

# MODERN SLAVERY STATEMENT FY2020

BM ALLIANCE COAL OPERATIONS PTY LTD



This Modern Slavery Statement is made by BM Alliance Coal Operations Pty Ltd ABN 67 096 412 752 (**BM Alliance**) for the period 1 July 2019 to 30 June 2020, pursuant to the *Australian Modern Slavery Act (2018)* (**Act**) and has been approved by the Board of Directors of BM Alliance on 19 November 2020.

This Statement makes reference to the Modern Slavery Statement FY2020 issued with respect to relevant entities in the BHP Group<sup>1</sup> pursuant to the Act (**BHP Statement**). The BHP Statement is set out in the Annexure to this Statement and is also available online at [bhp.com](http://bhp.com).

## Structure, governance and operational arrangements

BM Alliance is the manager of the Central Queensland Coal Associates and Gregory Joint Ventures, known as the BHP Mitsubishi Alliance (**BMA**). BMA is owned 50:50 between entities in the BHP Group and entities in the Mitsubishi corporate group and is Australia's largest producer and supplier of seaborne metallurgical coal. BM Alliance is owned 50:50 by BHP MetCoal Holdings Pty Ltd (**BHP MetCoal**) and Mitsubishi Development Pty Ltd (**MDP**).

Pursuant to the governance and operational arrangements agreed by BHP MetCoal and MDP, BM Alliance has adopted certain structures, policies and standards and processes of the BHP Group with respect to BMA's operations and supply chains. Accordingly, the structures, policies, standards and processes and actions described in the BHP Statement are also applicable to BMA's operations and supply chains.

The content of the BHP Statement is applicable to the BHP Group functions and Marketing and Supply business that support the policies, standards, processes and actions of the BHP Group that have been adopted by BM Alliance with respect to BMA's operations and supply chains.

## Operations and supply chains

BMA is headquartered in Brisbane, Australia and its operations comprise seven Bowen Basin mines (Goonyella Riverside, Broadmeadow, Daunia, Peak Downs, Saraji, Blackwater and Caval Ridge), as well as ownership and operation of the Hay Point Coal Terminal near Mackay in Central Queensland, Australia. There are site offices at each of these locations and offices across Central Queensland in the towns of Moranbah, Dysart and Blackwater.

With the exception of the Broadmeadow underground longwall operation, BMA's mines are open-cut, using draglines and truck and shovel fleets for overburden removal. Facilities include on-site beneficiation processing facilities. Coal is transported by rail to Hay Point, Gladstone, Dalrymple Bay and Abbot Point ports.

BMA's supply network spans the following 12 countries: Australia, Singapore, Canada, the United Kingdom, the United States of America, Germany, China, France, Hong Kong, India, the Netherlands and South Africa. BMA's operations are supported by:

- raw materials
- direct materials (those used in the production cycles, such as trucks and explosives)
- indirect materials (which are all other materials incidental to the BMA business, including technology hardware and consumables such as tools, personal protective equipment, office supplies)
- skilled labour and services.

Payments were made to 1,831 BMA suppliers in FY2020, with the largest spend categories being engineering and construction, maintenance services, and maintenance, repair and operations.

<sup>1</sup> In this Statement, the term the 'BHP Group' refers to BHP Group Limited, BHP Group Plc and their respective subsidiaries as defined in note 13 'Related undertakings of the Group' in section 5.2 of BHP's Annual Report 2020, available at [bhp.com](http://bhp.com).

## Risks of modern slavery practices

BMA's risks of modern slavery practices are as described in the 'Organisational structure, business and supply chain' and 'Due diligence and risk management' sections of the BHP Statement, as applicable to Australia for BMA's operations and generally for its supply chains.

As noted above, BMA's activities, operations and office locations are focused in Australia, which has a low potential for modern slavery risks according to the Verisk Maplecroft Modern Slavery Index 2020<sup>2</sup>. Human rights that may be impacted by BMA's own operations include rights related to workplace health and safety, labour, Indigenous peoples, water and sanitation and those of the communities that live near our operations.

Throughout BMA's supply chain, the key human rights (including modern slavery) related risks are in the materials (goods) supply chain and movement of commodities, with additional high potential exposure in BMA's indirect supply chain.

BMA supplier risk is assessed and managed by using the BHP Group's Ethical Supply Chain and Transparency program (**ESCT Program**) to conduct due diligence on BMA suppliers registered in the BHP Group's Global Contract Management System (**GCMS**). The ESCT Program enables a combination of geographic and taxonomy risk identifiers to be applied to assess supplier risk. The ESCT Program and use of GCMS are more fully described in the 'Due diligence and risk management' section of the BHP Statement.

**Table 1:**

Supplier Country <sup>3</sup>	Verisk Maplecroft Modern Slavery Index Classification 2020 <sup>4</sup>
Australia	Low
Singapore	Medium
Canada	Low
United Kingdom	Medium
United States of America	Medium
Germany	Medium
China	Extreme
France	Low
Hong Kong	High
India	Extreme
Netherlands	Low
South Africa	High

### Risks of modern slavery practices – geographic risk

Over 98 per cent of BMA's direct suppliers are located<sup>5</sup> in Australia, a low risk for modern slavery according to the Verisk Maplecroft Modern Slavery Index 2020, and the remainder (less than 2 per cent) are located<sup>4</sup> in medium, high or extreme-risk countries as shown in Table 1.

### Risks of modern slavery practices – sector risk

Modern slavery-related risks in BMA's supply chain are also considered in relation to the sectors from which goods and services are procured for BMA (taxonomy).

Table 2 below illustrates the primary labour rights at risk for relevant sectors within BMA's supply chain (as indicators for potential modern slavery and human trafficking).

**Table 2:**

Sector	Example good or service with potential risk	Example labour rights risks (linked to the BHP Group's Minimum requirements for suppliers <sup>6</sup> )
Technology	Goods containing conflict minerals	Forced or compulsory labour Child labour Human trafficking Non-discrimination and diversity
Tyres, wheels and rims, and conveyor belting and parts	Raw material (rubber), manufacturing	Human trafficking Forced or compulsory labour Child labour Wages, penalties and working hours
Maritime	Seafarer welfare	Wages, penalties and working hours Forced or compulsory labour Freedom of association
Non production consumables	Apparel and food (in particular seafood and food containing palm oil)	Forced or compulsory labour Child labour Human trafficking Non-discrimination and diversity
Bulk materials	Fuels, biofuel, bunkering oils, bioethanols, acids	Forced or compulsory labour Child labour Human trafficking
Hospitality and travel	Hotel personnel, biofuels in aviation gasoline	Human trafficking Non-discrimination and diversity Forced or compulsory labour Child labour

<sup>2</sup> Verisk Maplecroft – Maplecroft Index scores are presented on a scale of 0–10, where 0 represents highest risk and 10 represents lowest risk.

<sup>3</sup> Countries appear in descending order based on number of suppliers (except that the United States of America and Germany each have two suppliers and the last six countries each have only one supplier).

<sup>4</sup> Extreme >0-2.5 (Maplecroft Index score); High >2.5-5.0; Medium >5.0-7.5; Low >7.5-10.

<sup>5</sup> Country of incorporation.

<sup>6</sup> The BHP Group's Minimum requirements for suppliers are described in the BHP Statement.

## Actions and assessment of effectiveness

Actions taken to assess and address modern slavery risks relevant to BMA, including due diligence and remediation processes, are as described in the 'Policies and governance' and 'Due diligence and risk management' sections of the BHP Statement.

The following BHP Group standards and processes adopted by BM Alliance for BMA and actions taken on behalf of BMA are of particular relevance to understanding and managing the risks of modern slavery and human trafficking across BMA operations and supply chains:

- *Our Code of Conduct*
- EthicsPoint, a reporting service that enables anyone to lodge an *Our Code of Conduct* concern
  - This is available to the BMA workforce, external stakeholders and local community
- *Our Requirements for Supply*
  - *Minimum requirements for suppliers*
  - Ethical Supply Chain and Transparency Guide
- *Our Requirements for Community standard*
  - Human Rights Impact Assessments, which are conducted at an operational level
  - Implementation of complaints and grievance mechanisms across BMA sites
- Risk Framework
  - Requires identification and management of risks to be embedded in specific business activities
- ESCT Program
  - Full program launch occurred in FY2020, including for applicable BMA suppliers
- Human rights training and culture building
  - Mandated for the BHP Group's Corporate Affairs, Procurement and Maritime, and Supply Chain Excellence teams, who support the policies, standards and processes and actions that have been adopted for BMA's operations and supply chains
- Human Rights Breach Remediation and Response Plan

These standards and processes and their application to help assess and address modern slavery risks are more fully described in the BHP Statement.

Assessment of the effectiveness of the actions being taken to assess and address modern slavery risks for BMA are as described in the 'Assessing effectiveness' section of the BHP Statement. Aligned with BHP Group processes, assessment of effectiveness for BMA includes:

- investigation and analysis of complaints and grievances and reports of issues received through EthicsPoint and BMA complaints and grievance mechanisms
- inclusion of BMA-related information in BHP Group Sustainability Committee and Risk and Audit Committee reports
- provision of BMA-related information in the BHP Group's Annual Reporting suite, including external limited assurance of sustainability data
- participation in the BHP Group's internal audit program
- inclusion of BMA-specific issues (as applicable) in the BHP Group's annual review of the supply risk assessment and assessment of controls
- application of continuous improvement initiatives within the BHP Group's ESCT Program life cycle to the BMA supply chain
- engaging regularly and collaborating with BMA's stakeholders.

Further detail regarding BMA's risks, actions to mitigate risk and how the effectiveness of those actions (including further detail in relation to the items described above) is assessed is provided in the BHP Statement. The 'COVID-19' and 'Looking forward' sections of the BHP Statement are also applicable to BMA.

This Statement has been prepared in consultation with key BHP Group teams that collaborate to deliver the human rights (including modern slavery) risk identification, assessment and management processes of the BHP Group that have been adopted by BM Alliance with respect to BMA's operations and supply chains. This Statement (including the BHP Statement in the Annexure) has also been reviewed by BM Alliance's shareholders, BHP MetCoal and MDP.

**Adrian Wood**  
Director

  
**Taro Abe**  
Director

For and on behalf of BM Alliance Coal Operations Pty Ltd

# ANNEXURE

BHP MODERN SLAVERY STATEMENT FY2020



BHP Mitsubishi Alliance

**BHP**

**Modern  
Slavery  
Statement  
FY2020**

## Modern Slavery Statement FY2020

BHP Group Limited. ABN 49 004 028 077. Registered in Australia. Registered office: 171 Collins Street, Melbourne, Victoria 3000, Australia. BHP Group Plc. Registration number 3196209. Registered in England and Wales. Registered office: Nova South, 160 Victoria Street London SW1E 5LB United Kingdom. Each of BHP Group Limited and BHP Group Plc is a member of the BHP Group, which has its headquarters in Australia. BHP is a Dual Listed Company structure comprising BHP Group Limited and BHP Group Plc. The two entities continue to exist as separate companies but operate as a combined group known as BHP.

The headquarters of BHP Group Limited and the global headquarters of the combined Group are located in Melbourne, Australia. The headquarters of BHP Group Plc are located in London, United Kingdom. Both companies have identical Boards of Directors and are run by a unified management team. Throughout this publication, the Boards are referred to collectively as the Board. Shareholders in each company have equivalent economic and voting rights in the Group as a whole.

This publication is the Slavery and Human Trafficking Statement (UK) and joint Modern Slavery Statement (Australia) (together, Statement) for the financial year ended 30 June 2020. This Statement is made pursuant to the United Kingdom's Modern Slavery Act (2015) and the Australian Modern Slavery Act (2018) and has been approved by the Board on 3 September 2020. The 'reporting entities' (as defined in the Australian Modern Slavery Act) covered by this joint Modern Slavery Statement (Australia) are listed in the body of this Statement.

In this Statement, the terms 'BHP', the 'Company', the 'Group', 'our business', 'organisation', 'we', 'us', 'our' and 'ourselves' refer to BHP Group Limited, BHP Group Plc and, except where the context otherwise requires, their respective subsidiaries as defined in note 13 'Related undertakings of the Group' in section 5.2 of our Annual Report 2020. Those terms do not include non-operated assets.

This Statement covers BHP's assets (including those under exploration, projects in development or execution phases, sites and closed operations) that have been wholly owned and/or operated by BHP and that have been owned as a joint venture<sup>(1)</sup> operated by BHP (referred to in this Statement as 'operated assets' or 'operations') during the period from 1 July 2019 to 30 June 2020. Our functions are also included.

BHP also holds interests in assets that are owned as a joint venture but not operated by BHP (referred to in this Statement as 'non-operated joint ventures' or 'non-operated assets'). Non-operated assets are not included in the BHP Group and, as a result, statements regarding our operations, assets and values apply only to our operated assets, unless stated otherwise. Data for non-operated assets is not presented here. However, this Statement includes a description of how we approach risks, including with respect to modern slavery and human trafficking, in relation to our interests in non-operated assets and other investments. Additional information about how we engage with our non-operated asset partners and operator companies at non-operated assets is available at [bhp.com/sustainability](http://bhp.com/sustainability).

On 14 May 2019, BHP announced that we would fully integrate Nickel West into the BHP Operating Model. Nickel West's exemption from the requirement to conduct a human rights impact assessment (HRIA) every three years ceased in November 2019 and accordingly, statements in this Statement concerning HRIAs apply to Nickel West from November 2019.

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

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At BHP, we see respecting human rights as critical for our ability to contribute meaningful and ongoing social value to our stakeholders and we expect that businesses with whom we work respect human rights throughout the value chain.

BHP adopts the Australian Modern Slavery Act definition of modern slavery, including the eight types of serious exploitation (which include human trafficking), each of which has a clear definition in international or Australian law<sup>(2)</sup>. We have a responsibility to work collaboratively with our suppliers, customers, workforce and external stakeholders to increase our understanding of modern slavery risks and the role we can play in seeking to address them.

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(2) We consider these definitions suitable to align with the intended interpretation of slavery and human trafficking under the UK Modern Slavery Act 2015.

## UK and Australian Modern Slavery Act Statement

This is our fifth Statement in response to the UK Modern Slavery Act and our first under the Australian Modern Slavery Act. It describes the activities we have undertaken throughout our financial year<sup>(3)</sup> to strengthen our processes and better understand the risks of modern slavery and human trafficking in our operations and supply chains.

The sections of the Statement that specifically address what we have done to meet the core mandatory content required by the Australian Modern Slavery Act (2018) are outlined below. The table also shows the Statement's alignment with recommended reporting criteria for UK Modern Slavery Act statements.

UK Modern Slavery Act recommended reporting criteria	Australian Modern Slavery Act mandatory reporting criteria	BHP response	
		Section	Detail
Organisation's structure, its business and its supply chains	Identify each reporting entity covered by the joint statement	<b>Organisational structure, business and supply chain</b>	<ul style="list-style-type: none"> <li>list of the 'reporting entities' (as defined in the Australian Modern Slavery Act) covered by this joint Modern Slavery Statement (Australia)</li> </ul>
	Describe the structure, operations and supply chains of each reporting entity covered by the joint statement	<b>Organisational structure, business and supply chain</b>	<ul style="list-style-type: none"> <li>our Operating Model</li> <li>countries in which we have a presence</li> <li>non-operated joint venture and other investments</li> <li>our supply chain</li> <li>maritime</li> </ul>
Parts of the organisation's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk	Describe the risks of modern slavery practices in the operations and supply chains of each reporting entity covered by the joint statement and any entities that each of those reporting entities owns or controls	<b>Organisational structure, business and supply chain due diligence and risk management</b>	<ul style="list-style-type: none"> <li>Verisk Maplecroft risk profile of our locations and supplier map</li> <li>human rights risks</li> <li>human rights risk assessments</li> <li>human rights impact assessments</li> <li>non-operated joint venture and other investments: locations and governance and risk management approach</li> <li>sectors from which we procure goods and services</li> <li>Ethical Supply Chain and Transparency program</li> </ul>
Organisation's policies in relation to slavery and human trafficking; its due diligence processes in relation to slavery and human trafficking in its business and supply chains; the training about slavery and human trafficking available to its staff	Describe the actions taken by each reporting entity covered by the joint statement and any entities that each of those reporting entities owns or controls to assess and address these risks, including due diligence and remediation processes	<b>Organisational structure, business and supply chain policies and governance</b> <b>Due diligence and risk management</b>	<ul style="list-style-type: none"> <li>Our Code of Conduct and human rights training</li> <li>non-operated joint venture and other investments: governance and risk management approach</li> <li>Ethical Supply Chain and Transparency program</li> <li>updates to <i>Minimum requirements for suppliers</i></li> <li>access to remedy, including remediation and response plan, EthicsPoint and complaints and grievance mechanisms</li> <li>engagement activities with suppliers, customers, investors</li> </ul>
Organisation's effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate	Describe how each reporting entity covered by the joint statement assesses the effectiveness of actions being taken to assess and address modern slavery risks	<b>Policies and governance</b> <b>Due diligence and risk management</b>	<ul style="list-style-type: none"> <li>investigation and analysis of complaints and grievances</li> <li>annual human rights reporting to Board's Sustainability Committee</li> <li>annual supply chain human rights risk review</li> <li>internal audit program</li> <li>Group Risk reporting process</li> <li>update to the Ethical Supply Chain and Transparency Program after pilot</li> <li>Ethical Supply Chain and Transparency life cycle</li> <li>engaging and collaborating with stakeholders e.g. partnership with Global Business Initiative</li> </ul>
	Describe the process of consultation with each reporting entity covered by the joint statement and with any entities that each of those reporting entity owns or controls	<b>Consultation</b>	<ul style="list-style-type: none"> <li>consultation</li> </ul>
	Any other relevant information	<b>COVID-19</b> <b>Due diligence and risk management (training and culture and collaboration)</b> <b>Looking forward</b>	<ul style="list-style-type: none"> <li>responding to elevated human rights risks from the pandemic</li> <li>Our Code of Conduct and human rights training</li> <li>further engagement and collaboration activities</li> <li>plans for FY2021</li> </ul>

(3) 1 July 2019 to 30 June 2020.



## Our approach

The wellbeing of our people, the communities in which we operate and the environment must be considered in everything we do and our approach to sustainability and social value reflects that.

We look to integrate social value into our decision-making and actions by considering the needs of our many stakeholders and finding new and innovative solutions that create mutual benefit.

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

We recognise that operating in a manner that respects human rights and with a commitment to strong governance and anti-corruption is not only important to the sustainability of our business but enables us to better understand and address modern slavery and human trafficking risks. Our sustainability approach is detailed in our Annual Report 2020 and our [bhp.com/sustainability](http://bhp.com/sustainability) website.

Our Human Rights Policy Statement outlines our commitment and approach to respecting human rights.

As part of our Group-wide human rights program of works, each year we strive for further insight into the human rights and modern slavery risks inherent to our business. These insights provide us with the opportunity to:

- understand, refine and improve our processes for identifying and managing modern slavery risks
- work across the Group to promote human rights and identify opportunities to collaborate to enhance our management of human rights risks
- seek to anticipate the evolving nature of human rights and BHP's responsibility to respect human rights, including in times of uncertainty and challenge

## COVID-19

Under the framework set out by the United Nations Guiding Principles on Business and Human Rights, companies must continue to operate responsibly and with respect for human rights throughout a crisis such as COVID-19.

The pandemic has brought with it a number of human rights challenges, in particular socio-economic and livelihood impacts. These impacts are not just being felt by developing economies; however, inequalities are particularly exacerbated by this public health crisis. Many of the people typically most vulnerable to modern slavery and human trafficking work in sectors that have been impacted significantly by COVID-19, either through a surge in demand for products or through job losses.

During the emergency phase of the pandemic, protecting the welfare of workforces and communities, in particular vulnerable populations, while ensuring business continuity has been the primary challenge. Companies are also expected to work with suppliers and business partners to understand the human rights impacts of the pandemic and opportunities to support workforces and communities throughout the value chain.

During the initial phases of the crisis, BHP implemented several initiatives with the primary objectives to keep workers and communities where we have a presence healthy and to build resilience within our supply chain.

### Suppliers and contractors

Our suppliers and contractors are critical partners for our business. To support their continued operation we implemented measures to reduce economic burden, including immediately paying all outstanding invoices, reducing our payment terms and establishing a A\$6 million labour hire fund for sick leave and travel support in Australia and a US\$25 million fund in Chile to support our contractors' demobilised workers (after BHP found it necessary to progressively reduce the presence of its own and contractor workers at our operated assets).

In Australia, we also established a A\$50 million Vital Resources Fund to support regional health services and providers, community organisations, Aboriginal and Torres Strait Islander communities and local businesses deal with the impacts of COVID-19.

We also worked with our site-based contractors to implement shared resilience plans and bring social distancing measures into their on-site procedures to keep people safe and our operations running.

A supply chain appraisal exercise was undertaken to understand challenges to continuity of supply throughout the supply chains of our key direct suppliers. Further work is planned in FY2021 to deepen our knowledge of our indirect supply chains, engage with our key direct suppliers on findings and identify opportunities to use this information to enhance our understanding of modern slavery and human trafficking risks within our supply chain.

Seafarers are already particularly vulnerable workers globally, and the COVID-19 pandemic has exacerbated the challenges faced by these workers. During the pandemic, this workforce has faced the closure of borders and reduction in flight availability, resulting in some crew members being unable to join their vessel or return home for extended periods. In the early stages of the pandemic, BHP and relevant regulatory authorities worked closely to enable humanitarian assistance to be provided to seafarers.

In Australia, we responded by supporting the seafarer centre in Port Hedland to reopen in conjunction with regulatory authorities and clarified and encouraged shore leave requirements (as put in place by the Australian State Governments) to be upheld. We introduced additional crew vetting relating to the maximum continuous period that a seafarer can serve on board a vessel, in alignment with the compliance and enforcement requirements of the Australian Maritime Safety Authority (AMSA) relating to the Maritime Labour Convention 2006.

In addition, we worked with appropriate authorities to support a process for the timely provision of medical attention to seafarers, including those with suspected COVID-19 cases. We recognise that seafarer welfare continues to be impacted by the pandemic and we are working to identify how BHP can further contribute to support these vulnerable people.

### Our operations

For our own business, we hired approximately 1,500 people in new contractor roles in Australia following the COVID-19 outbreak.

For more information on how we are supporting employees, contractors and communities throughout the COVID-19 pandemic, refer to our Annual Report 2020 and [bhp.com](http://bhp.com).

# Organisational structure, business and supply chain

## Our organisational structure and business

BHP is a global natural resources company, operating in global markets. We extract, process and explore for minerals, oil and natural gas with more than 80,000 employees and contractors (our workforce), primarily in Australia and the Americas. Our principal operations and locations are described below. Our products are sold worldwide, with sales and marketing led through Singapore and Houston, United States.

The BHP Annual Report 2020 provides more information on the structure of our workforce.

### Structure

BHP consists of BHP Group Limited and BHP Group Plc, operating as a single unified economic entity, following the completion of the Dual Listed Company merger in June 2001. The two entities continue to exist as separate companies but operate as a combined group known as BHP. The headquarters of BHP Group Limited and the global headquarters of the combined Group are located in Melbourne, Australia. The headquarters of BHP Group Plc are located in London, United Kingdom. Both companies have identical Boards of Directors and are run by a unified management team. Shareholders in each company have equivalent economic and voting rights in the Group as a whole.

### Reporting entities (Australian Modern Slavery Act)

The following are the reporting entities covered by this joint Modern Slavery Statement (Australia):

BHP Group Limited  
BHP Billiton Finance Limited  
The Broken Hill Proprietary Company Pty Ltd  
BHP Lonsdale Investments Pty Ltd  
Dampier Coal (Queensland) Proprietary Limited  
BHP Billiton Mitsui Coal Pty Ltd  
BHP Billiton Minerals Pty Ltd  
BHP (Towage Services) Pty Ltd  
BHP Iron Ore (Jimblebar) Pty Ltd  
BHP Billiton Petroleum (North West Shelf) Pty Ltd  
BHP Billiton Petroleum International Pty Ltd  
BHP Billiton Petroleum (Bass Strait) Pty Ltd  
BHP Billiton Petroleum (International Exploration) Pty Ltd  
BHP Billiton Nickel West Pty Ltd  
BHP Billiton Olympic Dam Corporation Pty Ltd.

## Operations and locations

BHP's principal operations comprise:

- 1. Evaluation and exploration**  
We invest in discovering new resources, to meet the needs of future generations.
- 2. Development**  
We invest in studies, trials and infrastructure with the goal of creating the maximum value from resources.
- 3. Extraction and process**  
We extract and process commodities, safely and sustainably.
- 4. Rehabilitation and closure**  
We close our operations through one or a combination of rehabilitation, ongoing management or – in consultation with the community – a transition to an alternative use.
- 5. Commercial function**  
We sell our products, procure suppliers, organise freight and manage market risks to maximise value.

Our Operating Model and map of BHP's assets and principal office locations (including BHP's interests in mining non-operated joint ventures and petroleum non-operated assets, which are expressly addressed in the Non-operated assets and other investments section below, but not otherwise referenced throughout this Statement) are described in section 1.4.5 of our Annual Report 2020. Our Annual Report also provides more detail about our activities and assets.

Our Operating Model applies across the Group to allow us to leverage integrated systems and technology, replicate expertise and apply high standards of governance and transparency. Key parts of our Operating Model involved in the management of our human rights risks, including in relation to modern slavery and human trafficking, for both our own operations and supply chains across the Group include:

- our functions, with specific accountabilities and expertise in areas such as finance, legal, governance, technology, human resources, corporate affairs, health, safety and community, which operate along global reporting lines to support all areas of the organisation
- and specifically, our Commercial function, which is organised around our core value chain activities of Sales and Marketing; Maritime and Supply Chain Excellence; Procurement; and Warehousing Inventory, Logistics and Property.

### Risks of modern slavery practices

Our activities, operations and office locations span 16 countries and seven of these have either a high or extreme potential for modern slavery risks, according to the Verisk Maplecroft Modern Slavery Index 2020.<sup>(4)</sup>

The human rights that may be impacted by BHP's own operations include rights related to workplace health and safety, labour, Indigenous peoples, water and sanitation and those of the communities that live near our operations as detailed in our Human Rights Policy Statement.

(4) The Verisk Maplecroft Modern Slavery Index assesses the risk to business of exposure to practices of slavery, servitude, trafficking in persons and forced labour. Verisk Maplecroft Index scores are presented on a scale of 0–10, where 0 represents highest risk and 10 represents lowest risk.

## Organisational structure, business and supply chain continued

### Non-operated assets and other investments

BHP also holds interests in companies and joint ventures that we do not operate. These are described in more detail in our Annual Report 2020. Information about how we engage with our non-operated asset partners and operator companies at non-operated assets is available at [bhp.com/sustainability](http://bhp.com/sustainability).

We also make other investments, principally through our voluntary social investment contributions and sustainability initiatives. For more information, refer to [bhp.com/sustainability](http://bhp.com/sustainability).

### Non-operated minerals joint ventures

Our non-operated minerals joint ventures (NOJVs) include Antamina (33.75 per cent ownership) in Peru, Resolution Copper (45 per cent ownership) in the United States, Cerrejón (33.33 per cent ownership) in Colombia and Samarco (50 per cent ownership) in Brazil.

We acknowledge that BHP has interests in NOJVs in countries with an elevated risk of modern slavery (three of the four countries have a high level of potential risk), according to the Verisk Maplecroft Modern Slavery Index 2020.

We engage with our NOJV partners and operator companies through our NOJV team, where our focus has been to reinforce strong practices in governance and risk management such as:

- **Governance:** While our NOJVs have their own operating and management standards, we continue to work with our NOJVs, within the scope of our legal arrangements, to seek to influence governance practices and standards. During the COVID-19 pandemic, BHP supported some of the work by the operator at certain of our NOJV assets to address risks associated with the pandemic, including temporary shutdowns and restart. Subject matter experts from NOJV partners (including BHP) provided input to relevant NOJV operators in relation to health, safety and environment, communications and community engagement issues during the pandemic.
- **Risk management:** Throughout FY2020, we continued positively influencing the NOJVs to align with international standards (including ISO 31000). This included analysing and challenging completeness of their risk profile and prioritising management of those risks.

More information on the health, safety and environment performance at our NOJVs is available at [bhp.com](http://bhp.com).

### Petroleum non-operated assets

Our Petroleum non-operated assets include Atlantis and Mad Dog (offshore deepwater, Gulf of Mexico), Bass Strait (offshore and onshore, Victoria, Australia), North West Shelf (offshore and onshore, Western Australia) and ROD Integrated Development (onshore, Algeria). BHP's percentage interests with respect to these investments are described in our Annual Report 2020.

In our current Petroleum non-operated assets, we have processes in place to identify and manage risks within the rights afforded by the respective joint operating agreements. This includes (as permitted by the relevant operator and/or joint operating arrangements) verification of risk control strategies through field visits, review and analysis of the operator's performance data, participation in operator audits and sharing BHP risk management strategies and processes.

The ROD Integrated Development is located in Algeria, a country with a medium potential risk of modern slavery, according to the Verisk Maplecroft Modern Slavery Index 2020.

### Other investments

In addition to our interests in non-operated assets, we also make social investments as voluntary contributions to support communities and fund or participate in collective action and other initiatives in pursuit of our sustainability public targets and objectives, including with respect to climate change, water stewardship and biodiversity.

As described in our FY2019 Statement, BHP uses standard contract templates for funds invested in community programs,<sup>(5)</sup> wherever possible, which include:

- a requirement for the partner organisation/donation recipient to comply with a tailored version of our Minimum requirements for suppliers in its activities with BHP and to ensure any subcontractors also do so
- express acknowledgement of our expectation that the partner organisation will read, understand and adhere to *Our Code of Conduct*

The inclusion of contracting and administration processes for community development projects and donations in our Global Contract Management System (GCMS), which commenced in FY2019, helps to standardise our ethical supply chain and transparency due diligence for social investment. Our Statements for previous years have outlined the assessment and risk rating process applied through registration in the GCMS. We are also developing our understanding of our partner organisations and identifying opportunities where we can support the enhancement of their processes.

Our voluntary social investment includes funding the BHP Foundation, a charitable organisation that works with more than 33 partner organisations across 43 countries to address some of the world's most critical sustainable development challenges. The BHP Foundation's risk management processes include human rights as one of the material risk areas.

### Our supply chain

BHP's global supply network spans more than 60 countries. Our operations are supported by raw materials, direct materials (those used in our production cycles, such as trucks and explosives) and indirect materials (which are all other materials incidental to our business, including technology hardware and consumables such as tools, personal protective equipment, office supplies) and skilled labour and services. We made payments to more than 9,000 suppliers in FY2020, with the largest spend categories being engineering and construction, maintenance services, and maintenance, repair and operations.

Throughout our supply chain, our key human rights-related risks are in the materials (goods) supply chain and movement of our commodities, with additional high potential exposure in our indirect supply chain. We use a combination of geographic and taxonomy risk identifiers to assess supplier risk.

### Risks of modern slavery practices – geographic risk

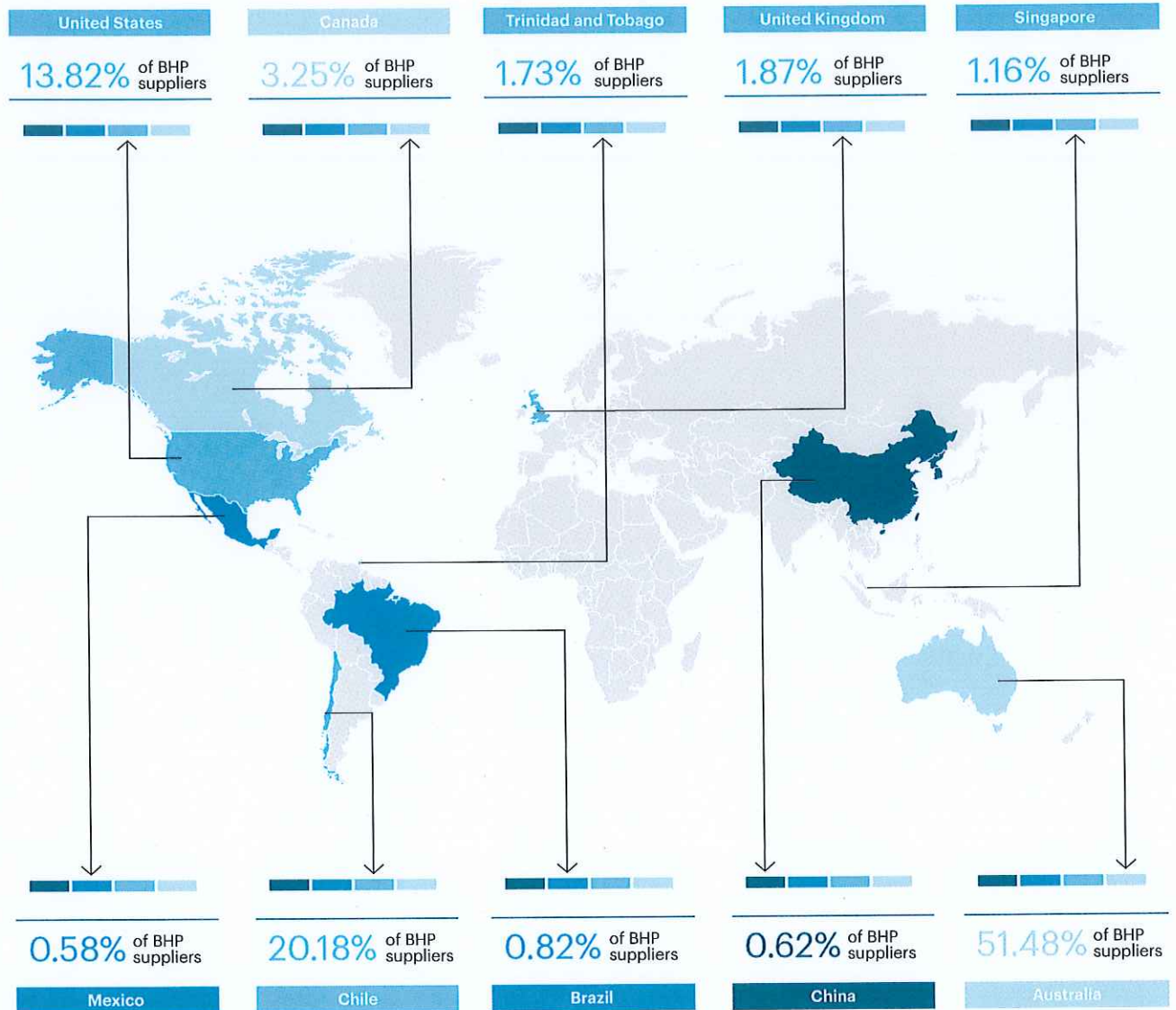
Ninety-six per cent of our direct suppliers are concentrated in 10 countries, as represented on the map below. Eighty-five per cent of our direct suppliers are located in three countries: Australia, the United States and Chile. According to the Verisk Maplecroft Modern Slavery Index 2020,<sup>(6)</sup> for these top 10 supplier countries of incorporation, 2 per cent of our direct suppliers are based in high or extreme-risk countries.

(5) Standard contracts are encouraged for all community projects and donations over US\$20,000. Due to regulatory requirements, for community projects and donations in Chile, standard contracts are not used; however, all contracts are required to be developed in compliance with the *Our Requirements* standards.

(6) Verisk Maplecroft – Maplecroft Index scores are presented on a scale of 0–10, where 0 represents highest risk and 10 represents lowest risk.

## Top 10 BHP supplier countries by country of incorporation

Verisk Maplecroft Modern Slavery Index 2020



### Verisk Maplecroft Modern Slavery Index Classification 2020

- Extreme >0-2.5
- High >2.5-5.0
- Medium >5.0-7.5
- Low >7.5-10

## Organisational structure, business and supply chain continued

### Risks of modern slavery practices – sector risk

We also consider modern slavery-related risks in our supply chain in relation to the sectors from which we procure goods and services (taxonomy).

In FY2020, we enhanced our understanding of these risks across our supply sectors, including through the review of market risks (for example, the impact of COVID-19), and reviewed the taxonomy metrics we use to assess supplier risk (refer Due diligence and risk management section). The table below illustrates the primary labour rights at risk for each relevant sector (as indicators for potential modern slavery and human trafficking).

Sector	Example good or service with potential risk	Example labour rights risks (linked to BHP's <i>Minimum requirements for suppliers</i> )
Technology	Goods containing conflict minerals	<ul style="list-style-type: none"> <li>- Forced or compulsory labour</li> <li>- Child labour</li> <li>- Human trafficking</li> <li>- Non-discrimination and diversity</li> </ul>
Tyres, wheels and rims, and conveyor belting and parts	Raw material (rubber), manufacturing	<ul style="list-style-type: none"> <li>- Human trafficking</li> <li>- Forced or compulsory labour</li> <li>- Child labour</li> <li>- Wages, penalties and working hours</li> </ul>
Maritime	Seafarer welfare	<ul style="list-style-type: none"> <li>- Wages, penalties and working hours</li> <li>- Forced or compulsory labour</li> <li>- Freedom of association</li> </ul>
Non production consumables	Apparel and food (in particular seafood and food containing palm oil)	<ul style="list-style-type: none"> <li>- Forced or compulsory labour</li> <li>- Child labour</li> <li>- Human trafficking</li> <li>- Non-discrimination and diversity</li> </ul>
Bulk materials	Fuels, biofuel, bunkering oils, bioethanols, acids	<ul style="list-style-type: none"> <li>- Forced or compulsory labour</li> <li>- Child labour</li> <li>- Human trafficking</li> </ul>
Hospitality and travel	Hotel personnel, biofuels in aviation gasoline	<ul style="list-style-type: none"> <li>- Human trafficking</li> <li>- Non-discrimination and diversity</li> <li>- Forced or compulsory labour</li> <li>- Child labour</li> </ul>

## Policies and governance

Every member of our workforce who works at or supports our operations is guided by *Our Charter* and supported by *Our Code of Conduct (Our Code)* and the *Our Requirements* standards. Contractors working at our operated assets are required to comply with our health, safety, environmental and community (HSEC) standards. We are focused on how we can engage with and encourage our suppliers, agents and service providers to maintain business practices and workplace standards that are comparable to our own.

The Board's Sustainability Committee oversees the adequacy of the systems in place to identify and manage HSEC-related risks and overall HSEC and human rights performance. The Board's Risk and Audit Committee assists with oversight of the Group's risk management systems.

*Our Code* sets the standard for our commitment to working with integrity and respect. *Our Code* sets out standards of behaviour for our people and outlines the human rights commitments applicable to our people, as well as our contractors and suppliers (where under relevant contractual obligation).

In FY2020, we conducted activities to raise awareness about *Our Code* that included:

- strong focus on *Our Code* awareness from the CEO, Asset Presidents and General Managers of our operations who frequently raise the importance of culture within BHP in their monthly messages
- continuation of the Disrespectful Behaviours campaign, commenced in FY2019 and designed to stimulate conversations about what constitutes disrespectful behaviours, why they exist and how to stop these behaviours. This year, the campaign's focus included raising awareness about sexual harassment
- step up in reporting of EthicsPoint (our speak-up service, described below) data insights and sharing lessons from significant investigations with our senior leaders, site management and Integrity Working Group

### Requirements for suppliers, commercial sponsorships and community partner organisations

#### Suppliers

The *Our Requirements for Supply* standard sets minimum mandatory requirements for suppliers of non-traded goods and services, including:

- registration prior to being set up as a new vendor
- application of the Minimum requirements for suppliers

In FY2020, our *Minimum requirements for suppliers* were revised to enhance alignment with the due diligence questionnaire that we require high-risk<sup>(7)</sup> suppliers to complete. A new requirement added in FY2020 is for our direct suppliers to implement procedures within their organisations for the selection of their own direct suppliers and subcontractors, which includes a review of compliance with applicable human rights standards.

Compliance with the *Minimum requirements for suppliers* is necessary for doing business with BHP and they are included in our procurement standard contract suite, BHP Vessel Charter Party<sup>(8)</sup> and purchase order terms and conditions. Our FY2019 Statement provides more details on our standard contracts. Of the suppliers that are registered in our GCMS, over 99 per cent have confirmed that they comply with the *Minimum requirements for suppliers* or have confirmed that they commit to a higher standard than is required by our *Minimum requirements for suppliers*. A very small number of suppliers that do not commit to complying with the *Minimum requirements for suppliers* (and do not have standards that are higher than BHP's) are proactively followed up with and, in cases where they are not able to satisfactorily rectify the non-compliance, will be ineligible to conduct business with BHP.

In FY2020, we included additional human rights considerations in contracts with a small number of suppliers within high-risk sectors (for example tyres, apparel and acid suppliers), including, for example, commitments to engage annually with the Ethical Supply Chain and Transparency team and to move away from the use of raw materials that are known to have high human rights risks in products supplied to BHP.

We also developed an Ethical Supply Chain and Transparency Guide in FY2020, which is available to all direct and indirect suppliers at bhp.com to support our commitment to continuous improvement and collaboration with suppliers. The Guide's intent is to collaborate with and enhance the capability of our suppliers in meeting their requirements under our *Minimum requirements for suppliers*. It complements the relationships we have with suppliers and the ongoing work of our Procurement team.

#### Commercial sponsorships, community development projects and donations

The *Minimum requirements for suppliers* were also simplified in FY2020 for use in community donations, community development projects and commercial sponsorships, with inapplicable requirements removed to ensure they are fit for purpose and reflect the risk profile for our community partners.

In FY2020, the contracting and administrative processes for over 120 community development projects and donations were managed in the GCMS. As noted above, this helps to standardise our ethical supply chain and transparency due diligence for social investment and identify opportunities where we can support the enhancement of our partner organisations' community processes. This process will be reviewed to identify opportunities for simplification in FY2021.

(7) Our Statements for previous years have provided a detailed explanation on the initial screening of suppliers and risk ratings.

(8) The contractual document between BHP and the vessel owner of chartered vessels.

## Policies and governance continued

### Access to remedy

We have mechanisms in place to address the concerns of stakeholders who feel *Our Code* has been breached or wish to raise other business conduct issues.

Aligned with the United Nations Guiding Principles on Business and Human Rights, the *Our Requirements for Community* standard requires that each operated asset has a local complaints and grievance mechanism. More information on complaints and grievance mechanisms can be found at [bhp.com](http://bhp.com). In our FY2019 Statement, we outlined the approach we would take to pilot guidance for a globally consistent approach to the development of complaints and grievance mechanisms. This pilot was intended to be conducted at an operated asset in Minerals Australia. However, due to COVID-19 travel restrictions and access to communities, this work was delayed. We plan to complete the pilot program in FY2021 using a revised approach, due to changed ways of working as a result of the pandemic.

Complaints and grievances and reports of community or human rights issues received by our operated assets are required to be logged in our Event Management System, which was launched in FY2020. The system includes categories for community complaints and grievances relating to amenity, behaviour, human rights and Indigenous rights. This allows us to improve our investigation, management and analysis of issues and impacts on communities. In FY2020, no complaints received through these mechanisms related to modern slavery or human trafficking.

Concerns can be raised anonymously and in multiple languages via EthicsPoint, a reporting service that enables anyone to lodge an *Our Code of Conduct* concern. This service is available 24/7 to our workforce, external stakeholders and the public globally through [bhp.com](http://bhp.com) and country-specific hotline numbers. EthicsPoint is supported by an ethics and investigations framework and central investigations team (within the Ethics and Compliance function).

Employees and contractors can also raise concerns through a number of other channels. These include through managers, and our Human Resources of Ethics and Compliance. Managers and leaders who receive a report about behaviour that may go against *Our Code*, including those related to human rights (which includes modern slavery), must report it in EthicsPoint.

We acknowledge and investigate, as appropriate, all concerns raised or logged through these mechanisms. Where concerns are investigated and substantiated, we take remedial actions, advise the reporter (as appropriate) and document the outcomes.

*Our Code* prohibits any form of retaliation against anyone who raises a concern or participates in an investigation. No incidents of modern slavery or human trafficking in breach of our policies have been received into EthicsPoint during FY2020.

BHP's 'Speaking up with confidence' guidance note, embedded in *Our Code*, explains how reporters of *Our Code* concerns are protected under BHP policies. We encourage our employees, everyone who works with us, and all those affected by our business globally to promptly raise a concern about anything that they reasonably believe may be illegal, improper or involve misconduct. This includes concerns about potential human rights violations.

Suppliers working for BHP with more than 100 employees are required to provide evidence that they implement and monitor a functional grievance mechanism or equivalent process(es) for employees, contractors and (if applicable) communities in which we operate. Of these suppliers currently registered in our GCMS, 137 have indicated they do not currently have a grievance mechanism in place for their workforce and have been assessed as high or very high risk. Additional due diligence will be conducted on these suppliers and where required, a development plan will be implemented. From FY2021, all suppliers that rate as high and very high risk after the initial screening through the GCMS registration will be asked to provide evidence of the grievance mechanism (or equivalent) in place at their organisation. This change aligns to our risk-based approach, rather than relying on employee numbers to assess remedy options.

We recognise human rights risks are present in organisations of all sizes. We also acknowledge some organisations, including smaller enterprises, may face challenges with the implementation of management processes and procedures that provide adequate access to remedy for workers and other stakeholders. We are committed to working collaboratively with these suppliers to understand their constraints and seek to find ways to support the provision of complaint and grievance mechanisms. Information on accessing EthicsPoint is available for suppliers in the Ethical Supply Chain and Transparency Guide.

To strengthen our approach to potential breaches of human rights within our supply chain, in FY2020 we developed a Human Rights Breach Remediation and Response Plan. The plan details the coordination of our proposed response and remediation steps we take in response to alleged breach of human rights within our supply chain.

### Access to remedy – maritime

The Maritime Labour Convention 2006 requires vessels to have on-board procedures for seafarers to lodge complaints, including an internal reporting mechanism and the right to complain to external authorities. The majority of BHP voyages (in volume and number) involve vessels that call at load ports in Australia and are therefore under the jurisdiction of the Australian Maritime Safety Authority (AMSA), which is empowered to take steps to verify grievances, including detaining and inspecting vessels, and can take regulatory action to protect the safety and wellbeing of seafarers. AMSA has demonstrated an ability to respond effectively and quickly to seafarers' grievances. By comparison, BHP's ability to respond to seafarers' grievances is limited by the requirements of maritime law and our indirect relationship with seafarers. This makes it particularly important for seafarers to be able to access complaints and grievance mechanisms, such as by contacting AMSA (refer the Update on maritime allegations section).



## Due diligence and risk management

### Due diligence and risk management in our business

We identify, assess and manage risks that BHP is exposed to, including human rights risks, by applying our single framework (known as the Risk Framework). The Board's Risk and Audit Committee monitors and, at least annually, will review the effectiveness of the Group's systems of risk management and internal control.

In order to understand and manage the risks that BHP is exposed to, we have a Group Risk Architecture, which is a tool to identify, analyse, monitor and report risk. It currently comprises 12 Group Risk categories, which cover a number of Group Risks, including Community and Human Rights. This tool helps us to identify current risks (which may be strategic or operational in nature), as well as emerging risks, that are associated with these Group Risks. We assess risks, apply appropriate controls at a site, functional or Group level and review performance to enable risks to be properly managed. More information on BHP's Risk Framework is provided in our Annual Report 2020, available online at [bhp.com](http://bhp.com).

In FY2020, we revised human rights risk assessments for our Global Asset Services<sup>(9)</sup> office in Manila (which resulted in a decreased risk exposure) and completed a human rights risk assessment at a major Australian project. The application of our risk identification, assessment and management processes in FY2020 included consideration of potential scenarios related to security, supply chain and labour conditions, each of which may lead to a breach of human rights relevant to modern slavery and human trafficking.

In FY2020, we continued to pilot a globally consistent methodology for human rights impact assessments (HRIA) across several locations, including legacy sites, and work commenced on HRIAs for our Western Australia Iron Ore (WAIO) asset in Minerals Australia, and in Minerals Americas. HRIAs may identify potential impacts to be considered in human rights risks assessments, but are separate processes from those risk assessments and include engagement with external stakeholders.

As a result of the need to cease face-to-face engagement with communities during the COVID-19 pandemic, the HRIA conducted for WAIO did not include a site visit or focus group engagement activities. Recognising that the standard HRIA process requires inclusion of these engagement practices with external stakeholders, we have conducted interviews through web-conferencing and included additional questions in the WAIO community perception survey to inform the HRIA with the perspectives of community members, suppliers and other key stakeholders. We plan to complete the HRIAs in FY2021.

We undertake regular engagement with stakeholders to learn, understand, prevent and seek to mitigate the adverse human rights impacts of our activities, from new country entry to closure. Through the HRIAs, community perception surveys and engagement with suppliers, customers and other stakeholders, including civil society and investors (refer due diligence and risk management in our supply chain section), we continue to develop our understanding of the threats and opportunities to address human rights across the Group.

The *Our Requirements* standards require we take a risk-based approach that includes consideration of human rights, social and community impact issues for decisions around major transactions, including all major divestments and, where appropriate and are able to be undertaken, major acquisitions. These standards also apply to new activities in high-risk countries and major projects.

Our Internal Audit and Advisory team evaluates the design and effectiveness of our sustainability processes through annual internal audit plans. Results are considered in the development of action plans to address improvements where required. Results are reported to the Executive Leadership Team, which is responsible for the day-to-day management of BHP, and to senior operational leaders, with summary reports provided to the Sustainability Committee and the Risk and Audit Committee.

### Due diligence and risk management in our supply chain

Our Commercial function continues to take a phased approach, prioritising the highest risk suppliers and gap identification to improve the effectiveness of our management of human rights risks in our supply chain. The Ethical Supply Chain and Transparency team collaborates regularly with Sustainability and Public Policy (in Corporate Affairs), Legal and Risk, as well as Ethics and Compliance teams to ensure the approach is integrated with BHP's broader approach to respecting human rights.

In FY2020, we continued to build opportunities to engage and leverage relationships with customers, suppliers and business partners to enhance recognition of human rights across their activities, alongside other sustainability issues, including climate change and the environment. We recognise there are limitations to our ability to influence our indirect suppliers but that we have a responsibility to work constructively with our direct suppliers to build capacity both within their organisations and their own supply chains.

Our risk of an actual or perceived failure to prevent or mitigate an adverse human rights impact linked to BHP's supply chain (directly or indirectly), including maritime activities, was reviewed in FY2020. Controls were tested for effectiveness, updated where necessary and additional controls were identified based on our evolving understanding of the risk.

Controls include:

- Ethical Supply Chain and Transparency program (refer next section)
- Ethical Supply Chain and Transparency Guide (refer Requirements for suppliers, commercial sponsorships and community partner organisations section)
- Minimum requirements for suppliers (refer Requirements for suppliers, commercial sponsorships and community partner organisations section)
- Human rights training and culture building (refer Training and culture section)
- Human Rights Breach Remediation and Response Plan (refer Policies and governance section)

(9) Our Global Asset Services provide traditional shared services fields and specialised and integrated business services.

## Due diligence and risk management continued

### Ethical Supply Chain and Transparency program

In FY2020, the Ethical Supply Chain and Transparency team (previously called the Human Rights Centre of Excellence) was established in the Commercial function to build and execute our framework for effective management of human rights risks across commercial activities. This team manages the Ethical Supply Chain and Transparency program, which commenced as a pilot in FY2019.

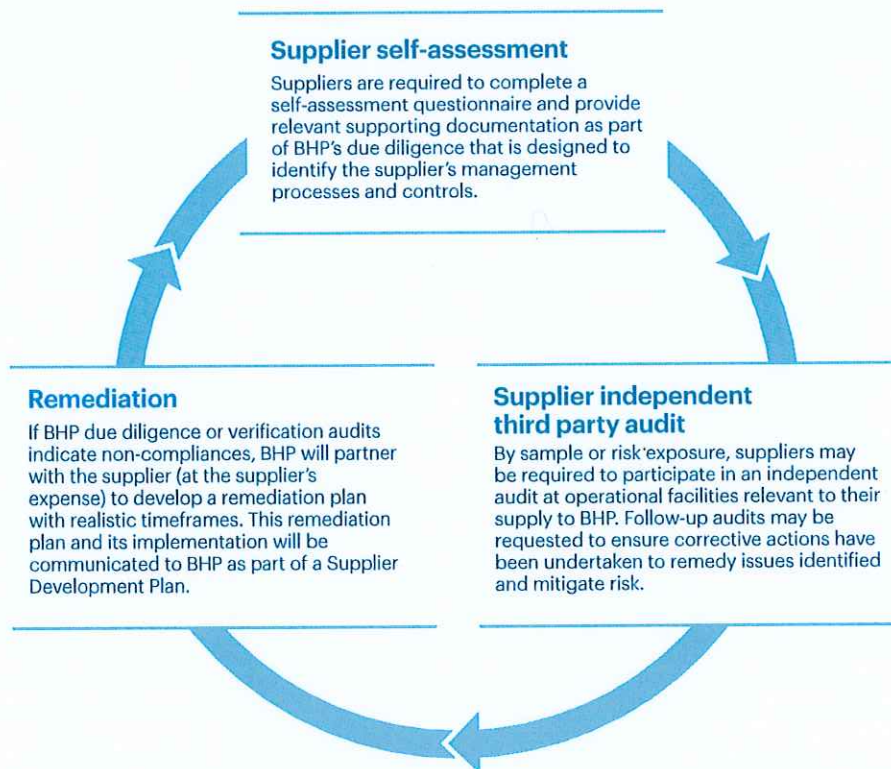
The full program was launched to all applicable suppliers in May 2020 and now forms the primary preventative control to manage the risk of a human rights breach within BHP's supply chain. The program takes a risk-based approach to assessing suppliers, with extended due diligence against our *Minimum requirements for suppliers* conducted on suppliers that initially register as high or very high risk in the GCMS. Our Statements for previous years have outlined the supplier assessment and risk rating process in detail.

The pilot program provided us the opportunity to seek feedback from engagement between suppliers and BHP's Procurement team to enhance our approach. Refinements adopted or identified for implementation include:

- simplification of our initial GCMS registration questionnaire to provide a more straightforward user experience (to be updated at the start of FY2021)
- improvement of the algorithm that assesses the human rights risks of suppliers on registration in the GCMS, using location data
- simplification of the additional 'Request for Information' questionnaire that is sent to high and very high risk suppliers – providing a more targeted risk-based approach and lessening the reliance on supplier self-assessment

Our previous Statements have also provided detail on the GCMS registration component of our due diligence process. The figure below outlines the Ethical Supply Chain and Transparency process after registration in the GCMS.

### Ethical supply chain and transparency life cycle



There were approximately 6,000 suppliers registered in our GCMS as at 30 June 2020. Of these suppliers, approximately 17 per cent were rated as having very high or high human rights risk potential after the initial screening, with the remaining 83 per cent rated as medium or low risk. We are targeting progressive completion of extended due diligence on all suppliers that initially registered as very high or high risk across the next three years. By the end of 2020, all suppliers registered in the GCMS are to be sent the 'Request for Information' questionnaire to commence the extended due diligence process.

During the FY2019 pilot program, we included taxonomy metrics (mapped to our supply categories) in the initial assessment of supplier risk and we continued to use this approach in the full program throughout FY2020 (refer Organisational structure, business and supply chain section). As a result of the pilot program review, we have enhanced our approach by shifting to a tailored assessment of supplier taxonomy risk in the initial screening, using existing taxonomy metrics (including Verisk Maplecroft indices), third party data analysis and industry expertise for sector-specific risk profiles. This approach enables us to better identify the suppliers with the highest potential risk and reduces our dependence on supplier self-assessment.

As part of the Ethical Supply Chain and Transparency program, suppliers may be required to participate in an independent third party audit of their operational facilities relevant to their supply to BHP. In FY2020, audit activities were limited due to the pilot program review and COVID-19.

Only one audit was conducted, which was a follow-up on one of the suppliers that was selected to participate in the FY2019 pilot. The audit found the supplier had worked towards addressing the original findings and was placed on a supplier development plan to address the remaining items. The supplier has engaged a third party to assist in addressing these items and a re-audit will be conducted to verify the actions are complete, when our audit program recommences remotely in early FY2021.

A supplier with identified improvement findings in the FY2019 third party audits that was placed on a development plan has worked to address outstanding items in FY2020. We will continue to track and monitor this supplier's progress against the timeframes indicated in its development plan.

No BHP suppliers were terminated due to a non-compliance with our *Minimum requirements for suppliers* or the identification of a modern slavery or human trafficking violation during FY2020.

The progress of the due diligence program, including the number of suppliers assessed through the Ethical Supply Chain and Transparency program, is reported to the Commercial Leadership Team quarterly.

In FY2020, we also commenced early engagements with customers in the EU and Japan, to share with them our Ethical Supply Chain and Transparency program and approach to human rights. We will continue to engage with customers in FY2021, recognising that BHP is also a supplier, our value chain is complex and the challenges of modern slavery and human trafficking require a collaborative approach throughout the value chain.

## Maritime

We have a number of specific controls in place to manage the risks across maritime activities in our inbound and outbound supply chain. BHP chartered 1,493 vessels in FY2020 and the safety and welfare of seafarers on board the vessels we charter is one of our important considerations. Seafarers, while not employed by BHP, form an integral part of the success of the supply chain. As the world's largest bulk charterer, we have a responsibility to engage collaboratively with maritime operators and the industry to support these key workers.

We work in partnership with reputable vessel owners and operators to charter vessels to support our inbound and outbound supply chains.<sup>(10)</sup> The operators are chosen based on their maritime operational and safety records. In FY2020, we continued to build on our vessel selection and enhanced vetting and inspection processes, in conjunction with RightShip.<sup>(11)</sup> The vessel vetting and inspection program assists us to verify that seafarers' statutory rights and welfare are being upheld and these checks are required to be completed on both BHP-chartered and customer-chartered vessels.

During the pandemic, we also established virtual physical inspections with industry partners to reduce the likelihood of COVID-19 transmission between inspector and seafarers. Due to the travel disruption caused by COVID-19, we also increased due diligence on seafarer repatriation to ensure that an agreed and approved plan was in place between relevant parties for these seafarers to return home.

## Update on maritime allegations

In our FY2019 Statement, we disclosed two alleged breaches of seafarers' human rights on a BHP-chartered vessel and a customer-chartered vessel respectively. There were no alleged breaches notified in FY2020 and we have continued our program of work to understand and address human rights risks across our maritime activities, including access to remedy. In FY2020, we installed signage at three major ports to inform seafarers of the contact details to raise a complaint about work and living conditions on board a vessel. The following activities are planned in FY2021 (subject to COVID-19 restrictions):

- BHP and RightShip is to conduct desktop and, if possible, on-board verification based on an enhanced RightShip health and wellness questionnaire<sup>(12)</sup>
- annual physical, if possible, or remote inspections on all BHP and customer-chartered cape vessels that are calling at Port Hedland. These inspections are also to contain a health and wellness focus

## Training and culture

We recognise the success of the Ethical Supply Chain and Transparency program and the management of human rights risks, including modern slavery and human trafficking, in our own operations requires the ongoing capability building of teams across BHP.

Our human rights training video was released in March 2020 and is available at [bhp.com](http://bhp.com). The video has been developed to enhance the understanding and management of human rights across BHP's workforce and business partners, including suppliers. Currently, the training is mandated for our Corporate Affairs, Procurement and Maritime, and Supply Chain Excellence teams, who manage external relationships. Since its launch in March, the program has been completed by over 70 members of our workforce.<sup>(13)</sup>

How we work is guided by the core values in *Our Charter*. They are: Sustainability, Integrity, Respect, Performance, Simplicity and Accountability. *Our Code* brings our core values to life, reminds us why they are important and helps us understand what it means to work with those values as our guiding principle.

Acting in accordance with *Our Code* is a requirement for BHP employees. *Our Code* is accessible to all our people and external stakeholders at [bhp.com](http://bhp.com). We deliver annual training to help our workforce understand *Our Code* and the standards of behaviour that are acceptable at BHP. Over 38,500 members of our workforce completed the training in FY2020.

(10) Outbound: the movement of commodities to our customers; Inbound: the movement of products supplied to our assets.

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

(12) The questionnaire is designed to build a comprehensive understanding of working and living conditions on board the vessel.

(13) The number of employees trained has been annualised using data from a 10-month period, July to April, to determine a total for the year. Percentages are calculated using the average of the number of employees at the last day of each calendar month for the same 10-month period.

## Assessing effectiveness

BHP regularly reviews the effectiveness of our modern slavery risk management program by:

- investigation and analysis of complaints and grievances and reports of issues received through our mechanisms (refer Policies and governance section)
  - reporting annually to the Sustainability Committee of the Board on human rights (including modern slavery and human trafficking) (refer Policies and governance section)
  - conducting our internal audit program (refer Due diligence and risk management section)
  - our Group Risk reporting process (refer Due diligence and risk management section)
- conducting an annual review of the supply risk assessment and assessment of controls (refer Due diligence and risk management section)
  - continuous improvement initiatives within our Ethical Supply Chain and Transparency program life cycle (refer Due diligence and risk management section)
  - engaging regularly and collaborating with stakeholders (refer Collaboration section)

## Collaboration

BHP continues to actively participate in and host forums, including the Global Compact Network Australia's Modern Slavery Community of Practice forum, to support the Australian industry's preparedness for modern slavery reporting. We continue to work with peer companies, customers, civil society, regulators and other industry stakeholders to progress understanding and alignment with the United Nations Guiding Principles on Business and Human Rights and respect for human rights across business practices and global supply chains.

We are also pleased to have been asked to present our approach to assessing and managing human rights risks, including modern slavery and human trafficking, to investors throughout FY2020.

These opportunities provide bilateral learning and valuable feedback on our approach and we look forward to continuing these engagements, as requested by the investment community.

In FY2020, BHP continued its membership of the Global Business Initiative on Human Rights (GBI),<sup>(14)</sup> a global business-led initiative to advance corporate respect for human rights through peer learning and by strengthening business practice. We continue to participate in annual workshops, webinars and learning programs through the GBI. We have also participated in the GBI's COVID-19 working group, which met regularly to discuss respecting human rights during the COVID-19 pandemic.

## Consultation

As outlined in the *Our organisational structure and business* section, BHP operates and is managed as an integrated Group with overarching policies, systems and processes that are designed to be consistently applied at our operated assets across the Group. Consultation between the Group entities in relation to this Statement occurred as described below, consistently with our Operating Model. This process of consultation included the reporting entities covered by this joint Modern Slavery Statement (Australia) and with the entities that each of those reporting entities owns or controls.

This Statement has been prepared in consultation with our key teams that collaborate to deliver our human rights, including modern slavery and human trafficking, risk identification, assessment and management processes for our own operations

and supply chain. This includes the Sustainability and Public Policy; Commercial, including Strategy Planning and Integrity; Procurement, Maritime and Supply Chain Excellence; Legal; Risk; Ethics and Compliance; and Internal Audit and Advisory teams.

Prior to being put to the Board for review and approval, the Statement was reviewed by BHP's Group General Counsel & Company Secretary, Chief External Affairs Officer, Chief Commercial Officer and Group Sustainability and Public Policy Officer. The Chief External Affairs Officer and Chief Commercial Officer are members of BHP's Executive Leadership Team, which is responsible for the day-to-day management of the Group and leading the delivery of our strategic objectives.

(14) GBI is a forum that provides the opportunity for practitioners responsible for progressing human rights initiatives within their respective companies to regularly engage with other businesses, civil society and governments to share, contribute to and strengthen the corporate response to global human rights challenges.

## Looking forward

We are focused on embedding and building the maturity of our Ethical Supply Chain and Transparency program in FY2021 through:

- completing planned due diligence
- working with suppliers to remedy any potential findings and incorporating human rights considerations into contractual provisions, where relevant
- building capability through completion of human rights training and use of the Ethical Supply Chain and Transparency Guide
- working with industry partners to embed seafarer welfare due diligence in vessel vetting processes

Additional focus areas planned for FY2021 include: developing a dashboard to increase transparency of human rights risks across our supply chain; enhancing our approach to complaints and grievance mechanisms for our own operations and within our supply chain; strengthening work to address potential human rights exposures identified from recent HRIAs; and engaging with our non-operated joint venture partners and operator companies to continue to progress our efforts to influence sustainability issues, including the management of human rights and modern slavery risks.



**Mike Henry**  
Director

For and on behalf of BHP Group Plc and BHP Group Limited  
3 September 2020

**BHP**