



**BHP**

**Modern Slavery  
Act 2015 (UK)  
FY2018 Statement**

# Modern Slavery Act 2015 (UK) FY2018 Statement

**Slavery and Human Trafficking Statement for the BHP Group for the financial year ended 30 June 2018. This Statement is made pursuant to the UK Modern Slavery Act 2015 and has been approved by the Board.**

In this Statement, the terms 'BHP', the 'Company', the 'Group', 'our business', 'we', 'us', 'our', and 'ourselves' refer to BHP Billiton Limited, BHP Billiton Plc and, except where the context otherwise requires, their respective subsidiaries as defined in note 27 'Subsidiaries' in section 5.1 of BHP's 30 June 2018 Annual Report. Those terms do not include non-operated assets in which we have an interest. The Boards of Directors of BHP Billiton Limited and BHP Billiton Plc are referred to collectively as 'the Board'.

This Statement covers BHP's assets (including those under exploration, projects in development or execution phases, sites and closed operations) that have been wholly owned and/or operated by BHP and that have been owned as a joint venture<sup>1</sup> operated by BHP (referred to in this Statement as 'assets') during the period from 1 July 2017 to 30 June 2018. Our Marketing and Supply business and our functions are also included.

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' or 'non-operated assets'). 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 14.

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<sup>1</sup> References in this Statement to a 'joint venture' are used for convenience to collectively describe assets that are not wholly owned by BHP. Such references are not intended to characterise the legal relationship between the owners of the asset.

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# Organisational structure, business and supply chain

## Our organisational structure and business

BHP is a world-leading resources company. We extract and process minerals, oil and gas and have more than 62,000 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 consists of the BHP Billiton Limited Group and the BHP Billiton Plc Group, operating as a single unified economic entity, following the completion of the Dual Listed Company merger in June 2001. The two companies operate through Boards of Directors that comprise the same individuals and a unified senior executive management team. The headquarters of BHP Billiton Limited Group and the global headquarters of the combined Group are located in Melbourne, Australia. The headquarters of BHP Billiton Plc Group are located in London, United Kingdom.

## Our Operating Model includes:

**Assets:** Assets are a set of one or more geographically proximate operations (including open-cut mines, underground mines and onshore and offshore oil and gas production and processing facilities). We produce a broad range of commodities through these assets.

**Asset groups:** We group our assets into geographic regions in order to provide effective governance and accelerate performance improvement. We do this through sharing and replicating best practices, combining efforts to take advantage of our scale and through common improvement initiatives. Our oil and gas assets are grouped together as one global Petroleum asset group, reflecting the operating environment in that sector. This allows us to share best practice and promote new technology across our portfolio.

**Marketing and Supply:** Our commercial businesses are responsible for optimising our working capital and managing our inward and outward supply chains. Our Marketing business sells our products, gets our commodities to market and supports strategic decision-making through market insights. Supply's role is to source the goods and services we need for our business, sustainably and cost effectively.

**Functions:** Functions operate along global reporting lines to provide support to all areas of the organisation. Functions have specific accountabilities and deep expertise in areas such as finance, legal, governance, technology, human resources, corporate affairs, health, safety and community.

## Our Operating Model<sup>2</sup>



<sup>2</sup> BHP's interests in non-operated assets are not included within the scope of this Statement; refer to the **About this Statement** section of this Statement at page 14.

<sup>3</sup> On 27 July 2018, we announced that we had entered into agreements for the sale of our entire interest in the Eagle Ford, Haynesville, Permian and Fayetteville Onshore US oil and gas assets.

## Our Operating Model

The Strategic Report in the BHP Annual Report 2018, available online at [bhp.com](http://bhp.com), further describes our Operating Model and includes a map of BHP's assets and principal office locations (including BHP's interests in non-operated assets, which are not included within the scope of this Statement).

Some of our operations or office locations are in countries with a more elevated potential for slavery and trafficking than others, according to the 2018 Global Slavery Index (GSI) published by the Walk Free Foundation.<sup>4</sup> The table below shows the estimated prevalence of slavery in our primary countries of operation. Notably, the majority of our employees are located in Australia, Chile and the United States.

### Estimated prevalence of slavery in primary countries of operation or office location

Country	GSI prevalence estimate <sup>5</sup> (people living in modern slavery per 1000 population)
Australia	0.65
Canada	0.48
United Kingdom	2.08
USA	1.26
Chile	0.78
Singapore	3.43
Mexico	2.71
Philippines	7.70
Malaysia	6.91
Trinidad and Tobago	2.96

### FY2018 progress addressing modern slavery risk

- **Development of social investment and commercial sponsorship standard contract templates containing human rights commitments**  
– refer to page 7
- **Introduction of human rights risk assessment in new Global Contract Management System**  
– refer to page 10
- **Progress on our Seafarers' Human Rights project**  
– refer to page 11
- **Training to help EthicsPoint leaders identify modern slavery related concerns**  
– refer to page 13

<sup>4</sup> The 2018 Global Slavery Index (GSI) seeks to measure the extent of modern slavery, country by country, and the steps governments are taking to respond to this issue to assess progress toward ending modern slavery. The GSI draws together findings across estimates of prevalence, vulnerability measures, and assessment of government responses, alongside an analysis of trade flows and data on specific products. See <https://www.globallslaveryindex.org>. Note that while the GSI can provide a useful overview, we treat the GSI data only as indicative, recognising (as acknowledged by the GSI) that the illicit nature of modern slavery makes it a difficult offence to accurately measure.

<sup>5</sup> The detailed methodology is available here: <https://www.globallslaveryindex.org/2018/methodology/prevalence/>

**Our supply chain**

BHP is supported by a supply chain composed of a complex global network across 57 countries. Our day to day operations are facilitated by the provision of raw, direct and indirect materials<sup>6</sup> and skilled labour and services. In FY2018, we made payments to over 10,700 suppliers.

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

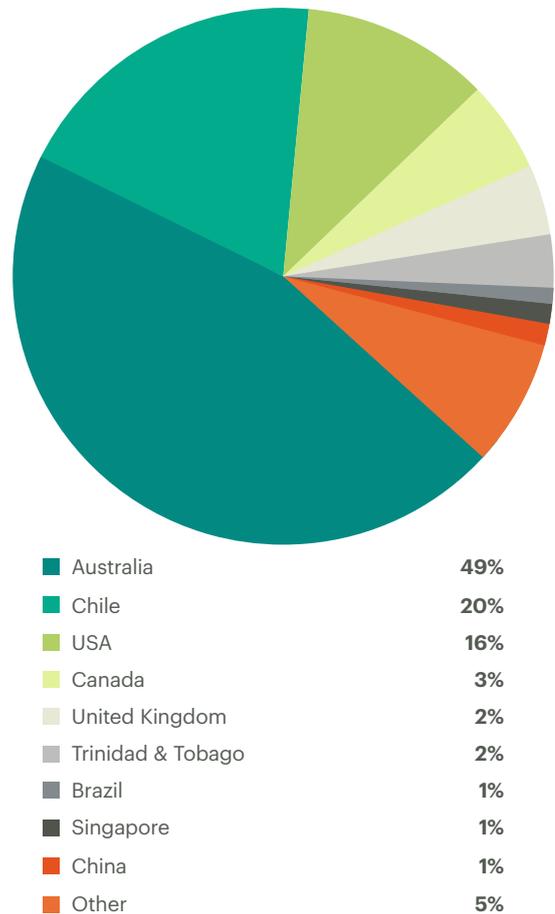
**Our supply chain**

- 1.8 million payments
- 10,788 suppliers paid
- 57 countries
- 96% of suppliers in 9 countries

**GSI prevalence estimate and government response rating<sup>7</sup>**

Country	GSI prevalence estimate <sup>8</sup> (people living in modern slavery per 1000 population)	GSI Government Response Rating <sup>9</sup>
Australia	0.65	BBB
Chile	0.78	BBB
USA	1.26	BBB
Canada	0.48	BB
United Kingdom	2.08	BBB
Trinidad & Tobago	2.96	B
Brazil	1.79	BB
Singapore	3.43	CCC
China	2.77	CC

**Country of origin of direct suppliers**



<sup>6</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>7</sup> Based on 2018 Global Slavery Index, available at <https://www.globallslaveryindex.org/findings/>

<sup>8</sup> The detailed methodology is available here: <https://www.globallslaveryindex.org/2018/methodology/prevalence/>

<sup>9</sup> The Government Response component of the GSI provides a comparative assessment of the legal, policy, and programmatic actions that 181 governments are taking to respond to modern slavery. This is based on data collected on 104 indicators that are relevant to understanding how each government is tracking towards achieving five milestones: 1) identify and support survivors; 2) establish effective criminal justice mechanisms; 3) strengthen coordination and hold government to account; 4) address risk factors; and 5) clean up government and business supply chains. The detailed methodology is available here: <https://www.globallslaveryindex.org/2018/methodology/government-response/>

## Governance and policies in relation to slavery and human trafficking

**Respecting human rights wherever we operate and a commitment to strong governance and anti-corruption are critical to the sustainability of our business and significant enablers in understanding and addressing modern slavery and human trafficking risks. This approach is consistent with our commitment to operate in a manner consistent with 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.**

We recognise that society increasingly expects businesses to respect human rights throughout their supply chains and we continue to work closely with our stakeholders to understand opportunities to make a positive contribution towards human rights.

### Governance and policies

BHP's Board oversees our sustainability approach, with the Sustainability Committee assisting with governance and monitoring. The Sustainability Committee also oversees health, safety, environment, community (HSEC) and other human rights matters, including the adequacy of the systems in place to identify and manage HSEC-related risks, legal and regulatory compliance and overall HSEC and human rights performance. Members of the Sustainability Committee are Non-executive Directors who have been determined by the Board to be appropriately skilled in HSEC matters.

BHP's strategy of owning and operating long-life assets means that we need to think and plan in decades. We can create long-term shareholder value only if we safeguard the sustainability of our business with the support of the communities in which we work. To do that, we must form and maintain deep, authentic and respectful relationships with all of our stakeholders.

Sustainability is one of the core values set out in *Our Charter*. To us, sustainability means putting health and safety first, being environmentally responsible and supporting our communities. The wellbeing of our people, the community and the environment is considered in everything that we do. *Our Requirements* standards clearly describe our mandatory minimum performance requirements and provide the foundation to develop and implement management systems at our assets. HSEC standards are also applicable to contractors working at our assets and we proactively engage with and encourage our suppliers, agents and service providers to maintain business practices and workplace standards that are comparable to our own.

BHP's *Our Code of Conduct (Our Code)* sets the standard for our commitment to working with integrity and respect. *Our Code* sets out standards of behaviour for our people in their dealings with governments and communities, third parties, BHP itself and each other. *Our Code* also outlines the human rights commitments applicable to our people, as well as our contractors and suppliers (where under relevant contractual obligation). *Our 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;
- outlines our expectations of our suppliers to apply our human rights zero tolerance requirements in relation to child labour, inhumane treatment of employees, forced or compulsory labour; and
- describes the process for our workforce to report to leaders, Human Resources personnel, or through EthicsPoint<sup>10</sup> any evidence of child or forced labour or the inhumane treatment of employees in our business or those linked to BHP.

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

### Human Rights Policy Statement

**In FY2019, we plan to consolidate our human rights commitments, governance and accountabilities into a Human Rights Policy Statement to support and embed our ongoing work to understand and address human rights risks and opportunities. An external facing policy statement is recognised in the UN Guiding Principles on Business and Human Rights as industry best practice.**

<sup>10</sup> Refer to the **Access to remedy** subsection in the **Governance and policies in relation to slavery & human trafficking** section of this Statement (at page 9).

### Materiality and stakeholder engagement

We conduct a materiality assessment every year to identify the sustainability issues that are most critical to our business and to our stakeholders. This process assists us to both track ongoing issues and identify emerging ones. This analysis informs our sustainability strategies and enables us to provide transparent coverage of key topics in line with Global Reporting Initiative (GRI) principles.

As part of this assessment, we analyse our risk registers and other inputs, and engage with internal and external stakeholders to identify the issues of most concern to them. The Sustainability Committee reviews the assessment and provides feedback on the issues identified.

The materiality assessment we conducted in FY2018 identified 'respecting human rights' as one of the critical sustainability issues for our business.

Our materiality assessment and stakeholder engagement processes are detailed in our 2018 Sustainability Reporting Navigator available online at [bhp.com](http://bhp.com).

### Requirements for suppliers and partner organisations

The *Our Requirements for Supply* standard sets minimum mandatory requirements for all our suppliers of non-traded goods and services, including zero tolerance in relation to child labour, forced or compulsory labour, freedom of association, living wage, non-discrimination and diversity, workplace health and safety, community interaction and treatment of employees (Zero Tolerance Requirements) (at page 8). We acknowledge the challenges of respecting human rights throughout our value chain and are committed to working with our suppliers and business partners to adopt principles and standards similar to BHP's.

The *Our Requirements for Supply* standard requires that each prospective supplier must be pre-qualified before being invited to tender or being set up as a vendor. Pre-qualification includes processes to identify and assess risks, applying the Zero Tolerance Requirements. Additional controls are then required to avoid or mitigate the risks identified during pre-qualification.

BHP uses standard contract templates for the supply of goods and services, wherever possible, which include:

- a requirement for the supplier to comply with our Zero Tolerance Requirements in its business with BHP, and to ensure subcontractors do likewise; and

- express acknowledgement of our expectation that the supplier will read, understand and adhere to *Our Code of Conduct*. Recognising that some of our suppliers have their own business conduct codes or commitments, we may agree to alternative contractual provisions that require the supplier to adopt and adhere to similar standards, practices or processes, as applicable.

In FY2018, we developed standard contract templates for our social investment (community development projects and donations) and commercial sponsorships. These also require the partner organisation or sponsored entity to comply with our Zero Tolerance Requirements in its BHP funded activities. In addition, the standard contract template for a community development project requires the partner organisation to read, understand and adhere to *Our Code* in their development and execution of the project.

While the use of standard contract templates is not mandatory, we expect the introduction of the new templates for our social investment and commercial sponsorships to advance understanding of our human rights-related expectations for BHP funded activities.

The roll out of the next stage of BHP's new Global Contractor Management System<sup>11</sup> in FY2019 is scheduled to include community development projects, donations and commercial sponsorships. We anticipate this will allow greater transparency globally over the performance of our social investment partner organisations and sponsored entities, aggregation of data and identification of opportunities to enhance performance.

### Australian Modern Slavery Act Reporting Requirement

In CY2017, BHP welcomed the opportunity to participate in the consultation process in response to the Australian Government's Public Consultation Paper and Regulation Impact Statement relating to the Modern Slavery in Supply Chains Reporting Requirement. We note the Final Report issued by the Australian Commonwealth Department of Home Affairs into Modern Slavery in Supply Chains Reporting Requirement, as well as the introduction of legislation to Parliament on 28 June 2018 to enact a Commonwealth Modern Slavery Act (MSA). Once passed, the MSA would establish a Modern Slavery Reporting Requirement applicable to companies earning more than A\$100 million annual consolidated revenue. We remain supportive of the introduction of a Modern Slavery Act in Australia.

We note that the Parliament of New South Wales (Australia) has enacted the Modern Slavery Act 2018 (due to commence upon proclamation).

<sup>11</sup> Refer to the **Due diligence in our supply chain** subsection in the **Due Diligence** section of this Statement (at page 10) for a description of this new system.

## The Our Requirements for Supply standard – Zero Tolerance Requirements (relevant components)

<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 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>	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 Conduct* has been breached. Employees and contractors can raise concerns through line managers or Human Resources personnel. Processes for the community to raise concerns are available at the asset level.

Concerns can also be raised through our confidential, 24-hour, multilingual business conduct and advisory hotline, EthicsPoint.

We acknowledge, investigate as appropriate and document all concerns. Where concerns are investigated and substantiated, we take appropriate remedial actions, advise the reporter (where possible) and document the outcomes.

*Our Code* prohibits any form of retaliation against anyone who raises a concern or participates in an investigation.

### Community concerns and our Assets

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We recognise that the nature of our business can create concerns as a result of our activities. Aligned with the United Nations Guiding Principles on Business and Human Rights, all our assets are required to have local mechanisms that record and address complaints and grievances.

Open channels of communication with local communities help us to build a common understanding of the issues, strengthen support for our operational activities and build trust. Our community practitioners manage complaints and grievances through informal interactions, community forums and formal complaint procedures, with the aim of avoiding escalation and achieving resolution.

Asset-level complaints and grievance mechanism procedures must be communicated to stakeholders and:

- 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.

In FY2019, we plan to review our approach to complaints and grievance mechanisms, introducing a Company-wide grievance procedure that will seek to enhance the effectiveness of all asset-level mechanisms using common criteria, while maintaining sufficient flexibility to account for the local cultural and operational context.

# Due diligence

## Due diligence in our business

Across our business we use due diligence to assist us in identifying and assessing risks, including those relating to slavery and human trafficking.

### Human Rights Impact Assessments

The *Our Requirements for Communications, Community and External Engagement* standard applies a requirement for Human Rights Impact Assessments (HRIAs). Key potential human rights risks must be identified and documented for our assets by undertaking a HRIA, which is reviewed whenever there are changes that may affect the impact profile. Our FY2017 Statement outlined this requirement in detail. Where a HRIA identifies a material risk, a Human Rights Management Plan is required to be implemented and reviewed annually. For example, a Human Rights Management Plan continues to be implemented at our Olympic Dam asset in South Australia where two material human rights risks, relating to the use of and access to BHP-owned pastoral stations and local governance, were identified in FY2014. A review of these risks was conducted in November 2017 and the human rights profile remains unchanged.

A HRIA is also required for investment in major capital projects, in accordance with the relevant *Our Requirements* standards, for each of the key project phases.

In FY2019, we will seek to introduce a common methodology for the conduct, analysis and integration of our HRIAs and related human rights risk assessment processes. This will build on our existing requirement for HRIAs and make available a body of knowledge and expertise across our assets and functions. We will work closely with our Risk function to further integrate this process within the Company's risk management framework.

### Due diligence investigations

Due diligence investigations are:

- used 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; and
- required for all major divestments and for other major transactions, including acquisitions, if appropriate and able to be undertaken.

## Due diligence in our supply chain

In FY2018, we introduced our new Global Contracting Management System (GCMS) (referred to in our FY2017 Statement as our supplier and contract management system) to strengthen our compliance controls, particularly in relation to anti-corruption, sanctions and human rights. It includes a human rights risk assessment matrix, assessing suppliers through a series of tailored questions and data inputs across 'Core' and 'Focused Risk' components to produce an 'Overall Risk Score' that triggers further due diligence and screening, as required. Our FY2017 Statement outlined this framework in detail. The figure below sets out the tailored human rights and modern slavery questions included in the GCMS<sup>12</sup>

GCMS was launched in April 2018. Over 3,000 suppliers were invited to complete registration in the first round after the launch, and over 72% of these suppliers are now registered<sup>13</sup> The remaining suppliers, over 28,000, will be required to complete the registration progressively.

In FY2018, we completed the next phase of work to improve the transparency and confidence of human rights risk management in our supply chain. The project:

- defined the vision of BHP's ethical supply chain and its road map;
- identified best practice and benchmarks on human rights practice in supply chains;
- identified opportunities to improve human rights risk assessment in BHP's supply chain; and
- developed a process to integrate human rights due diligence into the supply chain.

BHP recognises that integrating human rights due diligence into our supply chain requires a multi-year, cross-functional approach, designed to align, formalise and continuously review and deepen our understanding and assessment of suppliers. This includes engaging with our direct suppliers to assess and encourage continuous improvement in their own capacity to manage human rights risks (including modern slavery) in their subcontractors and broader supply chain.

<sup>12</sup> GCMS also includes specific questions to assess a supplier's alignment with our standards (including *Our Charter* values, *Our Code* and the Zero Tolerance Requirements) and our Health Safety & Environment and anti-corruption and sanctions requirements.

<sup>13</sup> As at 30 June 2018.

### Example of Human Rights and Modern Slavery questions from the Global Contracting Management System

Question	Description	Response
<b>Under 18's</b>	Are any employees or contractors on the site of your Organisation business below 18 years old?	No
<b>Transnational Migrant Workers</b>	Does your Organisation rely on transnational migrant workers to conduct operations?	No
<b>Migrant Workers Recruitment</b>	If the response is Yes, how does your Organisation recruit migrant workers?	N/A
<b>Allowance Deductions/ Wage Withholding</b>	Can your Organisation deduct allowances/withhold wages from workers in any way other than deductions required by law for social insurance and tax provisions (e.g. payroll taxes, social security)?	No
<b>Allowance Deductions/ Wage Withholding – Types</b>	If the response to the above is Yes, in which ways can your Organisation deduct allowances/withhold wages from workers?	N/A
<b>Strikes/Protests &amp; Labor Rights Violations</b>	Has your Organisation had a strike or workers protests or has it been sued for labor rights violations in the last 3 years?	No
<b>Strikes/Protests &amp; Labor Rights Violations – Resolution</b>	If the response to the above is Yes, has the issue been resolved?	N/A
<b>Whistleblower Procedure</b>	Does your Organisation have a documents, confidential grievance or whistleblower procedure covering all employees?	No

### Seafarers' Human Rights

In FY2018, we completed a project with Business for Social Responsibility (BSR)<sup>14</sup> to better understand the human rights and ethics risks (including the potential for forced labour or unacceptable working conditions) to which seafarers may be exposed on our charter vessels and to develop an inspection process designed to identify such exposures and any violations via physical inspections and interviews.

The project has identified potential opportunities to work with RightShip<sup>15</sup> to include additional questions regarding human rights risks for seafarers in its existing health and wellness assessment. Currently, the optional Health and Wellness Assessment conducted by RightShip considers factors that are not immediately evident through a physical

inspection of a vessel's condition (including shore leave and family support) and tracks efforts going beyond compliance with the Maritime Labour Convention (2006) requirements. In FY2019, we intend to work with RightShip to propose inclusion of seafarers' human rights in its assessments, including those issues covered under the Maritime Labour Convention. We hope this will enable BHP and other RightShip customers to help drive global improvements in seafarers' human rights.

<sup>14</sup> BSR is a global non-profit business network and consultancy that works with large multinational companies, government agencies and global and local non-governmental organisations in relation to sustainable business strategies and solutions.

<sup>15</sup> RightShip is a leading maritime risk management and environmental assessment organisation that aims to improve the safety and environmental sustainability of the maritime industry. The company is equally owned by BHP, Rio Tinto and Cargill. More information is available at [site.rightship.com/](http://site.rightship.com/)

## Risk assessment and management and Effectiveness

Our assets and functions are required to identify and manage material risks across our business activities, functions and processes in accordance with the *Our Requirements* for Risk Management standard. This is designed to allow us to consistently apply a risk-based approach to sustainability. The potential health, safety, environmental, community, reputational, legal and financial impacts of risks are to be identified in our assessments of material risks. We look for ways to continuously improve the way we embed risk management into our work processes and critical business systems.

We employ multiple levels of risk management throughout BHP, including verification by risk owners, functional assurance, and independent assurance by our Internal Audit and Advisory (IAA) function.

Human rights are integrated into BHP's risk management system through the relevant *Our Requirements* standards. We seek to identify and manage human rights risks and perform due diligence across all our activities. We engage regularly with communities, investors, civil society and industry associations on human rights-related issues and impacts of our operations on communities.

Our risk identification and assessment processes in relation to human rights, described in the **Due diligence in our own business** subsection of the **Due diligence** section of this Statement (at page 10), apply the risk management framework to specific business activities.

IAA evaluates the design and effectiveness of our sustainability processes every year. These results are considered in the development of plans to address improvements where required. Results are reported to the Executive Leadership Team and senior operational leaders, 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 FY2018 has not identified any instances of slavery or human trafficking taking place in our own business.

Based on the recorded complaints received via EthicsPoint<sup>16</sup> during FY2018, none related to slavery or human trafficking. We are able to confirm that no BHP supplier has been terminated due to identification of a slavery or human trafficking violation during FY2018.

We keep our assessment of the slavery and human trafficking risk profile for our business under review and continue to pursue continuous improvement opportunities for our relevant policies and practices.

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<sup>16</sup> Refer to the **Access to remedy** subsection in the **Governance and policies in relation to slavery & human trafficking** section of this Statement (at page 9).

# Training and capacity building

## Training

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

Acting in accordance with *Our Code* is a requirement of employment, and all our people are required to undertake annual training on *Our Code*. All new employees are provided with guidance to access *Our Code* (which includes the human rights commitments and standards described in the **Governance and policies in relation to slavery & human trafficking** section of this Statement, at page 9) upon commencement with BHP.

In FY2018, the Ethics team and key Human Resources representatives who have EthicsPoint accountabilities (Ethics Leaders) received training to develop their ability to identify, investigate and escalate as necessary any modern slavery concerns at BHP or in our supply chain reported via EthicsPoint or to Human Resources personnel. Ethics Leaders play a central role in the assessment, investigation and escalation of concerns relating to *Our Code* arising in each of our business regions.

An enhanced human rights training program for employees, contractors and business partners to better recognise human rights risks will be developed in FY2019 and delivered initially to employees identified as having the most salient touchpoints with human rights risks, including our Supply and Community practitioners.

## Collaboration

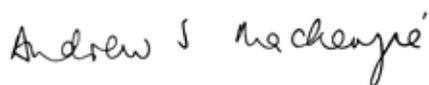
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In FY2018, BHP became a member of the Global Business Initiative on Human Rights, a global business-led initiative to advance corporate respect for human rights through peer learning and by strengthening business practice. This forum provides the opportunity for practitioners responsible for progressing human rights initiatives within their respective companies to regularly engage with other businesses, civil society and governments to share, contribute to and strengthen the corporate response to global human rights challenges.

In FY2018, BHP also became a member of the Shift Business Learning Program. Shift facilitates dialogue, builds capacity and develops new approaches with companies and other stakeholders to implement the UN Guiding Principles on Business and Human Rights. We plan to work with Shift in FY2019 to nominate target areas to progress our human rights performance across the business.

We recognise that there is the potential for modern slavery and human trafficking risks in all jurisdictions, and are committed to building an ongoing dialogue with stakeholders, including suppliers and regulators, to improve our understanding of these risks. We also acknowledge the complexity associated with this commitment, and are prioritising improved transparency and integrity in higher risk jurisdictions.

More information on BHP's human rights approach can be found at <https://www.bhp.com>



**Andrew Mackenzie**  
Director

For and on behalf of BHP Billiton Plc  
BHP Billiton Limited

## About this Statement

In this Statement, the terms 'BHP', the 'Company', the 'Group', 'our business', 'we', 'us', 'our', and 'ourselves' refer to BHP Billiton Limited, BHP Billiton Plc and, except where the context otherwise requires, their respective subsidiaries as defined in note 27 'Subsidiaries' in section 5.1 of BHP's 30 June 2018 Annual Report. Those terms do not include non-operated assets in which we have an interest. The Boards of Directors of BHP Billiton Limited and BHP Billiton Plc are referred to collectively as 'the Board'.

This Statement covers BHP's assets (including those under exploration, projects in development or execution phases, sites and closed operations) that have been wholly owned and/or operated by BHP and that have been owned as a joint venture<sup>17</sup> operated by BHP (referred to in this Statement as 'assets') during the period from 1 July 2017 to 30 June 2018. Our Marketing and Supply business and our functions are also included.

Nickel West has not been fully integrated into the BHP Operating Model and 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 all our assets to have local mechanisms that record complaints and grievances under the *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' or 'non-operated assets'). 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 our Sustainability Report 2018, available online at [bhp.com](http://bhp.com), for how we engage with our non-operated asset partners and operator companies at non-operated assets.

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<sup>17</sup> References in this Statement to a 'joint venture' are used for convenience to collectively describe assets that are not wholly owned by BHP. Such references are not intended to characterise the legal relationship between the owners of the asset.

# BHP