



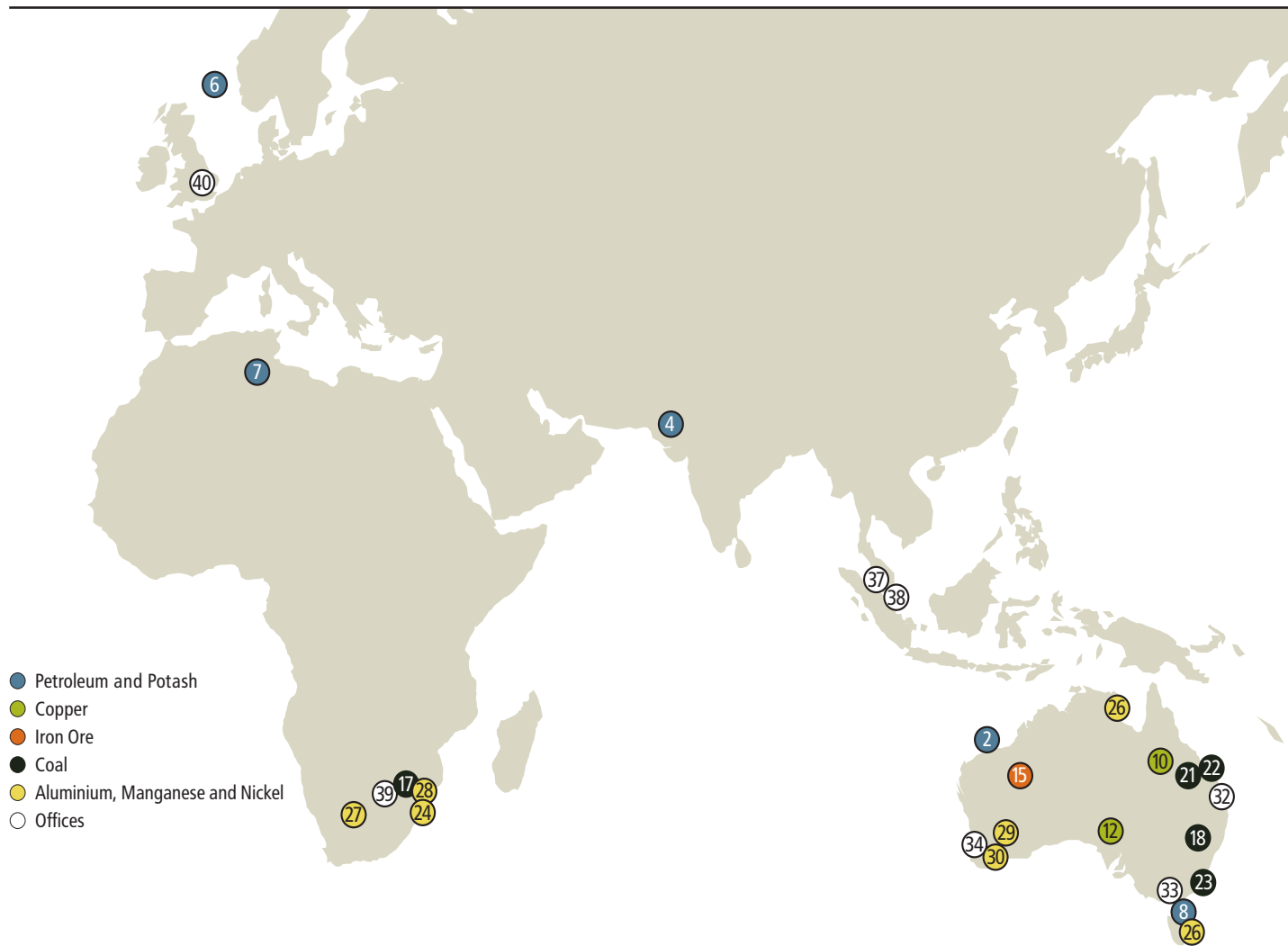
bhpbilliton
resourcing the future



Value through performance

Sustainability Report 2014





BHP Billiton locations

PETROLEUM AND POTASH

| Ref | Country | Asset | Description | Ownership |
|-----|---------------------|---|--|-----------|
| 1 | US | Onshore US | Onshore shale liquids and gas fields in Arkansas, Louisiana and Texas | <1–100% |
| 2 | Australia | Australia Production Unit | Operated offshore oil fields and onshore gas processing facilities in Western Australia and Victoria | 40–90% |
| 3 | US | Gulf of Mexico Production Unit | Operated offshore oil and gas fields in the Gulf of Mexico | 35–44% |
| 4 | Pakistan | Pakistan Production Unit | Operated onshore oil and gas fields | 38.5% |
| 5 | Trinidad and Tobago | Trinidad Production Unit | Operated offshore oil and gas fields | 45% |
| 6 | UK | UK Production Unit ⁽¹⁾ | Operated offshore oil and gas fields | 16–46.1% |
| 7 | Algeria | Algeria Joint Interest Unit ⁽²⁾ | Joint interest onshore oil and gas unit | 38% |
| 8 | Australia | Australia Joint Interest Unit ⁽²⁾ | Joint interest offshore oil and gas fields in Bass Strait and North West Shelf | 8.3–50% |
| 9 | US | Gulf of Mexico Joint Interest Unit ⁽²⁾ | Joint interest offshore oil and gas fields in the Gulf of Mexico | 5–44% |

(1) Liverpool Bay was divested in FY2014.

(2) Non-operated joint venture.

(3) Completed sale of Navajo Mine and will retain control until final transfer.

Locations are current at 11 September 2014.

COPPER

| Ref | Country | Asset | Description | Ownership |
|-----|-----------|-------------------------|--|-----------|
| 10 | Australia | Cannington | Silver, lead and zinc mine located in northwest Queensland | 100% |
| 11 | Chile | Escondida | The world's largest copper producing mine, located in northern Chile | 57.5% |
| 12 | Australia | Olympic Dam | Australia's biggest underground copper mine, also producing uranium, gold and silver | 100% |
| 13 | Chile | Pampa Norte | Consists of the Cerro Colorado and Spence open-cut mines, producing copper cathode in northern Chile | 100% |
| 14 | Peru | Antamina ⁽²⁾ | Open-cut copper and zinc mine, located in northern Peru | 33.8% |

IRON ORE

| Ref | Country | Asset | Description | Ownership |
|-----|-----------|----------------------------|--|-----------|
| 15 | Australia | Western Australia Iron Ore | Integrated iron ore mines, rail and port operations in the Pilbara region of Western Australia | 85% |
| 16 | Brazil | Samarco ⁽²⁾ | Open-cut iron ore mine, concentrators and pelletising facilities | 50% |



COAL

| Ref | Country | Asset | Description | Ownership |
|-----|--------------|----------------------------------|---|-----------|
| 17 | South Africa | Energy Coal South Africa | Open-cut and underground energy coal mines and processing operations | 50–90% |
| 18 | Australia | New South Wales Energy Coal | Open-cut energy coal mine and coal preparation plant in New South Wales | 100% |
| 19 | US | New Mexico Coal ⁽³⁾ | Two energy coal mines in New Mexico | 100% |
| 20 | Colombia | Cerrejón ⁽²⁾ | Open-cut energy coal mine with integrated rail and port operations | 33.3% |
| 21 | Australia | BHP Billiton Mitsubishi Alliance | Open-cut and underground metallurgical coal mines in the Queensland Bowen Basin and Hay Point Coal Terminal | 50% |
| 22 | Australia | BHP Billiton Mitsui Coal | Two open-cut metallurgical coal mines in the Bowen Basin, Central Queensland | 80% |
| 23 | Australia | Illawarra Coal | Underground metallurgical coal mines in southern New South Wales, with access to rail and port facilities | 100% |

ALUMINIUM, MANGANESE AND NICKEL

| Ref | Country | Asset | Description | Ownership |
|-----|--------------|------------------------|--|-----------|
| 24 | South Africa | Aluminium South Africa | One aluminium smelter at Richards Bay | 100% |
| 25 | Colombia | Cerro Matoso | Integrated laterite ferronickel mining and smelting complex in northern Colombia | 99.9% |
| 26 | Australia | Manganese Australia | Producer of manganese ore in the Northern Territory and manganese alloys in Tasmania | 60% |

ALUMINIUM, MANGANESE AND NICKEL continued

| Ref | Country | Asset | Description | Ownership |
|-----|--------------|------------------------|---|-----------|
| 27 | South Africa | Manganese South Africa | Integrated producer of manganese ore and alloy | 44.4–60% |
| 28 | Mozambique | Mozal | Aluminium smelter near Maputo | 47.1% |
| 29 | Australia | Nickel West | Integrated sulphide mining, concentrating, smelting and refining operation in Western Australia | 100% |
| 30 | Australia | Worsley | Integrated bauxite mine and alumina refinery in Western Australia | 86% |
| 31 | Brazil | Alumar ⁽²⁾ | Aluminium refinery and smelter | 36–40% |

BHP BILLITON PRINCIPAL OFFICE LOCATIONS

| Ref | Country | Location | Office |
|-----|--------------|--------------|---|
| 32 | Australia | Brisbane | Coal Head Office |
| 33 | Australia | Melbourne | Global Headquarters |
| 34 | Australia | Perth | Aluminium, Manganese and Nickel Head Office Iron Ore Head Office |
| 35 | Canada | Saskatoon | Potash Head Office |
| 36 | Chile | Santiago | Copper Head Office |
| 37 | Malaysia | Kuala Lumpur | Global Shared Services Centre |
| 38 | Singapore | Singapore | Marketing Head Office |
| 39 | South Africa | Johannesburg | Corporate Office |
| 40 | UK | London | Corporate Office |
| 41 | US | Houston | Petroleum Head Office |
| 42 | US | New York | Corporate Office |

About BHP Billiton

BHP Billiton is a leading diversified resources company. Our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources. Headquartered in Melbourne, Australia, with operations in 130 locations in 21 countries, we have a diversified portfolio and are among the largest producers of major commodities, including iron ore, metallurgical and energy coal, conventional and unconventional oil and gas, copper, aluminium, manganese, uranium, nickel and silver.

For further information on the Company, please visit our website at www.bhpbilliton.com.

A plan to demerge a selection of BHP Billiton's aluminium, coal, manganese, nickel and silver assets was announced in August 2014. This proposal would allow BHP Billiton to improve the productivity of its largest businesses more quickly and create a new global metals and mining company specifically designed to enhance the performance of the demerged assets. The transaction remains subject to regulatory approvals, Board approval and shareholder vote early in 2015.

About this Sustainability Report

BHP Billiton Limited, BHP Billiton Plc and our respective subsidiaries operate as BHP Billiton. Throughout this Sustainability Report, unless otherwise noted, 'BHP Billiton', the 'Company' and the 'Group' refer to the combined group. This includes our five Businesses, Petroleum and Potash, Copper, Iron Ore, Coal and Aluminium, Manganese and Nickel, our Group Functions and Marketing.

We regularly engage with our key stakeholders to understand their areas of interest and to address their potential concerns about our operational activities. While this Sustainability Report does not aim to examine all stakeholder issues, the most significant issues and their potential impacts are discussed. Anyone seeking to use information contained in this Sustainability Report, or seeking to draw conclusions from the data presented, should contact us for further verification and assistance.

Reporting approach

BHP Billiton is a registered Organisational Stakeholder of the Global Reporting Initiative (GRI). This Sustainability Report has been prepared in accordance with the GRI G3 Sustainability Reporting Guidelines, including the Mining and Metals Sector Supplement to an A+ level of reporting. As we are transitioning towards reporting against GRI G4 for our FY2015 Sustainability Report, we have included a number of G4 disclosures within this Sustainability Report.

As members of, or signatories to, the International Council on Mining and Metals, the principles of the United Nations Global Compact, the Extractive Industries Transparency Initiative and the Voluntary Principles on Security and Human Rights, we have complied with the reporting principles advocated by these bodies.

The BHP Billiton Sustainability Reporting Navigator, which assists in locating information related to these reporting principles, is available online at www.bhpbilliton.com.

This Sustainability Report also serves as our Advanced Level Communication on Progress for the Global Compact.

External assurance

KPMG has provided independent assurance in respect of this Sustainability Report including our GRI A+ application level. A copy of KPMG's assurance report is on page 56.

Report boundary and scope

This Sustainability Report covers assets that have been wholly owned and operated by BHP Billiton or that have been operated by BHP Billiton in a joint venture operation (operated assets) from 1 July 2013 to 30 June 2014 (FY2014). Our assets include those under exploration, projects in development or execution phases and closed operations. Our Group Functions and Marketing are also included. Monetary amounts in this document are reported in US dollars, unless otherwise stated.

At operated assets, BHP Billiton has the ability to set workplace health, safety, environment and community (HSEC) standards and enforce their application. At our non-operated assets, we provide our HSEC performance requirements and seek to influence the asset to follow them. An overview of our Businesses is available in section 2.1 of our Annual Report 2014.

This Sustainability Report is part of our Annual Reporting suite, which is available on our website at www.bhpbilliton.com. We welcome your feedback.

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Chief Executive Officer's Review



Welcome to BHP Billiton's 2014 Sustainability Report.

During the year, I have had the pleasure of working with teams across the Company as our people continue our commitment to sustainably supply the energy and resources that support development and growth. We believe there is great opportunity and sustainable competitive advantage in simplifying what we do and doing more with what we have, and this is now delivering significant productivity gains across our business. Yet it is how we have achieved these gains which we are most proud of. We have maintained our focus on the health and safety of our people, continued our commitment to support our host communities and protect the environment, while enhancing the performance of our operations.

Fundamental to how we work is *Our BHP Billiton Charter*. This is our most important document, uniting us around our purpose, strategy and key measures of success, and articulating our values of Sustainability, Integrity, Respect, Performance, Simplicity and Accountability. These values guide our behaviour, inform our decision-making and are integral to our long-term success.

In August 2014, we announced a proposal to create an independent global metals and mining company based on a selection of BHP Billiton's aluminium, coal, manganese, nickel and silver assets. Separating these assets via a demerger has the potential to unlock shareholder value by significantly simplifying the BHP Billiton Group and creating two portfolios of complementary assets. Once simplified, BHP Billiton would be almost exclusively focused on our large, long-life iron ore, copper, coal, petroleum and potash basins. With fewer assets and a greater upstream focus, BHP Billiton would be able to continue our focus on sustainability, reduce costs and improve the productivity of our largest businesses more quickly. Our commitment to *Our Charter* will remain unchanged and our existing community commitments will be fulfilled. The proposed demerger remains subject to the receipt of satisfactory third party approvals, final Board approval and shareholder vote.

The safety and health of our people always come first. Each year, we aspire to a fatality-free work environment and in FY2014, we achieved this with no fatalities across our operated assets. This reflects the dedication and commitment of our people to ensure we manage our material risks. We also maintained a downward trend in our total recordable injury frequency which decreased by nine per cent on FY2013, to a record low of 4.2 injuries per million hours worked. There is still more to do, and we will relentlessly work to identify and manage material health and safety risks, so our people go home safe and healthy at the end of each day.

As a significant user of energy and water, we seek to minimise the environmental footprint of our operations. In FY2014, we increased our focus on our direct, cumulative and indirect

environmental impacts within our area of influence and implemented compensatory actions to address residual impacts. We also continued to pursue opportunities that provide for the long-term endowment of areas of national and international conservation significance.

As a global business, we consider how best to mitigate and adapt to the effects of climate change in ways that will reduce societal impacts and maintain the supply of commodities. We accept the Intergovernmental Panel on Climate Change's finding that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable. We continue to look for opportunities that will improve our energy efficiency and implement greenhouse gas (GHG) reduction projects to mitigate emissions. In FY2013, we set a target to maintain our FY2017 GHG emissions below our FY2006 baseline levels while continuing to grow our business. We remain in line to meet our target and will continue to focus on overcoming barriers to GHG emissions reduction.

Our contribution to the countries and regions in which we operate is broad ranging. In FY2014, we paid taxes and royalties totalling US\$9.9 billion. We also provided employment opportunities, purchased local goods and services and developed infrastructure and facilities that benefitted our host communities. In developing nations, the commodities we supply are supporting economic development, providing access to energy and helping to improve standards of living for millions of people. In our host communities, we voluntarily invest in community programs which have a long-lasting, positive impact on quality of life. In FY2014, this investment totalled US\$241.7 million, including a US\$100 million contribution to the BHP Billiton Foundation. Our people also gave generously of their time and money to assist the work of not-for-profit organisations around the world. We support these contributions through our global Matched Giving Program which in FY2014, benefited more than 1,894 not-for-profit organisations, which received US\$12.1 million as part of the program.

Operating in an increasingly complex world means we must be resolute in our commitment to uphold *Our Charter* values and demonstrate leadership in governance and transparency. Our BHP Billiton *Code of Business Conduct* defines how our people and business partners must act when conducting BHP Billiton business and makes it clear that our commercial imperatives must never compromise our values. Ensuring consistently high standards of business conduct is therefore critical to maintaining successful relationships with our stakeholders and being their partner of choice. Our public commitments to ethical business conduct include our support of the objectives and principles of the International Council on Mining and Metals, the United Nations Global Compact, the Voluntary Principles on Security and Human Rights and the Extractive Industries Transparency Initiative.

As we reflect on our achievements in FY2014, it gives us great confidence for the future. Our focus on productivity within the spirit of *Our Charter*, is delivering ongoing returns for our shareholders, directly benefitting broader society, and supporting our work to respect and protect the environment. We sincerely thank our host communities for placing their trust in us and supporting our activities. To our talented and hard working employees and contractors, it is because of your commitment that we are delivering on our productivity agenda, sustainably and ethically, becoming more competitive and delivering to resource the future.

A handwritten signature in dark ink that reads "Andrew Mackenzie". The signature is written in a cursive, slightly slanted style.

Andrew Mackenzie
Chief Executive Officer

Our BHP Billiton Charter unites us around our purpose, strategy, values and measures of success.



Our Charter

We are BHP Billiton, a leading global resources company.

Our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.

Our strategy is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market.

Our Values

Sustainability

Putting health and safety first, being environmentally responsible and supporting our communities.

Integrity

Doing what is right and doing what we say we will do.

Respect

Embracing openness, trust, teamwork, diversity and relationships that are mutually beneficial.

Performance

Achieving superior business results by stretching our capabilities.

Simplicity

Focusing our efforts on the things that matter most.

Accountability

Defining and accepting responsibility and delivering on our commitments.

We are successful when:

Our people start each day with a sense of purpose and end the day with a sense of accomplishment.

Our communities, customers and suppliers value their relationships with us.

Our asset portfolio is world-class and sustainably developed.

Our operational discipline and financial strength enables our future growth.

Our shareholders receive a superior return on their investment.

Andrew Mackenzie
Chief Executive Officer

Our sustainability approach

Operating sustainably underpins everything we do.

Maintaining our licence to operate as a global company is dependent upon gaining access to natural resources and ensuring we build long-term relationships with our shareholders, employees, contractors, communities, customers and suppliers. *Our BHP Billiton Charter* value of Sustainability is core to our strategy, ensuring we integrate health, safety, environmental, social and economic factors into our decision-making.

Our approach to sustainability reflects our priority to put health and safety first, be environmentally responsible and provide support to our host communities. In reporting our sustainability performance, we include our impact on the environment and approach to climate change, water stewardship, resource conservation and biodiversity, and our efforts to ensure the broader economic contributions of our operations benefit the regions in which we operate.

Governance and sustainability

Our Board governs the Group in a manner consistent with *Our Charter*, our strategy and our commitment to a transparent and high-quality governance system. The Board has established a number of committees to assist in exercising its authority and to monitor the performance of the Group. The Sustainability Committee assists the Board in oversight of health, safety, environment and community (HSEC) matters, including climate change. This includes overseeing areas relating to HSEC risk control, compliance with applicable legal and regulatory requirements, and overall HSEC performance of the Group.


The Board delegates authority to the Chief Executive Officer (CEO) to manage the Group in its pursuit of creating long-term shareholder value through the discovery, acquisition, development and marketing of natural resources. Established by the CEO, the Group Management Committee (GMC) is the Group's most senior executive body. The GMC's purpose is to provide leadership to the Group, determining its priorities and the way it is to operate, thereby assisting the CEO in pursuing the corporate purpose. The GMC is a forum to debate high-level matters important to the Group and to ensure consistent development of the Group's strategy.

Assessing our HSEC performance

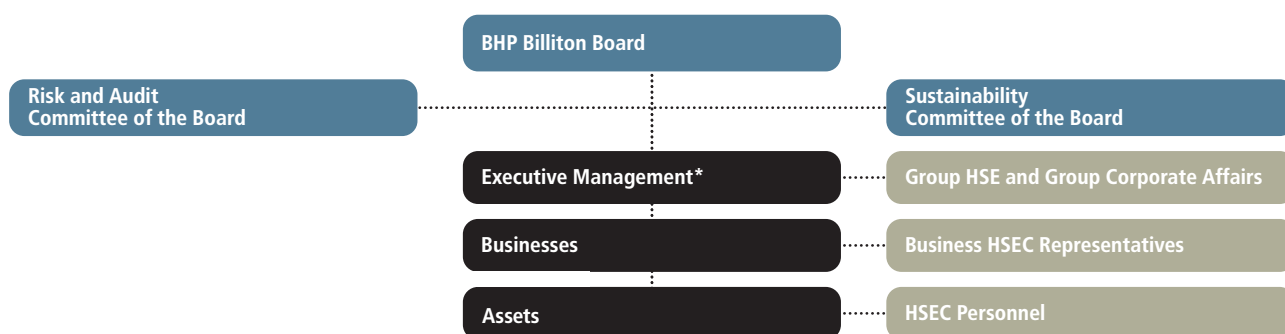
To link HSEC matters to remuneration, 20 per cent of the FY2014 short-term incentive opportunity for GMC members was based on HSEC performance. This was an increase from 15 per cent in FY2013, reflecting the importance the Board and GMC place on sustainability. The Sustainability Committee assists the Remuneration Committee in determining appropriate HSEC metrics to be included in GMC scorecards and in assessing performance against those measures. The Board also has discretion over both the short-term and long-term incentive opportunities for GMC members and takes into consideration HSEC performance. For FY2014, the Sustainability Committee reviewed performance against the designated measures as derived from our HSEC targets as detailed on page 6 of this Sustainability Report.

HSEC performance is measured as a balanced scorecard within the overall annual bonus assessment. In FY2014, six elements were considered: no work-related fatalities or significant environmental or community incidents; reduction in total recordable injury frequency (TRIF) and occupational illness; Health; Environment; Community; and HSEC risk management. The Health and Environment measures included assessment against the implementation of plans or projects for reduction in occupational exposures, water and greenhouse gases. Percentage outcomes are interpolated as appropriate where performance is between Threshold and Target, and Target and Stretch, and following assessment against these designated measures, the Remuneration Committee considered it appropriate to take a holistic view of how the Group has performed in critical areas.

The Board believes this method of assessment is rigorous and balanced and provides an appropriate, objective and comprehensive assessment of performance.

 Further information on the metrics and their assessment is available in the Remuneration Report contained in section 4 of our Annual Report 2014.

BHP Billiton Sustainable Development Governance



* Authority to manage the Company is delegated to the CEO. The CEO delegates authority to committees, including the GMC, and individuals.

Our sustainability approach continued

Identifying and managing our material risks

Due to the nature of our operations, HSEC incidents may adversely affect our people, our business, our host communities or our licence to operate. Our *Risk Management* Group Level Document (GLD), which contains our mandatory minimum requirements, provides the framework for embedding risk identification and management into our business activities, functions and processes. This is the basis of an active and consistent risk-based approach to sustainability. A broader discussion of our risk factors and management approach is provided in section 1.7 of our Annual Report 2014.

Embedding risk management into the work management processes of our critical business systems enables us to adopt a consistent approach to risk management based on valid data and sound science. Through our business systems, each aspect of work is detailed from preparation to completion, including the operation of relevant critical controls and verification that work has been done to an appropriate standard. In this way, HSEC critical activities are built into the planning of work and become part of the way work is managed.

We mandate criteria to assess the risks that we consider material to our business and take into consideration the potential health, safety, environmental, community, reputational, legal and financial impacts. The severity of any particular risk is assessed according to the most severe impact associated with a specific risk. Risks are considered material to our business if they meet either the maximum foreseeable loss (MFL) or residual risk rating (RRR) criterion. The MFL is the plausible worst-case scenario for any risk when all active risk controls are assumed to be ineffective. The RRR represents the level of residual risk associated with the particular material risk after taking into account the controls that are already in place and have had their effectiveness tested. The risk assessment process allows us to understand the potential causes and impacts, and determine the residual risks in the context of business plans.

As part of the governance of our HSEC controls, 18 internal audits were conducted in FY2014 to test how effectively we manage our material risks. Audit results are used by management to create detailed action plans to address gaps in the requirements. Key findings are reported to the relevant Business Presidents, while summary reports are considered by the Sustainability Committee of the Board and, where appropriate, by the Risk and Audit Committee of the Board.


Applying our sustainability approach

In addition to the legal requirements of the countries in which we operate, our approach to sustainability is defined by our GLDs. These clearly describe our mandatory minimum performance requirements and accountabilities across the Group, and are the foundation for developing and implementing management systems at our operations.

GLDs relating to health, safety, environment and community are referenced throughout this Sustainability Report. These GLDs outline our approach to the Group's material sustainability risks and highlight a commitment to international policies, standards and management practices. These include the principles and mandatory requirements of the position statements of the International Council on Mining and Metals Sustainable Development Framework, the United Nations (UN) Global Compact, the UN Declaration of Human Rights and the Voluntary Principles on Security and Human Rights.

We seek to ensure our customers, suppliers, agents, service providers and contractors maintain business practices and workplaces that are aligned with our relevant GLDs. We also provide GLD performance requirements to our non-operated assets and seek to influence the asset to follow these requirements.

Those GLDs that describe our management approach to HSEC issues have been made publicly available for the benefit of our stakeholders.

 Our HSEC GLDs are available on our website at www.bhpbilliton.com.

In FY2014, we revalidated our HSEC GLDs to ensure they are structured to focus on mitigating significant risks and that they contain clear objectives to deliver effective HSEC outcomes, while supporting productivity.

A key element of our sustainability approach is to regularly review our performance and publicly report our progress. This Sustainability Report is an example of our approach to stakeholder engagement, accountability and transparency. It also serves as a public reference, providing a collation of performance data and statements of key issues and related management approaches.

MULTIPLE PERSPECTIVES CREATING BETTER OUTCOMES: THE FORUM ON CORPORATE RESPONSIBILITY



As a global company, we interact with a diverse range of stakeholders who represent our host communities, regions and nations. A core part of our management approach is listening and responding to our key stakeholders. The feedback we receive from these stakeholders helps us understand their expectations, enables us to prioritise issues effectively and contributes to our overall sustainability strategy. Details on our stakeholder engagement are on page 50 of this Sustainability Report.

In addition to building relationships with stakeholders locally, engagement with civil society is highly valued by BHP Billiton senior management.

Since 1999, the BHP Billiton Forum on Corporate Responsibility (the Forum) has been pivotal in ensuring we make informed decisions on a range of sustainability issues and develop appropriate sustainability standards. The Forum challenges our thinking and provides multiple perspectives that enables us to develop and maintain progressive policies and standards. This is helping to facilitate better outcomes for society and the environment.

The Forum is a key component of our stakeholder engagement program and comprises nine highly respected civil society leaders, some members of our Group Management Committee, and representatives from our Group Health, Safety and Environment and Group Corporate Affairs functions. The Forum is chaired by our Chief Executive Officer. Civil society members are appointed for a four-year term, ensuring we maintain a fresh perspective on the issues, concerns and views of our external stakeholders.

Over the years, the Forum has reviewed and made a significant contribution to the development of our environment, community and security standards and on our approach to climate change, biodiversity, business ethics and human rights. Additionally, the Forum has had input into our public sustainability targets and plays an important role in contributing to the material issues that inform our sustainability reporting process.

In FY2014, the Forum met on two occasions to debate a broad range of topics, including climate change and energy; the Company's role in society and community investment; free, prior and informed consent; transparency and anti-corruption.

*Top left to right:
 Greg Bourne, Chair, Australian Renewable Energy Agency (Australia);
 Mick Dodson, Director, National Centre for Indigenous Studies, Australian National University (Australia);
 Cristina Echavarria, Board Member, Alliance for Responsible Mining (Colombia);
 Tommy Garnett, Founder and Director of Programs, Environmental Foundation for Africa (Sierra Leone);
 Simon Longstaff, Executive Director, St James Ethics Centre (Australia);
 Yaa Ntiamoah-Baidu, Chair, Centre for African Wetlands, University of Ghana (Ghana);
 Changhua Wu, Greater China Director, The Climate Group (China);
 Phil Vernon, Director of Programs, International Alert (UK);
 Ray Offenheiser, President, Oxfam America (US).*

 Additional information on the Forum is available on our website at www.bhpbilliton.com.

Our sustainability performance



In FY2013, we introduced new targets focused on our most material health, safety, environment and community (HSEC) risks across the Group.

These targets were developed to be integrated into our established five-year business planning processes and are supported by the mandatory minimum performance requirements detailed in our suite of HSEC Group Level Documents (GLDs). A number of targets also reflect our commitment to progressive leadership and performance in the areas of HSEC.

Our performance against these targets in FY2014 is presented in the table below.

 Additional detail is available in the Appendix and throughout this Sustainability Report.

● Not achieved ● Achieved ○ On track

| Target | FY2014 Performance | | |
|---|--------------------|---|--------------|
| | Result | Commentary | Target date |
| Safety | | | |
| Zero fatalities at our operated assets. | ● | No fatalities at our operated assets. | Annual |
| Year-on-year improvement of our total recordable injury frequency (TRIF). ⁽¹⁾ | ● | TRIF performance was 4.2, a 9% improvement compared with FY2013. | Annual |
| Conduct annual reviews for alignment with the Voluntary Principles on Security and Human Rights and implement improvement plans to close out identified gaps. | ● | Annual reviews for alignment with the Voluntary Principles on Security and Human Rights were conducted and improvement plans are being implemented where required. | Annual |
| Health | | | |
| In addition to the use of personal protective equipment (PPE), which safeguards our workforce, we will reduce potential occupational exposure ⁽²⁾ to carcinogens and airborne contaminants by 10%. | ○ | A 22% reduction in potential exposures compared with our FY2012 baseline. | 30 June 2017 |
| Environment | | | |
| No significant environmental incidents ⁽³⁾ resulting from operations at our operated assets. | ● | No significant environmental incidents at our operated assets. | Annual |
| We will maintain total greenhouse gas emissions below FY2006 levels, ⁽⁴⁾ while we continue to grow our business. | ○ | Greenhouse gas emissions were lower than the FY2006 baseline. | 30 June 2017 |
| All operations to develop dedicated management plans, including controls to prevent, minimise, rehabilitate and offset impacts to biodiversity and ecosystems services. | ● | Land and Biodiversity Management Plans were in place at all our operations. | Annual |
| We will finance the conservation and continuing management of areas of high biodiversity and ecosystem value that are of national or international conservation significance. | ○ | During FY2014, the Five Rivers Conservation Area achieved formal conservation status and the Valdivian Coastal Reserve applied for formal status.  Refer to page 31 for more details. | 30 June 2017 |
| All operations with water-related material risks, inclusive of volume and quality considerations, will set targets and implement projects to reduce their impact on water resources. | ● | All our operations that identified water-related material risks, implemented at least one project to improve the management of associated water resources. | Annual |
| Community | | | |
| No significant community incidents resulting from operations at our operated assets. | ● | A significant community incident occurred at our Cerro Matoso nickel operation in Colombia involving protests from a local Indigenous community.  Refer to page 37 for more details. | Annual |
| 1% of pre-tax profits invested in community programs, including cash, in-kind support and administration, calculated on the average of the previous three years' pre-tax profit. | ● | US\$241.7 million invested in community programs, including US\$100 million to the BHP Billiton Foundation. | Annual |
| All Assets to have local procurement plans with targets. | ● | All Assets have local procurement plans in place with targets. | Annual |

(1) The sum of (fatalities + lost-time cases + restricted work cases + medical treatment cases) by 1,000,000 ÷ actual hours worked. Stated in units of per million hours worked. We adopt the United States Government Occupational Safety and Health Administration Guidelines for the recording and reporting of occupational injuries and illnesses.

(2) For exposures exceeding our FY2012 baseline occupational exposure limits if not for the use of PPE.

(3) A significant incident is one with a severity rating of four and above, based on our internal severity rating scale (tiered from one to seven by increasing severity), and aligned to our *Risk Management* GLD.

(4) FY2006 baseline will be adjusted for material acquisitions and divestments based on asset greenhouse gas emissions at the time of transaction.

Focusing our efforts on the things that matter most

To deliver successfully on our business objectives, we identify and respond to the sustainability issues that have a direct or indirect impact on our business, our stakeholders and society at large.

Identifying our material sustainability issues

We conduct a materiality assessment on an annual basis to identify and prioritise the sustainability issues that are material to our business and our stakeholders. This materiality assessment helps us focus our management efforts and enables us to report effectively. The materiality assessment process to identify the topics included in this Sustainability Report included:

- Identifying issues by reviewing our Group Risk Register, enquiries from our shareholders and investors, and daily media coverage.
- Rating the significance of these issues from our stakeholders' perspectives and the potential impact on our business as low, medium or high.
- Assessing the issues and seeking feedback from key internal and external stakeholders. Engagement with key external stakeholders, including our Forum on Corporate Responsibility,

other non-governmental organisations, investor groups, and union and supplier representatives, was achieved via one-on-one interviews. Our health, safety, environment and community leaders across our business also review the issues identified, and advise of any gaps.

- The issues were then reviewed by the Sustainability Committee of the Board and reassessed throughout the preparation of this Sustainability Report.

The themes that are common to a number of material issues have been grouped into focus areas for the purpose of this Sustainability Report, as outlined in the diagram below. Supporting performance data is provided in the Appendix.



Governance

We believe high-quality governance supports long-term value creation.

OUR APPROACH

As a global business, we are committed to upholding international standards and ethical business practices and making strategic decisions which are in the best interests of the Company.

Our strategy, as set by our Board, is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market. Successful implementation of our strategy requires us to sustainably develop our asset portfolio to deliver superior long-term shareholder returns. The Board has a responsibility to ensure each investment decision is made in accordance with *Our BHP Billiton Charter* and in consideration of a range of factors, including the health and safety of our people, our impact on our host communities and the environment, and the potential impact of climate change on our organisation.

We operate in an industry where many of our activities are highly regulated by laws governing health, safety and the environment. We are committed to compliance with the laws and regulations of the countries in which we operate and, where applicable, to exceeding legal and other requirements which are less stringent than our own. A key element of our governance approach is to regularly review our performance and publicly report our progress. To focus our efforts on the things that matter most, we set targets and measure our performance, promoting continuous improvement and the efficient use of our resources.

2014 HIGHLIGHTS

US\$9.9 billion

paid in company taxes, royalties and certain indirect taxes



Operating with integrity

Wherever we operate in the world, we do so with integrity, doing what is right and doing what we say we will do.

Why this is a focus area

To maintain our position as one of the world's leading companies, we are committed to ethical business practices and high-quality governance in all our dealings.

Ensuring proper business conduct

The BHP Billiton *Code of Business Conduct* represents our commitment to upholding ethical business practices and applies to every employee, our suppliers and contractors, and our business partners working with or for us.

Underpinned by *Our Charter* values, the *Code of Business Conduct* makes it clear that commercial objectives can never compromise our commitment to working with integrity. We recognise that at times our people may find themselves in situations where complying with the *Code of Business Conduct* may appear to conflict with the ability to win or retain business. We have confidence that in upholding the *Code of Business Conduct*, we are working in the right way.

Embedding the requirements of the *Code of Business Conduct* across BHP Billiton is the responsibility of every leader. Each area of the Group has the responsibility of completing and executing annual training and communication plans, including face-to-face meetings with all employees and certain contractors.

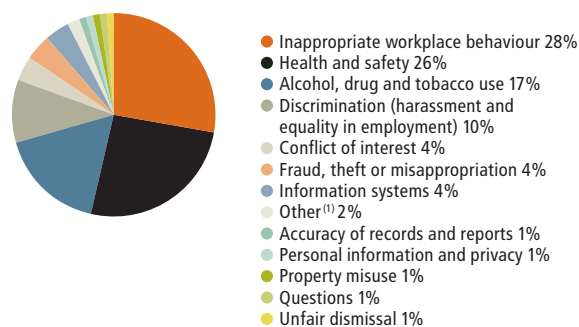
To address any grievances or concerns that may be raised by our internal or external stakeholders, we have a number of reporting mechanisms available across the Group, including reporting to line managers or human resources representatives. EthicsPoint, BHP Billiton's business conduct advisory service, is a worldwide service available to internal and external stakeholders that facilitates the raising, management and resolution of business conduct queries and concerns via a confidential 24-hour, multilingual hotline and online case management system.

Contact details for the EthicsPoint service are available on our website at www.bhpbilliton.com.

In addition, community complaint and grievance processes are available at a local level to acknowledge, investigate and document community concerns. Depending on the nature and severity of a concern that has been raised, it may require referral or further investigation. The management of queries, concerns and business conduct investigations is undertaken and recorded in accordance with defined processes.

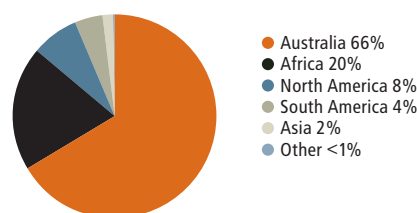
In FY2014, 1,996 business conduct cases were recorded. Of these, 1,572 cases were raised via our human resources or business representatives and 424 were raised through EthicsPoint. In line with our reporting requirements, 203 cases concerning harassment and equality in employment were recorded and appropriately investigated. Of these cases, 24 remain open as at 30 June 2014. In 93 cases, appropriate disciplinary actions, including termination, were instituted. Of the outstanding cases from FY2013, two remain under investigation.

Business conduct cases by category



(1) Communicating externally; community; competition and antitrust; corruption; gifts, meals, entertainment and travel; government relations; insider trading; intellectual property; third parties; and environment.

Business conduct cases by region



Anti-corruption

Our *Anti-corruption* Group Level Document (GLD) and *Code of Business Conduct* prohibit unethical conduct, including bribery and corruption, in all our business dealings regardless of the country or culture within which our people work.

Our procedures require appropriate due diligence in selecting and engaging third parties, the maintenance of accurate and reasonably detailed records of expenditures, the implementation and maintenance of specific approval requirements for corruption-sensitive transactions, and any other processes viewed as necessary and appropriate to prevent, detect and respond to violations of anti-corruption law. We also prohibit any and all facilitation payments to government officials.

As previously disclosed, BHP Billiton received requests for information in August 2009 from the US Securities and Exchange Commission (SEC). Following that request, the Group commenced an internal investigation and disclosed to relevant authorities evidence that it has uncovered regarding possible violations of applicable anti-corruption laws involving interactions with government officials.

The issues relate primarily to matters in connection with previously terminated exploration and development efforts, as well as hospitality provided as part of the Company's sponsorship of the 2008 Beijing Olympics. The Group is currently discussing a potential resolution of the matter.

Operating with integrity continued

BUILDING CAPACITY WITH OUR SUPPLIERS



Our iron ore operations in Western Australia have engaged a leading Chinese engineering company to develop and deliver the next generation ore cars.

Our iron ore rail system is one of the most technologically advanced and demanding in the world. Reliable ore cars are key components for the smooth operation of the system, which improves our productivity and guarantees stable supply of our product to our customers. China is one of our key markets. This relationship is strengthened through our procurement in China. Since 2009,

we have worked with a reputable Chinese manufacturer to establish a quality control program in China that ensures full compliance to our *Supply 'Source to Contract'* GLD and Australian standards. Through an ongoing process of on-the-ground HSEC and fabrication inspections, testing and quality control and by working cooperatively to achieve design outcomes, the manufacturer has

improved its health and safety performance and built its overall management and technical capability. This has resulted in improvements in the design of the ore cars and delivered a better-quality performance on-site, with potential savings over five years of 20 per cent against current supply.

As has been publicly reported, the Australian Federal Police has indicated that it has commenced an investigation and the Group continues to fully cooperate with the relevant authorities.

In light of the continuing nature of the investigations it is not appropriate at this stage for BHP Billiton to predict outcomes.

Sustainability in our supply chain

We understand our responsibility to ensure we only engage with suppliers who have responsible and ethical business practices. Our objective is to build long-term partnerships that provide sustainable benefits for our partner suppliers, our business and for the communities in which we operate. These relationships are managed in accordance with relevant contractual arrangements, *Our Charter*, our *Code of Business Conduct*, the *Anti-corruption* GLD and relevant health, safety, environment and community (HSEC) GLDs.

To identify sustainability risks across our supply chain, we use a risk-based approach within our *Supply 'Source to Contract'* GLD to support our suppliers' alignment with our HSEC and business conduct requirements. These requirements include zero tolerance of a number of human rights infringements, including child labour, inhumane treatment of employees and forced or compulsory labour. Our suppliers are also required to adopt an open attitude towards legitimate activities of trade unions.

Contracted suppliers are assessed on a matrix for commercial dependency versus supplier risk and assigned a tiered segmentation. A procedure to engage with each supplier is developed appropriate to the level of risk. During FY2014, we conducted facility visits to our most critical global suppliers to assess compliance with our HSEC, zero tolerance and business conduct requirements. We also implemented minimum supplier performance evaluation plans that are monitored on a regular basis.

Significant suppliers (tier one) represent approximately five per cent of our suppliers. We regularly review our internal Group Risk Register and assess any reported changes that have the potential to introduce a higher risk to our Company than what was previously assessed. We actively monitor our controls and actions for the assessed risks in our supply chain and during FY2014, significant changes in our tier one supply chain included the addition of 13 new suppliers and the change of 42 suppliers from tier one to tier two, due to a change in supplier segmentation. We also removed 21 suppliers from the tier one supply chain due to HSEC and *Code of Business Conduct* issues.

Conducting business transparently

We care as much about how results are achieved as we do about the results themselves.



Why this is a focus area

Our long-term success is dependent upon our ability to transparently report on and conduct our business. We are committed to being responsible stewards of the natural resources we develop and use in our operations and believe consistent and proper business conduct demonstrates respect and integrity and creates trust with our stakeholders.

Assessing risk when entering a new country

Regardless of location, rigorous assessment processes are required for every project we consider. We respect the authority of government and our operations are required to work within relevant legislative and regulatory frameworks at the local, regional, national and international levels. The performance measures detailed in our *Country and Sanction Risk* GLD stipulate that in high-risk countries, proposed new activities that may expose the Group to a material risk issue, such as a reputational, legal or business conduct impact, must be assessed to ensure risks are properly managed and mitigated. New activities may include establishing new sales or purchase contracts, undertaking new community investment programs, interactions with government officials, or obtaining new tenements, licences or acreage in a new region.

Product stewardship

The multi-commodity nature of the Group means we have a diversified customer portfolio. We seek to work with those involved in the life cycles of our products to enhance environmental and social performance along the supply chain and to promote responsible use of our products.

As our main activities are resource extraction and primary processing, the majority of the life cycles of our products occur after our products have left our control. Through our membership of the International Council on Mining and Metals (ICMM), we have committed to implementing the ICMM Sustainable Development Framework, which requires us to facilitate and encourage responsible design, use, reuse, recycling and disposal of our products along the supply chain. Through our management systems and internal audit processes, we assess, prevent or mitigate potential environmental, health and safety risks to our people and communities to ensure the resources we produce are properly managed.

Many of our products are required to have a specific safety data sheet. These sheets outline the relevant health, safety and environmental aspects of our products and are available to our customers and the transporters of our products. For products where chemical safety assessments are required by law, we also supply exposure scenario information to our customers, which cover risk management measures for the identified uses of our products.

In FY2014, we engaged in a number of product stewardship initiatives, including with the International Manganese Institute, Steel Stewardship Forum, International Aluminium Institute and the Australian Petroleum Production and Exploration Association.

Under the International Maritime Solid Bulk Cargoes Code, we have been actively involved in researching the behaviour of iron ore fines (IOF) cargoes carried by sea. As a result, a new IOF shipping schedule has been developed, accounting for the specific physical and chemical properties of IOF, relating to its potential to liquefy. We also provided extensive input and guidance into an industry technical working group that developed an appropriate transportable moisture limit test method for IOF. Furthermore, we are documenting a moisture management plan to implement controls and provide the assurance that our IOF product does not liquefy on board a vessel, thereby maintaining the vessel's stability. This work has been extended to coal shipments, drawing heavily on the science from the IOF project and we are taking a leading role in an industry research project to understand and manage potential liquefaction in coal shipments.

As a member of the World Nuclear Association, we follow their uranium product stewardship principles. This includes supporting the safe and peaceful use of nuclear technology and promoting sustainable development for the industry. Our product stewardship activities range from participating in national and international stewardship programs to allowing our customers to audit our HSEC activities. We share concerns about the safe and secure packaging, transportation, handling and storage of uranium from our mine site to Australian Government-approved overseas facilities. This is managed through a range of active controls and monitoring processes, including product security and transport arrangements put in place by BHP Billiton, the overseas conversion facilities and the respective international authorities.

Conducting business transparently continued


A number of our coal operations have participated in product stewardship initiatives, including internal and external audits of the HSEC activities undertaken by our operations and through the provision of ongoing technical assistance to our customers to better understand the properties of our products, including how they can be used more efficiently. As a member of the World Coal Association, we work with the industry to proactively manage product stewardship issues, including forthcoming requirements of the International Maritime Organisation International Convention for the prevention of pollution from ships.

Closure planning

Closure planning is a key consideration in the planning and development of our projects and operations. We are committed to minimising and mitigating the legacy impacts on the environment and related communities throughout the life cycle of our operations. In line with our *Corporation Alignment Planning* GLD, our operations are required to develop and maintain closure plans that address the details of rehabilitation activities for disturbed land, remediation requirements for contaminated land, and end uses for land and infrastructure. Closure plans are also required

to include community livelihood opportunities post-closure, design and engineering specifications for structures remaining at closure and human resource strategies addressing retention and transition opportunities for employees. In addition, we require closure plans to be developed as part of our major capital investments to ensure we understand potential closure liabilities and have the opportunity to reduce them during the design stage. The closure plans provide the basis for estimating the closure costs and the associated accounting for closure and rehabilitation obligations.

An ongoing internal closure planning audit program, established in FY2011, tests the effectiveness of the controls detailed in our *Corporation Alignment Planning* GLD. Findings from these audits are reported to the relevant Business Presidents, while summary reports are considered by the Sustainability Committee of the Board. During FY2014, 10 audits were conducted and, where required, improvements to the closure plan or provisions were implemented.

 Information on these provisions is available in note 18 'Provisions' to the Financial Statements in our Annual Report 2014.

Transparently reporting our payments to government

We believe that transparency of government revenue arising from the extraction of natural resources is an important element in the fight against corruption. We have been a supporter of the Extractive Industries Transparency Initiative (EITI) since its inception in 2002 and we continue to engage actively with EITI processes in the countries where we operate. The EITI is a global initiative to improve governance in resource rich countries through the verification and full publication of company payments and government revenue from oil, gas and mining. It provides a level playing field and ensures all companies disclose payments made to governments on the same basis.

We also believe appropriate national and extra-territorial mandatory corporate reporting complements the EITI and provides a globally consistent regulatory framework for all extractive industry companies. We have developed four principles to outline what we believe any transparency framework should encompass to best tackle the fight against corruption.

Our transparency principles

| | |
|-----------------------|--|
| Responsibility | Governments, civil society and the corporate sector must work in partnership to support transparency and help fight corruption. We are committed to acting transparently and publicly reporting the payments we make to governments. |
| Openness | Transparency is in the best interests of our shareholders, employees, contractors, partners, the customers, communities and societies in which we operate, and is essential to good governance and responsible investment. |
| Fairness | Nations that share resource wealth and are accountable to their communities have the potential to attract greater, more responsible and long-term investment. Ensuring our host communities share in our success is critical to the long-term future of our Company. |
| Accessibility | Revenue transparency information must be meaningful, practical and presented in a form that is easily captured, reported and understood. Governments, corporations and civil society organisations have important roles to play in ensuring communities have the capacity to analyse and effectively interpret the information provided. |

In line with our support for the EITI, we report payments of taxes and royalties derived from resource developments on a country-by-country basis. The data is presented as the taxes and royalties that we pay as BHP Billiton (such as corporate income taxes and royalties) and also those that we collect on behalf of employees. Data is available on page 52 of this Sustainability Report.

Our payments to governments in FY2014 included US\$9.9 billion in company taxes, royalties and certain indirect taxes, and approximately US\$1.5 billion in taxes collected on behalf of employees. More than 99 per cent of our payments are made to 14 countries. Of these, our largest payments are made in Australia, where we have the majority of our assets.

Addressing climate change

Addressing climate change is a Board governance and strategic issue. Successful implementation of our strategy requires us to sustainably develop our asset portfolio to deliver superior long-term shareholder returns.

Why this is a focus area

We recognise our responsibility to take action by focusing on reducing our emissions, increasing our preparedness for physical climate impacts and working with others, including our industry and governments, to enhance the global response to climate change. To effectively address the challenge of climate change, there must be a significant focus on developing and deploying low-emissions technologies.

Climate change governance

There is uncertainty around the physical impacts of climate change and how the world will respond to these impacts or seek to mitigate climate change. In light of this, our investment decisions are informed by a comprehensive understanding of a range of possible climate change outcomes and the associated risks and opportunities to delivering shareholder value. We use a broad range of scenarios that consider critical global uncertainties (e.g. macroeconomic and geopolitical) and their impacts on supply and demand assumptions to test our portfolio and investment decision-making.

Our approach to addressing climate change is to identify emerging trends, develop strategies, coordinate activity across the Businesses and report our performance externally. Our Group Management Committee has primary responsibility for the design and implementation of an effective position and response to climate change and accountability for performance against our climate change metrics. We also seek input and insight from external experts, such as the Forum on Corporate Responsibility.

To reflect updates in scientific knowledge and global regulatory and political responses, we regularly review our position on climate change. We incorporate climate change considerations into our Group scenarios to understand potential impacts on our portfolio. We also conduct annual reviews of performance against Business greenhouse gas (GHG) targets to ensure we are on track to achieve our Company target. The Sustainability Committee has considered a range of climate change scenarios and continues to monitor the actions being taken to manage a range of climate change impacts and policy responses.

Our perspective on climate change

We accept the Intergovernmental Panel on Climate Change's (IPCC) assessment of climate change science, which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable. We believe the world must pursue the twin objectives of limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements, while providing access to the affordable energy required to continue the economic growth essential for maintaining living standards and alleviating poverty.

We use the IPCC's findings to build our understanding of the impacts climate change will have on our business and to inform our decision-making. Limiting climate change will require substantial and sustained reductions of GHG emissions. Our view is that an effective, long-term climate change policy framework should use a portfolio of complementary measures to reduce emissions and build resilience. This should include a price on carbon that addresses competitiveness concerns, support for energy-efficiency improvements and the development and deployment of low-emissions technologies, together with measures to respond to the physical impacts of climate change.

We will continue to take action to reduce our emissions and build the resilience of our operations, investments, communities and ecosystems to the impacts of climate change. Recognising their role as policy makers, we engage with governments to enhance the global response. We work in partnership with resource sector peers to improve sectoral performance and increase industry's influence in policy development to deliver effective long-term regulatory responses. Through material investments in low-emissions technology, we will contribute to reducing emissions from the use of fossil fuels.

The global challenge

Our diverse portfolio is important in meeting global demand for energy. We will continue to adjust the shape of our portfolio to match energy and commodity demand and meet society's expectations while maximising shareholder returns.

Our approach to investment decision-making and portfolio management ensures that climate change risks are identified, assessed and appropriately addressed. We have been applying an internal price on carbon in our investment decisions and portfolio evaluation for more than a decade and were early adopters of this approach. We maintain a view on carbon pricing using a carbon price protocol which we update regularly. Our carbon price protocol tracks the progress of national commitments to tackle climate change throughout the world, including our major operating regions and customer demand centres and considers various potential scenarios for how global emissions and policy will evolve over time. We look at the potential for reductions in emissions and the cost associated with those reductions to determine an appropriate price level for each relevant country or region. In doing so, we consider the effectiveness of different policies, political situations required to pass legislation, timing to implement reductions and the interaction between policy mechanisms.

Through a comprehensive and strategic approach to corporate planning, we work with a broad range of scenarios to assess our portfolio, including consideration of a range of policy responses to and impacts from climate change. Our work suggests that BHP Billiton's portfolio diversification provides resilience to our overall asset valuation. The diversity of our overall portfolio, which includes energy (oil, coal and uranium) and minerals (including copper, premium-quality iron ore and potash), uniquely positions us to manage and respond to changes and capture opportunities to grow shareholder value over time.

Stranded assets and the 'carbon bubble'

The potential gap between the current valuation of fossil fuel reserves on the balance sheets of companies and in global equities markets and the reduced value that could result if a significant proportion of reserves were rendered incapable of extraction in an economically viable fashion due to responses to climate change is known as the 'carbon bubble'. Although this concept has been discussed by NGOs and academics for several years, there has recently been renewed interest in this topic, particularly from ratings agencies and investment analysts. There is, however, little consensus on what specific carbon prices, fossil fuel demand or market prices might trigger this devaluation.

Providing access to the affordable energy required to continue economic growth is essential for maintaining living standards and alleviating poverty. Under all current plausible scenarios, fossil fuels will continue to be a significant part of the energy mix for decades.

BHP Billiton uses a scenario framework, including for forecasting commodity prices, that considers critical global uncertainties (e.g. macroeconomic and geopolitical) and their impacts on supply and demand assumptions. Using a range of carbon prices and commodity demand and pricing assumptions across a variety of internally consistent scenarios, we have determined that BHP Billiton's overall asset valuation is not at material risk, the pay-back periods for most present and future investments in fossil fuels production are relatively short and the portfolio remains robust.

Mitigation

We have been setting GHG targets for our Businesses since 1996 and have a goal to limit our overall emissions to below our FY2006 baseline by FY2017. Meeting an absolute target is not easy. Growth across our Businesses will increase emissions, and we must continually look for opportunities to improve our energy efficiency and implement GHG reduction projects to mitigate this increase. All our Businesses are required to minimise their emissions to reduce our contribution to climate change. They must identify, evaluate and implement all suitable projects that prevent or minimise GHG emissions, including in project design and equipment selection.

 For further information on our GHG emissions reduction projects, please refer to page 28 of this Sustainability Report.

Adaptation

We recognise that we must ensure our business is resilient and can adapt to physical climate change impacts that will occur. Our assets are long-lived, so we take a robust, risk-based approach to managing these impacts. Our assessment of the regional impacts on our Businesses shows that they are already exposed to risks as a result of climate change impacts, including increasing storm intensities, greater water supply variability and an increasing number of high-temperature days. These impacts can affect health and safety, productivity and financial performance. Testing the resilience of our operations to these impacts has already changed the way we work. For example, the identification and assessment of increasing storm intensity and storm surge levels has resulted in raising the height of the trestle at our Hay Point coal port facility in Australia as part of our expansion plans.

We continue to look for enhancements to the Company-wide integrated planning framework to allow better assessment of the physical risks associated with climate change and to ensure resilience is embedded into our business plans and investment decisions. We will also look for opportunities to work in partnership to improve community and ecosystem resilience to the impacts of climate change.

Investing in technology and innovation

To effectively address the challenge of climate change, there must be a significant focus on developing and deploying low-emissions technologies over the next few decades. The rate of technology improvement and subsequent adoption must be faster than the usual commercial timeframes if these technologies are to be available at scale and at acceptable cost to meet the global challenge. Industry and government will need to work together in collaborative partnerships to facilitate this step-change.

We are a foundation member of the Cooperative Research Centre for Greenhouse Gas Technologies, one of the world's leading collaborative research organisations focused on carbon capture and storage (CCS). We contribute a voluntary levy to the Australian Coal Association Low Emissions Technologies to facilitate the development of low-emissions technologies from coal use, including CCS. We are a member of the Global Carbon Capture and Storage Institute, which aims to accelerate the development, demonstration and deployment of CCS globally through knowledge sharing, fact-based advice and advocacy and works to create favourable conditions to implement CCS.

We are developing a more integrated approach to low-emissions technology to provide a roadmap for our investments. We will investigate opportunities for investment across a range of technologies that have the potential to lead to material emission reductions in our operations and across our supply chains. To accelerate deployment of any prospective technologies, we will seek opportunities to partner with governments, industry leaders and key researchers.

 Further information on our approach to climate change plus a detailed discussion of regulatory, physical and other climate change risks and opportunities, as contained within our Group response to the Carbon Disclosure Project Investor Request, are available on our website at www.bhpbilliton.com.



People

Our people are the foundation of our success and their health and safety comes first.

OUR APPROACH

Regardless of where we work or what we do, we strive to create a working environment that is free from injury and illness. Our priority is to identify, understand and manage the material risks within our business, ensuring our people, suppliers, contractors and the communities in which we operate remain safe and healthy.

Throughout our business, we encourage our people to step-up and use their functional expertise to help us deliver on our strategy and contribute to our long-term future. We grow and develop through diversity, creativity, collaboration, energy and encouragement, and by rewarding our people for achieving results.



2014 HIGHLIGHTS

123,803

employees and contractors

9 per cent reduction

total recordable injury frequency.

No fatalities at our operated assets.

Keeping our people and operations safe

We seek to simplify the way we manage safety and to appropriately manage our risks to protect our people.



Why this is a focus area

We recognise that the health and safety of our people comes first. This is core to *Our BHP Billiton Charter* and to every aspect of our business. Our people are key to our long-term success and central to continuously improving our health, safety, environment and community (HSEC) performance.

Managing our safety risks

To understand, manage and, where possible, eliminate the risks in our business, we have appropriate controls in place and provide our people with appropriate training. While eliminating hazards through engineering or physical controls has a strong place in safety management, we understand it is only part of the solution.

Our minimum mandatory requirements are detailed in our *Fatal Risk Controls* Group Level Document (GLD). These are the steps required to identify, assess and control seven key risk areas for our organisation: vehicles and mobile equipment, explosives and blasting, ground control, hazardous materials, isolation and permit-to-work, work at height, and lifting operations. The controls implemented to address these risks are consistent with Articles 6-12 of the International Labour Organization's Safety and Health in Mines Convention, 1995 (No. 176).

Our operations are also required to have systems in place to identify and effectively manage foreseeable crises and emergencies. This ensures our operations can deal with potential casualties, to limit harm and safely return to full function as soon as possible.

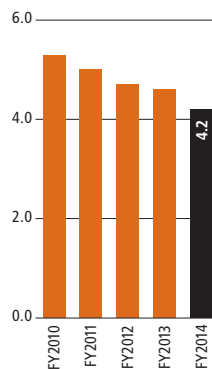
Across our Businesses, we undertake annual assessments to verify that critical controls are effective in managing each material risk. During FY2014, we maintained this focus, which included assessing whether the critical controls were being deployed as designed and to the standard required.

Following a review of material safety risks that were recorded in our Group Material Risk Register, studies were undertaken to further assess the events, risk ratings and critical controls to manage the risks associated with fire and explosion at underground coal and hard rock mines, fall of ground in open-cut and underground mines, and fire and explosion associated with our oil and gas operations. These studies identified opportunities for improvement, which are being assessed for implementation by the relevant operations.

Our safety performance

In FY2014, no fatalities were recorded at our operated assets. This is the goal we aspire to achieve on an ongoing basis. In prior years, we have been successful in significantly reducing but not in eliminating fatalities, and this year we continued to see potentially significant safety events. During FY2014, our overall total recordable injury frequency (TRIF) performance of 4.2 injuries per million hours worked improved by nine per cent compared with 4.6 injuries per million hours worked in FY2013.

Total recordable injury frequency ⁽¹⁾



(1) Per million hours worked.

SAFETY IN CONFINED SPACES



Our Businesses have developed tools to protect our people from the risks of working in confined spaces.

At our BHP Billiton Energy Coal South Africa's (BECSA) Klipspruit colliery an electronic remote monitoring device designed specifically for confined-space work has reduced the risks for workers. Confined-space work has inherent risks, including oxygen deficiencies and the accumulation of carbon monoxide and other flammable gases. As work is conducted in isolation and in very small compartments, communication via two-way radios is not always possible. A BECSA team developed a remote monitoring device that enables audio and visual communication.

Real-time gas measuring sensors are also integrated into the system, with gas concentrations displayed within the confined space and remotely in the control room. The remote console also includes a wide-angle motion detection camera, intercom system, call button and gas measuring sensors that can be configured to measure oxygen and toxic and flammable gases. Components are housed in an industrial-grade enclosure and attached via heavy-duty magnets to any metal surface.

At our nickel refinery in Western Australia, a tool has enabled workers to assess the adequacy of ventilation and make informed decisions about safe work within a confined space. Ventilation plans now contain significantly more detail on how to maintain a safe atmosphere within a confined space and include details on volume turnovers inside the space, type and volume of gas input, nature of the work, fume extraction and forced ventilation. This has led to a significant reduction in the likelihood of an unsafe atmosphere occurring.

DELIVERING SAFER, MORE PREDICTABLE AND PRODUCTIVE OPERATIONS THROUGH TECHNOLOGY



Autonomous haul truck at our Jumblebar iron ore mine in Western Australia.

We are committed to pursuing mature and proven technology options that lead to improvements in workplace health and safety. In FY2014, a trial of six autonomous haul trucks commenced at our new Jumblebar iron ore mine in Western Australia. Autonomous haul trucks allow us to remove people from potentially hazardous environments, increase the predictability and productivity of our haulage operations, provide new employment and training

opportunities, and reduce the labour intensity of future mining operations. The trucks are monitored and operated from our Integrated Remote Operations Centre, located in our Perth offices. The trial will test the roles, processes and technology required to operate the trucks and provide us with an understanding of the safety benefits. If the trial is successful, consideration will be given to expanding the use of autonomous haul trucks.

Keeping our people and operations safe continued

IMPROVING AND STANDARDISING OUR AERODROME INFRASTRUCTURE



With more than 200,000 passenger movements annually, our Iron Ore Business in Western Australia has made measurable improvements to our owned and operated aerodromes.

Photo credit: Kilderbeck Photography Services.

As part of a global process to improve and standardise contracted aircraft technical specification and related aerodrome infrastructure, our Iron Ore Business was one of the first adopters of automatic dependent surveillance-broadcast equipment on their contracted aircraft, providing safety and efficiency benefits. Our Barimunya and Coondewanna

aerodromes have Bureau of Meteorology-approved aerodrome automated weather stations that produce aviation forecasts for flight planning purposes. Both aerodromes have precision approach path indicator systems for vertical flight path guidance, and global navigation satellite system approaches to enable all-weather operations. Local response

capability has also been improved with an increase in airfield rescue fire-fighting capability, and the relocation of an emergency medical evacuation helicopter to the Coondewanna aerodrome. The helicopter is available to serve the local community and performed four community-related missions in FY2014.

Managing our aviation risks

Each year, we make more than 500,000 people movements to and from our operations using contracted aircraft services. In FY2014, we introduced five minimum critical controls in our *Aviation* GLD to provide a framework for aviation material risk management across our operations. The minimum controls include requirements that personnel must meet all licence and experience requirements and be fit for work; aircraft must be appropriate for the activity and suitably equipped; fuel must be of an acceptable quality and quantity for the activity; weather monitoring and forecasting must be appropriate for the activity and operating environment; and infrastructure must be of an acceptable design and in acceptable operating condition for take-off and landing. These controls will provide greater consistency with which aviation risk will be addressed and will enable best practice to be shared across the Group. Furthermore, we require two pilots for all passenger operations, which is above the industry standard.

In FY2014, BHP Billiton led an industry group in revalidating the Flight Safety Foundation's *Basic Aviation Risk Standard*, which is the underlying technical standard that we use in our aviation activities, as mandated by our *Aviation* GLD. This technical standard includes additional equipment requirements for long-term contracted helicopter and aircraft services over and above minimum regulatory expectations, such as traffic collision avoidance systems, terrain awareness warning systems, upper torso restraints, vibration monitoring systems and multi-engine requirements in certain conditions.

Responsibly undertaking deepwater drilling

Deepwater oil and gas exploration is an important aspect of our business. Our skilled drilling professionals use comprehensive and proven processes and systems to conduct deepwater drilling operations in a safe manner that complies with the regulations where we operate and our own strict requirements. We maintain common worldwide standards, cultivate a culture of continuous improvement and focus on reducing risks in all our offshore oil and gas drilling operations. In the Gulf of Mexico, the *C. R. Luigs* is an ultra-deepwater drillship at the forefront of our Neptune and Shenzi fields. Under contract to our Petroleum and Potash Business since 2000, the drillship has worked to improve workplace risks, finding simple solutions to complex challenges.

While our focus is on incident prevention, risk mitigation plans include contracts with specialist providers for mobilisation of oil spill response and the latest capping and containment technology systems. We undertake regular emergency response drills, internally and in conjunction with local regulatory agencies.

Focusing on the health of our people

Ensuring the health of our people at work and for the long-term is important to us.



Why this is a focus area

To prevent occupational illness and injury, we are focused on ensuring the work our people are required to do does not impact their health and that they are fit for work. This means identifying and assessing risk factors, and managing and minimising their impact. For some roles, this may include a medical assessment based on risk, taking into consideration the work to be performed and the work environment.

Managing our health risks

During FY2014, we continued to focus on the ongoing identification and management of significant health risks across our organisation. The minimum mandatory controls contained within our *Health Group Level Document (GLD)* were revalidated and are structured around three principal aims: the prevention of illness from exposure; ensuring people are fit for work; and returning people to work after illness or injury.

In our business, the health risks at our workplaces include occupational exposure to noise; carcinogenic substances, such as silica, diesel particulate matter (DPM), nickel, sulphuric acid mist and coal tar pitch volatiles; other airborne contaminants, such as coal mine dust and fluoride; and musculoskeletal stressors.

Risks to fitness-for-work, such as fatigue and impairment from illegal or legal drugs, including alcohol, have been recognised. All our workplaces are required to develop and implement a fatigue management plan and a risk-based drug and alcohol program. In a number of our operations, the fatigue management plan includes consideration of the fatigue-related risks of getting to and from the workplace.

Our health target performance

In FY2012, we established a health target baseline and committed to reduce potential occupational exposure to carcinogens and airborne contaminants by 10 per cent by FY2017. In FY2014, we recorded a 22 per cent decrease in the number of potential exposures to carcinogens and airborne contaminants, if not for the use of personal protective equipment, compared with our FY2012 baseline. We have therefore currently exceeded our target; however, exposure control remains an area of focus to ensure our reductions are maintained.

The reductions in FY2014 can largely be attributed to a number of initiatives, including the commissioning of a new ventilation shaft at our manganese mine in South Africa; improvements in dust control at our Illawarra Coal operations in Australia; successful control of diesel particulate exposures at our BHP Mitsubishi Alliance coal operations and our Nickel West underground operations in Australia; and improved control of the smelting process at our manganese operation in Australia; as well as the partial closure of our aluminium smelter in South Africa. This exposure reduction was partially offset due to increased activity at one of our copper operations in Chile.

While good progress has been made in relation to occupational exposures to carcinogens and airborne contaminants, and it is probable that we will exceed our FY2017 target, there are potential risks that may result in deterioration in our position. Maintaining our exposure reductions relies on the successful adoption and maintenance of effective exposure controls and on our ability to effectively implement new controls that limit an increase in worker exposures associated with business expansion.

Focusing on the health of our people continued

REDUCING EXPOSURE TO DIESEL PARTICULATE MATTER



Our people at Cannington are actively engaged in finding solutions that reduce exposure to diesel exhaust.

The use of large diesel-powered mobile equipment to move materials, people and product is an integral part of our business. As a result of the combustion process, diesel engines emit Diesel Particulate Matter (DPM), exhaust gases and a range of vapours and compounds collectively referred to as diesel exhaust. Exposure can lead to short- and long-term risks to health, including headaches, irritation and nausea, and respiratory disease. The International Agency for Research on Cancer has classified diesel exhaust as carcinogenic to humans and the scientific data regarding the dose response for diesel exhaust continues to evolve. In keeping with the 'precautionary principle', our Businesses are required to implement controls at 50 per cent of the diesel exhaust occupational exposure limit (OEL), in contrast to all other agents, which do not require control implementation until the OEL is exceeded. In the underground environment, the diesel exhaust exposure risk is exacerbated due to the confined nature of the operations.

At our Cannington silver, lead and zinc mine in Australia, an integrated engineering control has been developed to actively reduce DPM

at the source. Working with the equipment manufacturer, Cannington has redesigned its underground loader engines and developed a diesel particulate flow-through filter to reduce DPM. Additional benefits include an increase in the fuel efficiency of underground heavy vehicles, reduction in exhaust and engine noise, reduction in component heat and risks associated with heat transfer and fire, and an increase in workforce awareness of technology to abate occupational exposures.

Our Cliffs nickel mine in Western Australia implemented a DPM reduction project to reduce the health risks of exposure to DPM by also reducing diesel engine emissions at the source, managing the transmission of DPM through the underground environment and minimising personal exposure to the risk. A number of engineering and administrative controls were implemented, including the use of low-sulphur fuel and low-ash oil, which are known to burn cleaner; installing diesel particulate filters on the underground haulage truck fleet and large underground loaders; implementing a DPM measurement program for mobile equipment diesel exhaust; providing

adequate mine ventilation to the underground workplaces; conducting periodic inspections; monitoring; education; and providing appropriate personal protective equipment.

In our underground coal operations, the control of exposure to diesel particulate is a key focus area. Control strategies are based on low-emission engines, fuel selection, scheduled maintenance, exhaust filtration and personal protective equipment. In addition, administrative control, balancing the number of units in a section and the mine ventilation, is used to further reduce exposure.

We are investigating the advantages of using diesel fuel that is maintained at a high level of cleanliness, free of contamination and moisture. To facilitate this, we are establishing a clean diesel network with the key objectives of education and awareness with respect to the advantages of maintaining clean fuel, quantification and verification of fuel savings, maintenance savings, gaseous and particulate emission reductions and highlighting related change management activities on fuel handling, storage and infrastructure opportunities.

Managing occupational exposure

We manage our exposure through compliance with occupational exposure limits (OELs). Our Businesses are required to comply with regulatory OELs that apply in the jurisdiction they are operating in; however, they must also comply with the OELs specified in our *Health GLD*. These are sourced from the UK Health and Safety Executive (HSE) and for selected substances that are significant to our operations, OELs are set internally. We set a lower OEL when we have determined that the use of regulatory or HSE OELs may not be sufficient to protect our people and may result in severe long-term health impacts. The review of our OELs is a continual process and is supported by scientific evidence, peer analysis and independent review.

Our operations are required to identify health risks and establish an exposure risk profile for harmful agents. They are required to review the profile to validate exposure levels and account for process changes. Periodic medical surveillance is required when potential exposure to harmful agents exceeds 50 per cent of the OEL. This identifies health effects at an early stage and allows us to confirm whether the exposure controls we have in place are functioning as designed. Where exposure potentially exceeds, or is anticipated to exceed, the OEL, the implementation of exposure controls is required.

Our priority is to control occupational exposures at their source and minimise their impact. All our operations are required to evaluate and implement exposure controls in project design and equipment selection, and in accordance with the hierarchy of controls, starting with elimination, substitution, isolation and engineering, and finishing with administrative controls and personal protective equipment. We are focused on continuously improving our exposure controls.

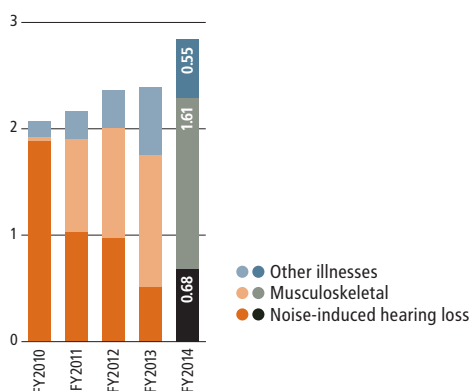
Preventing occupational illness

To ensure our people are fit for work, we require our operations to have systems in place to minimise the risk of exposure, incidents and injuries. Across the Group, we continue to monitor the incidence of occupational illness within our workforce and to implement activities designed to counter lifestyle-related risk factors.

In FY2014, the incidence of employee occupational illness was 2.84 per million hours worked, an increase of 19 per cent on FY2013. We are reporting contractor occupational illness for the first time this financial year and the incidence was 1.07 per million hours worked for contractors. A significant number of the illnesses in our workers are due to long-term slow onset conditions such as noise induced hearing loss (NIHL) and gradual onset musculoskeletal conditions. We are less likely to see these illnesses in contractors who are only working with us for short tenures. Additionally, our ability to access contractor illness data is variable across the Group and hence our data set is not as comprehensive as that for employees. We continue to work with our contractors to collect the most accurate data possible.

In FY2015, we will be reviewing occupational illness across the Group and as part of this will investigate any other causes for the differences in the rates of employee and contractor illness. The incidence of employee occupational illness has been increasing across the Group since FY2010, largely due to increased reporting of musculoskeletal illnesses. Where an individual has been identified as having a work-related illness or injury, we facilitate medical treatment and, where necessary,

Employee occupational illness⁽¹⁾⁽²⁾



(1) Per million hours worked.

(2) In FY2014, occupational illness is expressed based on the number of hours worked. This has been applied to prior reporting years.

a rehabilitation program based on medical advice. We also seek to optimise return-to-work outcomes through early reintegration into the workplace, to the extent practicable.

Exposure to noise

Due to the nature of the work we perform (using heavy equipment, drilling and blasting activities, confined work environments), noise-induced hearing loss (NIHL) is an ongoing health issue across our industry.

After four years of trending downwards, NIHL increased in FY2014. The improvement in reported cases of NIHL over the four years to FY2013 was largely due to a gradual decline in the number of cases detected following the 2010 introduction of the US Government's Occupational Safety and Health Administration (OSHA) reporting guidelines. The OSHA criteria required a lower degree of hearing loss to be reported, resulting in the reporting of a number of legacy cases (workers with potentially longstanding NIHL, which was previously unrecognised or not reaching the former reporting threshold). The bulk of these were identified in the first two years following the change, with evidence of a reduction in such cases extending into FY2013. The additional cases of NIHL in FY2014 were from our Aluminium, Manganese and Nickel Business, where two of our Australian assets have introduced programs for the early detection of hearing loss, which has resulted in a greater focus on this illness.

We expect an increase in cases of NIHL in FY2015 due to a large number of legacy cases likely to be detected at our Western Australia Iron Ore (WAIO) Asset. Health surveillance was carried out by the regulator, from 1996 until it ceased in January 2013. The WAIO health surveillance program has since been set up and is used to identify possible cases of NIHL, and assess them against the OSHA criteria. This work will progress throughout FY2015.

The fact that more cases are being detected indicates that more focus on the effectiveness of exposure control is required. As well as controlling exposure through engineering means our operations are required to individually test the hearing protection of each worker. This is a new requirement of our revalidated *Health GLD* and is expected to result in a reduction in cases of NIHL over time.

Focusing on the health of our people continued

Musculoskeletal illnesses

Due to the nature of our workplaces, our people can be exposed to hazards and risks that contribute to musculoskeletal illness. These include manual handling, heavy physical work, fixed work postures, sedentary work, frequent bending and twisting, lifting and forceful movements, repetitive work and vibration. Illnesses can result from a single activity or action, but may be cumulative and associated with tissue damage over a long period.

Musculoskeletal illnesses represent the majority of reported illnesses resulting in restricted or lost days across the Group. The most severe of these are to the back, shoulder and arm. In FY2014, we reported 165 new cases of musculoskeletal illness for employees, an increase of 32 per cent on FY2013. This result was principally due to the increased reporting of musculoskeletal illnesses at our WAIO and at our New South Wales Energy Coal Businesses, where an injury classification process, supported by detailed investigation, has been introduced. The cases in Iron Ore are primarily slow onset musculoskeletal strains. Targeted interventions are being conducted to identify the major causes and assess the effectiveness of controls. It is not yet possible to gauge the impact of these interventions. We continue to implement solutions designed to minimise the risks through engineering (equipment design, vehicle design and suspension, vehicle condition and maintenance, seat design and maintenance, cabin layout and design, and road maintenance) and through administrative controls, such as vehicle speed. Our operations are also addressing potential musculoskeletal illness through exercise and wellness initiatives, and the identification and control of ergonomic health risks.

Serious disease

As a global business, we recognise that health issues, such as HIV/AIDS, malaria and tuberculosis can impact our communities and activities. Our priority continues to be maintaining the wellbeing of our people, ensuring the continuity of our business and providing support, where appropriate, to our host communities. Where we have activities in countries with high exposure to serious diseases, we implement programs that help prevent and manage the impact of disease and that assist in caring for our employees and the people living in our host communities. Where there is a high prevalence of HIV/AIDS, malaria and tuberculosis in our areas of activity, we offer education, training, voluntary testing and counselling, screening and treatment programs to our people. In addition, we offer risk control programs to our employees and to our host communities; these programs draw upon the International Labour Organization code of practice on HIV/AIDS and the world of work. We seek to provide appropriate access to medical care for employees and their dependants.

RESOURCING COMMUNITIES TO IMPROVE HEALTH AND WELLBEING

Investing in health and wellbeing is a priority for us.

We believe the benefit of healthy, productive people is immeasurable, and extends far beyond the immediate workforce and community. Our investments in community health aim to improve the quality of, and access to, general medical care. These investments facilitate work with health departments to understand their needs and challenges, and help strengthen systems and build capacity.

In January 2014, BHP Billiton Sustainable Communities, our UK based charity, announced a US\$10 million

contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria. This commitment is designed specifically to support the Global Fund's Mozambique initiative to fight malaria over the next three years. Our investment will support the Mozambique Ministry of Health and World Vision to work with communities to improve early diagnosis and treatment of malaria, as well as implementing a number of preventive controls, including indoor spraying and provision of insecticide-treated

bed nets. Additionally, in 2011 BHP Billiton Sustainable Communities committed US\$25 million to international NGO, PATH, to implement the five-year Window of Opportunity project to improve maternal and child health and development in five districts in South Africa and Mozambique. The project aims to strengthen local health and development systems and community structures and improve the quantity and range of clinical and community-based services.

Our people

We are successful when our people start each day with a sense of purpose and end the day with a sense of accomplishment.



Why this is a focus area

To achieve success in a business that is diversified by commodity, geography and market, we require talented, diverse and inclusive teams that reflect our local communities.

Strengthening our business through diverse and inclusive teams

In FY2014, our global workforce comprised 47,044 employees and 76,759 contractors working at 130 locations in 21 countries.

We are committed to diversity in the broadest sense, including thought and perspective, age, disability, nationality, ethnicity, orientation and gender. We strive to achieve diversity across the Group and at all levels of our organisation.

- Our Board of Directors is comprised of 14 members, including two women and representing eight nationalities.
- The Board believes critical mass is an important driver of a more diverse workplace and has set a goal of increasing the number of women on the Board to at least three.
- Pay equity overall is based on skills, experience and size of role. The male-to-female salary ratio is 1.03:1.00.
- Across the Group, our workforce comprises 116 nationalities and 23 ethnicities.

- The gender composition of our workforce is 16 per cent female and 84 per cent male. In the European, Asian and North American regions, our workforce is greater than 29 per cent women.
- Our median age group across the workforce is between 30 and 39 (33 per cent).

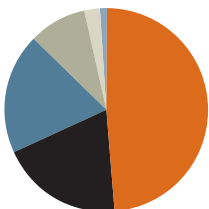
Our Charter continues to give us guidance on how our work is executed and decisions are made. We expect all employees to demonstrate specific behaviours that support diversity and create a collaborative and inclusive work environment as part of *Our Charter Values in Action*. This is an integral element of our performance management process against which our people are assessed, coached and provided feedback.

In FY2014, we progressed a number of diversity objectives to enhance our diversity profile. In our graduate recruitment program, we continued to implement targeted initiatives and use tailored marketing materials and events to increase our intake of female graduates in specific disciplines. We used a range of online and printed marketing and communication tools within our recruitment campaigns to attract the best graduate candidates from a diverse graduate talent pool. In our Copper Business, we achieved 43 per cent female representation in the Chilean graduate program. Globally, our proportional intake of women into the graduate program has increased by three percentage points bringing the number of female graduates to 34 per cent.

As part of our stated commitment to diversity and inclusion, all our Businesses, Group Functions and Marketing develop and implement multi-year diversity plans. We continued to make progress through targeted recruitment initiatives designed to increase the representation of female and ethnically diverse employees; learning sessions on diversity and inclusion; targeted sourcing; and development strategies for high-potential women. Female representation in our Accelerated Leadership Development Program, which commenced in 2013, remains at 41 per cent.

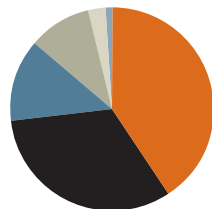
During FY2015, we will continue to execute our Group-wide diversity and inclusion strategy and actively promote an inclusive work environment that embraces and more effectively leverages the diversity of our people. In FY2014, success against our diversity and inclusion objectives was considered in determining variable remuneration.

Employees by region



- Australia 49%
- South America 20%
- Africa 19%
- North America 9%
- Asia 2%
- Europe 1%

Contractors engaged at our owned and operated assets by region



- Australia 41%
- South America 32%
- Africa 13%
- North America 10%
- Asia 3%
- Europe 1%

Our people continued

REMOVING BARRIERS, CREATING DIVERSE TEAMS



We value and encourage the unique ideas and perspectives that a diverse workforce brings to our team.

Our Western Australia Iron Ore Asset developed the Kworp Kooling Mining Skills Program to provide Indigenous trainees with job-specific training and new skills and knowledge about mining operations to prepare them for the rigours of a fly in, fly out lifestyle. Since FY2013, 62 Indigenous trainees have commenced, with 55 retained in the Business. In addition, 45 per cent of the trainees are women, a positive result for female diversity. In June 2013, the first all-women's program was introduced, with eight women recruited to work at our Jimblebar Mine. The retention rate of Indigenous women on the Kworp Kooling program is 96 per cent, with women now constituting 24 per cent of the Asset's Indigenous workforce. Kworp Kooling has provided an unprecedented opportunity for women to commence careers in the resource sector.

At our Escondida operation, in Chile, a traineeship program specifically designed for women was implemented in FY2014. The program addressed the lack of females in operational roles, especially in operator and maintainer roles, with the intent of developing technical knowledge and practical skills to prepare participants for permanent positions within the Business. All the women recruited into the program, most without previous mining experience, successfully completed their theoretical training, while 97 per cent finished the first phase of practical training. In FY2014, 13 trainees were offered permanent positions at Escondida.

To address a gender diversity gap in the resources sector, our Daunia and Caval Ridge coal operations in Australia committed to developing a balanced workplace representative of the broader social landscape. BHP Billiton Mitsubishi Alliance's (BMA)

Diversity Action Plan provides support for female employees to develop the specific skills required in the resources sector. At Daunia, the workforce consists of 26 per cent women. At the Caval Ridge mine, women represent more than 21 per cent of the workforce.

Our Jansen Potash Project, in Canada, is focused on increasing female and First Nations peoples participation in the workplace. In FY2014, the Project partnered with the Saskatchewan Indian Institute of Technology to develop and implement a job skills pre-training program for the First Nations communities. The Project also worked with the Saskatchewan Mining Association's Women in Mining to jointly sponsor the inaugural Women's Development Day for Women in Mining. More than 100 professional women attended, and this is now scheduled to become an annual event.

RECOGNISING OUR OUTSTANDING WOMEN



Laura Tyler, Asset President, Cannington Mine, Australia.

In FY2014, we celebrated diversity and inclusion across the Group with International Women's Day events in Australia, Singapore, Chile and South Africa. Five of our female leaders (Margaret Beck, Vicky Binns, Tina Markovic, Jane McAloon and Vanessa Torres) were also recognised as inspirational role models and significant contributors to the industry as part of Women in Mining UK's '100 Global Inspirational Women in Mining' list.

Our first woman to be appointed an asset president in the Company, at our Cannington Mine in Australia, Laura Tyler, was named the overall winner of the Queensland Resources Council's 2014 Resources Awards for Women, for her achievements in and contribution to the resources sector.

Attracting the right people

We attract and employ people with exceptional skills who share our values.

Throughout the Group, recruitment is managed locally, with employment opportunities offered on the basis of merit. Every individual who applies for a job with us is evaluated according to their job-related skills, qualifications, abilities, aptitudes and alignment with *Our Charter* values.

In some jurisdictions, targeted affirmative action may be required to address any imbalances. This is achieved through Indigenous employment and training programs, Broad-Based Black Economic Empowerment programs and by giving priority to increasing the representation of females in our workforce.

To meet our current and future human resourcing requirements, we undertake resourcing activities at the local, national and international level that are aligned to our broader business strategy. Internal candidates are prioritised for roles and supplemented by external recruitment in the local labour market.

As many of our operations are located remotely, we seek to attract and retain a diverse workforce with a range of employment models offering choice and quality options for facilities, rosters and living arrangements, including residential and fly in, fly out or drive in, drive out workforce practices where people work on-site and reside outside the community.

Building a high-performance organisation

Empowering our people to identify and implement improvements that maximise our performance has the potential to improve our productivity and create value. We have a skilled, motivated and engaged workforce that values our work and the contribution we make. Through our people strategy, we are strengthening the capability of our leaders to navigate change and enabling our people to step up, develop and realise their potential.

In FY2014, our leaders participated in a series of Executive Leadership Programs (ELPs) to provide them with the support they need to evolve our culture and enable our people to step up. Participants from across the Group engaged in discussions about further strengthening our step-up culture and leading change. Ideas and feedback from the sessions were integrated back into the Businesses, with senior leadership teams connecting after each event to share learnings. The ELP was 100 per cent leader-led, highly experiential and dialogue-based.

In FY2013, an employee survey allowed us to establish a baseline measure of culture to benchmark our performance against other global high-performing companies. This survey confirmed the key drivers of step-up culture and productivity. The survey revealed our strengths were in safety and sustainability, alignment to our strategy, goals and values, and the positive relationships within our work groups. Opportunities included how leaders at all levels communicate and engage employee opinion and provide feedback and coaching for employee development, and ensuring we continue to enable high performance through efficient processes, effective tools and resources. In FY2014, we invited all employees to participate in a brief survey. We will continue to use an annual survey to measure progress and ensure we are strengthening our step-up culture to enable productivity.

To help our people focus on clear, aligned and measurable goals, 74 per cent of our employees participated in a formal performance review process, including 58 per cent of our operators and support staff. This process also provided the opportunity to receive feedback and coaching, and to develop skills and capabilities through the execution of each individual's development plan. Our transparent reward practices and processes are designed to ensure performance is measured on fact-based outcomes and to reward people for both what they achieve and how they achieve it. Our people participate in training and development programs designed specifically to meet local requirements. On average, each employee received 44 hours of training and development throughout the year, including health and safety training. As part of our mandatory induction process, our people undertake training on the BHP Billiton *Code of Business Conduct*, which includes our position on anti-corruption.

Building mutual respect

Relationships with our employees and our other stakeholders are built on mutual respect. We believe that having employees directly engaged with the Company through open and transparent communications, involvement and personal development is the most effective way of ensuring harmonious operations.

Our aim is to achieve labour relations outcomes that are mutually beneficial, attractive to the employee and aligned with the drivers of operational success. Workplace efficiency is achieved when labour relationships allow for a culture of continuous improvement and are accepting of change. In instances of industrial disruption, our aim is to maintain the safety of our people while minimising the impact on our customers, in line with our commitment to shareholders.

Due to the breadth and geographic diversity of our business, we operate under a number of legislative regimes. We are committed to full compliance with all workplace legislative requirements and regulations in the jurisdictions in which we work. Our employment arrangements range from collective to individual employment contracts. In FY2014, 54 per cent of our employees were covered by collective arrangements. We also uphold labour agreements that include the required minimum notice periods for termination of employment. These notice periods vary from one to eight weeks, depending on the employee's location and role. We recognise and respect the right of our employees to have the representative of their choice, including labour unions. We also work closely with our contracting partners and encourage them to ensure their employee relations are governed in a manner consistent with *Our Charter* and *Code of Business Conduct*.

Supporting our people

As a global organisation, we experience continual change. To assist our people and their immediate families to deal with any issues that may be affecting their life or work, a 24-hour Employee Assistance Program is available to offer free confidential support and counselling.

Environment

We seek to contribute to enduring environmental benefits by minimising our environmental footprint and supporting broader environmental initiatives.

OUR APPROACH

As a global organisation operating in different countries and ecosystems around the world, we seek to understand the sources, scope, extent and impacts of our natural resources use and transparently report our performance. We demonstrate environmental responsibility by minimising our environmental impacts and contributing to enduring benefits to biodiversity, ecosystems and other environmental resources.

Central to our environmental management approach are the minimum mandatory requirements contained within our *Environment* Group Level Document (GLD). These requirements align with our management of risk and enhance the emphasis on the hierarchy of controls to avoid, minimise and rehabilitate direct, indirect and cumulative impacts within our area of influence. We require our Businesses to set target environmental outcomes for land, biodiversity, water resources and air, and prevent or minimise greenhouse gas emissions, including in project design. Where unacceptable impacts to important biodiversity and ecosystems remain, we apply compensatory actions to address the residual impacts. We also pursue national and international conservation opportunities that will deliver long-term environmental benefits.

2014 HIGHLIGHTS

1.7 million tonnes
reduction

of greenhouse gas emissions (CO₂-e)

Over US\$30 million

committed to conservation projects as of FY2014, in addition to the environmental management activities at our operations.



Greenhouse gas emissions

Minimising our greenhouse gas (GHG) emissions is important in reducing our contribution to climate change.



Why this is a focus area

As a global organisation operating in an energy intensive industry, we recognise we have a responsibility to constructively engage on climate change issues and actively manage the associated risks. We are committed to delivering GHG emission reductions and to transparent public reporting of our GHG emissions.

To read more about our perspective on how we are addressing climate change, please refer to page 13 of this Sustainability Report.

Managing our energy and GHG risks

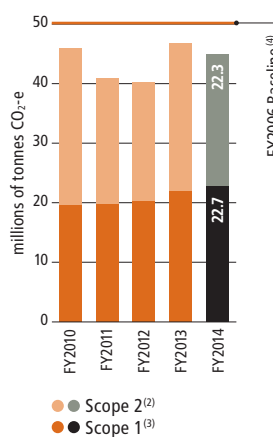
Across our operations, we strive to continually improve our energy use and management of GHG.

Reducing GHG emissions, while expanding energy supply and meeting global energy demands, is a challenge for our organisation and the global community. Producing the resources and materials essential for economic growth requires and uses large amounts of energy. Many factors influence our ability to access energy, including increased global demand, issues related to local generation, transmission of power, and political and regulatory uncertainties. We are addressing these risks and securing energy supply by improving the energy efficiency of our operations, negotiating long-term contracts with energy providers and using diverse power sources.

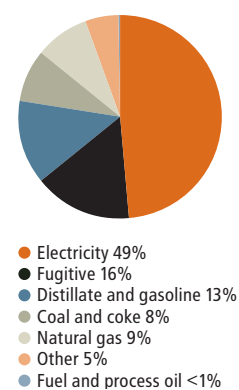
Our GHG reduction target performance

All our Businesses are required to identify, evaluate and implement projects that prevent or minimise GHG emissions, including in project design and equipment selection. In FY2013, we set an ambitious target to maintain our total FY2017 GHG emissions below our FY2006 baseline levels, while continuing to grow our business. In FY2014, the Group's total GHG emissions were 45.0 million tonnes (Mt) of carbon dioxide equivalent (CO₂-e), a reduction of 1.7 Mt CO₂-e compared with FY2013 (46.7 Mt CO₂-e). This keeps us in line to achieve our target. The improved supply of hydropower at our Mozal aluminium operations in Mozambique was a primary driver in achieving this reduction. We will continue to focus on the implementation of abatement opportunities with our Businesses to further reduce GHG emissions.

Greenhouse gas emissions⁽¹⁾



Greenhouse gas emissions by source⁽¹⁾



- (1) Measured according to the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol.
- (2) Scope 2 refers to indirect GHG emissions from the generation of purchased electricity and steam that is consumed by operated assets.
- (3) Scope 1 refers to direct GHG emissions from operated assets.
- (4) FY2006 baseline will be adjusted for material acquisitions and divestments based on asset GHG emissions at the time of transaction.

Greenhouse gas emissions continued

DELIVERING OUR GHG EMISSIONS REDUCTION PROJECTS



Our Businesses are identifying and implementing projects to minimise GHG emissions.

Consistent with our *Environment GLD*, our Businesses are required to identify, evaluate and implement suitable projects that prevent or minimise GHG emissions. We are also exploring options to provide greater focus and delivery on energy efficiency improvements and reductions in fugitive emissions.

In FY2014, we implemented projects that delivered GHG reductions of 807,000 tonnes of CO₂-e.

Our petroleum facility in Pakistan has optimised compression equipment to achieve lower discharge pressures, resulting in lower fuel consumption.

This optimisation has achieved an 80 per cent reduction in the total fuel

gas needs of the operation. We also negotiated to supply a lower gas specification through a revised contract sales agreement. This allowed for the total shutdown of a significant portion of the process, while maintaining production expectations. In total, this achieved the equivalent of 195,000 tonnes CO₂-e reduction.

Our Jansen Potash Project in Canada has implemented a Prevention Through Design process to minimise GHG emissions. Through this design process, we identified an opportunity to substitute process chiller units with heat exchangers in the potash processing plant, with the potential to reduce energy use by an estimated

2,000 kilowatts annually and saving approximately 280,000 tonnes of GHG emissions over the proposed life of the operation.

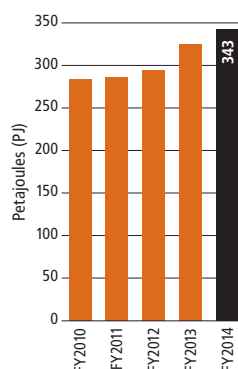
In Colombia, our Cerro Matoso Asset has implemented a new off-gas system in the stack of one of its two electric furnaces. Since implementation, there has been an increase in system availability, an improvement in air quality and decreased water consumption with respect to the former system. The new facility will allow the future installation of heat recovery systems to reduce natural gas consumption and GHG emissions.

Efficiently using energy

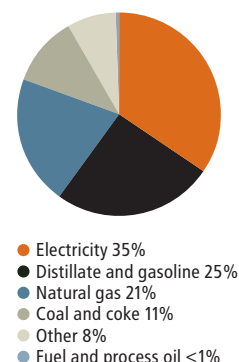
In FY2014, our total energy consumption across the Group increased by six per cent compared with FY2013. This increase was related to new projects coming online, including our Jimblebar iron ore mine in Western Australia, and our Daunia coal mine in Queensland, Australia. We continue to implement projects across our Businesses that reduce energy consumption and GHG emissions. At our Manganese South Africa Asset, an opportunity was identified to simplify the Business by replacing five open furnaces at the Metalloys South Plant operation with a more energy efficient closed furnace. The new furnace is significantly less energy-intensive, reducing plant energy consumption from 4.1 megawatt hours per tonne (MWh/tonne) to 2.5 MWh/tonne, and allows for the capture and provision of carbon dioxide off-gases to the existing electricity cogeneration facility. This is generating approximately 25 megawatts of electricity at Metalloys, reducing our demand on an already constrained electricity grid.

In compliance with Australia's Energy Efficiency Opportunities Act 2006, we also progressed a number of energy efficiency measures. For example, at our Worsley alumina operation in Australia, a reduction in process variability and downtime has increased the yield at the refinery, from an expected benefit of an additional 500 tonnes to an actual benefit of 3,000 tonnes, and resulted in an improvement in energy efficiency.

Total energy use



Energy use by source



Biodiversity and land management

Improving our management of land and enhancing biodiversity are essential to operating in a responsible and sustainable manner.



Why this is a focus area

A sustainable society depends upon biodiversity and its associated ecosystem services, such as food, air and water. As demand and competition for these resources continues to grow, we have a responsibility to minimise our impacts while contributing to enduring benefits to biodiversity, ecosystems and other environmental resources.

Managing our risks to biodiversity and land

At all our operations, we acknowledge the importance of preserving the unique ecosystems and biodiversity of the environments in which we operate and the challenges this presents. Competition for land and water resources is growing. Increasingly, our host governments, communities and other stakeholders are seeking a greater demonstration of effective biodiversity stewardship. To manage these risks and expectations, we seek to ensure we understand and manage the full extent of our impacts and implement compensatory actions where residual impacts remain.

Our biodiversity target performance

In FY2013, we introduced two targets focused on biodiversity.

The first target requires the development and maintenance of land and biodiversity management plans that include controls to avoid, minimise, rehabilitate and apply compensatory actions as appropriate, to manage the biodiversity and ecosystem impacts of our operations. This target is supported by the requirements of our *Environment GLD*. In FY2014, consistent with our target, all operations developed land and biodiversity management plans.

In addition to the environmental management actions of our Businesses, the Group has a second target to voluntarily commit to financing the conservation and ongoing management of areas of high biodiversity and ecosystem value that are of national or international conservation significance. We established an alliance with Conservation International to support the delivery of this target and improve our approach to biodiversity management more broadly. As a result, we will improve our environmental performance and broaden our contributions to lasting environmental benefits beyond what could be achieved by our operations alone. As of FY2014, we have committed more than US\$30 million to conservation, in addition to the environmental management activities at our operations.

Our environmental obligations

To avoid environmental impacts and protect the environment in a way that demonstrates *Our BHP Billiton Charter* values, we have committed to environmental obligations, which are detailed in our *Environment GLD*:

- We will not explore or extract resources within the boundaries of World Heritage-listed properties.
- We will not explore or extract resources adjacent to World Heritage-listed properties unless the proposed activity is compatible with the World Heritage outstanding universal values.
- We will not explore or extract resources within the boundaries of International Union for Conservation of Nature (IUCN) Protected Areas Categories I to IV unless a plan is implemented that meets regulatory requirements, takes into account stakeholder expectations and contributes to the values for which the protected area is listed.
- We will not operate where there is a risk of direct impacts to ecosystems that could result in the extinction of an IUCN Red List Threatened Species in the wild.
- We will not dispose of mined waste rock or tailings into a river or marine environment.

Minimising our impacts

As part of our commitment to minimising our impacts on the environment, we require our Businesses to understand their baseline conditions and place priority on implementing a hierarchy of controls to avoid, minimise and rehabilitate impacts to land and biodiversity within our area of influence. This area of influence takes into account our business activities and their potential direct, indirect and cumulative impacts on the environment.

At the Business level, we also define specific and measurable target environmental outcomes to minimise impacts and contribute to long-term environmental benefits. Where actual or reasonably foreseeable residual impacts remain to important biodiversity and ecosystems impacted by our activities, we look to undertake compensatory actions.

Our approach to land access is undertaken on a case-by-case basis and considers the potential environmental, societal, economic or cultural impacts.

Biodiversity and land management continued

UNDERSTANDING THE BIODIVERSITY OF THE PILBARA



In Western Australia, our Iron Ore Asset has implemented two projects to enhance the knowledge and management of biodiversity of the region.

With the completion of a significant five-year subterranean fauna survey, across approximately 900,000 hectares, we now hold what is believed to be the largest database of subterranean fauna information in Western Australia. Data collected through the survey is being used in a number of impact assessment processes and is supporting

discussions about how we manage the impacts of our mining operations on subterranean fauna. We have also adopted a simplified approach to seed management, optimising the use of native seed on rehabilitation projects. This has delivered a seed store, with project-specific seeds and the Pilbara Seed Atlas. This has enabled

major advances in knowledge and procedures, resulting in significant improvement to seed management practices. The Pilbara Seed Atlas is intended to be made available as a field guide to seed collectors, industry members, researchers and the general public.

MARINE FISH HABITAT COMPENSATORY ACTION



A project to restore a nationally recognised and listed endangered regional ecosystem is the first marine compensatory action or offset project for our Coal Business.

The boundary of the Great Barrier Reef World Heritage Area in Queensland, Australia, overlies our Hay Point Coal Terminal port operations. The Marine Plant Restoration Project was developed and implemented as a marine fish habitat offset measure to compensate for impacts on mangrove and intertidal habitat areas. The project also ensures no net loss to the ecological, aesthetic and water quality values of the area from construction activities that were

associated with the port. In addition to enabling the recovery of the ecosystem, the project has aided habitat recovery for threatened fauna and flora species, including the mangrove mouse, and provided critical nursery grounds for crustaceans and fish species within Sandringham Bay Conservation Park. This has ensured local mangrove protection and restoration will match mangrove loss from the project, as well as providing

enduring benefits across a range of social and ecological parameters. Measurement of results has shown there were no impacts, as a result of construction activities, to the mangrove mouse population or its habitat. The restoration of hydrology was successful and significant natural recruitment of saltmarsh vegetation is occurring.

Rehabilitating our impacts

The rehabilitation of land no longer required for our activities continues to be a central part of our approach to managing our impacts on land and biodiversity. We require our Businesses to maintain rehabilitation plans that support life of asset and closure plans. This includes rehabilitating disturbed areas which are no longer required for our operational purposes, consistent with the pre-disturbance land use or alternate land use, while taking into account regulatory requirements and stakeholder expectations. As at FY2014, our total land rehabilitated was 38,900 hectares.

At our New Mexico Coal Asset in the US, geomorphic reclamation is one of the most important tools used to achieve our biodiversity and sustainability goals. Geomorphic reclamation mimics natural drainage patterns and provides long-term stability of rehabilitated landforms, and serves as the foundation for the establishment of a biologically diverse and sustainable ecosystem.

Applying compensatory actions

As part of our stewardship approach to managing the land we use, we apply compensatory actions to biodiversity and ecosystems impacted by our activities. This helps us to achieve target environmental outcomes and contribute to enduring environmental benefits. To determine if compensatory actions are required, our operations assess where actual or reasonably foreseeable residual impacts remain to important biodiversity and ecosystems after applying the mitigation hierarchy (avoid, minimise and rehabilitate environmental impacts). If residual impacts remain, compensatory actions are implemented. When designing and implementing compensatory actions, we must take account of uncertainties associated with the effectiveness of potential mitigation measures and ensure there is sufficient conservatism in the compensatory action to account for these uncertainties and deliver sustainable environmental benefits.

We have also established principles in our *Environment* GLD to guide our Businesses on establishing compensatory actions. The principles require that compensatory actions must be appropriate and not contribute to any additional impacts, must be effective in responding to the residual impact and must endure in the long term.

PROGRESS ON OUR INTERNATIONAL CONSERVATION PROJECTS



Our support of international conservation projects, such as the Valdivian Coastal Reserve, is generating significant benefits for the community and environment.

Photo credit: Nick Hall for The Nature Conservancy.

During FY2014, we made progress on our commitment to financing the conservation and ongoing management of areas of national and international conservation significance. The Five Rivers Conservation Area in Australia achieved formal conservation status and the Valdivian Coastal Reserve Project in Chile applied for formal status. Together, these projects have conserved more than 60,000 hectares of habitat for 16 globally threatened species, supported more than 50 direct jobs, generated nearly 900 million cubic metres of high-quality fresh water and avoided the release of 75,000 tonnes of CO₂-e per annum.

The Valdivian Coastal Reserve Project has been supported since FY2013 and is managed by The Nature Conservancy with support from Conservation International. The 50,000-hectare

conservation project will safeguard the Reserve's native forests and provide opportunities for local communities. The Reserve has also generated Chile's first forest carbon credits certified under the Verified Carbon Standard. Located within the Los Rios region of Chile, the Reserve is an area of rich biodiversity and one of the world's last temperate rainforests, including a forest of ancient alerce trees. It is a priority site for the Chilean Government and one of 35 biodiversity hotspots identified by Conservation International. In FY2014, the design of the long-term financing mechanism for the project progressed.

The Five Rivers Conservation Project is a partnership between BHP Billiton, the Tasmanian Land Conservancy and Conservation International, and covers

11,000 hectares of land near Cradle Mountain and Lake St Clair. The project incorporates areas that are covered by the Tasmanian World Heritage area, including old growth forests, wild rivers and alpine wetlands, and is habitat for a number of endangered species, including the Tasmanian devil, Tasmanian wedge-tailed eagle, spotted-tailed quoll, *Clarence galaxias*, Miensia cider gum and grassland paper daisy. The vast areas of productive native forests suitable for restoration and carbon sequestration will contribute strongly to ongoing economic and community benefit. During FY2014, Five Rivers Conservation Project completed the design of its long-term financing mechanism, which has now been endowed. The project also sold its first carbon credits.

Water stewardship

We are focused on reducing our impact on water resources and managing this shared resource responsibly.



Why this is a focus area

With growing populations, expanded urbanisation and greater industrialisation comes an increase in the demand and competition for available water resources. As a global business, we recognise the role we have as responsible stewards of the water resources we share with our host communities and the environment. We address the challenges of water security and look for opportunities to manage our water risks while reducing impacts to water resources.

The social, cultural, environmental and economic values of water have led to a greater scrutiny of responsible water use and expectations from our stakeholders that we will demonstrate appropriate resource stewardship. We are addressing our water challenges openly and transparently through a long-term, sustainable approach, which mitigates risks and impacts and ensures we contribute to enduring benefits to the environment and the communities in which we operate. By actively engaging with our stakeholders, we are implementing mutually beneficial solutions for the Group and the natural environment.

Managing our water risks

The sustainability of our operations relies on our ability to obtain an appropriate quality and quantity of water, use it responsibly and manage it appropriately, including taking account of natural supply variations. With operations located across the world, the water risks and impacts experienced by our Businesses vary from region to region. We assess and manage our water risks on a regional basis. In some locations, we operate in arid environments where water scarcity is an ongoing challenge, while in other locations, we contend with water excess, water quality or water discharge issues. We anticipate climate change is likely to make the patterns and cycles of water flow less predictable and require our operations to implement adaptive responses. Managing our shared water resources is therefore a complex task for our Business.

Our water target performance

Recognising the regional nature of our water risks, we introduced a target in FY2013 requiring our operations with water-related material risks to implement projects to reduce their impact on water resources. The target allows our Businesses to annually review and focus on the water challenges specific to the regions in which they operate.

In FY2014, all our operations that identified water-related material risks implemented at least one project to improve the management of associated water resources.

At our Worsley Alumina operation, in Australia, a number of projects were implemented to address material water supply risks. These include a high-intensity residue management system developed for depositing and storing bauxite waste. The system provides strict control, monitoring and accountabilities for all aspects of residue management and is enabling improved process liquor return to the refinery, reducing additional water use, and minimising dust emissions. Worsley has also commissioned a project which is expected to reduce the draw on freshwater resources by sending condensate to the cooling tower. To manage the risk of water scarcity at our Escondida copper operation in Chile, the extraction of high-quality water from underground sources has been reduced by installing a waterproof membrane in the tailings dam and reducing the distance between the discharge spigots used to discharge the tailings. In addition, a new 2,500-litre-per-second seawater desalination facility was approved in FY2014, to sustain our operations. When commissioned in FY2017, the desalination facility will minimise our reliance on the region's aquifers and ensure continued water supply to our Escondida operation.

At our Cannington operation, in Australia, the tailings storage facility (TSF) has been identified as a material risk due to potential impacts on business continuity, safety, reputation and the environment. As a result, and consistent with our water target, a number of improvements have been made to the controls that manage this risk. These include an extensive review of existing procedures, inspections, monitoring and management of the TSF; development of a tiered emergency environmental response plan, business continuity strategy, and seepage management and monitoring plan; development of a set of review factors (including geotechnical, regulatory and environmental aspects and impacts) when commencing TSF design and planning for future TSF construction or embankment raises. Water from the TSF is also extracted for reuse in the processing circuit, minimising the need for extraction from other water resources.

Managing our shared water resources

To manage our shared water resources, our operations are required to assess the direct, indirect and cumulative impacts and risks to water resources by understanding the social, cultural, ecological and economic values of these resources at a catchment level within our area of influence. Based on the risks and impacts, our operations apply the mitigation hierarchy (avoid, minimise and rehabilitate environmental impacts prior to applying compensatory actions), implement controls and monitor their effectiveness. We also require target environmental outcomes be established to manage impacts to water resources consistent with the level of risk. Where residual impacts remain to important water-related biodiversity and ecosystems impacted by our activities, we apply compensatory actions to meet our target environmental outcomes and contribute to long-term environmental benefits.

At the operational level, we maintain quantitative water balance models to predict and support the management of water inputs, use and outputs and to enable timely management responses to water-related risks.

Where possible, we seek to use lower-quality or recycled water to minimise extraction requirements from higher-quality water resources. We also actively engage with the International Council on Mining and Metals (ICMM) to support industry-wide approaches to water stewardship.

At our BHP Billiton Mitsubishi Alliance coal operation in Australia, an Aquatic Ecosystem Health Program has been undertaken to understand the impacts of mine water discharges on the aquatic ecosystem downstream of our operations. The research program involved sampling from 19 streams (downstream and upstream of our operation) during two full wet seasons over a three-year period. Sampling included water quality, sediment quality, fish and macro invertebrates. The program was executed in collaboration with the University of Queensland and Central Queensland University and has enabled an improved knowledge of mine water discharge impacts and management.

Reporting our water use

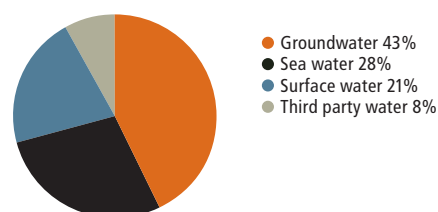
Being a responsible water steward requires transparent and consistent reporting of water use and impacts. We have played a key role in the development and implementation of the Minerals Council of Australia's Water Accounting Framework (WAF). The WAF aims to improve data integrity and comparability across the sector to allow a more meaningful analysis on which to base policy making and deliver improved outcomes. Our water reporting is consistent with the WAF approach, and we are working with the ICMM to support broader adoption across industry.

Refer to <http://www.minerals.org.au/focus/sustainable-development/wateraccounting>.

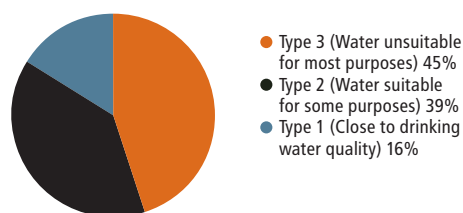
Under the WAF, water is categorised as Type 1 (close to drinking water standards), Type 2 (suitable for some purposes), and Type 3 (unsuitable for most purposes). In FY2014, our total water input (water intended for use) was 347,700 megalitres across the Group, with 84 per cent defined as Type 2 or Type 3. Our use of Type 2 and Type 3 water demonstrates our approach to utilising lower-quality water wherever feasible.

Since FY2010, we have participated in the Carbon Disclosure Project's water program, which aims to increase awareness of the risks and opportunities related to water, to make water reporting a standard global corporate practice and to provide data on which to base decision-making by investors, companies and governments.

Water input by source



Water input by quality



Water stewardship continued

A SIMPLE, STANDARD AND SCALABLE APPROACH TO WATER MANAGEMENT



To address the hydrological changes associated with our iron ore mining operations in Western Australia, the Pilbara Water Resource Management Strategy was developed.

The management of our water resources is fundamental to achieving the environmental and social performance required, and is critical to our success. More importantly, the communities within which we operate rely on clean, safe drinking water to live. Strategic water management is critical to sustaining our operations while also achieving acceptable outcomes for communities and the environment.

Our iron ore operations in Western Australia are located within three water catchment management areas – Central Pilbara, Northern Pilbara and Eastern Pilbara covering a total area of around 15,000m². The Pilbara Water Resource Management Strategy (PWRMS) was developed to provide a holistic, consistent approach to mine development and operations within these three water management catchments. Devised as a simple, standard and scalable approach to water management, the PWRMS addresses and, where appropriate, mitigates the hydrological changes associated directly with our operations, including the potential impacts to receiving receptors such as water resources, the surrounding environment, local communities and third party operations.

The PWRMS and the underpinning catchment management plans were executed as a staged and iterative approach. This included developing

baseline measures and establishing the hydrological condition of the area; identifying key receptors and assigning values for protection and monitoring; establishing the range of possible impacts and developing and agreeing on adaptive management commitments and requirements, including thresholds and early warning triggers; implementing adaptive management measures to achieve outcome-based objectives; and continuously monitoring and reviewing our progress.

One of the fundamental differentiators of the PWRMS is our adaptive management approach to dealing with the material risk of scientific uncertainty and developing outcome-based objectives. To achieve outcome-based objectives, early warning triggers and thresholds are developed to monitor predicted and actual impacts and to enable protection of receiving environmental receptors. Initially, early warning triggers and thresholds are highly conservative and precautionary and reflect existing scientific knowledge, to deal with the risks of technical and operational uncertainty and the need to interpolate catchment-wide data. As our scientific understanding becomes more complete and transitions from catchment-wide to site-specific interpretative investigations, the level of uncertainty and the amount of interpolation will decrease and thresholds will be iteratively refined.

The strategy sets out a range of feasible and tested water management options supported by 40 years of monitoring data for managing hydrological change and potential impacts to receptors during mining operations and post-mining. These management and mitigation options are defined by water end-use and include the return of excess water to the environment and aquifer to our water footprint and impacts.

The implementation of the PWRMS has enabled a simple, standard and scalable (regional catchment and site) approach to water management and stewardship. It provides a leading practice framework for cumulative water impact assessment and management, resulting in commercial, operational, social and environmental benefits.

RESPONSIBLY MANAGING HYDRAULIC FRACTURING



Following our entry into onshore shale in 2011, we established our North America Shale Operating Principles. The principles illustrate our commitment to be the safest company in the industry, protect the land where we operate, safeguard and manage our water resources, minimise air emissions from our operations and be a good neighbour to our communities.

Key considerations

The nature of our hydraulic fracturing operations at our North American Eagle Ford, Fayetteville, Haynesville and Permian shale areas means at times we work in close proximity to our host communities. To ensure we minimise impacts, we actively engage with local governments and communities to address public concerns about hydraulic fracturing fluids, groundwater contamination, land resources, greenhouse gas (GHG) emissions, increased vehicular traffic and worker exposure to respirable crystalline silica (RCS). We continue to investigate ways to enhance the Health, Safety and Environmental efforts and to reduce or eliminate any potential impacts associated with our activities. For example, we do not use diesel, nor is benzene, toluene, ethylbenzene and xylene (BTEX) present in our fracturing fluids, thus reducing contamination risks and minimising our carbon footprint, and we control RCS exposure through a combination of enclosure, extraction ventilation and personal protective equipment.

Safeguarding and managing land and water resources

To protect and manage the land and water resources, we conduct environmental assessments prior to the execution of hydraulic fracturing work to properly plan and minimise the impacts of our operations.

Consistent with our target and our water-related risks, in FY2014 we completed a water balance model showing inputs, uses, losses, reuse and recycle, and disposal amounts of fresh water for each operation to help identify opportunities to improve our water management and reduce water consumption in our hydraulic fracturing operations. We are pursuing non-potable water options for our drilling and completions activities, including the use of brackish water, recycled municipal effluents and recycled water from our production wells. The Permian shale play achieved a 35 per cent recycling rate in May 2014 replacing fresh water with 186,000 barrels of produced water that would have previously been disposed. Work is in progress to increase recycling rates in the Permian.

A number of controls are used to manage, minimise and recycle drilling residuals. At our Eagle Ford operations, a local reclamation contractor distils the residue from our oil-based cuttings and sells the diesel back to us. Our procedure for managing naturally occurring radioactive waste materials specifies the safe storage, labelling, transportation and disposal, monitoring and record-keeping activities and contains a worker protection plan to minimise exposure.


As part of our commitment to transparency, we publicly report the ingredients of the fracturing fluids for each well completion in the hydraulic fracturing chemical disclosure registry, FracFocus. For a high percentage of our wells, we fully disclose all of the ingredients and additives by name (and Chemical Abstracts Service Number) and provide the maximum percentage of each ingredient present

Our priority is to always operate hydraulic fracturing activities safely and in an environmentally responsible way. We actively engage with local governments and communities to address public concerns and make a positive impact and contribution.

in the fracturing fluid mixture. In a few cases, the service providers who supply the ingredients and conduct our well completions elect to designate a small number of proprietary ingredients as confidential business information. In the Permian, we pump a blend of produced water and fresh water treated with an advanced oxidation process which utilises ozone, a highly reactive oxidant that kills most bacteria. This process eliminates the need for clay stabiliser and biocide, thereby reducing the number of additives in the fracturing fluid mixture. Every well we drill is checked against our critical controls to ensure well integrity and the safety of our operations. This includes pressure tests of the casing at each section, cement evaluation, and formation integrity testing of the casing shoe.

Minimising air emissions

The majority of our air emissions relate to GHG emissions from fuel combustion and flaring or venting, which occur at various points during well construction and production. To reduce emissions, we use the practice of green completions, capturing and selling the produced natural gas that may otherwise have been vented or flared. In line with our target to maintain our FY2017 emissions below FY2006 levels, a number of abatement opportunities continue to be implemented across our shale operations. Over the past two years, the drilling fleet has been upgraded to become more operationally efficient; new drilling rigs have electrical drives, which are powered by cleaner-burning engines; and we use pipelines instead of trucks to supply fresh water to our operations, thereby reducing emissions from the truck exhausts.

 Further information is available on our website at www.bhpbilliton.com.

Society

By strengthening and building healthy, safe and vibrant communities, we are helping create a sustainable future.

OUR APPROACH

We are a global company that values our host communities. We strive to be part of the communities in which we operate and, through all our interactions, seek to foster meaningful, long-term relationships that respect local cultures and create lasting benefits. This is fundamental to operating a responsible and ethical business and is a true measure of our success.

Our contribution to our communities is broad ranging. Through employment, taxes and royalties, we support local, regional and national economies. We purchase local goods and services and develop infrastructure that benefits entire communities. In developing nations, we continue to supply commodities that support economic development and ultimately lead to urbanisation and improved standards of living. Through our Matched Giving Program, our people give generously of their time and money to support community projects and causes focused on health, education, the environment and conservation.



2014 HIGHLIGHTS

US\$241.7 million

was voluntarily invested in community programs.

55 per cent

of our Group spend was with local suppliers.

8,700

employees participated in our Matched Giving Program.

Supporting and engaging with our communities

We engage regularly, openly and honestly with people and organisations interested in and impacted by our operations.



Why this is a focus area

Wherever we operate in the world, we seek to be a part of our host communities, understand the social and economic context, be aware of the social impacts of our activities, and contribute to economic and social development. As the nature of our business is long term, we aim to develop strong, mutually beneficial relationships with people, local authorities and organisations.

Engaging with our host communities

From the earliest possible stage of a project's life, we seek to build good relationships with our stakeholders based on mutual respect, open and ongoing communications, disclosure of information and transparency of our activities. We define the boundaries of our host communities and assess the social, economic, political, security and environmental aspects relevant to our operations. This baseline data is updated every five years and changes are tracked over time.

Through our *Community Group Level Document (GLD)*, our operations are required to develop stakeholder engagement plans, which identify the interests and relationships of our stakeholders and contain a range of culturally and socially inclusive engagement activities to encourage open communication, which are reviewed and updated annually.

To ensure our engagement and community development activities are effective and to inform planning activities, our operations are required to complete a community perception survey every three years. The surveys include mandatory questions and, where relevant, additional questions that rate our performance. These surveys provide a valuable external perspective on the quality of our engagement and whether our stakeholders believe we are effectively addressing the key concerns of their communities. During FY2014, 22 of our operations undertook community perception surveys. These surveys identified that areas of interest for our host communities included local employment and business opportunities; support for social programs; and improvement in environmental performance and community engagement mechanisms.

Addressing community concerns

We respect the views of our host communities and engaging in constructive dialogue is a key part of how we do business. Our operations are required to have local processes to respond to community concerns, complaints and grievances about the performance or behaviour of BHP Billiton and our people. The grievance mechanisms are locally relevant and are transparent, culturally appropriate and widely communicated. Our objective is to have ongoing and proactive communication with our host communities.

As part of the resolution process, all complaints and grievances are required to be acknowledged, documented and investigated internally. As required, appropriate actions are implemented and complainants are advised of the outcome.

At our Mt Arthur Coal operation, in Australia, a review of the complaints management systems was undertaken to more accurately distinguish between community concerns and actual complaints. This has facilitated proactive management and mitigation of community impacts.

In FY2014, we recorded a significant community incident at our Cerro Matoso Asset in Colombia, relating to a protest by local Indigenous communities. Following on from this incident, agreement has been reached with the communities regarding the provision of community support and the establishment of a regular forum to engage with the rural communities located closest to our operation to better facilitate the resolution of concerns and complaints at an early stage.

At the Cerrejón Asset in Colombia, jointly owned by BHP Billiton, Anglo American and Glencore, Cerrejón management continues to work with and address community issues associated with the five community resettlements. Roche and Tamaquito relocations were completed during the year and Las Casitas construction was finalised. BHP Billiton remains committed to ensuring outcomes reflect strong community engagement processes.

Ok Tedi

BHP Billiton exited from Ok Tedi Mining Limited (OTML) in February 2002. The exit arrangements included the transfer of BHP Billiton's shares in OTML to PNG Sustainable Development Program Limited (PNGSDP) and a statutory undertaking protecting BHP Billiton from environmental claims by the PNG Government.

In September 2013, the Papua New Guinea (PNG) Parliament passed laws which compulsorily acquired PNGSDP's shares in OTML and changed other aspects of the exit arrangements, including the repeal of the protection from environmental claims by the PNG Government. BHP Billiton retains an indemnity from PNGSDP in respect of environmental claims by the PNG Government and certain environmental claims by third parties. This indemnity is secured against the assets of PNGSDP.

Following the passing of the new laws, PNGSDP has commenced legal proceedings and an International Centre for Settlement of Investment Disputes (ICSID) arbitration process against the State of PNG and others.

BHP Billiton remains committed to ensuring that the substantial long-term fund held by PNGSDP remains well governed for the benefit of the people of Papua New Guinea and the Western Province in particular.

Free, prior and informed consent

As one of the 22 member companies of the International Council on Mining and Metals (ICMM), we have worked to develop a progressive position statement on Indigenous Peoples and Mining. This statement, which comes into effect in May 2015, specifically addresses the issue of free, prior and informed consent. We commit to the statement and its implementation in accordance with our *Community GLD*.

Free, prior and informed consent is a concept based on good-faith negotiation through which Indigenous peoples can give or withhold their consent using processes consistent with their traditional decision-making practices. Supporting commitments address understanding Indigenous peoples' rights and interests, building cross-cultural understanding, agreeing on appropriate engagement processes and ensuring effective participation in decision-making. A number of related commitments address how ICMM members should engage where government is responsible for managing Indigenous peoples' interests and how to move forward when differences of opinion arise. The ICMM's position statement recognises the right of governments to ultimately make decisions on development of resources and that, in most countries, neither Indigenous peoples nor other groups have a right to veto projects. Where consent cannot be reached, a host government may decide to proceed with a project after balancing the rights and interests of Indigenous peoples with the wider population. In these circumstances, it will be up to ICMM member companies to determine whether they remain involved with the project.

Through our *Community GLD*, we require our Businesses to prepare, design and implement Indigenous engagement programs that are consistent with the new ICMM Indigenous Peoples and Mining Position Statement for new operations or major capital projects that are located on lands traditionally owned by or under customary use of Indigenous peoples and are likely to have significant adverse impacts on Indigenous peoples.

Respecting customary rights

At a very early stage in a project, we seek to identify landowners, occupiers and users who may be affected by our activities.

Knowing who is connected to and uses the land is critical to establishing an effective community consultation and engagement program. This helps to ensure people potentially affected by our operations are fully aware of our activities and have an opportunity to express their concerns and aspirations. Arising from this engagement, the operational work plan may be amended to reduce potential impacts on landowners and users.

Surveys are commissioned to identify the customary owners and how the land is being used to ensure these uses are taken into account in our development plans. In instances where land may be used for customary purposes and no formal land title has been issued, information is requested from relevant organisations, including government authorities with responsibilities for customary land uses and Indigenous peoples' representative organisations, such as land and tribal councils. Further enquiries are also made directly with the people in the area to help identify those with connections to the land. In FY2014, our Iron Ore Liberia Project identified artisanal mining taking place within our exploration licence areas. The artisanal miners' chemical leaching of gold from the host rocks poses an environmental risk. We have mitigated this risk by continuous community engagement, continued identification and noting of artisanal mining areas in relation to our activities.

Resettlement of communities is avoided if at all possible; however, if it is required (voluntary or involuntary), it is done in accordance with the requirements of the International Finance Corporation's *Performance Standard 5: Land Acquisition and Involuntary Resettlement*. While there were no reported community resettlements at our operated assets in FY2014, for safety reasons, our BHP Billiton Energy Coal South Africa Asset evicted a group of people who had taken up residence on our closed Rietspruit mine site.

| | Operations located in or adjacent to Indigenous peoples' territories | Operations with formal agreements with Indigenous communities |
|-----------|--|---|
| Australia | 26 | 16 |
| Canada | 7 | 1 |
| Chile | 2 | 2 |
| Colombia | 1 | 1 |
| US | 2 | 1 |

Respecting and including Indigenous communities

We recognise the traditional rights and values of Indigenous peoples, respect their cultural heritage and provide opportunities for inclusion and advancement.

Many of our operations are located on or near Indigenous lands. We support our workers by providing cultural awareness and competency training for employees and contractors who engage with Indigenous peoples from our host communities. Training is developed and delivered in consultation with traditional owners. We also identify who is connected to and uses the land to ensure we establish effective community consultation and engagement program.

In the United States, at our New Mexico Coal Navajo Mine, a formal engagement program was established with a goal of establishing and maintaining positive and proactive relations with impacted permittees, land users and neighbours (collectively referred to as permittees) that reside or graze livestock within or adjacent to Navajo Mine's lease. Engagements are formal and informal to encourage regular communication with all permittees, and to establish channels for addressing concerns, issues and expectations. Indigenous communities are also supported through employment, local procurement and targeted community investment in education, health and wellbeing, cultural heritage and economic development. The projects build on the strengths that local communities have, using their capabilities and knowledge to promote positive outcomes.

PRESERVING THE CULTURAL HERITAGE OF OUR HOST COMMUNITIES



Supporting the recognition and preservation of cultural heritage in our host communities.

In Chile, our Escondida Asset supported the modernisation and expansion of the Chilean Museum of Pre-Columbian Art, as part of our focus on facilitating public access to high-quality cultural activities. The building is a national monument and one of the most important exhibition spaces in Chile for art and heritage conservation pieces. A new exhibition hall exhibits the cultural traditions of the Indigenous peoples of Chile.

Our Western Australia Iron Ore Asset conducted a significant program of archaeological excavations and field surveys uncovering and preserving Australia's ancient history. The Watura Jurti Project documented the physical remains of Aboriginal camps, ceremonial and hunting sites, and many features in the landscape associated with the Aboriginal Dreamtime. More than 5,000 artefacts have been found, recorded and preserved and provide long-term data.

Our New Mexico Coal operations in the United States has compiled a booklet 'Moving across the landscape', capturing traditional Navajo grassroots knowledge. The documentation of the culture and teachings from the perspective of the land users has preserved the history and has now been made available to local schools, government entities and libraries.

Supporting and engaging with our communities continued

INVESTING IN THE LIVES AND COMMUNITIES OF ABORIGINAL PEOPLES



By developing partnerships with our host communities, we help foster sustainable development, share the socio-economic benefits from our operations and seek to reduce poverty.

At our Olympic Dam Asset, in South Australia, we are providing support and focus in the areas of Aboriginal employment, capacity building and enterprise development through the Aboriginal Participation Program. This program is assisting Aboriginal peoples to achieve social inclusion and financial independence, ensuring our people connect with the local Aboriginal communities and implementing mechanisms that are providing Aboriginal people with a voice to influence decisions that affect them. Central to the Aboriginal Participation Program are long-term aspirations to achieve a level of not less than 10 per cent employment of Aboriginal peoples at Olympic Dam and to provide support and contracting opportunities to Aboriginal enterprises.

Local Aboriginal peoples can access employment opportunities at Olympic Dam through: a pre-employment program with dedicated employment outcomes, including an Aboriginal Employment Program guaranteeing

a minimum of 12 BHP Billiton roles annually at the Asset (the first intake of this program was completed in FY2014); an apprenticeship program (10 per cent of Olympic Dam's workforce is Aboriginal, with strong growth anticipated in FY2015); an Agency Contractor Strategy through Aboriginal Enterprise Red Mulga, providing a dedicated pathway to employment and an Aboriginal Engagement Framework for Contractors, whereby contractors dedicate roles within their companies to graduates of BHP Billiton's pre-employment programs. To date, the Aboriginal Participation Program has resulted in more than 130 Aboriginal people employed across all areas of Olympic Dam making it one of the largest employers of Aboriginal peoples in South Australia. Through employment, community development, and contracting and sourcing, the program has also injected approximately A\$10 million into the local Aboriginal communities in FY2014. This includes

a 400 per cent increase in year on year spend with Aboriginal Enterprises since 2013 and a direct investment of A\$4.09 million to a Trust designed to provide benefits to Aboriginal peoples and communities, including initiatives targeting education, culture and health since 2010. This amount also includes administration costs.

In FY2014, Olympic Dam was recognised by the South Australian Government for demonstrating excellence in social inclusion through the Aboriginal Participation Program. It was commended for taking proactive steps to involve people from South Australia's most disadvantaged groups in its operations and assisting them to take advantage of the economic and social benefits we have to offer.

Respecting human rights

We respect and promote fundamental human rights.



Why this is a focus area

We acknowledge our activities have the potential to impact on human rights and we address this through our core business practices. These include labour conditions, activities of security forces, local community programs, the practices of our employees and those acting on our behalf, and any interactions we may have with others. We are committed to operating in accordance with the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the UN Global Compact principles. We support these commitments through *Our BHP Billiton Charter* and our *BHP Billiton Code of Business Conduct* and the performance requirements detailed in our GLDs.

Our human rights due diligence process

Detailed due diligence is undertaken in a range of sustainability aspects, including human rights, for all significant investments. Our human rights due diligence process requires our operations to identify and document key potential human rights risks by completing a human rights impact assessment (HRIA). This includes assessing performance against the articles of the UN Universal Declaration of Human Rights, the UN Global Compact principles and host country legislation governing human rights issues. We require each HRIA to be reviewed internally on an annual basis. Every three years, each HRIA is required to be verified through an engagement process with stakeholders and, in medium- and high-risk jurisdictions, validated by a qualified human rights specialist. Where a HRIA identifies a material risk, a human rights management plan is required to be implemented and reviewed annually. Selected employees and contractors receive training on compliance with BHP Billiton's human rights commitments.

Managing our security-related material risks

The nature and global reach of our organisation can result in our people working in countries where there is potential exposure to personal and business risk. We require an assessment of each country for the degree of risk associated with visiting, exploring and operating within it and appropriate controls are developed to mitigate identified risks.

Through our commitment to the Voluntary Principles on Security and Human Rights (VPs), we seek to protect people and property from material risks presented by security threats. Performance requirements related to the VPs are implemented through our *Security and Emergency Management GLD*. Our operations are required to identify security-related material risks to people and property and to engage relevant stakeholders to develop and manage security programs that respect human rights and fundamental freedoms.

Across the Group, and in line with our target, our operations conduct a gap analysis annually, using the VPs Implementation Guidance Tool, and to implement an improvement plan to close identified gaps. The process also provides an opportunity to further build awareness and understanding of the VPs across the Company. For example at our Zamzama gas project in Pakistan, we work closely with the local community in relation to our security arrangements, ensuring the VPs are upheld in a challenging environment.

Formalised procedures exist to avoid the occurrence of security-related incidents with possible human rights implications. Should they occur, all significant incidents are reported to the Group Management Committee and the Sustainability Committee of the Board, including detail of action taken to prevent recurrence. Where incidents are of a criminal nature, they are reported to local authorities for appropriate action. There were no significant incidents of this nature during the year.

Occasionally, it is necessary to provide armed security protection for the safety of people and property. Firearms are required to be deployed only under a set of approved rules of engagement and when it can be demonstrated that no other options exist to protect a human life, to carry out stewardship requirements (such as injured livestock management) or as a means of last resort when threatened by dangerous wildlife. Criteria for the use of firearms and rules of engagement must comply with the International Association of Oil & Gas Producers' *Firearms and the Use of Force* (Report No. 320, revision 2).

Making a positive contribution to society

We support partnerships that promote social and economic development and benefit the broader community.



Why this is a focus area

Creating lasting economic and social benefit for our host communities is fundamental to our business. This helps create a diversified local economy and ensures our investment continues to benefit the community beyond the life of our operations.

Our broad socio-economic contribution

Wherever we operate, we contribute taxes and royalties to governments, which, in turn, are used to provide important public services and amenities to their communities. In FY2014, our payments to governments included US\$9.9 billion in company taxes, royalties and certain indirect taxes. At many of our locations, we also develop infrastructure to support our operations – including roads, aerodromes, emergency response facilities, housing, public amenities and community facilities – that can be accessed and utilised by local communities and businesses.

We are an active participant in industry and sustainable development forums, such as the International Council on Mining and Metals (ICMM). We seek to understand our social economic impact on local communities and host regions through our participation in the ICMM's Mining: Partnerships for Development initiative. This global initiative builds on the ICMM Resource Endowment initiative and seeks to enhance mining's contribution to development through multi-stakeholder partnerships.

We are focused on providing local training and employment opportunities to our local host communities. Given the nature of the work we do, our ability to employ locally can be limited by the depth of industry and technical skills and experience available at the local level. Our broader contribution to local economies can be realised through indirect employment and our support of local businesses that provide a range of services and products that enable our operations to function effectively.

Economic value distribution

| Region | Economic value generated US\$ million | | Economic value distributed US\$ million | | | | Economic value retained ⁽⁵⁾ US\$ million |
|--------------------|---------------------------------------|--|--|----------------------------------|---------------------------------------|---------------------------|---|
| | Revenues ⁽¹⁾ | Operating costs ⁽¹⁾⁽²⁾ | Employee wages and benefits ⁽¹⁾ | Payments to providers of capital | Payments to government ⁽⁴⁾ | | |
| | Revenue and other income | Payment to suppliers, contractors, etc | Wages and benefits to employees | Shareholders dividends | Interest payments ⁽³⁾ | Gross taxes and royalties | |
| Africa and Other | 5,007 | 3,526 | 576 | 506 | 6 | 427 | (34) |
| Australia and Asia | 40,917 | 14,245 | 4,516 | 3,807 | 92 | 7,872 | 10,385 |
| Europe | 172 | 15 | 211 | 2,065 | 176 | 26 | (2,321) |
| North America | 9,468 | 3,570 | 834 | 8 | 469 | 116 | 4,471 |
| South America | 12,519 | 5,861 | 901 | 1 | 34 | 1,139 | 4,583 |
| Total | 68,083 | 27,217 | 7,038 | 6,387 | 777 | 9,580 | 17,084 |

(1) Amounts include revenues and costs determined on an accruals basis, consistent with the Group's audited financial statements.

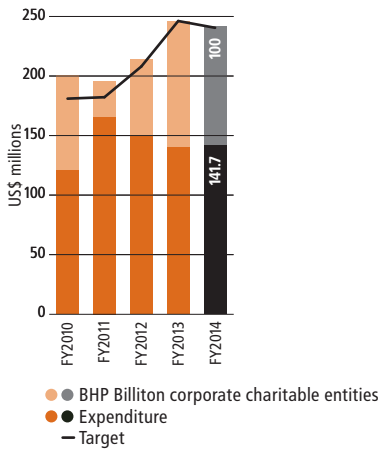
(2) Operating costs relate to expenses recognised in the financial statements. They include expenditure paid to suppliers and contractors for materials and services and exclude employee wages and benefits, payments to governments, depreciation, amortisation and impairments.

(3) This is interest expense on debt for BHP Billiton, determined on an accruals basis.

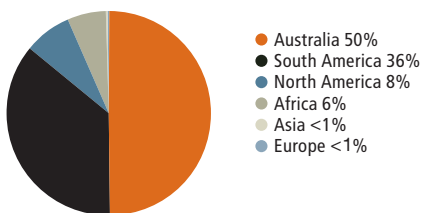
(4) Comprises income tax and royalty-related taxes paid, royalties paid in-kind and production-based royalties accrued, which approximate cash payments. Excludes payroll taxes paid and payments of Fringe Benefits Tax of US\$308 million.

(5) Calculated as economic value generated less economic value distributed.

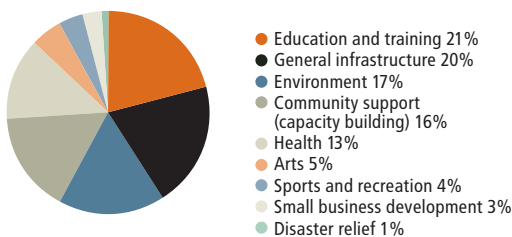
Community investment target⁽¹⁾



Community investment expenditure by region⁽²⁾



Community investment expenditure by program category⁽²⁾



(1) The expenditure represents BHP Billiton's equity share, for both operated and non-operated joint venture operations.
 (2) Excludes expenditure from foundations and trusts.

Improving the quality of life in our host communities

A focus on sustainability underpins all our investments in community economic development. This means we are committed to addressing the needs and priorities of the communities in which we operate and seek to invest in projects which will continue to promote a benefit to the community, after the funding is completed.

We voluntarily invest one per cent of our pre-tax profit, calculated on the average of the previous three years' pre-tax profit, in community programs that aim to have a long-lasting, positive impact on people's quality of life. This includes implementing new and supporting existing community projects.

We work with our host communities to identify the major social issues and development priorities. Using data from a social baseline study and social impact and opportunity assessment, we develop a community development management plan. Community development projects and donations are required to be aligned to the overall community development management plan. Projects are implemented in consultation with our local stakeholders and meet our due diligence and anti-corruption requirements. We review the performance of projects annually. Our community development management plans are required to be evaluated every three years to determine changes to key quality-of-life indicators measured in the social baseline study. Further change within the community is measured through our community perception surveys.

During FY2014, our voluntary community investment totalled US\$241.7 million⁽¹⁾, comprising US\$141.7 million of cash, in-kind support and administrative costs and a US\$100 million contribution to the BHP Billiton Foundation.

The cash component of our FY2014 community investment is an aggregate of the total funds invested across the Group and includes:

- direct voluntary funding provided as one-off donations and to support medium to longer-term community projects;
- contributions made at the local operational level to charitable foundations (excluding the BHP Billiton Foundation and the BHP Billiton Sustainable Communities);
- funds used to deliver the Enterprise Development and Socio-economic Development components of our Broad-Based Black Economic Empowerment programs in South Africa.

Excluding the contribution to the BHP Billiton Foundation, 46 per cent of the cash component of our expenditure was invested in local communities, 44 per cent was invested regionally, and the remaining 10 per cent was invested in national or international programs in countries where we operate.

Making a positive contribution to society continued

ENHANCING FARM PRODUCTIVITY IN BRAZIL



A farm productivity enhancement program at our Samarco non-operated joint venture operation, in Brazil, is helping rural producers grow coffee to generate income and improving the quality of life.

Offering courses and technical consulting that enable farmers to generate social, economic and environmental improvement, the program is empowering local producers and stimulating their participation in trade organisations. Through increased productivity and improved product quality,

the program is helping to preserve natural resources according to environmental laws, diversifying the sources of income for growers and assuring decent working and living conditions in the rural environment. In addition, the program seeks to encourage and strengthen interpersonal relations, formalise

sustainable organisations, teach new farming techniques, diversify farming products, rationalise consumable acquisition and identify market niches.

CEMENTING TIES WITH THREE FIRST NATIONS IN SASKATCHEWAN, CANADA



Our Jansen Potash Project in Canada has cemented ties with three First Nations in the Treaty No. 4 Territory of Saskatchewan, in Canada, signing an Opportunities Agreement.

The Opportunities Agreement with the Kawacatoose First Nation, Day Star First Nation and Muskowekwan First Nation is the first of its kind in the potash industry. The Agreement aims to ensure that the peoples of the First Nations gain from our presence at Jansen by creating mutually

beneficial employment, business and community development opportunities. The Agreement creates new and innovative ways for BHP Billiton to work with the communities to provide an environmentally sustainable, economically inclusive future for the peoples of the First Nations.

The Opportunities Agreement also addresses sharing of information important to environmental management practices and includes governance processes for the parties to co-manage the implementation of the Agreement and report back to the members of the First Nations.

DEVELOPING SELF-SUSTAINING COMMUNITIES IN SOUTH AFRICA



The Ba-Ga Phadima Sand Mine Project is enabling the development of a self-sustaining community around our Hotazel manganese mines in South Africa.

The project was established in response to chronic unemployment and poor education levels and is assisting the community to develop the high-quality sand deposits in the area, which is located in the Northern Cape province of South Africa. Support for the Ba-Ga Phadima Sand Mine includes

commissioning a business plan to explore viability and market options; operational planning; scoping of required equipment for the loading and hauling of material, as well as mine health and safety and environmental compliance; business training, coaching and mentorship

of enterprise employees; setting up of financial management systems; and purchasing the operation's vehicles. The project has launched its own community development program, a community bursary scheme aimed at assisting local youth with studies.

PRESERVING CRITICAL JOBS AND REVENUE FOR THE NAVAJO NATION



In FY2014, our New Mexico Coal Asset in the United States, worked closely with the Navajo Nation and other stakeholders to finalise the sale of the Navajo Mine.

The transaction was in recognition of how critical continued operations of the mine and the Four Corners Power Plant are to the local community, and represents an important economic development opportunity for the Navajo Nation by preserving jobs and revenue for the region. The completion of the

transaction will extend the life of the Navajo Mine and the Four Corners Power Plant for at least an additional 15 years beyond 2016 and will deliver many benefits, including continued direct employment of 800 people at the mine and power plant. According to a recent study by Arizona State University, the transaction is expected

to sustain more than 2,000 direct and indirect jobs, resulting in an economic contribution of approximately US\$400 million each year in San Juan County for the period 2016 to 2031. This represents a total economic contribution over the 15-year period of over US\$5.5 billion.

Making a positive contribution to society continued

Our corporate charitable entities

BHP Billiton Sustainable Communities and the BHP Billiton Foundation are independent charities established by BHP Billiton to contribute to improving the quality of life of people living in regions and countries where BHP Billiton has a business interest. The corporate charities provide grants to organisations to deliver long-term social projects that have a footprint that extends beyond the operations of our business.

The charities do not accept unsolicited proposals, but work proactively to identify significant social issues in the region of interest, and then work collaboratively with non-government organisations that have a strong track record in the issue, to design an appropriate project. In assessing potential partner organisations, important criteria include the capacity to effectively deliver a large scale project, compliance with due diligence and anti-corruption criteria and experience operating in the country and region interest.

The corporate charities aim to complement the local community development work undertaken by our Businesses. When developing projects, care is taken not to duplicate or displace existing agencies and services, but rather to strengthen and support local capacity development. Projects are generally selected from three broad areas – health, education and governance – and are designed to be appropriate, compatible, significant and enduring. Since 2009, the two charities have committed close to US\$160 million in projects and donations.

BHP Billiton Sustainable Communities is based in the United Kingdom, and in FY2014, it approved US\$27 million in funding for projects and donations, including US\$10 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria to support malaria efforts in Mozambique; US\$5 million partnership with Reconciliation Australia to continue to support the Indigenous Governance Awards and develop a new reconciliation framework to be implemented in schools; US\$6.2 million partnership with WaterAid to deliver improved access to potable water and sanitation and hygiene services in Mozambique; and a A\$1.5 million partnership with Australian Science Innovations to support the Science Olympiads. In August 2014, BHP Billiton Sustainable Communities donated US\$400,000 towards the World Health Organization (WHO) Pooled Ebola Outbreak Response Fund to support the implementation of WHO's efforts to control the Ebola outbreak in West Africa.

The BHP Billiton Foundation was established in May 2013 in the United States after the Company divested its operating assets in the United Kingdom, which meant that contributions could no longer be made to the BHP Billiton Sustainable Communities charity from the Company. In FY2014, the BHP Billiton Foundation approved US\$250,000 to the American Red Cross to deliver emergency relief to the communities devastated by the tornadoes in Arkansas and US\$26.5 million to the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in Australia to develop and implement a five-year project to enhance the interest and achievement of Aboriginal and Torres Strait Islander students in science, technology, engineering and mathematics.

ASSISTING VULNERABLE AND DISPLACED PERSONS IN COLOMBIA



BHP Billiton Sustainable Communities has completed the first year of a US\$29 million project to assist vulnerable and displaced persons in Colombia.

The ANDA Project is led by Global Communities, an international non-profit organisation that has worked for more than 12 years implementing large-scale development programs throughout Colombia. ANDA, a Colombian Spanish word meaning 'to go forward' and an exclamation of positive surprise, aims to create sustainable, long-term change by identifying community priorities, building the capacity of local implementers through mentoring and technical assistance, and coordinating closely with the Government of Colombia at all levels to extend the reach of services and assistance to project participants.

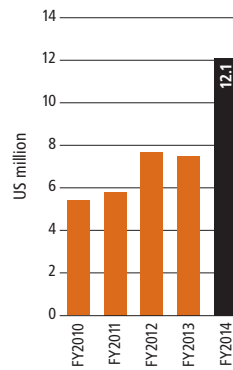
Supporting our employees who support their communities

We encourage our employees to make a difference to their communities and we support those who choose to do so.

Many of our employees make valuable contributions to their local communities through donations of money, time and expertise. Through our global Matched Giving Program, which is funded by BHP Billiton Sustainable Communities, we recognise the contribution of our employees and match their efforts. In FY2014, we announced an increase in our Matched Giving Program that doubles personal donations made by our employees as well as the amount we provide for volunteerism, making it one of the most generous workplace giving programs.

In FY2014, more than 8,700 of our employees participated in the Matched Giving Program, volunteering approximately 66,500 hours of their personal time to community activities. Employee contributions benefited more than 1,894 not-for-profit organisations, which received US\$12.1 million as part of the program.

Matched giving



PROVIDING HUMANITARIAN ASSISTANCE IN TIMES OF CRISIS



We believe in supporting local communities and providing humanitarian assistance in times of crisis. Volunteering is just one of the ways our employees are contributing to community management of natural disasters.

Our support of international aid agencies, such as the Red Cross, has helped deliver emergency food, shelter, water, security and medical aid to people in need and to assist in the recovery process following natural disasters. We also recognise our role in contributing to the long-term recovery of communities devastated by natural disasters. This includes contributing to the rebuilding of essential health, education, transport and public infrastructure.

Throughout FY2014, we contributed to international relief efforts to support communities in need. BHP Billiton Sustainable Communities donated A\$500,000 to the Red Cross Typhoon Haiyan Appeal in the Philippines and A\$500,000 to the Red Cross New South Wales Bushfire Appeal. Following the devastation caused by tornadoes in Arkansas, the BHP Billiton Foundation donated US\$250,000 to Red Cross Disaster Relief.

Our employees have also generously contributed to relief efforts in the aftermath of natural disasters through donations and volunteering. Where an event has occurred in a region where we operate, our people have volunteered to provide assistance wherever it is needed. This includes supplying equipment to clear debris, providing transport and logistics expertise, and volunteering in clean-up activities. All donations and volunteering hours are matched through our BHP Billiton Matched Giving Program.

COLLABORATIVE INITIATIVES IN THE SUPPLY CHAIN



We build the capacity of our host communities by providing supply opportunities and developing local companies.

Our Jansen Potash Project, located in the Saskatchewan Province of Canada, founded the EMPOWER Business Program in partnership with Ideas Inc. (a full-service business incubator) to nurture a culture of entrepreneurship and economic diversification among First Nations and Métis communities, while preserving their cultural values. The EMPOWER goal is to help develop 50 new and existing businesses over five years, taking businesses from identification and planning to full financial and operational viability. This goal will be supported through training, coaching and mentorship.

Supported by our Copper Business, the World Class Supplier Program in Chile is designed to develop new solutions to operational and environmental challenges while benefitting our Chilean suppliers. The program provides opportunities for suppliers to develop innovative

technology that can solve problems for which no solutions are currently available and helps them develop into world-class knowledge-intensive businesses that can market their expertise internationally. In FY2014, a partnership was formed with three local universities with the intent of supporting participants to package their solutions and raise capital.

In FY2014, our Coal Business celebrated a successful second year of the BHP Billiton Mitsubishi Alliance Local Buying Program in Australia. Achievements of the program include more than A\$34 million awarded locally, in addition to our local spend through strategic procurement; 368 approved businesses registered across six communities; 631 users registered with the program since June 2012; more than 2,900 supply opportunities made available through the program and over A\$450,000

allocated to the Local Buying Community Foundation as a direct result of approved work packages.

BHP Billiton Aluminium South Africa's Enterprise and Supplier Development Centre was created to provide mentoring, skill improvement programs, general business support and other assistance to local start-up enterprises. The Centre provides small and medium start-up businesses with the tools they require so they avoid the associated business overheads or capital expenditure. Qualifying businesses are invited to participate in a capacity-building program. Since implementation, businesses in the program have increased their revenue and created employment opportunities. Through these types of development activities we promote self-sufficient local economies.

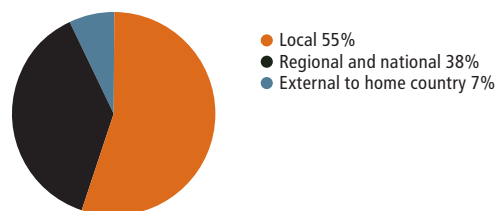
Benefitting our communities through local procurement

Due to the size and scale of our operations, we require a range of products and services to enable our Businesses to operate effectively at the local level. Where our requirements can be met, we choose to source these products and services locally from our host communities, benefitting our local suppliers and our local communities. In FY2013 we set a target for all our Assets to have local procurement plans. This was achieved in FY2014. Our Assets have also made progress to meet the specific targets included within their local procurement plans.

In FY2014, 55 per cent of our Group spend was with local suppliers, with the largest local spends made by operations in the United States and Australia, 72 per cent and 66 per cent, respectively.

We are committed to both Broad-Based Black Economic Empowerment (B-BBEE) and Transformation as a national and Company imperative. Successfully implementing the South African Government's B-BBEE and Transformation policies is critical to our sustainability. As part of our B-BBEE objectives, we promote business opportunities for historically disadvantaged people through procurement, beneficiation and enterprise development and facilitate the reduction of income inequalities between and within race and gender groups.

Distribution of supply expenditure ⁽¹⁾



(1) Local spend refers to spend within the communities in which we operate. Regional and national spend refers to spend within the regions, such as states and provinces, and the home country of operation, excluding local spend.



Appendix

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Our stakeholders

As a global company, we interact with a diverse range of stakeholders who represent our host communities, regions and nations. Our stakeholders can be defined as those who are potentially affected by our operations or who have an interest in, or influence, what we do. All our operations are required to establish appropriate channels where stakeholders can voice their perspectives and concerns throughout the life cycle of our activities.

Our methods and frequency of communicating to and with stakeholders are as diverse as our stakeholders.

- Globally, we communicate via our Annual General Meeting, corporate publications (including the Annual Report and Sustainability Report), our Company website (www.bhpbilliton.com), releases to the market and media, analyst briefings, speeches and interviews with senior executives.
- At a regional and local level, each asset and operation is required to plan, implement and document stakeholder engagement activities in accordance with our *Community GLD*. This includes asset or operation-based newsletters and reports; community perception surveys and consultation groups; implementing community complaints and grievance mechanisms;

and representation on specific industry association committees and initiatives. We listen to our stakeholders' expectations, concerns and interests, and take this into account in our business planning process. Importantly, we also use engagement methods which are appropriate for local culture and context.

- As a key stakeholder group, we also engage with our people (employees and contractors) via tailored internal channels. Information is made available in a variety of formats, ensuring the broadest possible access for our people. These channels include video, our internal Portal; email and newsletters; town halls; and by inviting feedback and comment through employee perception surveys. In FY2014, we introduced a new bi-monthly online forum, 'Ask the CEO', providing a real-time online opportunity for employees to engage in open dialogue with the Chief Executive Officer on a range of topics, including *Our BHP Billiton Charter*, safety, health, environment and the community, and productivity. Key internal announcements and videos are made available in English and Spanish to ensure we continue to meet the information needs of our people.

| Stakeholder | Interest | How we engage |
|---|---|---|
| Business partners | | |
| Organisations with which we have joint venture arrangements. | Ensuring suitable governance mechanisms are in place. Engaging with joint venture partners to ensure financial returns are delivered and risks sufficiently mitigated. | Joint venture boards and operating committees; Public documents (Annual Report, Sustainability Report); Participation in health, safety, environment and community audits. |
| Community-based organisations | | |
| Public or private non-profit organisations that represent a particular segment of the community and are engaged in human, educational, environmental, recreational or public safety and community activities. | Providing a grassroots voice of particular interests or concerns for local communities. | Stakeholder engagement plans; membership on our consultation committees; recipients of community investment. |
| Customers | | |
| Generally other large organisations. | Reliability of our supply; product quality, cost and delivery; life cycle impacts of our products, including downstream products; materials and resource efficiency; management of waste materials. | Regular communication with BHP Billiton Marketing; technical support to assist with product use, in terms of process efficiency or product handling; product information including material safety data sheets; visits to operations; technology exchanges with operations; participation in a range of product stewardship initiatives. |
| Employees and contractors | | |
| Our workforce, comprising 47,044 employees and 76,759 contractors working at 130 locations in 21 countries. | Health and safety; working conditions; career development; local issues such as employment opportunities, business creation, social infrastructure, schooling and health care. In remote communities, housing, and basic services and amenities. | Employee communication channels (online, printed, face-to-face); performance reviews and employee perception surveys; annual HSEC Awards; business conduct advisory service; 24-hour employee assistance program; asset and operation-based newsletters and reports. |
| Governments and regulators | | |
| Governments and regulators at local, regional, national and international levels. | National, regional or local legislative and regulatory policy frameworks; market access, product stewardship; environmental performance; social policy; community issues, fiscal regimes applicable to the resources sector. | Regulatory information; other public information (Annual Report, Sustainability Report; www.bhpbilliton.com); Group representation at selected events, including political party conventions for the purposes of better understanding the implications of public policy development on business operations; direct communication to governments on subjects that affect the Group's interests and operations. |

| Stakeholder | Interest | How we engage |
|--|--|--|
| Industry peers and associations | | |
| Commodity-specific associations, as well as sector-specific associations, at national and international levels. | Diverse range of issues associated with the sector or commodity, including environmental legislation, health and safety standards, and promotion of best practice. | Representation on specific committees and engagement on specific projects with industry associations, both nationally and internationally, such as the Minerals Council of Australia and the International Council on Mining and Metals to develop guidelines, standards and programs and share best practice. |
| Investment community | | |
| Debt and equity analysts, socially responsible investment analysts and corporate governance analysts. | Alignment of our performance with shareholder interests, including good financial returns, strong governance and performance, and elements of non-financial risk. | Regular communication through analyst briefings of key issues, exchange releases, publicly available information (Annual Report, Sustainability Report); participation in external benchmarking initiatives. |
| Labour unions | | |
| Labour unions represented at many of our operations. | Workers' rights and interests; collective bargaining; health and safety; remuneration; working hours; roster arrangements. | Direct communication as required, respecting the rights of employees to freely join labour unions. |
| Local and Indigenous communities | | |
| A broad spectrum of local and Indigenous communities with interests and concerns. | Environmental and social impacts associated with our operations; opportunities for sustainable community development; interests and concerns as identified through stakeholder perception surveys, including local employment and business creation, support for social infrastructure and programs, improved community engagement mechanisms and environmental performance. | Community consultation, engagement and participation in BHP Billiton activities; work opportunities; community investment; preserving cultural heritage; targeted communications. |
| Media | | |
| Representatives from print, online, broadcast and social media. | Broad range of issues reflecting all stakeholder interests. | Media releases, briefings, presentations and interviews, publicly available information (Annual Report, Sustainability Report, www.bhpbilliton.com). |
| Non-government organisations (NGOs) | | |
| Environmental, social and human rights organisations at local, national and international levels. | Ethical, social and environmental performance of our operations, proposed operations, or closed operations; governance mechanisms, risk management and mitigation. | Local engagement through each operation's stakeholder engagement plan; regular engagement at the Group level with relevant national and international organisations, and through the Forum for Corporate Responsibility. |
| Shareholders | | |
| A diverse group who have invested in our business, with significant representation in Australasia, Europe, South Africa and North America. | Creation of long-term shareholder value through consistent financial returns and good governance. Ensuring high-quality governance and maintaining focus on continuous improvement and understanding shareholder concerns. | Annual General Meeting; publicly available information (Annual Report, Sustainability Report, www.bhpbilliton.com); regular meetings with institutional shareholders and investor representatives; investment community presentations. |
| Society partners | | |
| Public or private organisations who we partner with on specific projects to benefit society, our host communities or the environment. | Ethical, social and environmental performance of our operations, proposed operations, or closed operations; governance mechanisms, risk management and mitigation. | Partnership boards and operating committees; Public documents (Annual Report, Sustainability Report, www.bhpbilliton.com); Regular engagement at the Group and Business level. |
| Suppliers | | |
| Businesses local to our operations, as well as large international suppliers. | Supply agreements, payments and required supplier standards. | Appropriate engagement throughout supplier life cycle determined according to supplier segmentation (HSEC, business conduct and commercial dependency requirements). |

Performance data – Governance

Taxes and royalty payments on a country-by-country basis ⁽¹⁾

| Country | Taxes borne by BHP Billiton US\$ million ⁽²⁾ | Taxes collected by BHP Billiton US\$ million ⁽³⁾ | Asset/Office |
|---------------------|---|---|---|
| Australia | 8,051 | 1,059 | Global Headquarters Petroleum and Potash – Australia Production Unit, Australia Joint Interest Unit Copper – Cannington, Olympic Dam Iron Ore – Western Australia Iron Ore, Iron Ore Head Office Coal – New South Wales Energy Coal, BHP Billiton Mitsubishi Alliance, BHP Billiton Mitsui Coal, Illawarra Coal, Coal Head Office Aluminium, Manganese and Nickel – Manganese Australia, Nickel West, Worsley, and Aluminium, Manganese and Nickel Head Office |
| Chile | 968 | 115 | Copper – Escondida, Pampa Norte, Copper Head Office |
| South Africa | 141 | 102 | Corporate Office Coal – Energy Coal South Africa Aluminium, Manganese and Nickel – Aluminium South Africa, Manganese South Africa |
| United States | 141 | 150 | Petroleum and Potash – Onshore US, Gulf of Mexico Production Unit, Gulf of Mexico Joint Interest Unit, Petroleum Head Office Coal – New Mexico Coal |
| Algeria | 281 | <1 | Petroleum and Potash – Algeria Joint Interest Unit |
| Colombia | 64 | 10 | Coal – Cerrejón Aluminium, Manganese and Nickel – Cerro Matoso |
| Peru | 18 | <1 | Copper – Antamina |
| United Kingdom | 29 | 42 | Corporate Office Petroleum and Potash – UK Production Unit |
| Canada | 14 | 24 | Petroleum and Potash – Potash Head Office |
| Brazil | 8 | <1 | Iron Ore – Samarco Aluminium, Manganese and Nickel – Alumar |
| Trinidad and Tobago | 76 | 1 | Petroleum and Potash – Trinidad Production Unit |
| Pakistan | 44 | <1 | Petroleum and Potash – Pakistan Production Unit |
| Switzerland | 23 | <1 | Marketing Office |
| Singapore | 26 | <1 | Marketing Head Office |
| Other | 4 | 11 | |
| Total | 9,888 | 1,515 | |

- (1) The Group claims refunds of transaction taxes (for example, GST/VAT and Fuel Tax) paid to suppliers for in-country purchases of goods, services and eligible fuel, and also collects GST/VAT in respect of certain sales to customers as set out in the table. These amounts are not included in taxes borne or taxes collected.
- (2) Taxes borne by BHP Billiton are reported on a 100 per cent basis for subsidiaries and equity share basis for joint operations. Taxes borne primarily comprises income tax and royalty-related taxes paid, royalties paid in-kind, customs and excise payments, payroll taxes paid, payments of Fringe Benefits Tax and production-based royalties accrued, which approximate cash payments. Ancillary payments, such as licences, visas, sales taxes, stamp duty payment and land tax, are excluded. Taxes borne by BHP Billiton's joint ventures and associates are not included in the amounts above.
- (3) Taxes collected and paid on behalf of our employees are also reported on a 100 per cent basis for subsidiaries and equity share basis for joint operations. Where the payroll calendar year is different to the Group's financial year, the most recent annual data has been used. Taxes collected by BHP Billiton's joint ventures and associates are not included in the amounts above.

| Regional environment fines levied | FY2014 | Number of fines | Regional safety fines levied | FY2014 | Number of fines |
|-----------------------------------|------------|-----------------|------------------------------|-------------|-----------------|
| Africa | US\$94,455 | 1 | North America | US\$510,656 | 317 |
| Australia | US\$6,971 | 3 | South America | US\$42,306 | 29 |
| North America | US\$8,750 | 4 | | | |
| South America | US\$18,722 | 1 | | | |

Performance data – People ⁽¹⁾

| Workforce data by region | Fatalities | TRIF | Occupational illnesses per million hours worked employees | Occupational illnesses per million hours worked contractors | Average absenteeism rate (hours per employee per year) ⁽²⁾ | Average number of employees ⁽³⁾ | Average number of contractors ⁽⁴⁾ |
|--------------------------|------------|------------|---|---|---|--|--|
| Africa | 0 | 3.3 | 1.23 | 0.60 | 52.30 | 9,035 | 10,020 |
| Asia | 0 | 0.4 | 0.00 | 0.00 | 22.58 | 1,105 | 2,003 |
| Australia | 0 | 6.3 | 4.44 | 2.41 | 58.41 | 23,048 | 31,229 |
| Europe | 0 | 4.9 | 0.00 | 0.00 | 10.12 | 146 | 869 |
| North America | 0 | 3.9 | 0.35 | 0.99 | 31.58 | 4,373 | 7,676 |
| South America | 0 | 2.2 | 1.05 | 0.12 | 68.24 | 9,337 | 24,962 |
| Total | 0 | 4.2 | 2.84 | 1.07 | 55.67 | 47,044 | 76,759 |

| Employees by gender and employment type | Total % | Male % | Female % | Employees by region and gender | Total % | Male % | Female % |
|---|---------------|--------------|--------------|--------------------------------|---------------|--------------|--------------|
| Full-time | 97.08 | 84.36 | 15.64 | Africa | 19.31 | 84.96 | 15.04 |
| Part-time | 0.56 | 14.13 | 85.87 | Asia | 2.35 | 56.72 | 43.28 |
| Fixed term full-time | 2.29 | 79.52 | 20.48 | Australia | 48.99 | 84.70 | 15.30 |
| Fixed term part-time | 0.04 | 23.81 | 76.19 | Europe | 0.31 | 57.82 | 42.18 |
| Casual | 0.03 | 81.25 | 18.75 | North America | 9.29 | 70.63 | 29.37 |
| Total | 100.00 | 83.83 | 16.17 | South America | 19.85 | 90.47 | 9.53 |
| | | | | Total | 100.00 | 83.83 | 16.17 |

| Employee by category and diversity ⁽⁵⁾ | Total % | Gender % | | Age group % | | | | Average basic salary US\$ |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| | | Male | Female | Under 30 | 30–39 | 40–49 | Over 50 | Ratio male to female |
| Senior leaders | 0.74 | 85.22 | 14.78 | 0.00 | 11.02 | 54.57 | 34.41 | 1.07 |
| Managers | 2.72 | 84.00 | 16.00 | 0.73 | 29.09 | 43.64 | 26.55 | 1.05 |
| Supervisory and professionals | 35.31 | 77.30 | 22.70 | 16.58 | 37.22 | 27.46 | 18.74 | 1.14 |
| Operators and general support | 61.23 | 87.57 | 12.43 | 18.97 | 31.75 | 26.67 | 22.61 | 1.08 |
| Total | 100.00 | 83.83 | 16.17 | 17.49 | 33.45 | 27.61 | 21.44 | 1.03 |

| Employee new hires and turnover | Total | Gender | | Age group | | | | Region | | | | | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|--------------|---------------|-----------------|--------------|-----------------|---------------|
| | | Male | Female | Under 30 | 30–39 | 40–49 | Over 50 | Africa | Asia | Australia | Europe | North America | South America |
| Employee new hires | 6,430 12.94% | 5,055 12.19% | 1,375 16.73% | 1,979 22.28% | 2,052 12.55% | 1,349 9.88% | 1,050 9.72% | 442 4.67% | 94 7.71% | 3,864 14.92% | 89 41.59% | 1,322 28.15% | 619 7.54% |
| Employee turnover | 5,455 10.98% | 4,206 10.14% | 1,249 15.20% | 935 10.53% | 1,622 9.92% | 1,277 9.35% | 1,621 15.00% | 901 9.52% | 137 11.24% | 3,235 12.50% | 35 16.36% | 679 14.46% | 468 5.70% |

(1) Proportional data in our People section are based on actuals as at 30 June 2014. There is no significant seasonal variation in employment numbers.

(2) Absenteeism comprises Sick Leave, Hospitalisation Leave, Injury on Duty, Short Term Disability, Unauthorised Absence and Workers' Compensation. Absenteeism ratio by gender male to female is 1.07. Additionally, in FY2014, 2,296 employees made use of parental leave, of which 34 per cent were women and 66 per cent were men.

(3) Average number of employees and average number of employees by region shows the weighted average number of employees across the Group in accordance with our reporting requirements under the UK Companies Act 2006. It includes the Executive Director, 100 per cent of employees of subsidiary companies and our share of proportionate consolidated entities. Employees of equity accounted entities are not included. Part-time employees are included on a full-time equivalent basis. Employees of businesses acquired or disposed of during the year are included for the period of ownership. Contractors are not included. In FY2014, 96 per cent of our people worked in their country of nationality, including 61 per cent of our senior leaders. Senior leaders are defined as organisational levels B–D. A number of our assets have practices to hire people from the local community.

(4) Contractor data is collected from an internal survey from July 2013 to March 2014 and averaged for a nine-month period. Significant changes to data after this period that would materially affect the average are included.

(5) The Boards of our significant subsidiary companies have 125 Directors comprising 16 per cent women, 18 nationalities, and 50 per cent are aged between 40 and 49 years.

Performance data – Environment

| | | FY2014 | FY2013 ⁽¹⁾ |
|---|---------------------------------------|-----------|-----------------------|
| Land (total as at 30 June) | | | |
| Land owned, leased or managed | hectares | 8,410,000 | 8,600,000 |
| Land disturbed | hectares | 145,000 | 151,000 |
| Land rehabilitated | hectares | 38,900 | 37,900 |
| Land set aside for conservation | hectares | 27,300 | 26,800 |
| Water | | | |
| Inputs⁽²⁾ | | | |
| Water input by quality – Type 1 | megalitres | 53,700 | 55,500 |
| Water input by quality – Type 2 | megalitres | 136,000 | 121,000 |
| Water input by quality – Type 3 | megalitres | 158,000 | 93,000 |
| Water input by source – Surface water | megalitres | 71,900 | 52,700 |
| Water input by source – Groundwater | megalitres | 150,000 | 141,000 |
| Water input by source – Sea water | megalitres | 98,800 | 51,800 |
| Water input by source – Third party water | megalitres | 26,800 | 23,600 |
| Outputs | | | |
| Water output by quality – Type 1 | megalitres | 83,800 | 85,700 |
| Water output by quality – Type 2 | megalitres | 42,900 | 43,600 |
| Water output by quality – Type 3 | megalitres | 155,000 | 151,000 |
| Water output by destination – Surface water | megalitres | 30,600 | 35,800 |
| Water output by destination – Groundwater | megalitres | 6,350 | 15,300 |
| Water output by destination – Sea water | megalitres | 96,500 | 97,300 |
| Water output by destination – Third party water | megalitres | 13,400 | 10,000 |
| Water output by destination – Other | megalitres | 135,000 | 122,000 |
| Energy | | | |
| Energy use – Electricity | petajoules | 119 | 117 |
| Energy use – Coal and coke | petajoules | 38 | 35 |
| Energy use – Natural gas | petajoules | 71 | 65 |
| Energy use – Distillate/Gasoline | petajoules | 87 | 79 |
| Energy use – Fuel and process oil | petajoules | 1 | 1 |
| Energy use – Other | petajoules | 27 | 28 |
| Energy use – Total | petajoules | 343 | 325 |
| Emissions | | | |
| GHG – Scope 1 | millions of tonnes CO ₂ -e | 22.7 | 22.0 |
| GHG – Scope 2 | millions of tonnes CO ₂ -e | 22.3 | 24.7 |
| GHG Total – Scope 1 and 2 | millions of tonnes CO ₂ -e | 45.0 | 46.7 |
| GHG – Scope 3 – Use of sold products | millions of tonnes CO ₂ -e | 390 | 361 |
| – Coal products | millions of tonnes CO ₂ -e | 297 | 276 |
| – Petroleum products ⁽³⁾ | millions of tonnes CO ₂ -e | 93 | 85 |
| Intensity ⁽⁴⁾ | | 4.9 | – |
| Total oxides of sulphur | tonnes | 53,500 | 52,500 |
| Total oxides of nitrogen | tonnes | 83,800 | 72,600 |
| Total fluoride | tonnes | 1,140 | 1,190 |
| Total ozone depleting substances | tonnes | 2.2 | 1.9 |
| Total mercury | tonnes | 0.9 | 0.8 |
| Waste | | | |
| Hazardous waste – Mineral total | kilotonnes | 35,600 | 32,500 |
| Non-hazardous waste – Mineral tailings | kilotonnes | 154,000 | 141,000 |
| General waste – Disposed on-site | kilotonnes | 47 | 104 |
| General waste – Recycled on/off-site | kilotonnes | 85 | 79 |
| Accidental discharges of water and tailing ⁽⁵⁾ | megalitres | 0 | 0 |

(1) Data in italics indicates that data has been adjusted since it was previously reported.

(2) The increase in water inputs in FY2014 is largely driven by further alignment of reporting with the MCA Water Accounting Framework, particularly at Coal and Petroleum operations.

(3) For petroleum in use, crude oil is assumed to be used as diesel fuel and liquefied petroleum gas is assumed to be used for non-transportation purposes.

(4) In line with requirements of the UK Companies Act 2006, our reported FY2014 GHG intensity was 4.9 tonnes of CO₂-e per tonne of copper equivalent production. We believe that attempting to benchmark energy use and/or greenhouse gas emissions on an intensity basis does not meaningfully contribute to an understanding of our performance, given the diverse range of products across our portfolio, fundamental differences in the grade, geology, accessibility and technological processes and changes in output levels that routinely occur in different directions in response to changing market conditions and other factors. Rather than use an intensity metric, we have set ourselves a more challenging goal to limit our overall emissions by setting an absolute target, keeping our FY2017 GHG emissions below our FY2006 baseline while we continue to grow our business.

(5) Data reported for environmentally significant incidents.

Performance data – Environment continued

| Designated protected areas | Areas adjacent to land managed by our assets | Areas on land managed by our assets | Size of common land |
|----------------------------|--|-------------------------------------|---------------------|
| | Number | Number | hectares |
| Terrestrial | | | |
| Africa | 1 | 0 | 0 |
| Australia | 7 | 3 | 29,000 |
| North America | 1 | 3 | 1,380 |
| South America | 1 | 0 | 0 |
| Maritime | | | |
| Australia | 3 | 1 | 68 |

| Business Data Summary | GHG Scope 1 & 2 Mt CO ₂ -e | Total energy use PJ | Energy use electricity PJ |
|---|--|------------------------|------------------------------|
| Petroleum and Potash | 4.3 | 43.8 | 0.3 |
| Copper | 5.8 | 40.2 | 19.9 |
| Iron Ore | 2.2 | 26.3 | 3.2 |
| Coal | 9.2 | 44.9 | 8.2 |
| Aluminium, Manganese and Nickel | 23.5 | 188 | 87.7 |
| BHP Billiton Total⁽¹⁾ | 45.0 | 343 | 119 |

(1) Total includes Group Functions.

Performance data – Society

| Community complaints | FY2014 |
|----------------------|--------|
| Dust | 51 |
| Noise | 117 |
| Odour | 19 |
| Other | 223 |

| Training | FY2014 |
|--|--------|
| Cultural awareness training | |
| Employees | 10,706 |
| Human rights training | |
| Employees | 6,162 |
| Contractors | 6,810 |
| Security training | |
| Security employees and contractors | 2,038 |
| Security employees and contractors trained in Human Rights | 1,563 |



Our conclusions:

a) Sustainability Report 2014 – Limited assurance

Based on the procedures performed, as described below, nothing has come to our attention that would lead us to believe that the BHP Billiton Sustainability Report 2014 for the year ended 30 June 2014, is not, in all material respects, prepared and presented in accordance with the GRI G3 Guidelines and ICMM Sustainable Development Framework (collectively the 'Framework').

b) GHG Emissions – Reasonable assurance

In our opinion, BHP Billiton's reported GHG emissions of 45.0 Mt CO₂-e (Scope 1 and 2) for the year ended 30 June 2014, is prepared in all material respects, in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol.

c) Voluntary Community Investment – Reasonable assurance

In our opinion, BHP Billiton's reported voluntary community investment of US\$241.7 million for the year ended 30 June 2014, is prepared in all material respects, in accordance with the basis of preparation as disclosed on page 43 in the Sustainability Report 2014.

d) GRI Application Level

Based on the procedures performed, as described below, we concur with the assessment made by BHP Billiton, that the Sustainability Report 2014 is consistent with the GRI G3 application level A+.

We have been engaged by BHP Billiton Limited and BHP Billiton Plc (BHP Billiton) and are responsible for providing:

- limited assurance in respect of the Subject Matters 1 to 4 of the ICMM Sustainable Development Framework and the BHP Billiton Sustainability Report 2014 for the year ended 30 June 2014 ('Sustainability Report 2014')
- reasonable assurance in respect of the GHG emissions (Scope 1 and 2) and voluntary community investment included in the Sustainability Report 2014.

In addition, we have been engaged to perform a check of BHP Billiton's GRI application level as disclosed in the Sustainability Report 2014.

Our assurance engagement is conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance on Greenhouse Gas Statements*. These standards require, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

BHP Billiton responsibilities

BHP Billiton are responsible for the following:

- preparation and presentation of the Sustainability Report 2014 in accordance with the Framework; the GHG emissions (Scope 1 and 2) in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol (WRI/WBCSD GHG Protocol); and the voluntary community investment in accordance with the basis of preparation as disclosed in the Sustainability Report 2014;
- determination of BHP Billiton's GRI application level in accordance with the GRI Guidelines.

Limited assurance over the Sustainability Report 2014

Our limited assurance engagement over the Sustainability Report 2014 consisted of making enquiries and applying analytical and other evidence gathering procedures including:

- interviews with in excess of 300 senior management and relevant staff at corporate and 23 operating sites;
- evaluation of the design and implementation of the key systems, processes and controls for collecting, managing and reporting the information within the Sustainability Report 2014;
- an assessment of the reasonableness of the assumptions underlying the forward-looking statements set out in the Sustainability Report 2014;
- agreeing the information included in the Sustainability Report 2014 to relevant underlying sources on a sample basis.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements.

Reasonable assurance over the GHG emissions and voluntary community investment

Our reasonable assurance engagement involved obtaining evidence over the GHG emissions (Scope 1 and 2), and voluntary community investment, sufficient to give reasonable assurance that the amounts disclosed are free from material misstatement whether caused by fraud or error, including:

- interviews with in excess of 60 senior management and relevant staff at corporate and 16 material operating sites;
- evaluation and testing of the design and implementation of the key systems, processes and controls for collecting, managing and reporting the GHG emissions and voluntary community investment data in accordance with the International Standard on Auditing ISA 530 *Audit Sampling and Other Means of Testing*;
- analysis of all data in accordance with ISA 520 *Analytical Procedures*;
- agreeing all GHG emissions and voluntary community investment data to relevant underlying sources.

GRI application level

Our work in relation to the GRI application level check was limited to agreeing that the appropriate indicators have been reported on.

This report has been prepared for BHP Billiton. We disclaim any assumption of responsibility for any reliance on this report, or the Sustainability Report 2014 to which it relates, to any person other than BHP Billiton, or for any purpose other than that for which it was prepared.

KPMG
Melbourne
11 September 2014

Sustainability ratings

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Voluntary initiatives and public commitments



ICMM
International Council
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EITI Extractive
Industries
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Initiative



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Annual Report



Strategic Report



Summary Review

If you would like further information or would like to change your previous election in relation to electronic or hard copy communications, please contact:

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1300 656 780 (from within Australia)
+61 3 9415 4020 (from elsewhere)

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Community Review

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