



Commission on Human Rights of the Philippines: National Inquiry on the Impact of Climate Change on the Human Rights of the Filipino People

A copy of the Order and Petition filed by Greenpeace Southeast Asia (Philippines), Philippine Rural Reconstruction Movement et al in relation to the above matter was delivered to BHP Billiton's head office in Melbourne, Australia on 29 July 2016.¹

BHP Billiton notes that the Commission may subsequently provide guidance about its intended process or make available additional information about the subject-matter of the Petition and so we will make only a few high level comments in relation to the Petition for the Commission's consideration.²

Notwithstanding the way the Petition seeks to frame the issue, we acknowledge and respect the Commission's interest in the important topic of climate change and the multiple challenges it poses - including potential human rights impacts - and would like to outline BHP Billiton's approach to these matters.

Our approach to climate change

BHP Billiton accepts the assessment of climate change science by the Intergovernmental Panel on Climate Change (**IPCC**), which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable. The IPCC states that addressing climate change will require substantial and sustained reductions in greenhouse gas emissions. To achieve this, there must be collective action across government, business and society.

As a major producer and consumer of fossil fuels, we recognise our responsibility to take action by focusing on reducing our own greenhouse gas (GHG) emissions, increasing our preparedness for physical climate impacts and working with others, including academia, industry and governments, to enhance the global response to climate change. Responding to climate change has been a priority for BHP Billiton for nearly 20 years and is a Board governance and strategic priority. The Company's comprehensive approach to sustainable development and climate risk management is outlined below.

Reducing emissions

BHP Billiton has been reporting emissions and progress against targets in our independently-verified Sustainability Report for almost 20 years. We currently have a challenging target to limit our overall GHG emissions by keeping our absolute FY2017 GHG emissions below our FY2006 baseline³. As we continue to grow our business, this target encourages us to improve our energy efficiency, increase productivity and implement additional GHG reduction projects across our operations. The Company's total emissions of 18 million tonnes of carbon dioxide equivalent (CO₂-e) in FY2016 were 13 per cent lower than our adjusted FY2006 baseline, and we remain on track to meet our FY2017 target.

In addition to identifying opportunities within our Company, we also seek to contribute to global emissions reductions. We are currently implementing a strategy to support REDD+ (Reducing Emissions from Deforestation and Forest Degradation), an international mechanism that provides

¹ BHP Billiton notes that copies of Forms 9 and 10 (which we understand should have accompanied the Petition) were not amongst the materials received.

² BHP Billiton considers this statement to be the appropriate vehicle for our communication with the Commission at this stage, but remain open to any guidance the Commission may wish to give in relation to the format of our response.

³ Adjusted for material acquisitions and divestments based on asset greenhouse gas emissions at the time of transaction.

developing countries with economic, social and environmental incentives to reduce emissions from deforestation and related activities through the creation of carbon credits. For example, in June 2016 BHP Billiton confirmed its support, including funding, for the Alto Mayo REDD+ project, managed by Conservation International Peru. The project supports farmers to harness the economic and environmental benefits of shade-grown coffee production and access premium price supply chains, enhances forest governance and is projected to generate 800,000 tonnes of carbon credits.

In 2013, BHP Billiton partnered with The Nature Conservancy to ensure the Valdivian Coastal Reserve in Chile is permanently preserved and contributes to climate change mitigation. The Reserve has huge potential with its old growth forests storing the equivalent of over 800 tonnes of carbon dioxide per hectare – some of the largest amounts of carbon in the world. The Reserve is now the first carbon project in Chile to receive Climate, Community and Biodiversity (CCB) verification and also generates employment opportunities for nearby communities, and provides exceptional conditions for conserving native species.

Accelerating low emissions technologies

As the world pursues the twin objectives of limiting climate change while providing access to reliable and affordable energy, it is vital that low-emissions technology is available at scale, lower cost and much faster than the usual commercial time frames. BHP Billiton has been investing in projects to reduce emissions and improve energy efficiency since the 1990s. For example, in 2007 we committed to invest US\$300 million in these projects in the five year period to 2012 and actually delivered investments of US\$430 million over that period.

BHP Billiton now has an integrated strategy that invests across a range of technologies to reduce material emissions in our operations and across our supply chains. Our roadmap for investment includes reducing fugitive methane emissions from coal and petroleum operations, developing and demonstrating carbon capture and storage, supporting high efficiency/low emissions transportation and power generation and improving battery storage for renewables. For example, BHP Billiton is participating in the innovative Lakeland Shire Solar Storage Project, a 13 megawatt solar photovoltaic installation with associated grid-scale storage of 5.3 megawatt hour located at the fringe of the grid in regional Australia. Our contribution will enable informed testing of the installation for a range of conditions experienced in the resources sector, providing significant insights for BHP Billiton, and broader industry.

Carbon capture and storage (CCS) can play a pivotal role in reducing emissions from oil and gas production, and from fossil fuels used in power generation and industrial processes. BHP Billiton has developed several mechanisms to drive knowledge sharing among project developers with the intention of further reducing the cost of CCS. For example, BHP Billiton and Saskatchewan-based electricity provider, SaskPower, have established the International CCS Knowledge Centre which will enhance global access to the data, information and lessons learned from SaskPower's unique Boundary Dam facility – the world's first coal-fired power plant to successfully integrate CCS. We are also working with Peking University in a collaborative research project focused on the application of CCS to reduce emissions from the use of metallurgical coal in the steel sector.

Building resilience

Adapting to a changing climate and building economic, social and environmental resilience are critical global priorities. As well as our ongoing business resilience planning, BHP Billiton continues to look at ways we can contribute to community and ecosystem resilience.

For example, in October 2015 we launched the Climate ACTT program: Action by Civil Society in Trinidad and Tobago, in partnership with Conservation International and the Caribbean Natural Resources Institute, to build resilience to climate change in Trinidad and Tobago. This twin island state is vulnerable to the effects of climate change and the program aims to address a common challenge in adaptation - building civil society capacity to access funding and implement adaptation actions. The outcomes will include a civil society toolkit for climate change adaptation, comprising a collection of capacity building materials and mini case studies on practical adaptation projects (which participating organisations will create and implement in the communities or sectors where they work).

In Australia, we collaborate with the Great Barrier Reef Foundation to convene experts in reef science and management to develop a globally-applicable Reef Resilience Framework. The resilience of the

Great Barrier Reef to a changing climate is predicted to vary greatly across thousands of the individual reefs that make up the World Heritage site. Understanding the capacity of the reef to resist and recover from a broad range of threats and disturbances is crucial for long-term protection. A Reef Resilience Framework will be developed including guidelines for how to operationalise resilience-based management.

Engaging in the global debate

The Company's strategic approach to climate change is underpinned by active engagement with our stakeholders, including investors, policy makers, peer companies and non-government organisations. This enables us to better understand emerging trends, external views and material issues to effectively prioritise and adapt our strategies.

We believe industry has a key role to play in climate change policy development by working with governments and other stakeholders to inform the development of long-term policy frameworks. We encourage governments to develop long-term and effective policies that align with their strategic priorities and include a portfolio of complementary measures, including a price on carbon, support for low-emissions technology and measures to build resilience. For example, with seven other major Australian companies, BHP Billiton signed the CEO Statement on Business, Climate Change and the Paris Negotiations in the lead up to the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties in Paris (COP21) and demonstrated our support for the Paris Agreement by signing the UNFCCC Paris Pledge.

Transparency

Companies should be prepared to openly engage on a regular basis with stakeholders to ensure a good understanding of how climate-related risks and opportunities are identified, assessed and managed. BHP Billiton is committed to open and transparent reporting of climate risks. Our Climate Change: Portfolio Analysis report, released in September 2015, shows our commitment to transparent engagement by describing the impact on our portfolio of both an orderly and a rapid transition to a two degrees Celsius world. The Company's scenario planning enables us to be more responsive and flexible as external conditions change over the long-term. These scenarios are updated regularly and benchmarked against external views. They are then thoroughly reviewed by Management and the Board and made publicly available in our Annual Report.

BHP Billiton has participated in the Carbon Disclosure Project (now CDP) since its inception in 2003. Our commitment to transparency and disclosure of climate-related risks has been recognised by our inclusion in CDP's Climate Disclosure Leadership Index and the participation of our Vice President, Sustainability and Climate Change, in the Financial Stability Board's Taskforce on Climate-related Financial Disclosures. This industry-led group has been set up to establish voluntary principles for climate-related financial risk disclosures by companies that would be useful to investors and other stakeholders.

Our approach to human rights

BHP Billiton's significant long-term presence in the countries where we operate brings with it the opportunity to contribute positively to the achievement of human rights and the responsibility to effectively prevent and mitigate human rights-related risks. We take our human rights obligations very seriously and demonstrate this by committing to operate in accordance with the United Nations (UN) Universal Declaration of Human Rights and aligning our approach with the UN Guiding Principles on Business and Human Rights.

BHP Billiton's human rights commitments are set out in our *BHP Billiton Charter*, our *Code of Business Conduct* (which contains our public commitment to human rights) and a series of mandatory performance requirements embedded in our company standards. We require all our assets⁴ to undertake Social and Environmental Impact Assessments and Social Baseline Studies to inform execution of Community Development plans which address the needs and priorities of our host

⁴ BHP Billiton operations, including open-cut mines, underground mines and onshore and offshore oil and gas production and processing facilities, that are wholly owned and operated by BHP Billiton or owned as a joint operation and operated by BHP Billiton.

communities. Human Rights Impact Assessments are also conducted at all our assets and verified every three years through a stakeholder engagement process. We also set security-related human rights requirements in line with the Voluntary Principles on Security and Human Rights.

In addition to EthicsPoint, a 24-hour multilingual business conduct hotline and online case management system, we require all our assets to have local-level complaints and grievance mechanisms for people potentially impacted directly or indirectly by our activities. The mechanisms are required to be scaled to the country context, risks and adverse impacts, use an understandable and transparent process, be culturally appropriate, be readily accessible to all segments of the affected host communities and be available without retribution. In addition, they must not impede access to judicial or administrative remedies.

BHP Billiton recognises the multiple dimensions of the challenges posed by climate change, including the potential direct and indirect impacts of climate change on the realisation of human rights.

Voluntary social investment

We believe we have a responsibility to make a broad positive impact in the countries and communities in which we operate. BHP Billiton's voluntary social investment through our operations and our contribution to the BHP Billiton Foundation (the US-based charity that we support) is deliberately aligned with a number of the United Nations Sustainable Development Goals, including life on land, climate action, quality education, reducing inequality and enhanced institutional governance of natural resources.

We recognise that sustainably managing landscapes, in order to protect biodiversity and water resources and become resilient in the face of climate change, is critical to the future of all of us. Environmental Resilience is the environmental component of our Social Investment Framework and one of the BHP Billiton Foundation's Global Signature Programs through which the Foundation will focus on global challenges that are directly relevant to the resources sector and to wider society.

Conclusion

BHP Billiton recognises that climate change is one of the most important global challenges that this generation faces and there is no simple solution. For hundreds of years, hydrocarbons such as coal, oil and gas, have played a critical role in providing the energy and resources required to support the demands of growing populations and deliver global economic and social development, with an accompanying significant increase in anthropogenic GHG emissions. As a leading global resources company, we are committed to playing our part in addressing climate change. This includes reducing our own emissions, helping to build business, community and ecosystem resilience to the impacts of climate change, supporting the accelerated development and deployment of low emissions and renewable technologies and working with others to enhance the global response. We remain committed to action and to transparently reporting our performance.

The issues raised in the Petition are complex and certain of the prayers for relief in the Petition⁵ ask the Commission to adjudicate the Petitioners' claims against the Respondents, including BHP Billiton, which would appear to be beyond the Commission's powers and/or jurisdiction. Accordingly, BHP Billiton reserves its right to supplement or expand upon any of these comments. If further information or evidence in this matter becomes available to the Commission (from the Petitioners or gathered by the Commission) we would ask to be provided with copies of it and we reserve the right to provide the Commission with further information in due course. Similarly, if the Commission produces any interim reports on its investigation we would ask to be provided with copies of any such reports.

BHP Billiton

12 September 2016

⁵ The request in Prayer 1 that the Commission issue a "finding on the responsibility of the investor-owned Carbon Majors..." and Prayer 5.