described in the **Our Policies and Governance in Relation to Slavery & Human Trafficking** section of this Statement, above) upon commencement with BHP.

Another of the recommendations from the work of our Human Rights Policy and Practice Working Group (described above) in FY2017 was to consider opportunities to implement specialised, risk-based human rights training to develop particular competencies matched to key risk areas and functions. Our Supply team was identified as one of the important recipients of targeted training and we intend to consider the most effective tools to design and deliver enhanced human rights training during FY2018.

Director



For and on behalf of BHP Billiton Plc  
BHP Billiton Limited

# About this Statement

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Throughout the Statement, the terms:

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- 'assets' or 'operations' refer to assets (including those under exploration, projects in development or execution phases, sites and closed operations) that have been wholly owned and operated by BHP and those assets that have been owned as a joint operation which are operated by BHP during the period from 1 July 2016 to 30 June 2017 (FY2017). Our Marketing and Supply business and our functions are also included. References to our supply chain and suppliers are to the goods and services and suppliers that support those assets, businesses and functions.

Nickel West is considered a non-core asset and, as a result, has not been fully integrated into the BHP Operating Model. Accordingly, Nickel West has been granted exemptions from certain *Our Requirements* standards, including the requirement to conduct a human rights impact assessment (HRIA) every three years. Statements in this Statement concerning HRIAs do not apply to Nickel West. However, Nickel West is not exempt from:

- the requirement described in this Statement for every BHP asset to put in place a complaints and grievance mechanism for people potentially impacted by its activities under *Our Requirements for Communications, Community and External Engagement* standard;
- the *Our Requirements for Supply* standard provisions described in this Statement; or
- the *Our Requirements for Risk Management* standard and the *Our Requirements* standards for our decisions around acquisitions and divestments, new activities in high risk countries and major capital projects referenced in this Statement.

More broadly, the operating model for Nickel West is designed to ensure key BHP processes are followed, including a strict adherence to *Our Charter* values.

BHP also holds interests in assets that are owned as a joint venture but not operated by BHP (referred to in this Statement as 'non-operated joint ventures'). Our non-operated joint ventures are **not** included within the scope of this Statement and data for non-operated joint ventures is not presented here. Refer to page 6 of our Sustainability Report 2017 at [bhp.com](http://bhp.com) for how we engage with our partners at non-operated joint ventures.

# BHP