



BHP 2022 Voluntary Principles on Security and Human Rights Annual Report

23 April 2023



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Report to Plenary on Voluntary Principles on Security and Human Rights

Annual Progress Report 2022

1) Introduction

BHP is a leading global resources company that employs around 80,000 people worldwide. Our strategy is to responsibly manage the most resilient long-term portfolio of assets, in highly attractive commodities, and grow value through being excellent at operations, discovering and developing resources, acquiring the right assets and options, and capital allocation. Through our differentiated approach to social value, we will be a trusted partner who creates value for all stakeholders. We bring people and resources together to build a better world.

We have a portfolio of large, high-quality, low-cost assets. We are investing in technology to improve productivity and drive sustainable growth across our operations. Our portfolio contains iron ore, copper, metallurgical coal, nickel and potash. We are reshaping this portfolio to focus on higher-quality iron ore and metallurgical coal preferred by our steelmaking customers, copper for electrification and renewable energy, nickel for electric vehicles and potash to make food production and land use more efficient and sustainable. Although a global company, with a presence in over 40 countries, our operations within the scope of this report are those in Canada, Chile and Australia.

This report describes BHP's commitment to, and implementation of, the Voluntary Principles on Security and Human Rights. While there have been no material changes within this reporting period, BHP has invested in its Group Security function to support critical initiatives including implementation of the Voluntary Principles. This addition will support BHP in continuously enhancing and evolving its approach to managing security-related human rights risks.

2) Commitment to the Voluntary Principles

The basis for BHP's human rights approach is an ongoing commitment to operate in a manner consistent with the UN Guiding Principles on Business and Human Rights (UNGPs) and the 10 UN Global Compact Principles. Our Human Rights Policy Statement (HRPS) details our commitment, including the additional issue-specific frameworks we adhere to as well as the standards and processes set out for our people, business partners and other relevant parties. In 2023, we revised the HRPS to more clearly articulate how our human rights governance and due diligence approach is organized, although there was no material change to our commitments or practices. Our Code of Conduct (Our Code), which applies to everyone who works for us, with us, or on our behalf, includes a section on human rights. Annual training on Our Code is mandatory and we provide an additional introductory human rights training video on our internal learning system and our website.

BHP is committed to aligning with the Voluntary Principles on Security and Human Rights and sets mandatory minimum performance requirements for our operated assets, to support implementation of these principles. We report annually on our approach to Human Rights through our Annual Report, and specifically on our commitment to the Voluntary Principles Initiative through the Annual Progress Report.

3) Policies, Procedures and Related Activities

3.1 Policies and Procedures

In addition to our Code of Conduct, BHP requires all operations to comply with a set of minimum global standards. These are known as 'Our Requirements' (ORs) and the OR for Group Security, Crisis and Emergency Management (SCEM) requires the business to implement the Voluntary Principles.

This minimum global standard includes use of a single point of accountability at sites for such implementation and requires that all contracted security provision complies with the Voluntary Principles, as well as the International Code of Conduct for Private Security Providers.

BHP's Group Security function has accountability for second line assurance of VPSHR alignment and is integrating this activity into its forward assurance planning.

In addition, the OR Communications, Community, and External Engagement provides guidance on human rights due diligence in accordance with UN Guiding Principles, including the requirement for every operated asset to conduct a human rights impact assessment. Our Risk Framework also includes matters related to human rights, ensuring that any potential and actual human rights risks and impacts are appropriately assessed and managed.

3.2 Group Security, Crisis and Emergency Management (SCEM)

BHP operates in an increasingly volatile, uncertain world, where the physical security risks we face are evolving from local criminal activity and asset protection risks to more complex transnational threats, which transcend traditional asset and jurisdictional boundaries. Key emerging themes include social activism, international criminal enterprise, global terrorism, and war. We are also seeing the increasingly integrated nature of physical security with other risk areas, including the physical security threats that stem from cybersecurity risks or climate-related risks. These threats are developing against a backdrop of increasing anti-government sentiment, inequality, and political polarisation across the globe; challenges that have been exacerbated by COVID-19.

To respond to this shifting external landscape, in FY2022 we established a new Group Security function, to provide additional expertise and support to the business and conduct assurance over security risk management globally. Priorities for the function include revising our security framework, to refresh BHP's mandatory minimum global security requirements and developing a consistent taxonomy for defining and categorising security threats. This is designed to support robust security risk identification across our operated assets and functions. The team will also build upon its existing network of intelligence sources in FY2023 by establishing an integrated approach to threat intelligence. This will provide decision-makers with a tailored and consolidated view of security insights and support risk-informed decisions. We are also enhancing BHP's understanding of the key intersecting security risks that could impact us to provide an integrated view of potential vulnerabilities. This will be complemented by the implementation of a structured global assurance program.

3.3 Company procedure to conduct security and human rights risk assessments

Through the OR, Group SCEM requires all sites to conduct risk assessment activities in a manner that considers the full range of external threats and concerns, of which human rights is a critical component. Assets are also required to produce, and provide when requested, appropriate security governance documentation that critically supports the management of such risks. Finally, the OR requires the business to ensure that security resources have the required capabilities to support and enable positive security outcomes.

Working in this manner ensures that our first line is able to conduct a security risk assessment in the correct manner, with human rights concerns being considered through the process. Moreover, ensuring the appropriate capability is in place can support a mitigation strategy that is fully compliant.

In accordance with the UN Guiding Principles, we also conduct human rights impact assessments (HRIAs) to identify and prioritize potential and actual human rights risks and impacts, including security in scope, at every operated asset and exploration region globally. The last HRIAs were completed in 2020-2022 and identified some areas of improvement for our human rights practices generally (outline within the BHP Annual Report 2022). VPSHR risks were indicated as being positively managed, with a 'strong management' categorisation being awarded by the external agency. We are currently in the process of updating the HRIAs for all operated assets and exploration regions, with the aim to complete in mid-2023, and we continue to assess opportunities to enhance our human rights approach.

3.4 Company mechanisms to report security-related incidents with human rights implications by public/private security forces relating to the companies activities

BHP provides clear mechanisms to report grievances, including security-related incidents with human rights implications. 'EthicsPoint' is a confidential reporting tool, accessible to all, including external stakeholders and the public. Its purpose is to report conduct that may be unethical, illegal or inconsistent with the BHP Code of Conduct.

Additionally, since the formation of Group SCEM, there is now a structurally independent second line function for security. This provides an additional avenue (outside of operational business reporting lines) for individuals to raise a concern.

In FY2022, we continued to evaluate feedback from our stakeholders, external experts and internal teams on how to make our complaints and grievance mechanisms more accessible and our internal culture and processes more effective in identifying concerns that have a human rights connection. We plan to embed this feedback in our approach by the end of FY2023.

3.5 Company procedure to consider the Voluntary Principles in entering into relations with private security providers

The OR clearly requires the business to fully integrate VPSHR awareness and training into any engagement with private security providers. The minimum global requirement relating to managing security-related human rights risks states that where contractors (whether on or off-contract) are providing security services to BHP, they are required to comply with the VPSHR and comply with the International Code of Conduct for Private Security Providers.

All providers used must be vetted and pass the BHP requirements for contract management. Although all providers globally are required to undertake VPSHR training, there are no BHP sites with armed security in place.

3.6 Company procedure or mechanism to address security related incidents with human rights implications by public/private security forces relating to the company's activities

The EthicsPoint anonymous reporting service is supported by an ethics and investigations framework and central investigations team. All reports received in EthicsPoint are reviewed and categorised by the Ethics team. Once categorised, reports are assigned in accordance with internal policy and processes to an investigator, line leader or appropriate team for resolution. Group SCEM can also support this process in its capacity as a second line function.

For community members, each operated asset and exploration region maintains a Complaints and Grievance Mechanism with multiple avenues of communication including in-person, phone, and email. All community concerns, complaints, and/or grievances are reviewed and actioned in accordance with internal policy for resolution. The corporate Global Community and Human Rights team monitors concerns and complaints on a bi-annual basis to ensure issues are being resolved.

Alongside EthicsPoint and the Complaints and Grievance Mechanisms, BHP's incident reporting system (EMS) also ensures that any security incidents are escalated and investigated accordingly. Where required, a thorough and independent investigation would take place, involving subject matter experts to fully support to conclusion.

3.7 Examples of promoting awareness of the Voluntary Principles throughout the organisation

Every year assets engage their security providers to ensure that VPSHR training is provided and completed. Although considered standard practice for operating assets, this continual process ensures that leaders and security personnel at sites retain knowledge of the Voluntary Principles and their importance during normal activity.

Group SCEM are the security lead for any new opportunities that the company is considering. Consequently, human rights concerns are tabled at the earliest point in the process, ensuring again that their importance is made relevant for leaders throughout BHP and integrated into opportunities.

3.8 Examples of promoting and advancing implementation of the Voluntary Principles internationally

In Chile, the local team has created and tested a training module specifically to address the link between VPSHR and Chilean domestic legislation. The content covers Voluntary Principles on Security and Human Rights and its applicability to BHP, as well as more general, country-specific areas. This is currently in Spanish only, but once content is more broadly approved, may be used in the rest of the Americas region.

4) Country Implementation

4.1 Overview of country operations selected for reporting (include any notable changes from the previous reporting year if the same country is being reported this year)

BHP Operations covered in this report are those operated ventures within the portfolio. This covers three main countries – Australia, Chile, and Canada. This portfolio remains the same as in previous reporting years, and the operations within each contain multiple mine sites for copper, nickel, metallurgical coal and iron ore in Australia, copper in Chile, and potash in Canada. BHP has also merged its petroleum assets with Woodside Energy Group Ltd. Woodside acquired BHP's Petroleum business, so the petroleum assets will no longer be in scope.

4.2 Engagements with stakeholders on country implementation

All assets are required to comply with 'Our Requirements' related to VPSHR, as covered in [this section](#). All risk assessments that are produced will consider human rights risks and integrate VPSHR concerns into the outputs. At a country level, Group SCEM requires documentation to be provided that ensures training of security providers has taken place and that the Voluntary Principles are implemented.

All assets are required to report VPSHR data in accordance with BHP's internal HSE Master Data reporting requirements. This process provides a country and regional level view of implementation.

Following the external Human Rights Impact Assessments in 2020-2021, it was possible to identify country level stakeholders' concerns. VPSHR was not raised as an issue for our critical stakeholders. To continue this positive outcome, Group SCEM will seek to engage the relevant stakeholders, internally and externally, at a country level throughout 2023 to ensure evolving understanding of the VPs, identify any gaps in implementation and how to close these within each country.

4.3 Voluntary Principles considerations in the selection of private security providers and formulation of contractual agreement with private security providers, as well as arrangements with public security forces

Please refer to section 3.4 and 3.5 and note that the BHP Contractor Management 'Our Requirements' requires contractors to have a set of minimum standards, and for a BHP focal point to continually monitor compliance to the contract and performance. This ensures appropriate and robust mechanisms for selection of providers and monitoring of performance.

Where public security providers are to be used, alongside conventional risk assessments related to the country of operations and the history of the security forces, BHP will establish a Memorandum of Understanding or equivalent document which includes a commitment by both parties to the VPSHR. Within this, grievance mechanisms and independence of investigations will also be clearly articulated.

4.4 Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society (e.g. local NGOs, community groups)

In addition to the work in Chile, an audit was conducted in 2022 to determine training levels of staff across the world. This security and security-related human rights training is conducted regularly within BHP. As employees are onboarded at sites, their training will include VPSHR and Use of Force modules.

4.5 Company procedure to review progress on implementing the Voluntary Principles at local facilities

Further assessments of implementation and understanding of human rights related security risks are captured through the formal risk assessment process that sites undertake. Group SCEM conduct governance and assurance activities to ensure that local understanding of risks is achieved, and that the Voluntary Principles are implemented correctly. This information is also referenced within the [Country Implementation](#) section.

5) Lessons and Issues

5.1 Lessons or issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organisation

There have been no reported incidents with human rights implications this year. The intent for FY24 to build upon the current foundation for VPSHR implementation, using a current state assessment to identify opportunities for improvement and build those into forward plans. Establishment of Group SCEM as a second line function provides an enhanced ability to coordinate VPSHR requirements and oversight at a global level, to ensure country and asset level understanding.

There is an acknowledgement that some areas with high contractor turnover require more diligence in training and onboarding, an issue that was exacerbated throughout COVID-19. We will reinforce and continue our focus on ensuring appropriate onboarding and training for staff and contractors.