

# 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 it can often be challenging for smaller businesses to engage as a supplier for BHP, in 2017 we brought the Local Buying Program to Western Australia. The program started in the west, in the Town of Port Hedland, and the Shires of Ashburton and East Pilbara.

Since starting in the Bowen Basin, in Central Queensland, in 2012, the Local Buying Program has grown to facilitate hundreds of millions of dollars in approved spend across BHP's asset footprints in Western Australia, South Australia, Queensland and New South Wales.

The core business of the Program is simple: We make it easier for eligible small local businesses to competitively bid for BHP supply opportunities.

We are incredibly proud of the success of the program nationally, which has generated in excess of 27,000 approved work opportunities for close to 1,400 approved suppliers; and we have secured an average payment time of less than 14 days for our registered and approved participants.

Building on this success, the program's reach continues to expand further.

The Local Buying Program model is based on suppliers competing for work packages against other Local Buying Program suppliers, through the Program portal.

Submitted quotes may be assessed against vendors for competitiveness. It is also important to note that 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 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.

## Strategic Partnership of BHP and C-Res

Jointly, BHP and C-Res have created and delivered the Local Buying Program with the aim to assist small businesses to engage with BHP and support regional economic development of the communities in which BHP operates.

The Local Buying Program is delivered through a strategic partnership between BHP and C-Res, a cost-neutral entity. C-Res was first incorporated in 2012 to deliver the Local Buying Program in Queensland for BHP Mitsubishi Alliance (BMA). After the initial successes with BMA, the Program expanded in 2013 to include BHP Mitsui Coal (BMC) and Hay Point Coal Terminal in 2014.

In 2016 the program entered new territory and commenced operations across the border in New South Wales at BHP's Mt Arthur Coal. Since then the Program's continuing success has seen it expand in 2017 to include Western Australia Iron Ore operations and Olympic Dam in South Australia.

This successful partnership now spans all BHP Minerals Australia core assets including the BHP Mitsubishi Alliance and BHP Mitsui Coal in Queensland, NSW Energy Coal in New South Wales, Western Australia Iron Ore (WAIO) and Olympic Dam (OD) in South Australia.

## About the Local Buying Program

The Local Buying Program has been established in the eligible regions of Western Australia to support local communities by helping small businesses to engage as suppliers with BHP. This also means supporting the local economy and local employment opportunities.

The Local Buying Program, nationally, has developed into a network of more than 1,400 suppliers – and of those, a strong number of Western Australian businesses throughout the wider Pilbara region are now better placed to effectively engage with BHP's Western Australia Iron Ore operations.

BHP's Local Buying Program provides these local small businesses with a dedicated buying platform, better payment terms and support through locally-based Business Development Advisors.



## What are the qualification criteria?

Businesses are required to meet a number of minimum mandatory qualification criteria prior to being assessed and approved as a Local Buying Program supplier by C-Res. Criteria includes:

- Must employ less than 20 full-time equivalent employees (not including casual staff, subcontractors, trainees, or apprentices)
- Must have a significant physical presence in an eligible Local Buying Program area (see website for information on eligible regions and conditions relating to significant physical presence)
- 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 have the appropriate personnel, management and financial capacity to deliver goods and services to BHP
- Must agree to the LBP Purchase Order Terms and Conditions
- Must demonstrate alignment with BHP's Charter Values and Code of Business Conduct

Suppliers who carry out services at BHP operations will need to meet additional requirements prior to undertaking approved work, may be required to have additional mandatory insurances/policies, and need to provide procedures for the goods/services they supply.

BHP may, from time to time, exempt an identified Traditional Owner business that is 50% or more owned by a Traditional Owner as defined in an ILUA or other formal agreement to which BHP and the owner(s) are party to from the above outlined criteria.

Exemption 1: Aboriginal Traditional Owner businesses, with less than 20 full time equivalent employees, may not be required to have a significant physical presence in the eligible regions.

Exemption 2: There may be instances where a Traditional Owner or Indigenous business does not meet the standard qualification criteria or exemption 1, however BHP supports their entry to the Program, potentially on a trial period.

## Why should local businesses get involved?

Feedback from local businesses prior to development of the Local Buying Program identified several challenges associated with engaging and supplying to BHP.

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

- Quicker payment terms (within 21 days)
- Providing more work opportunities more frequently
- Enabling suppliers to better respond to opportunities and quote for work
- Providing greater supplier exposure to BHP through the online supplier directory
- Providing suppliers with a tool (LBP website) 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

## 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](http://www.localbuying.com.au).

- Trade Maintenance Services
- Engineering Consulting
- Equipment Maintenance Services
- Onsite Equipment Rebuild & Refurbishment
- Safety Consumables
- Specialised Equipment Maintenance Services
- Accommodation & Catering

## How are the work packages communicated?

BHP buyers 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.

## 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.

## Where does the Program operate?

To register for, and then work with the Local Buying Program in Western Australia, suppliers must have a significant physical presence in one of the following shires:



- Shire of Ashburton
- Shire of East Pilbara
- Town of Port Hedland

All WAIO operations, including operational, rehabilitation and project sites, are able to engage suppliers through the Local Buying Program. These include:

- BHP Yandi Mine
- BHP Whaleback Mine
- BHP Eastern Ridge Mine
- BHP Orebody 18 Mine
- BHP Mining Area C
- BHP Jumblebar Mine
- BHP Perth Distribution Centre
- BHP Pilbara Distribution Hub – Newman
- BHP Rebuild Workshop - Welshpool
- BHP Port Hedland Offices
- BHP Towage Services Port Hedland
- BHP Perth Office
- BHP Ore Care Repair Shop – Mooka
- BHP Finucane Island Terminal
- BHP South Flank
- BHP Yarrie Mine

## How does the LBP support sustainable business and community development?

BHP's business development programs aim to drive sustainable growth in local townships and communities. BHP works closely with the local community to identify which programs are best suited to local businesses and provide genuine benefit. We will consult closely with local organisations and representatives to jointly agree on the priority areas for our development programs and to ensure that these are aligned with existing and future initiatives.

C-Res has dedicated Business Development Advisors (BDA) available to support buyers and suppliers with all aspects of the Local Buying Program. Our BDAs live locally in the regions where BHP sites operate, which facilitates arranging meetings for BDAs to visit business premises to offer support using the Local Buying Program, creating Business Capability Statements, choosing supply categories and discussing all questions relating to the Program and its processes. BDAs are also available to assist buyers with the supplier directory, onboarding eligible suppliers and raising work instructions.

## 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 goods and services, BHP buyers are encouraged to provide feedback on their supplier selection. C-Res, where possible, will assist businesses to overcome supply challenges and identify trends and opportunities linked to supplying industry.

## Will I compete for work against major suppliers?

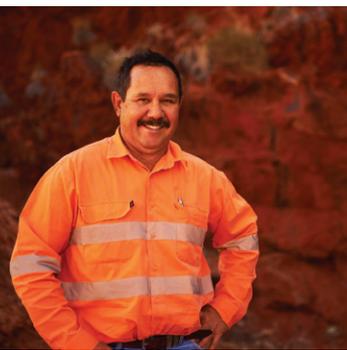
Local Buying Program suppliers will compete for work packages against other Local Buying Program suppliers through the Program portal.

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 do I register as a Local Buying Program supplier?

Local businesses can register online by visiting [www.localbuying.com.au](http://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 opportunities as they become available. It generally takes C-Res three working days to process new registrations.

1. Log on to [www.localbuying.com.au](http://www.localbuying.com.au)
2. Click 'Register Now In Your State' under the 'New Suppliers' Tab
3. Complete the workspace Supplier Registration Form and submit
4. Registration request assessed and supplier advised if successful or unsuccessful.
5. Approved supplier receives a LBP supplier number
6. Supplier able to compete for work



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COMMUNITY RESOURCING  
FOR THE FUTURE

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