



BHP

Modern Slavery Act 2015 (UK) FY2019 Statement

Modern Slavery Act 2015 (UK)

FY2019 Statement

Slavery and Human Trafficking Statement (Statement) for the BHP Group for the financial year ended 30 June 2019. This Statement is made pursuant to the Modern Slavery Act 2015 (UK) and has been approved by the Board.

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 undertaking of the Group' in section 5.2 of BHP's Annual Report 2019 on Form 20-F. 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 otherwise stated. The Boards of Directors of BHP Group Limited and BHP Group Plc are referred to collectively as 'the Board'.

This Statement covers BHP's assets (including those under exploration, projects in development or execution phases, sites and closed operations) that have been wholly owned and/or operated by BHP, and assets that have been owned as a joint venture⁽¹⁾ operated by BHP (referred to in this Statement as 'assets' or 'operated assets' or 'operations') during the period from 1 July 2018 to 30 June 2019. Our functions are also included.

BHP announced our Onshore US sale on 27 June 2018 and, on 28 September 2018, BHP completed the sale of 100 per cent of the issued share capital of BHP Billiton Petroleum (Arkansas) Inc. and 100 per cent of the membership interests in BHP Billiton Petroleum (Fayetteville) LLC, which held the Fayetteville assets, for a total cash consideration of US\$0.3 billion.

On 31 October 2018, BHP completed the sale of 100 per cent of the issued share capital of Petrohawk Energy Corporation, the BHP subsidiary which held the Eagle Ford (being Black Hawk and Hawkville), Haynesville and Permian assets, for a total cash consideration of US\$10.3 billion (less preliminary customary completion adjustments of US\$0.2 billion).

While the effective date at which the right to economic profits transferred to the purchasers was 1 July 2018, the Group continued to control the Onshore US assets until the completion dates of their respective transactions. In addition, the Group provided transitional services to the buyer, which ceased in July 2019.

As such, information and data in this Statement relating to the Group have been presented to include the contribution from Onshore US assets prior to completion of their sale, and the provision of transitional services to the buyer to 30 June 2019 (the conclusion of the reporting period for this Statement).

On 14 May 2019, BHP announced that we would fully integrate Nickel West into the BHP Operating Model. During FY2019, Nickel West was not fully integrated into the BHP Operating Model and accordingly was granted exemptions from certain *Our Requirements* standards, including the requirement to conduct a human rights impact assessment (HRIA) every three years. Statements in this Statement concerning HRIAs do not apply to Nickel West. However, Nickel West is not exempt from:

- the requirement described in this Statement that community and grievance processes for each Asset are followed to report complaints to our Corporate Affairs teams under the *Our Requirements for Communications, Community and External Engagement* standard;
- the *Our Requirements for Supply* standard provisions described in this Statement; or
- the *Our Requirements for Risk Management* standard and *Our Requirements* standards for our decisions around acquisitions and divestments, new activities in high-risk countries and major projects referenced in this Statement.

More broadly, the Operating Model for Nickel West is designed to ensure key BHP processes are followed, including a strict adherence to *Our Charter* values. It is expected that Nickel West will be fully integrated into our Operating Model in FY2020.

BHP also holds interests in assets that are owned as a joint venture but not operated by BHP (referred to in this Statement as 'non-operated joint ventures' or 'non-operated assets'). Our non-operated joint ventures are not included within the scope of this Statement and data for non-operated joint ventures is not presented here. Refer to our Sustainability Report 2019, available online at bhp.com, for how we engage with our non-operated asset partners and operator companies at non-operated assets.

(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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Introduction

Modern slavery is the most severe type of exploitation of labour rights and comprises slavery, servitude, bonded labour and forced or compulsory labour. Modern slavery includes situations where coercion, threats or deception are used to exploit victims. Modern slavery and human trafficking are crimes and a violation of a person's fundamental human rights. We recognise that many men, women and children are victims of modern slavery today and the increase in regulatory and legislative instruments around the world is indicative of the increasing expectations on businesses to play their part to understand, address and mitigate modern slavery and human trafficking risks.

BHP recognises the responsibility and opportunity we have to work with our workforce, suppliers, contractors and external stakeholders to improve our understanding and mitigation of modern slavery risk and human trafficking indicators across our operations and value chain. We take this responsibility very seriously and see it as not only critical to the sustainable operation of our business, but as the right thing to do.

This is our fourth Modern Slavery Act Statement and it provides detail on what BHP has done during FY2019 to identify modern slavery and human trafficking risks or any instances in our own operations and supply chain.

Since publishing our first Statement in 2016, we have continued to progress our human rights and modern slavery work, prioritising based on risk, gaps in existing policy and practice, and the potential material impact on our business and the people potentially adversely impacted by our activities. We believe this approach allows us to:

- understand the opportunities to enhance our management of human rights risks;
- position ourselves to respond to the evolving human rights landscape across core aspects of our business;
- enhance the awareness of modern slavery and human trafficking risks across our operations and within our supply chain.

Our focus in FY2019 extended to progressing integration of a higher level of human rights due diligence for our suppliers, including an extended due diligence and screening pilot project, creating a human rights road map for our supply chain, updating our *Minimum requirements for suppliers* (previously our Zero Tolerance Requirements), developing a new Human Rights Policy Statement, developing global frameworks for human rights impact assessments and complaint and grievance mechanisms, and creating an introductory human rights training video.

FY2019 progress	Page
Policy and governance	
Updated our <i>Minimum requirements for suppliers</i>	7
Developed a new Human Rights Policy Statement	7
Created an ethical supply chain and transparency road map	10
Due diligence	
Community development projects and donations included in the Global Contract Management System	8
Global framework for human rights impact assessments	9
Ethical supply chain and transparency due diligence and screening pilot project	10
Remedy	
Global framework for complaint and grievance mechanisms	8
Training	
Human rights training video created	12

BHP's strategy of owning and operating long-life assets means that we need to think and plan in decades. We can create long-term value only if we safeguard the sustainability of our operations with the support of the communities in which we work. To do that, we must form and maintain respectful and reciprocal partnerships with our stakeholders and embed a balanced focus on long-term social, environmental and economic performance into our planning and decision-making.

Sustainability is one of the core values set out in *Our Charter*. That means putting health and safety first, being environmentally responsible and supporting the communities in which we work. The wellbeing of our people, the community and the environment is considered in everything we do.

Our sustainability approach is detailed in our Sustainability Report 2019, available online at bhp.com.

Respecting human rights and a commitment to strong governance and anti-corruption are critical to the sustainability of our business and significant enablers in understanding and addressing modern slavery and human trafficking risks. They are also critical for us to build social value and contribute meaningfully to our stakeholders.

We demonstrate our commitment to operating in a manner that:

- respects internationally recognised human rights as set out in the Universal Declaration on Human Rights and the Voluntary Principles on Security and Human Rights;
- complies with applicable laws and regulations of the countries in which we operate, and where differences exist between *Our Code of Conduct* and local customs, norms, rules or regulations, we apply the higher standard;
- is consistent with the United Nations (UN) Guiding Principles on Business and Human Rights and the 10 UN Global Compact Principles.

Organisational structure, business and supply chain

Our organisational structure and business

BHP is a global natural resources company. We extract and process minerals, oil and gas, with more than 72,000 employees and contractors, primarily in Australia and the Americas. Our products are sold worldwide, with sales and marketing led through Singapore and Houston, United States.

BHP is a Dual Listed Company structure comprising BHP 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. Shareholders in each company have equivalent economic and voting rights in the Group as a whole.

Our Operating Model and map of BHP's assets and principal office locations (including BHP's interests in non-operated joint ventures, which are not included within the scope of this Statement) are described in the Strategic Review in the BHP Annual Report 2019, available online at bhp.com.

Approximately 60 per cent of our activities, operations or office locations are in countries with a more elevated potential for modern slavery and human trafficking than others, according to the 2019 Maplecroft Human Rights Index, including China, Peru and Mexico.

Our supply chain

BHP has a complex global supply network across 60 countries. Every day, our operations are supported by raw, direct and indirect materials⁽²⁾ and skilled labour and services. In FY2019, we made payments to over 10,300 suppliers.

We are taking a multi-year, systemic approach to integrating ethical supply chain and transparency due diligence throughout our supply chain. This approach will allow us to align, formalise, continuously review and deepen our understanding and assessment of suppliers. At the centre of our approach is our plan to progressively increase engagement with our direct suppliers to assess and encourage continuous improvement in their own capacity to manage human rights risks (including modern slavery) in their subcontractors and broader supply chain.

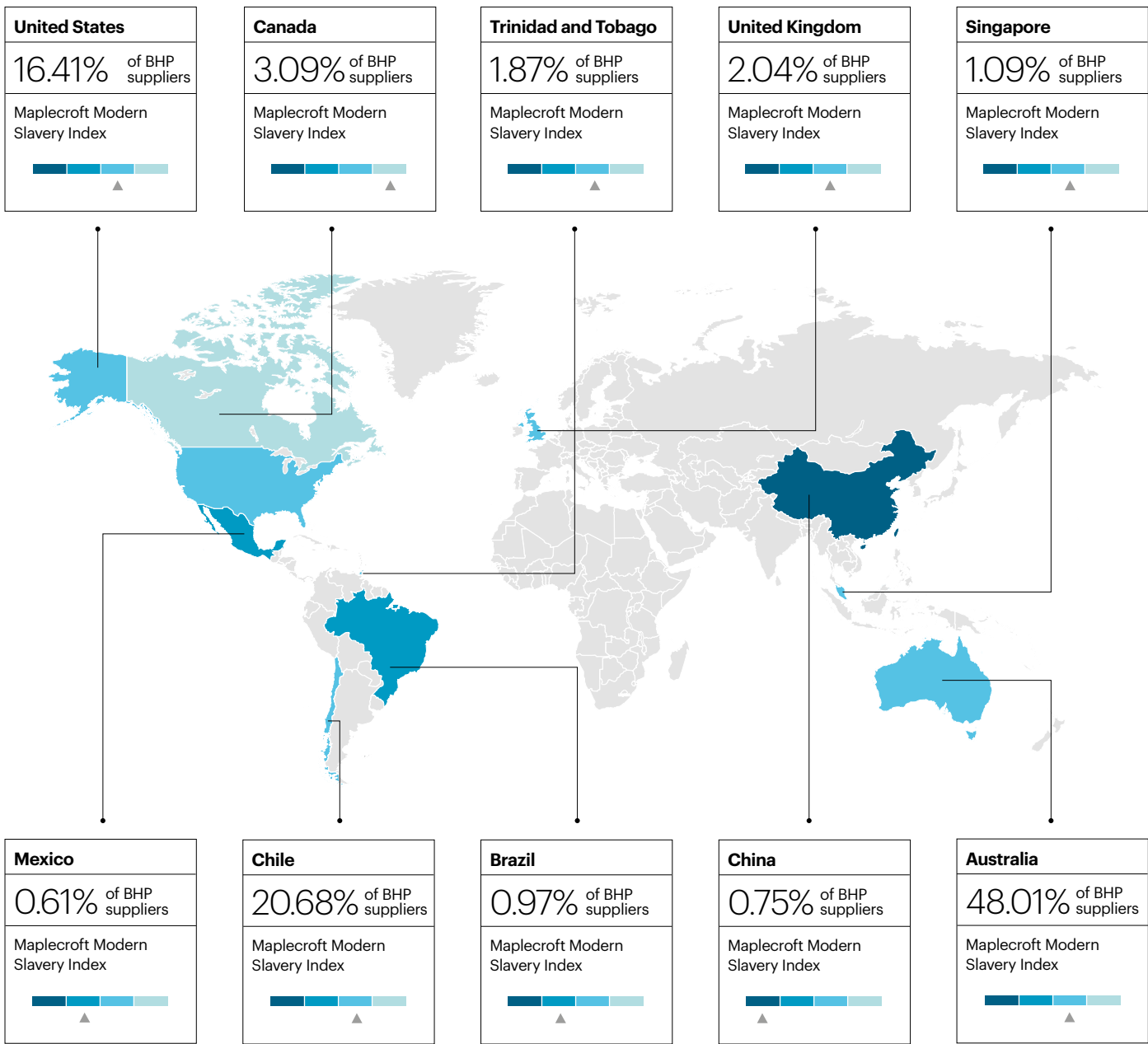
Ninety-six per cent of our direct suppliers are concentrated in 10 countries: Australia, Chile, the United States, Canada, the United Kingdom, Trinidad and Tobago, Singapore, Brazil, China and Mexico. Eighty-five per cent of our direct suppliers are located in just three countries: Australia, the United States and Chile. According to *Verisk Maplecroft's* Modern Slavery Index 2019,⁽³⁾ of these top 10 supplier countries of origin, over 90 per cent of our suppliers are based in medium-risk countries, with two per cent based in high or very high-risk countries. Through the pre-qualification questions in our Global Contract Management System (GCMS) (refer to Assessing and managing risk in our supply chain section) we are building our understanding and assessment of the modern slavery and human trafficking risks across geographical location and industry.

- 1.9 million payments
- 10,348 suppliers
- 60 countries
- 96% of suppliers in 10 countries

(2) Direct materials are those used in our production cycles, such as trucks and explosives. Indirect materials are all other materials incidental to our business, including personal protective equipment, camp equipment and stationery.

(3) 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 of origin



Maplecroft Modern Slavery Index Classification

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

Policies and Governance

We strive to ensure the people we work with put sustainability at the heart of their operations. Everyone involved in our operations and functions is guided by *Our Charter* and supported by *Our Code of Conduct (Our Code)* and the *Our Requirements* standards. Contractors working at our 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. We also look for ways to influence and lead change as we seek to minimise safety, health and other human rights, diversity, social, environmental and climate change impacts throughout our value chain.

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).

BHP's Board oversees our sustainability approach, with the Board's Sustainability Committee overseeing HSEC and other human rights matters, and assisting the Board with governance and monitoring. Members of the Sustainability Committee are Non-executive Directors who have been determined by the Board to be appropriately skilled in HSEC matters.

The Sustainability Committee also oversees the adequacy of the systems in place to identify and manage HSEC-related risks, legal and regulatory compliance and overall HSEC and human rights performance. The Board's Risk and Audit Committee assists with oversight of the Group's risk management systems. It also receives reports twice a year from BHP's Chief Compliance Officer about the design and governance of BHP's compliance frameworks for key compliance risks, including corruption, and on complaints raised via our confidential, 24-hour, multilingual business conduct and advisory hotline, *EthicsPoint*.

In FY2019, we consolidated our existing human rights commitments and management approaches into a Group-wide Policy Statement. This action reflects the commitment to Principle 16 of the UN Guiding Principles on Business and Human Rights.⁽⁴⁾ Our Human Rights Policy Statement sets out the expectations of our people, business partners and other relevant parties to respect human rights. The Statement has been developed in consultation with Shift (a non-profit organisation that provides guidance on the UN Guiding Principles on Business and Human Rights), BHP employees, the Global Business Initiative (a business and human rights cross-industry member group) and other key external human rights stakeholders and experts.

In FY2019, we decided to embed a Human Rights Centre of Excellence team within our Commercial function (our commercial businesses). This team will manage the oversight of the ethical supply chain and transparency due diligence program and delivery of our ethical supply chain and transparency road map and priorities (refer to Assessing and managing risk in our supply chain section) by working closely with our procurement teams.

Requirements for suppliers, commercial sponsorships and community partner organisations

Our Requirements for Supply

In our FY2018 Statement, we provided an overview of the *Our Requirements for Supply* standard, which sets minimum mandatory requirements for suppliers of non-traded goods and services, including:

- registration prior to invitation to tender or being set up as a new vendor;
- application of the *Minimum requirements for suppliers*.

Minimum requirements for suppliers

In FY2019, we updated our Zero Tolerance Requirements for suppliers. To signal our intent, we renamed these requirements to become our *Minimum requirements for suppliers*.

There were two main drivers for making this change:

- to reflect that these are BHP's baseline standards, but that we encourage suppliers to strive for continuous improvement above these requirements, where possible;
- in recognition that BHP has an opportunity to collaborate with our suppliers to positively influence, educate and support them wherever possible to improve their sustainability performance. We believe, in doing so, this will contribute to our commitment to build social value and have a positive impact not only on our own business but also on our industry.

Summary of key changes to the Minimum requirements for suppliers

- New section on human trafficking added under Labour rights
- Updated Living wages section to include requirement on wage deductions and maximum working hours (renamed section accordingly)
- Expanded wording in corruption, bribery, sanctions and extortion section to require suppliers to comply with applicable anti-corruption laws and international trade laws
- Expanded wording in Laws and regulations section to require suppliers to exceed local legal requirements if BHP's requirements are higher
- Updated Community interaction section to ensure it is read to prohibit adverse impacts to the health or safety of community members by any causes, not just those listed that relate more to wellbeing
- Updated non-discrimination and diversity section to promote the importance of gender equality in the workplace and expressly reference disability as a diversity factor to be respected
- Updated Workplace health and safety section to include appropriate access to water and sanitation facilities

We plan to develop an Ethical supply chain standard in FY2020. The standard will assist suppliers to understand BHP's expectations in relation to relevant elements of our ethical supply chain and transparency approach, and our requirements.

(4) Principle 16 states: 'As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy.'

Standard contracts

BHP uses standard contract templates for the supply of goods and services, for commercial sponsorships and to fund community programs,⁽⁵⁾ wherever possible, which include:

- a requirement for the supplier, sponsored entity or community partner organisation/donation recipient to comply with 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 supplier or partner organisation (for a community development project) will read, understand and adhere to *Our Code of Conduct*. Recognising that some entities have their own business conduct codes or commitments, we may agree to alternative contractual provisions that require adoption and adherence to similar standards, practices or processes, as applicable.

Community development projects and donations

In FY2019, we commenced the inclusion of contracting and administration processes for community development projects and donations in the Global Contract Management System (GCMS). This will enable us to standardise ethical supply chain and transparency due diligence for our social investment, improve our understanding of our partner organisations and support the enhancement of their processes.

Access to remedy

We recognise the nature of our business can create concerns as a result of our activities. Aligned with the UN Guiding Principles on Business and Human Rights, the *Our Requirements for Communications, Community and External Engagement* standard requires that community and grievance processes for each Asset are followed to report complaints to our Corporate Affairs teams.

As part of our ongoing management of our operational risks and impacts on human rights, in FY2019 we undertook two significant enhancements to the way we design, record and manage community complaints and grievances:

1. An enhanced approach to the design of complaint and grievance mechanisms has been developed. The guidance is globally consistent while providing sufficient flexibility to account for the local cultural and operational context. This approach will be piloted and rolled out across our assets in FY2020.
2. A new incident management system for recording health, safety, environmental and community incident data was developed. The system is designed to drive improved data quality, produce meaningful and effective reports and simplify the way end users can report, investigate, analyse and share lessons from these events. Within this new system, the categorisation of community complaints has been expanded and now includes human rights, which covers modern slavery. The system will be implemented globally in FY2020.

We have mechanisms in place to address the concerns of stakeholders who feel *Our Code of Conduct* has been breached or wish to raise other business conduct issues. Employees and contractors can raise concerns through line managers or Human Resources personnel. Processes for local community members to raise concerns are available at the asset level via our local complaint and grievance mechanisms.

Concerns can also be raised through EthicsPoint, which is available to our workforce and to external stakeholders globally. Concerns through EthicsPoint can be raised anonymously and in multiple languages.

We acknowledge, investigate as appropriate and document all concerns raised through these mechanisms. Where concerns are investigated and substantiated, we take appropriate remedial actions, advise the reporter (where possible) and document the outcomes. *Our Code of Conduct* prohibits any form of retaliation against anyone who raises a concern or participates in an investigation.

None of the recorded complaints received via EthicsPoint during FY2019 related to modern slavery or human trafficking.

Under the GCMS ethical supply chain and transparency due diligence process (refer to Assessing and managing risk in our supply chain section), suppliers with over 100 employees that are registered in the GCMS are asked to demonstrate that they have an employee complaint and grievance mechanism or equivalent process available to their workforce. Of the suppliers registered in the GCMS with more than 100 employees, over 75 per cent have confirmed that they have grievance mechanisms available for their workforce). We recognise human rights risks exist in organisations of all sizes and that smaller organisations may face challenges with the implementation of management processes and procedures that provide access to remedy. We will continue to work collaboratively with our suppliers to understand their constraints and seek to find ways to support the provision of complaint and grievance mechanisms.

⁽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.

Due diligence and risk management

Due diligence in our business

We use due diligence across our business to identify and assess risks, including those relating to modern slavery and human trafficking. Human rights due diligence is required in applicable circumstances across all our assets and functions.

We undertake regular and meaningful engagement with community stakeholders to learn, understand, prevent and mitigate the adverse human rights impacts of our activities, from new country entry to closure. Human rights are deeply personal and we recognise the significance of two-way dialogue in highlighting the human elements.

Human rights impact assessments (HRIAs) are performed by Corporate Affairs for our assets. Where a HRIA identifies a material risk, a Human Rights Management Plan (HRMP) is required to be implemented under the *Our Requirements for Communications, Community and External Engagement* standard and reviewed annually.

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

A new globally consistent approach to HRIAs was developed in FY2019 to enable a more comprehensive understanding of our human rights exposures across our assets and functions. The new methodology will be mandated under the *Our Requirements* standards. Following pilot programs in select locations, we expect this approach to be implemented across our assets by the end of FY2020. We are working to further integrate the learnings from these assessments into the broader risk assessments under our revised Risk Framework.

More information on HRIAs and HRMPs can be found in our Sustainability Report 2019.

We recognise human rights may be impacted by a range of business transactions and use due diligence investigations to seek to minimise the risk and prevent adverse impacts (including to external stakeholders) as a result of these activities. 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 able to be undertaken, major acquisitions. These standards also apply to new activities in high-risk countries and major projects.

Following the establishment of our global Risk function in FY2018, refinements were made during FY2019 to BHP's Risk Framework. The revised Framework provides a Group Risk Architecture through which to consider material risk impacts on all categories of risk that the Group is exposed to from a top-down, aggregated basis. Human rights is a key risk indicator within the environment, climate change and community Group risk category. Using our revised global Risk Framework, in FY2019, human rights risks were assessed in functional, exploration and project risk assessments. The inclusion of human rights in our global Risk Framework allows us to identify risks both specific to the activity and also risks that are of a strategic and/or emerging nature, and to identify and apply required controls at a site, functional and Group level. A broader discussion of our global Risk Framework, risk factors and management approach is provided in our Annual Report 2019, available online at bhp.com.

The application of our risk assessment and management processes in FY2019 has not identified any instances of modern slavery or human trafficking taking place in our own business.

Our Internal Audit and Advisory (IAA) team evaluates the design and effectiveness of our sustainability processes. These results are considered in the development of plans to address improvements where required. Results are reported to the Executive Leadership Team and senior operational leaders, with summary reports provided to the Sustainability Committee and the Risk and Audit Committee. We obtain assurance of operational compliance with our mandatory minimum human rights performance requirements through independent internal audits. In FY2019, IAA conducted community audits and found that certain HRIAs had not been completed within the timeframes stipulated in the *Our Requirements* standard. This was due to BHP undertaking a thorough review of the methodology for HRIAs (referred to earlier) and developing a new, globally consistent approach.

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

Assessing and managing risk in our supply chain

We continue to take a phased approach, prioritised by risks and gaps identified, to improving the transparency and confidence of our management of human rights risks within our supply chain. Our ethical supply chain and transparency road map for our supply chain (road map), which is led by our Commercial function's Human Rights Centre of Excellence (HRCoE), comprises four pillars (see below). The HRCoE works closely alongside cross-functional representatives to strive for a globally consistent approach to human rights risk management across our supply chain.

Program scope and structure	Adopt a human rights vision for our supply chain. Set a global supplier policy and engagement strategy.
Governance and management	Embed and manage human rights due diligence and assessment in the commercial procurement processes and practices.
Supplier engagement	Conduct supplier due diligence assessments. Engage with suppliers. Expand training opportunities.
Collaboration and reporting	Integrate human rights, including modern slavery, into external reporting and work collaboratively with third parties.

We commenced work on the road map in FY2019 across the four pillars.

Program scope and structure

A human rights risk assessment was conducted in FY2019 on our global supply chain. Nine cross-functional teams across eight global locations participated in the two-day session. Behaviour resulting in human rights abuse by a direct or indirect supplier within BHP's supply chain was identified as a material risk to the business. Controls at a functional and Group level have been identified and assigned. Controls include:

- the road map (refer to the above section);
- human rights impact assessments (refer to Due diligence and risk management section);
- human rights training (refer to Training and capacity building section);
- standard contracts and *Minimum requirements for suppliers* (refer to Policies and governance section);
- Global Contractor Management System (GCMS) (refer to this section, below);
- complaint and grievance mechanisms (refer to Policies and governance section);
- existing Group-wide management functions and processes (e.g. legal, communications, ethics and compliance).

Governance and management

We continued the implementation of the GCMS in FY2019 to strengthen our compliance controls, particularly in relation to anti-corruption, sanctions and human rights. Our previous statements have provided detail on the GCMS human rights pre-qualification questions, data inputs and risk rating. As we continue to transition all procurement and contracting activities to the GCMS, we are improving our understanding and assessment of our modern slavery and human trafficking risks, across industries and geographical locations. A due diligence pilot project was conducted in FY2019 to test and formalise this process.

Approximately 5,816 suppliers had been registered in the GCMS as at 30 June 2019. Of these suppliers, approximately 19 per cent were rated as having very high or high human rights risk potential after the initial screening, with the remaining 81 per cent rated as medium or low risk. We intend to conduct extended ethical supply chain and transparency due diligence and screening on all suppliers who initially register as very high or high risk.

Supplier engagement

Extended ethical supply chain and transparency due diligence and screening pilot

We piloted our extended ethical supply chain and transparency due diligence and screening process in FY2019. This due diligence process is based on the stated expectations in the UN Guiding Principles on Business and Human Rights and promotes synergy during the supplier onboarding process, aligned with BHP's existing anti-corruption due diligence process. The thematic areas assessed in the due diligence and screening were:

- our *Minimum requirements for suppliers*;
- child labour;
- forced, compulsory and/or migrant labour;
- labour accommodation;
- wages and working conditions;
- freedom of association;
- security services;
- access to remedy, including complaint and grievance mechanisms;
- 3TG conflict minerals;⁽⁶⁾
- supplier management processes.

The pilot project selected 99 suppliers who had already been through the GCMS registration process from a cross section of risk levels, countries and industries. The project ran through the process designed for our due diligence and screening program to test risk ratings and tolerances, the desktop due diligence process and supplier responses to the questionnaires and third party audits of suppliers.

Risk level	Number suppliers tested
Very high	24
High	53
Medium	20
Low	2
Total	99

(6) Tungsten, Tantalum, Tin, and Gold.

Due diligence and risk management continued

Desktop due diligence

Desktop due diligence was performed on all 99 suppliers and, based on the responses given to this due diligence, certain suppliers have been asked to clarify responses and/or provide additional evidence of how human rights risks are managed within their organisation. If required, the HRCOE will collaborate with the supplier and the BHP category management team to agree on a supplier development plan to address and track agreed items for attention.

Minimum requirements for suppliers compliance audit

Across the suppliers in the pilot project, a review of compliance with our *Minimum requirements for suppliers* (formerly our Zero Tolerance Requirements) was conducted. As outlined in the Policies and governance section, the *Our Requirements for Supply* standard requires suppliers of non-traded goods and services to adhere to these minimum standards, and we seek to stipulate this in their contract using our standard contract templates. We identified that not all suppliers had confirmed in their GCMS registration that they comply with these standards. The discrepancy between GCMS registration and standard contract requirements was found in 40 suppliers. These suppliers have been contacted to either remedy their registration or provide evidence that they comply with appropriate alternative standards. Commencing in FY2020, this check of compliance will be embedded within the due diligence process.

Third party audit

Of the suppliers included in the pilot, four were selected for a third party audit across a range of risk profiles and jurisdictions (this is aligned with the broader pilot program). While none of these audits revealed instances of modern slavery or human trafficking, they identified improvement findings across a range of labour conditions, including wage and working hours, workplace health and safety issues, environmental conditions and the frameworks in place to manage these risks.

Collaboration and reporting

Australia's Modern Slavery Act 2018 took effect from January 2019 and BHP's first statement under this legislation will be published for FY2020 by 31 December 2020. We engaged with the Australian Government throughout the consultation period of the legislation's development, through direct engagement with the Department of Home Affairs and through the Global Compact Network Australia and the Business Council of Australia. We have also provided input to the Minerals Council of Australia's submission on the Government's draft *Guidance for Reporting Entities* about the legislation.

We continue to review best practice and work closely with the Global Compact Network Australia to ensure we are prepared for the new reporting requirement and continue to improve our understanding and management of modern slavery and human trafficking risks in our supply chain. We are also continuing to identify opportunities to work with other businesses, suppliers and regulators to seek to eradicate modern slavery and human trafficking from global supply chains.

BHP chartered vessels

BHP adopts processes designed to ensure it charters vessels from reputable vessel owners and operators with proven track records in marine operations and safety. Vessel selection, upfront vetting and ongoing monitoring are key pillars of our focus on the welfare of seafarers in our supply chain.

Vessel selection and vetting processes include compliance checks to detect violation of relevant sanctions or regulations and performance reviews from organisations such as RightShip⁽⁷⁾. BHP also uses internal verification checks that assess the relevant vessel owner or operator company's financial stability and reputation, which can be leading indicators for the treatment and welfare of seafarers.

BHP conducts periodic, risk-based reviews of its chartered vessels, for example, arranging physical inspections, requesting photographic evidence of conditions on the vessel, or requesting investigation reports from any previous incidents. Crew wellbeing is one of the focus areas, and checks during these inspections may include the availability and quality of provisions on board for the seafarers for the duration of the voyage.

In FY2019, a BHP chartered vessel was temporarily detained by the Australian Maritime Safety Authority (AMSA) in Port Hedland, Western Australia, following AMSA's identification of wrongful underpayment of three crew members. The vessel owner was required to make arrangements to remedy the underpayment immediately.

BHP placed an immediate hold on accepting any vessels from the same owner and technical manager. This hold remains in place pending the outcome of further due diligence. We continue to review and enhance our controls to seek to avoid recurrence of such incidents in our supply chain.

Response to Business and Human Rights Resource Centre

In March 2019, BHP responded to a request for comment from the Business and Human Rights Resource Centre about concerns raised by the International Transport Workers Federation. The issue related to the adequacy of food supplies and wage conditions on board a vessel chartered by a BHP Mitsubishi Alliance customer, which was berthed off the Hay Point Coal Terminal in Queensland, Australia. While BHP had not chartered the vessel, we facilitated a range of enquiries to address stakeholder concerns. The Australian Maritime Safety Authority was notified and confirmed that there were sufficient food supplies on board and there was no cause for concern regarding wage underpayment.

(7) 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.

Training and capacity building

Training

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

Acting in accordance with *Our Code* is a requirement of employment and our people are required to undertake annual training on *Our Code* where required in mandatory annual training plans. All new employees and contractors are provided with guidance to access *Our Code* (which includes the human rights commitments and standards described earlier in the Policies and governance section) upon commencement with BHP. While the required training for *Our Code* is rolled out annually, training is accessible at all times on BHP's training portal and also forms a part of BHP's new-starter onboarding. Over 38,500 members of our workforce completed the training in FY2019.

An 'Introduction to human rights' e-learning video was developed in FY2019. The training is designed to assist relevant employees, contractors and business partners to understand the business case for respecting human rights, better recognise human rights risks and be aware of BHP's processes to implement our human rights commitments across the business. It will be rolled out in FY2020, with targeted training programs delivered to employees identified as having the most salient touchpoints with human rights risks, including our Commercial function and community practitioners.

Collaboration

In FY2019, BHP continued its membership of the Global Business Initiative (GBI⁽⁸⁾) on Human Rights, a global business-led initiative to advance corporate respect for human rights through peer learning and by strengthening business practice. We have participated in annual workshops, webinars and learning programs through the GBI. We have also sought expert input from GBI advisers and peers on the development of our Human Rights Policy Statement and training program.

BHP has also continued our participation in the Shift⁽⁹⁾ Business Learning Program. Members of our global Sustainability and Public Policy, and Minerals Americas community teams have attended Shift's workshops on human rights and business. Shift has provided expert guidance on our Human Rights Policy Statement and training program. We will nominate target areas to progress our human rights performance across the business with Shift in FY2020.

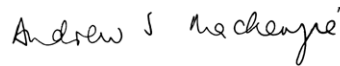
Looking forward

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

In FY2020, we will focus on:

- extending and embedding the supplier due diligence and screening program, including enhancements identified through the pilot project;
- providing training and enhancing awareness of human rights across the Commercial function, community practitioners and other employees who have touchpoints with human rights risks;
- developing and publishing an Ethical supply chain standard;
- completing pilot programs and implementing our updated HRIA methodology and complaint and grievance mechanism frameworks;
- preparing to report under the new Australian Modern Slavery legislation;
- identifying opportunities to deepen engagement with suppliers, business partners, industry associations and other potential partnership;
- identifying opportunities to embed ethical supply chain and transparency due diligence with our Maritime and commercial teams.

More information on BHP's human rights approach is available online at bhp.com.



Andrew Mackenzie
Director

For and on behalf of BHP Group Plc
and BHP Group Limited

(8) **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.

(9) **Shift** is a non-profit organisation and leading centre of expertise on the UN Guiding Principles on Business and Human Rights. Shift facilitates dialogue, builds capacity and develops new approaches with companies and other stakeholders to implement the UN Guiding Principles on Business and Human Rights.

BHP