

BHP

LOCAL BUYING PROGRAM

BUILDING OUR FUTURE TOGETHER

Supporting Western Australia through local buying.



BHP



PROUDLY DELIVERING THE LOCAL BUYING PROGRAM IN PARTNERSHIP

Our Commitment

The Pilbara is the heart of our iron ore operations and BHP understands that working closely with the local communities is key to our success. We are proud of our history of supporting local business and investing in our Pilbara communities.

Recognising that it can often be challenging for smaller businesses to engage as a supplier for BHP, we are expanding our Local Buying Program to the Pilbara to make it easier for local business owners to competitively bid for supply opportunities.

The Local Buying Program was first established in 2012 to assist small-medium businesses in the Bowen Basin, Queensland to competitively supply goods and services to our Coal operations.

We are incredibly proud of the success of the program, which has helped to award more than \$130 million of work to local businesses since it first started. Last financial year the program supported the issuing of over 5,000 work opportunities to more than 850 small local suppliers.

Building on this success, in 2017 the program's reach is being further expanded to support local businesses in the Pilbara region of Western Australia and the Upper Spencer Gulf and Far North region in South Australia.

Local Buying Program suppliers will compete for work packages against other Local Buying Program suppliers through the Program portal. Submitted quotes may be assessed against vendors for competitiveness. Note, BHP operations are committed to various supply contracts and cannot use the Local Buying Program for all work requirements.

It is with great pride that we deliver the Local Buying Program in Western Australia with a well-respected organisation such as C-Res (Community Resourcing for the Future). This partnership ensures that the Program continues to remain true to its values and principles and delivers genuine outcomes for the regions.



Edgar Basto
Asset President

Western Australia
Iron Ore

About BHP Western Australia Iron Ore

BHP has been part of the Western Australian community for many decades and Western Australia is central to the Company's global success. Our Iron Ore operations in the Pilbara region of Western Australia comprise of an integrated system of seven mines, two main railways and two world class port facilities located at Port Hedland.

We are committed to ensuring the economic benefits of our operations are shared across our communities in a number of direct and indirect ways, including employment, local procurement and significant investments in training, infrastructure and regional development activities.

Our C-RES Partnership

The Local Buying Program is delivered through a strategic partnership between BHP and C-Res, a cost-neutral entity. Jointly, BHP and C-Res have created and delivered the Local Buying Program which supports regional economic development of the communities in which BHP operates.

C-Res was first incorporated in 2012 to deliver the Local Buying Program in Queensland for BHP Billiton Mitsubishi Alliance (BMA). Since then the program's continuing success has seen it expand to also include BHP Billiton Mitsui Coal (BMC). This partnership now spans all of BHP's Assets including the BHP Billiton Mitsubishi Alliance, BHP Billiton Mitsui Coal in Queensland, NSW Energy Coal in New South Wales, Western Australia Iron Ore (WAIO) in Western Australia and Olympic Dam in South Australia.

About the Local Buying Program

BHP is committed to supporting sustainability of the communities in which we operate. This means, where possible, to engage local businesses and support local employment opportunities.

The Local Buying Program has been established to support local communities by helping small businesses to easily engage with BHP as a supplier.

BHP's Local Buying Program provides local small businesses with a dedicated buying platform, better payment terms, support through local Business Engagement Advisors and increased direct opportunities for local small suppliers with our business.



PROUDLY DELIVERING THE LOCAL BUYING PROGRAM IN PARTNERSHIP

Why should local businesses get involved?

Local small businesses have told us that there are several challenges associated with engaging and supplying to BHP.

The Local Buying Program (LBP) addresses some of these challenges by:

- Providing greater supplier exposure to BHP through the online supplier directory.
- Providing suppliers with a tool to showcase and profile their business.
- Enabling suppliers with the flexibility to update their business profile as required, to ensure their details are always current.
- Shorter payment terms (within 21 days).
- Supplier qualification criteria specific for small business.

Are there any costs to become a Local Buying Program supplier?

There are no costs associated with registering to become a Local Buying Program supplier.

How are the work packages communicated?

BHP end users submit work packages via the Local Buying Program website.

Registered suppliers are notified of work activity via an automated email and asked to submit a quote.

What are the qualification criteria?

Businesses seeking to register with the Program need to meet mandatory criteria before becoming approved Local Buying Program Suppliers:

- Must employ less than 20 full-time equivalent employees (not including casual staff, sub-contractors, trainees, or apprentices).
- Must have a significant physical presence in an eligible Local Buying Program area (see "Which areas does the program cover?" above).
- Must have an ABN and be registered for GST (if required).
- Must have appropriate insurances including Workers Compensation (if an Employer) and Public Liability (mandatory).
- Must provide goods or services aligned with the BHP Global Supply goods and services categories.
- Must demonstrate alignment with BHP's Charter Values and Code of Business Conduct.
- Must actively support the local community and its economic development.

Additionally, suppliers may identify as an Indigenous business if they are 50 percent or more owned by person(s) identifying as Indigenous and are recognised as such by their Aboriginal community.

Indigenous suppliers are furthermore eligible to identify as a Traditional Owner business, if they are 50 percent or more owned by a Traditional Owner(s) from one of the seven Aboriginal language groups in which BHP operates, as defined in an Indigenous Land Use Agreement or other formal agreement to which BHP and traditional owner(s) are party.

For further information on the qualification criteria please refer to the website at www.localbuying.com.au.

Which areas does the program cover?

To participate in the Local Buying Program in Western Australia, suppliers must be registered or operate their primary place of business in one of the following post codes:

Northern Hub:

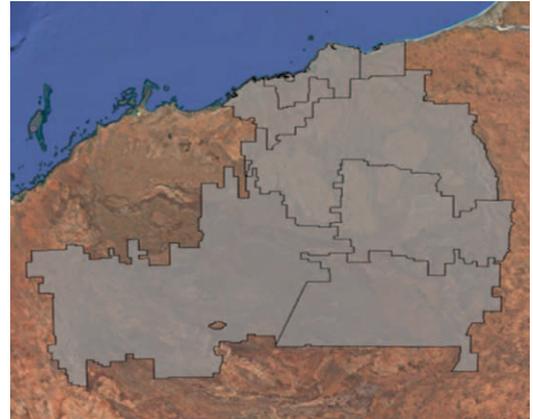
- 6721 Port Hedland
- 6722 South Hedland
- 6760 Marble Bar

Central Hub:

- 6751 Tom Price
- 6754 Paraburdoo

Newman Hub:

- 6753 Newman Hub
- 6758 Nullagine



All WAIO operations, including all mine, exploration and infrastructure leases, are able to engage suppliers through the Local Buying Program. This includes, but is not limited to:

- BHP Yandi
- BHP Whaleback
- BHP Eastern Ridge
- BHP Orebody 18 Mine
- BHP Mining Area C
- BHP Jumblebar
- BHP Nelson Point (Port)
- BHP Mooka and West Yard
- BHP Finucane Island
- BHP Yarric/Shay Gap
- BHP Rail Corridor, including redmont
- BHP Exploration leases

Which categories are included?

The Local Buying Program covers a broad and diverse range of categories of goods and services. These categories are reviewed regularly to ensure the Program remains current and aligned to market needs.

The list below are some of the categories that feature in the Local Buying Program. The full list of categories and sub-categories can be viewed at www.localbuying.com.au.

- Trade Maintenance Services
- Engineering Consulting
- Equipment Maintenance Services
- Mobile Equipment Hire
- Industrial Plant Construction Services
- Earthmoving Services
- Accommodation & Catering



How does the LBP support sustainable business and community development?

A critical element of the Local Buying Program is supporting and investing back into the communities where BHP operates. For all transactions processed through the Local Buying Program, BHP operations will incur a small processing fee (a percentage of the transaction value) in addition to the successful supplier quote. This fee will in part cover C-Res' administration costs (cost neutral entity) and provide funding for development programs for the local community.

We will consult closely with local organisations, businesses and representatives to jointly agree the priority areas for our development programs and to ensure that these are aligned with existing and future initiatives.

For further information please contact your local BHP Community Office. (1800 421 077; (08) 9173 6297).

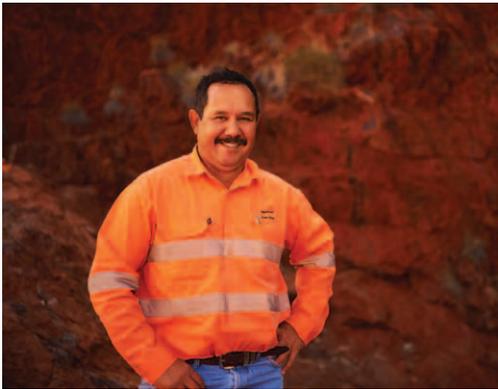
What if my quote is unsuccessful?

Businesses registered with the Local Buying Program are not guaranteed work. The Local Buying Program is a competitive procurement program and suppliers are required to remain competitive to secure work.

To assist businesses to effectively supply to us, BHP end- users are encouraged to provide feedback on their supplier selection. C-Res where possible will assist businesses to overcome supply challenges and identify trends, challenges and opportunities linked to supplying industry. C-Res personnel are locally based in the Pilbara to assist where required (info@localbuying.com.au).

Will I compete for work against major suppliers?

Local Buying Program suppliers will compete for work packages against other Local Buying Program suppliers through the Program portal. Submitted quotes may be assessed against vendors for competitiveness. Note, BHP operations are committed to various supply contracts and cannot use the Local Buying Program for all work requirements.



How does the LBP support sustainable business and community development?

Local businesses can register online by visiting www.localbuying.com.au. Applications are assessed on an individual basis in alignment with the Local Buying Program criteria. Once approved, suppliers can access and respond to work requests as they become available. It generally takes C-Res three working days to process new registrations.

1. Log on to www.localbuying.com.au
2. Click 'Local Suppliers Register Now' and select 'Western Australia'
3. Complete the online Supplier Registration Form and submit
4. Registration request assessed and supplier advised if successful or unsuccessful
5. Approved supplier receives an LBP supplier number
6. Suppliers are able to compete for work

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Find out more

To find out more visit www.localbuying.com.au
Phone 1800 536 663 or
Email info@localbuying.com.au