



The role of Business in promoting South African Foreign Policy

A BHP Billiton Perspective
Vincent Maphai
October 2007



bhpbilliton

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Structure driven by customer needs

Petroleum



Aluminium



Base Metals



Diamonds & Spec Prod



Stainless Steel Materials



Energy Coal



Metallurgical Coal



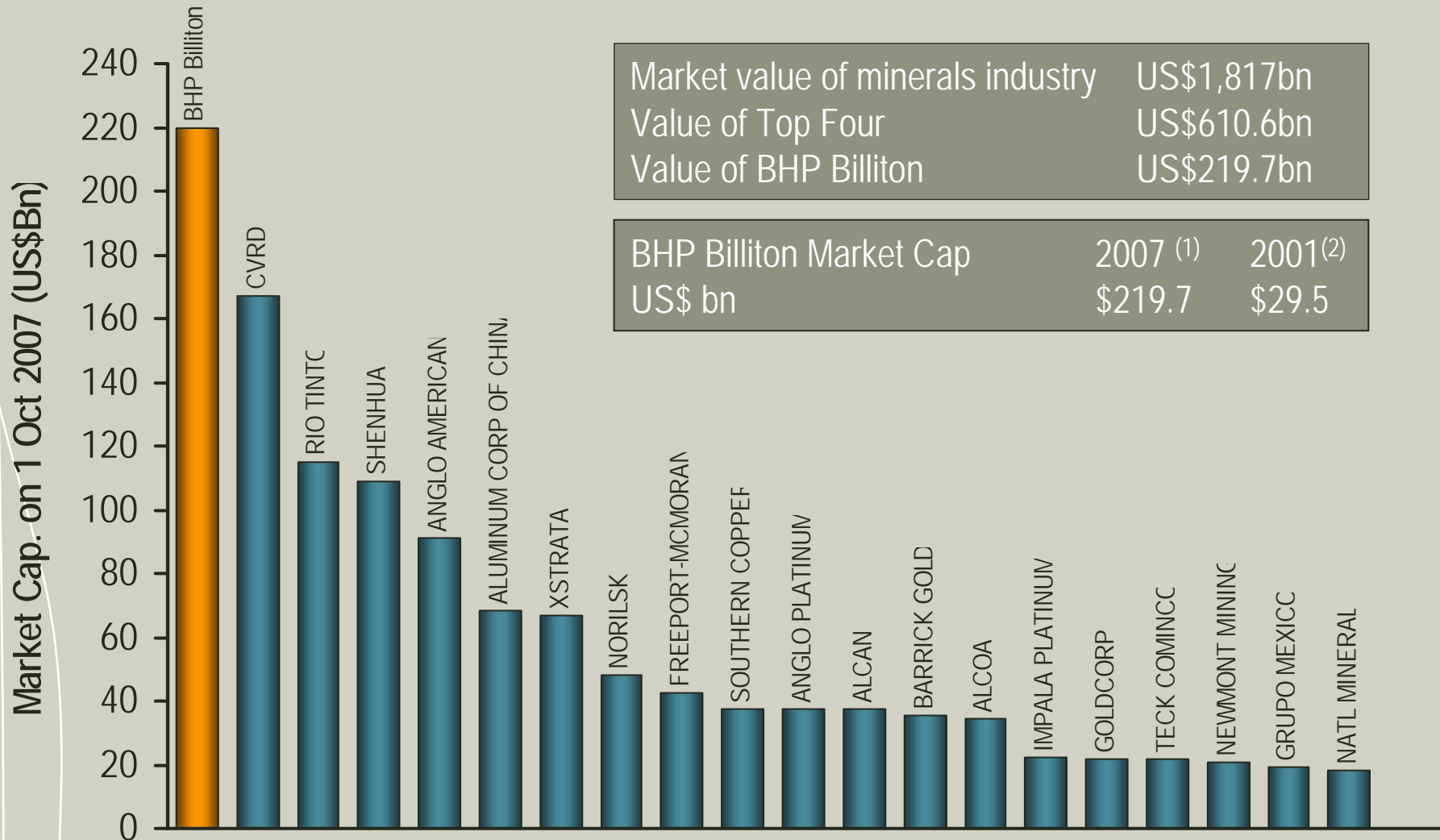
Manganese



Iron Ore



The largest company in a consolidating sector



Market value of minerals industry	US\$1,817bn
Value of Top Four	US\$610.6bn
Value of BHP Billiton	US\$219.7bn

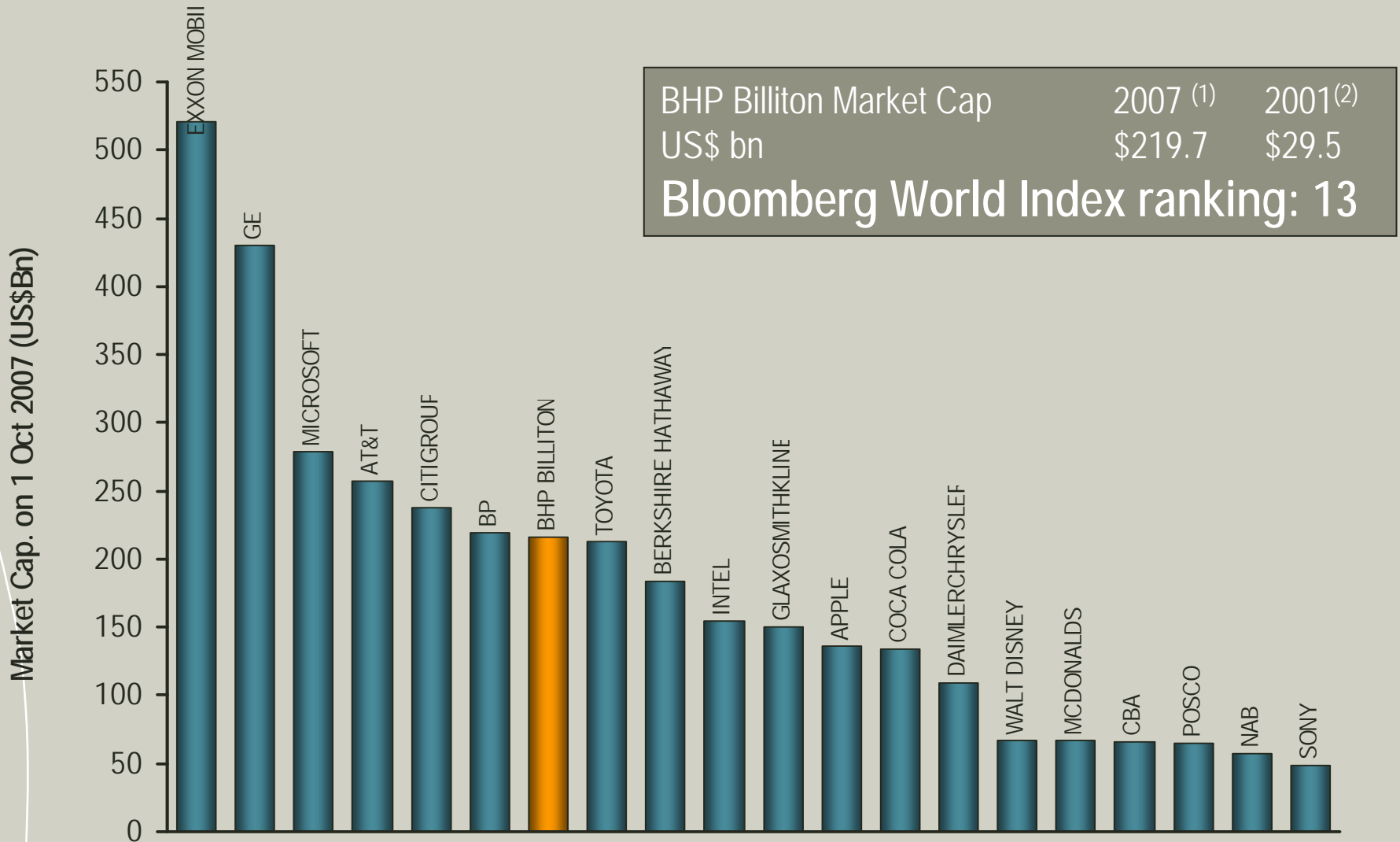
BHP Billiton Market Cap	2007 ⁽¹⁾	2001 ⁽²⁾
US\$ bn	\$219.7	\$29.5

Source: Bloomberg and Datastream (data as at 1 Oct 2007)

1. Market Capitalisation on 1 Oct 2007

2. Market Capitalisation on 28 June 2001

One of the largest companies in the world



Source: Bloomberg (data as at 1 Oct 2007)
 1. Market Capitalisation on 1 Oct 2007
 2. Market Capitalisation on 28 June 2001

Creating sustainable value – our guiding principles

BHP BILLITON CHARTER

WE ARE BHP BILLITON, A LEADING GLOBAL RESOURCES COMPANY.

Our purpose is to create long-term value through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.

To prosper and achieve real growth, we must:

- actively manage and build our portfolio of high quality assets and services,
- continue the drive towards a high performance organisation in which every individual accepts responsibility and is rewarded for results,
- earn the trust of employees, customers, suppliers, communities and shareholders by being forthright in our communications and consistently delivering on commitments.

We value:

- Safety and the Environment** – An overriding commitment to health, safety, environmental responsibility and sustainable development.
- Integrity** – Including doing what we say we will do.
- High Performance** – The excitement and fulfilment of achieving superior business results and stretching our capabilities.
- Win-Win Relationships** – Having relationships which focus on the creation of value for all parties.
- The Courage to Lead Change** – Accepting the responsibility to inspire and deliver positive change in the face of adversity.
- Respect for Each Other** – The embracing of diversity, enriched by openness, sharing, trust, teamwork and involvement.

We are successful in creating value when:

- our shareholders are realising a superior return on their investment.
- our customers and suppliers are benefiting from our business relationships.
- the communities in which we operate value our citizenship.
- every employee starts each day with a sense of purpose and ends each day with a sense of accomplishment.



Marius Kloppers
Chief Executive Officer

October 2007



We are committed to sustainable development.

OUR APPROACH TO HEALTH, SAFETY, ENVIRONMENT AND THE COMMUNITY

BHP BILLITON'S SUSTAINABLE DEVELOPMENT POLICY

At BHP Billiton our objective is to be the company of choice – creating sustainable value for our shareholders, employees, contractors, suppliers, customers, business partners and host communities.

We aspire to Zero Harm to people, our host communities and the environment and strive to achieve leading industry practice. Sound principles to govern safety, business conduct, social, environmental and economic activities are integral to the way we do business.

Wherever we operate we will develop, implement and maintain management systems for sustainable development that drive continual improvement and ensure we:

- do not compromise our safety values, and seek ways to promote and improve the health of our workforce and the community
- identify, assess and manage risks to employees, contractors, the environment and our host communities
- uphold ethical business practices and meet or, where less stringent than our standards, exceed applicable legal and other requirements
- understand, promote and uphold fundamental human rights within our sphere of influence, respecting the traditional rights of Indigenous peoples and valuing cultural heritage
- encourage a diverse workforce and provide a work environment in which everyone is treated fairly, with respect and can realise their full potential
- set and achieve targets that promote efficient use of resources and include reducing and preventing pollution
- enhance biodiversity protection by assessing and considering ecological values and land-use aspects in investment, operational and closure activities
- engage regularly, openly and honestly with people affected by our operations, and take their views and concerns into account in our decision-making
- develop partnerships that foster the sustainable development of our host communities, enhance economic benefits from our operations and contribute to poverty alleviation
- work with those involved through the lifecycles of our products and by-products to promote their responsible use and management
- regularly review our performance and publicly report our progress.

In implementing this Policy, we will engage with and support our employees, contractors, suppliers, customers, business partners and host communities in sharing responsibility for meeting our requirements.

We will be successful when we achieve our targets towards Zero Harm, are valued by our host communities, and provide lasting social, environmental and economic benefits to society.



Marius Kloppers
Chief Executive Officer

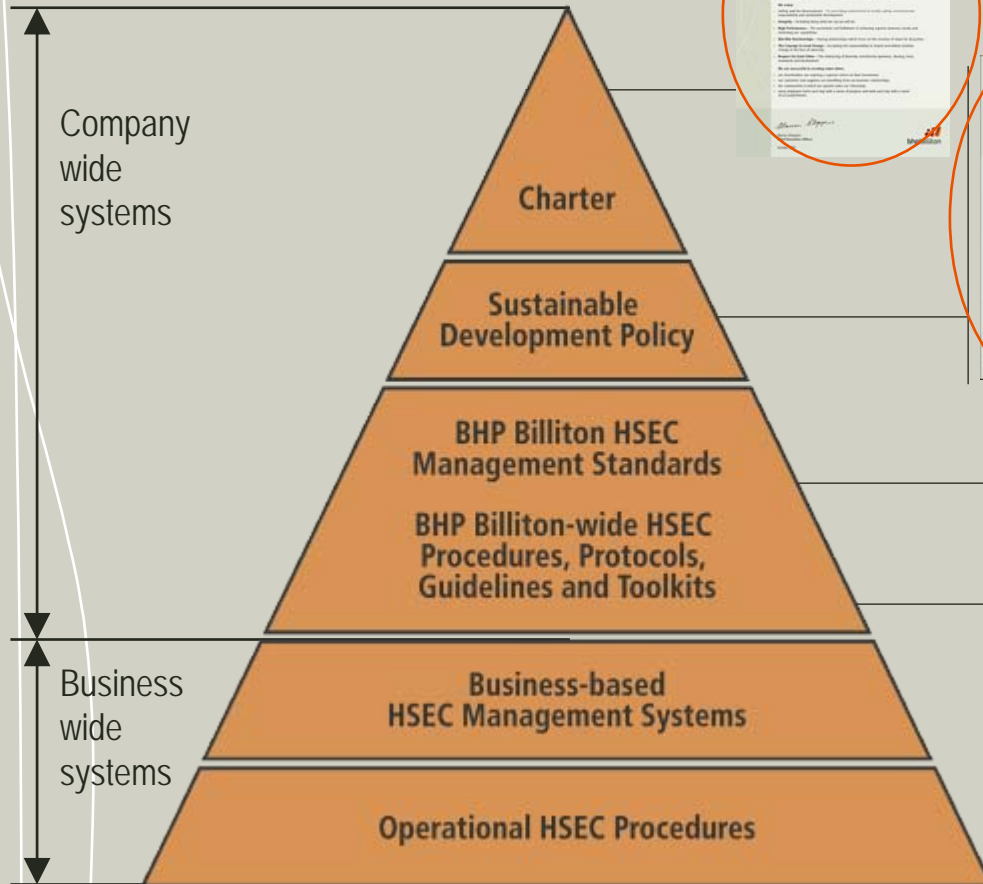
1 October 2007



Our vision is to be the company of choice. Central to this is Zero Harm.

HSEC Governance - our HSEC systems and documents

These systems are upheld at all our operations and projects – no matter where they are in the world.



Creating value at a local level – our communities

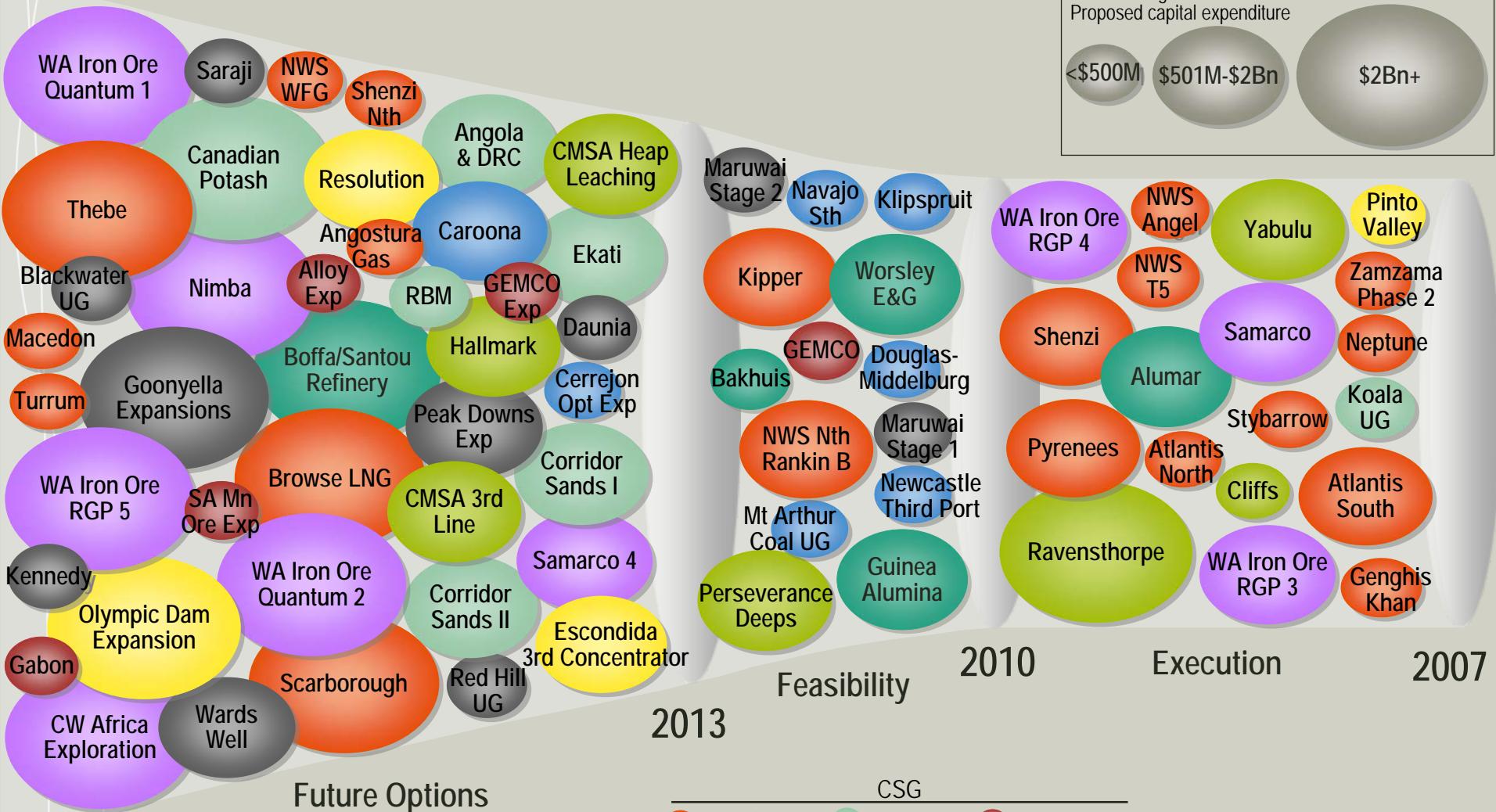
- Sustainable development at every level is fundamental to our success – our licence to operate depends on the responsible operation of all aspects of our business:
 - A strong track record of being valued by our communities will contribute to us being considered a 'company of choice' by governments, business partners and communities
 - We are in a better position to attract and retain a skilled and motivated workforce
 - Our reputation as an ethical, responsible business will assist in our ability to attract capital to continue to grow our business

We aim to be a business that creates a positive legacy. In South Africa this includes a commitment to the spirit and legal requirements of BBBEE



Deep inventory of projects and options

As at 22 August 2007
Proposed capital expenditure



2013

Feasibility

2010

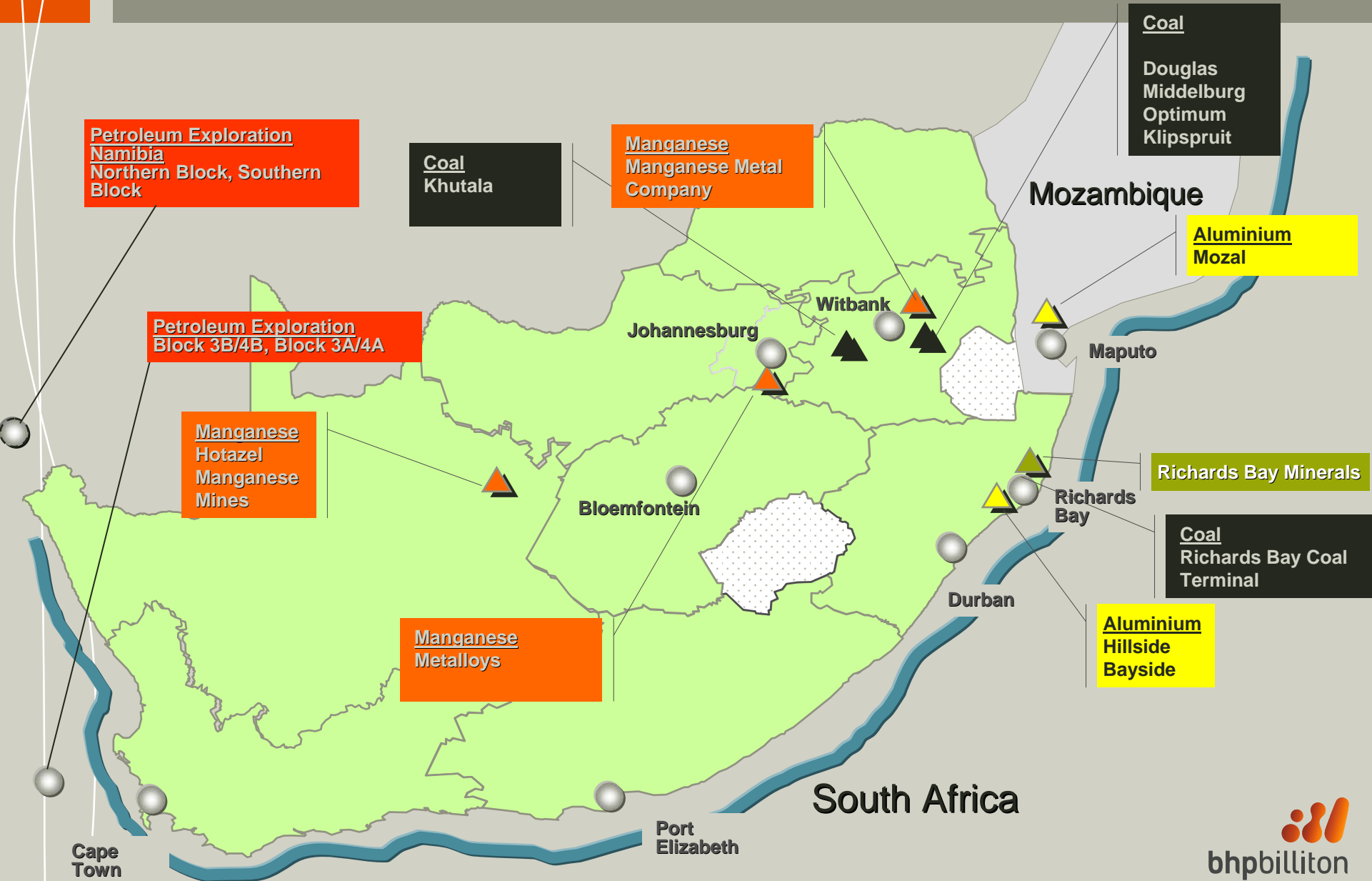
Execution

2007

Future Options

- CSG
- Petroleum
 - Aluminium
 - Base Metals
 - D&SP
 - SSM
 - Iron Ore
 - Manganese
 - Met Coal
 - Energy Coal

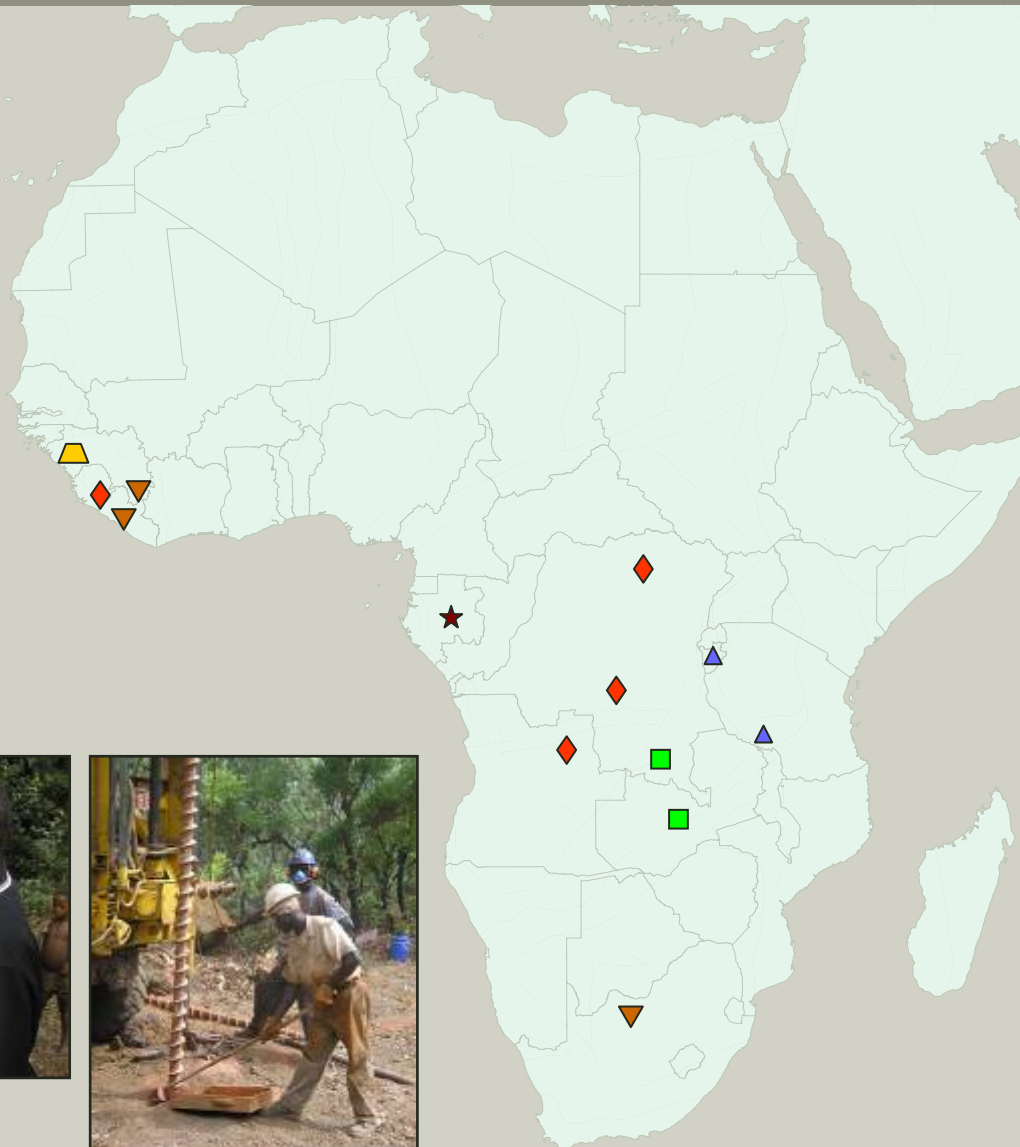
Southern African Assets



BHPB Minerals Exploration: Africa

Main 2007 projects

- ▲ Bauxite
- ◆ Diamonds
- BM/Copper
- ▼ Iron Ore
- ▲ Nickel
- ★ Manganese



South Africa's Foreign Policy

Focus Areas and principles:

- Promotion of continent that is prosperous; peaceful; democratic and stable
- Promotion of human rights;
- Promotion of justice and international law
- Promotion of international peace and to internationally agreed-upon mechanisms for the resolution of conflicts;
- Promotion of the interests of Africa in World Affairs;
- economic development through regional and international cooperation

BHP Billiton values:

- **Safety and the Environment** — An overriding commitment to health, safety, environmental responsibility and sustainable development.
- **Integrity**
- **High Performance** — The excitement and fulfilment of achieving superior business results and stretching our capabilities.
- **Win-Win Relationships** — Focus on the creation of value for all parties.
- **The Courage to Lead Change** — Accepting the responsibility to inspire and deliver positive change in the face of adversity.
- **Respect for Each Other** — The embracing of diversity, enriched by openness, sharing, trust, teamwork and involvement.

The key - partnerships

- Participation in EU-ACP Joint Parliamentary sittings in Edinburgh 2005 and Vienna 2006
 - Enabled effective addressing of REACH proposed legislation which in its current form will negatively impact African countries.
 - Unified SADC message in partnership at BHP Billiton-hosted events including MEPs and ambassadors
 - Follow-up meetings with Commissioner Louis Michel
- Co-Chair EU-Africa Business Forum
 - BHP Billiton's message is one of commitment to investing in Africa in a sustainable and responsible manner
 - Opportunity to leverage business in providing a positive leadership role in the region
- Presentation to EU-Africa Summit Lisbon December 2007

Examples of successful relationships

- Democratic Republic of Congo:
 - Close working relationship with the Department of Foreign Affairs and the South African Ambassador in DRC has resulted in doors opening in DRC
 - MOU signed in DRC on Inga 3 Feasibility and possible aluminium smelter
- Guinea
 - Visit with DME to Conakry in June 2006
 - Recent visit by Guinean Ministerial delegation to Johannesburg and Maputo (including Mozal)
 - Guinea Alumina – 33% operating share in Alumina refinery project and infrastructure development



Malaria Program

- Partnership with governments of South Africa, Mozambique and Swaziland on malaria reduction program. Up to 90% reduction in malaria cases
- Covers 100 000km²
- Pilot program in place with Government of Guinea

The Mozal Story

- 506 000 tpa primary aluminium smelter constructed in two phases, actual production at 565 000 tpa
- Aluminium Pechiney AP30S technology
- Approx. US \$2bn total (historical) funding (R13bn)
- Shareholding BHP Billiton 47%, Mitsubishi 25%, IDC 24%, GOM 4%
- Phase 1 and 2 – ahead of schedule and under budget
- Mozal in 2003 = 61% of exports and 21% of imports
- 2003 real GDP growth 7.1% (Mozal 5.8%)
- Net positive impact on balance of payments around \$100m at steady state
- Mozambique export earnings from US \$220m to around US \$1bn



Mozal 2 Construction Achievements

- Benchmark construction safety record - LTIFR 1.07
- Zero reportable environmental incidents
- Construction workforce peaked at 5033 - 70% Mozambican
- US\$92m (R600m) expended in the Mozambican economy
- Excellent IR climate zero man-hours lost in 14 million worked



Local Business Participation

- Phase 2 project spend of US\$92m (R600m)
- Expanded operation spending on goods and services in local economy
 - 170 active local suppliers, 30 added in last 12 months
- Specific programs for Small and Medium Enterprise development
 - 25 Companies participating in Mozlink program
 - 60 packages awarded to Mozambican suppliers
 - Average local spend of US\$16m (R104m) per month by companies in Mozambique on this supply chain



A Mozlink business makes nets for the malaria program

Beluluane Village School in 1998



- No roof
- No electricity
- No water
- No classes when raining
- 130 pupils
- Grades 1-5
- Up to 20% daily absenteeism (malaria)



Beluluane Village School today



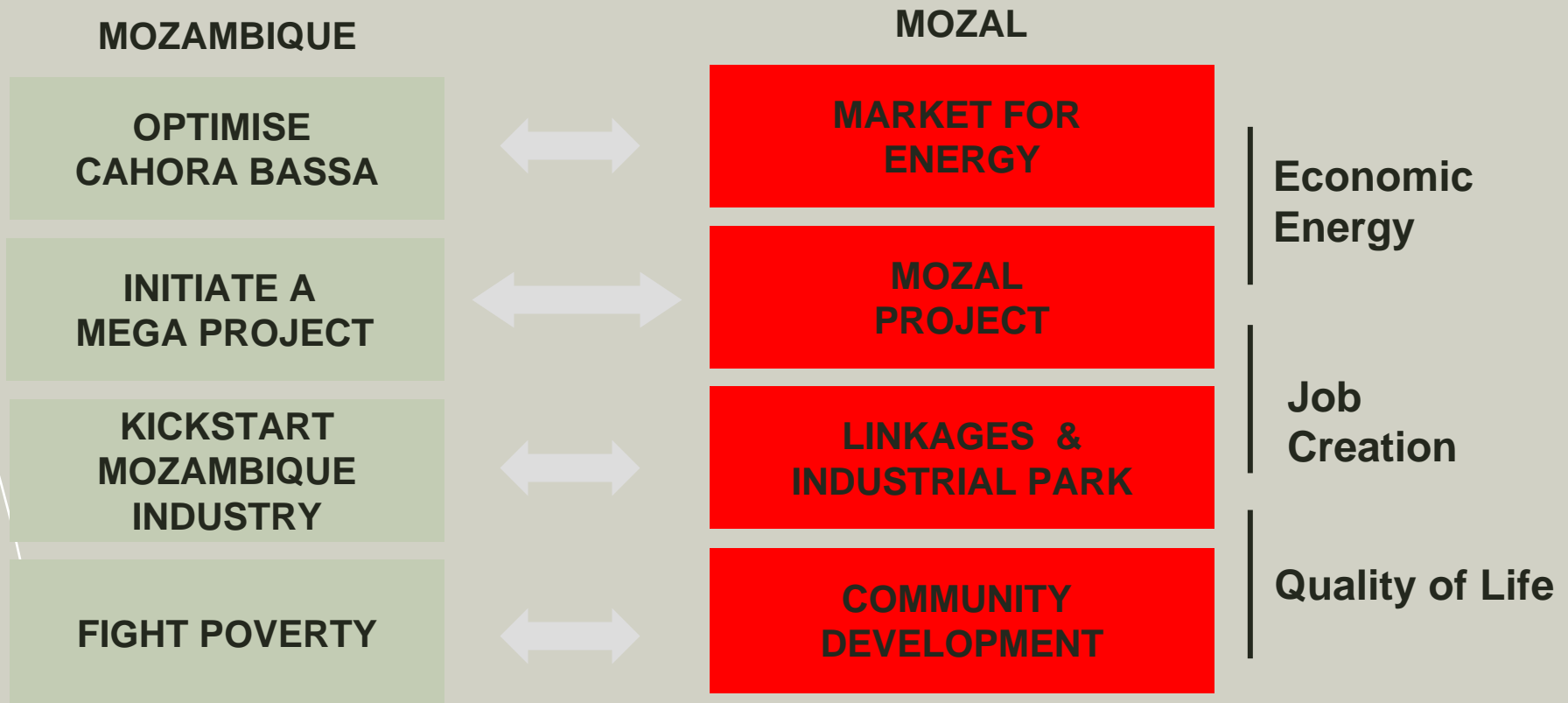
Beluluane Primary School



Nelson Mandela Secondary School

- 800 pupils
- Grades 6 & 7
- Water/electricity
- Sports field
- Program extended to 7 more schools
- Total pupils in all Primary schools 6400
- Secondary school and Industrial school being built
- Malaria incidence dramatically reduced from 80% to 18%

Revisiting The Linkages



The Guinea Story – early days

- Guinea Alumina Project – 33% operating shareholding (potential total investment of \$3-billion, plus opportunities for potential intra-Africa trade)
 - Build Alumina refinery and infrastructure
 - Development of expertise – 6 engineering and technical students now at Wits University on BHP Billiton bursaries
 - Malaria program pilot under way in partnership with Government



Boke Bridge



Boke Bridge almost completed



Summary – the opportunities for collaboration

- BHP Billiton promotes South Africa as an investment destination by its significant presence in SA and contribution to the SA economy
- Mutual reinforcement of common values – NEPAD-BHP Billiton Values (utmost transparency and governance)
- Leveraging of global funding – collaboration with SA Government, other African Governments and international funding institutions (eg Malaria Program)
- Diplomatic corps is key to understanding policies and opening doors



- Infrastructure development – BHP Billiton has signed an MOU with the DRC Government on Inga 3 feasibility study and possible aluminium smelter development

Opportunities for Collaboration (2)

- BHP Billiton has a presence on the ground in many countries and can be a valuable resource for information for Foreign Affairs. In return, Foreign Affairs can help by adding its weight to BHP Billiton where the SA Government has a presence
- Opportunities of retired experts being available for specific projects with Government
- Business Forum on Foreign Affairs proposal – seminar an excellent step

The way forward

- Although some partnerships have been highly effective, the approach thus far has been on an ad-hoc basis and somewhat haphazard
- We propose a formal forum is needed to understand each other's priorities and see where opportunities for mutual support may be (meet once or twice a year)
- We have presented the BHP Billiton story today and we believe there are other companies and business forums which can bring similar opportunities to the table



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