



September 20, 2017

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Mrs Lesley Burdock  
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Dear Mrs Burdock,

Thank you for your email dated August 31, 2017 alerting us the fact that BHP will be referenced in the upcoming Facing Finance Dirty Profits report. We appreciate the opportunity to review information contained within the report and to respond to previous and new allegations and concerns. We hope this additional information will prompt further review of the content included in this year's report.

As you are aware, in 2015 BHP demerged a selection of our alumina, aluminium, coal, manganese, nickel, silver, lead and zinc assets (including Mozal aluminium smelter in Mozambique) with the formation of South32, a separate and independent metals and mining company. In addition, we divested our Zamzama gas plant in Pakistan in December 2015. Therefore, we are unable to provide detailed content on any of these referenced assets, as those assets belong today to other companies which are completely independent from BHP.

We have noted a number of inaccuracies within the report and have noted these corrections embedded in the draft report provided. We have also taken the liberty of providing you with more detailed information on:

- Samarco (which is a non-operated joint venture owned by BHP Billiton Brasil Limitada (BHP Billiton Brasil) and Vale S.A. (Vale), with each having a 50 per cent shareholding);
- how we address the focus areas referenced in the report (environment, human rights, resettlements and Indigenous peoples) in assets wholly owned and operated by BHP or assets owned as a joint operation which are operated by BHP ("operated assets"), with links to relevant BHP documents; and
- governance of assets that are owned as a joint venture but not operated by BHP.

#### Fundão dam failure at Samarco, Brazil

BHP CEO, Andrew Mackenzie, travelled to Brazil in the week following the event and committed the company to doing everything possible to support Samarco in the response effort. The actions displayed since then, including the establishment of a project office and team of experts in Belo Horizonte and a Board Sub-Committee to support the recovery, demonstrate our commitment to supporting Samarco, and Fundação Renova, to achieve a full remediation and adequate compensation of the impacts of the tragedy.

In late November 2015, BHP commissioned two humanitarian experts to accompany one of its experienced social professionals to undertake a rapid, high-level and initial assessment of the downstream social and community impacts of the dam failure and the adequacy of the initial humanitarian response. The assessment concluded that the humanitarian response of government agencies and Samarco was meeting the immediate humanitarian needs of the affected population and being carried out in a timely, well-coordinated and effective manner. It stated that Samarco was actively supporting co-ordination structures developed by the appropriate authorities and directing its efforts through these structures and that it had placed the full weight of its human, financial and physical resources at the disposal of the humanitarian response effort.

Following the emergency phase, BHP worked with Samarco, Vale and other key government actors and regulators to develop a framework agreement to facilitate the design and execution of the remediation and compensatory programs. Indeed, after extensive discussions with the Brazilian Federal Government and its environmental and socioeconomic relevant agencies, as well as the states of Minas Gerais and Espírito Santo and their agencies, on 2 March 2016 the parties reached an Agreement that guaranteed full remediation and adequate compensation of all environmental and socioeconomic impacts (the “Framework Agreement”).

The Framework Agreement comprises 42 remediation and compensatory programs to be funded by Samarco, with annual contributions of BRL2 billion in 2016 and BRL1.2 billion in 2017 and 2018. The amounts of annual contributions for each of the years 2019, 2020 and 2021 will vary between a BRL800 million and BRL1.6 billion depending on the remediation and compensation projects to be undertaken in the particular year. To the extent Samarco does not meet its funding obligations, each of Vale and BHP Billiton Brasil is liable in proportion to its 50 per cent shareholding in Samarco.

As part of the obligations assumed under the Framework Agreement, Samarco, Vale and BHP Billiton Brasil established an autonomous non-profit and independent entity, Fundação Renova, which was operational by August 2016. Fundação Renova is the responsible entity to implement the Framework Agreement reparatory and compensatory programs.

The foundation has a team of 400 people, supported by professional and technical secondees from BHP Billiton Brasil and Vale and has a unique participatory governance model which incorporates inputs from a range of stakeholders including affected communities.

Progress on remediation and compensation programs and engagement activities are frequently updated on the Fundação Renova website (<http://www.fundacaorenova.org/en/>) and an annual report of the first year of activities is also available (<http://www.fundacaorenova.org/wp-content/themes/fundacao-2016/arquivos/activityreport.pdf>)

Samarco, Vale and BHP Billiton Brasil are currently in discussions with federal and state prosecutors’ offices to reach a new agreement based on process to review of the Framework Agreement signed with the federal and state governments. In accordance with a preliminary agreement signed with the Federal Prosecutors Office on 16 January 2017, the companies are providing full financing of expert technical support for prosecutors to conduct new assessments of social and environmental impacts and a process to review of existing Framework Agreement programs. Securing greater public participation is another dimension being discussed with Public Prosecutors in Brazil, through interventions such as the provision of technical assistance to affected communities.

#### BHP’s operated and non-operated assets

At BHP, we have a portfolio of operated assets, together with interests in companies and joint ventures that we do not operate (‘non-operated’ assets, hereinafter named “NOJV”). At an operated asset, we undertake the responsibility for the operation of the mine (or other facilities) including the [standards](#) implemented, whereas at a NOJV – given our more limited rights and interest as shareholders and the absence of a managerial role – our duties and role do not include the operation of the assets, but only the supervision and directional advice associated with the governance role of Boards membership and shareholding rights and obligations under the applicable laws and bylaws.

At NOJVs, we work collaboratively with our joint venture partners and the operating company through formal governance structures and technical exchanges to seek to influence standards and activities and promote alignment with standards applied across BHP’s operated assets.

#### Governance of our NOVJs

Following a review of governance at our minerals NOJVs, in FY2017 we created a NOJV leadership team and a supporting team, who are a single point of accountability with responsibility for all NOJVs, centralised in our Minerals Americas asset group. We have developed a global standard which defines the requirements for managing BHP’s interests in our NOJVs. These minimum requirements include a framework for

identification and management of risks to BHP from NOJVs, which is consistent with the risk management framework for identifying and managing risks across BHP. The global standard covers matters such as audits and input on succession planning for NOJV leadership positions. We are working closely with our NOJV partners with a view to establishing priority areas, communication strategies and workplans in line with this global standard.

Because Cerrejón is one of our NOJVs, we do not have operating responsibility. As such we have recommended that Cerrejón provide you with more detailed information in relation to its operations, addressing specific issues raised in the draft report, including with respect to the resettlements, access to water and land, Cerrejón's water use, diversion of the Bruno creek and prior consultation.

## BHP Standards at Our Operated Assets

### *Human Rights Approach*

Respecting human rights is critical to the sustainability of our business. Our strategy to develop large, long-life assets affords us the opportunity to make a positive contribution towards the realisation of a wide range of human rights, and the responsibility to respect rights and mitigate the human rights-related risks our activities may pose to others. We are committed to operate in a manner consistent with the United Nations' (UN) Universal Declaration of 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. You can view [our approach](#) in more detail on our website.

In March 2017, the results of the inaugural Corporate Human Rights Benchmark (CHRB), published by investors and civil society organisations to create a public benchmark of corporate human rights policy, practice and performance, were published. The CHRB assessed 98 of the largest publicly traded companies in the world on 100 human rights indicators, based on publicly available information. BHP received a score of 69 out of 100 and 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 FY2017, we established a global 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. The Group will propose a number of recommendations during FY2018.

### *Resettlements*

Resettlements are considered only as a last resort. If required, we ensure our operated assets develop and implement resettlement plans in alignment with IFC Performance Standard 5 and, where applicable, consistently with our Indigenous Peoples Policy Statement (see below). At Cerrejón, there are number of resettlements that occurred prior to the IFC Performance Standards, which were published in 2006. BHP is working closely with Cerrejón's other shareholders to support Cerrejón's efforts to address legacy issues, close out all actions associated with previous resettlements and continually enhance community performance standards. Cerrejón operates in an incredibly complex context and environment where a range of issues and inputs collectively impact on people's quality of life.

### *Indigenous Peoples*

In June of this year, we launched our [Indigenous Peoples Strategy](#), which demonstrates our commitment to the Company's [Indigenous Peoples Policy Statement](#) (published in 2015) and the 2013 International Council on Mining and Metals (ICMM) [Position Statement on Indigenous Peoples and Mining](#). All of our business regions have embarked on developing local Indigenous Peoples Plans, which will outline how we will implement the Strategy with key activities and performance indicators.

## *Environment*

We believe that transparency around revenue flows from the extraction of natural resources is an important element in the fight against corruption, and we are committed to upholding the highest standards of governance and transparent reporting. In recognition of our commitment to transparency, for three years in a row BHP has been named by Investor Environmental Health Network (IEHN) as #1 in industry for our proactive use of best practices and disclosure surrounding our hydraulic fracturing operations. That we have not only maintained this ranking but also increased our score speaks strongly about how we conduct our operations.

The IEHN is a collaborative partnership of investment managers and NGOs that assess and track how companies manage the financial, environmental, and community risks connected to hydraulic fracturing. The importance of valid and robust reporting is fundamental to the BHP's ability to gain trust and credibility within the communities where we operate, as well as attempting to encourage the industry more broadly to adopt and achieve best practice.

With the enhanced depth and analysis across each of the areas mentioned above, we continue to strengthen our approach to working with communities, to ensure our assets are world class financially, environmentally and socially, and to encourage greater investment interest and community support to have us as a preferred operator in their region.

We are also attaching our last Sustainability Report for FY2017 which has more detail across each of the areas of focus and certain of the assets you have highlighted in your report.

Sincerely,



Maria Olivia Recart

Vice President Corporate Affairs Minerals Americas