

INTRODUCTION

The supply arena within the South African asset of BHP Billiton Manganese is being transformed. The model is evolving to a more centralized one, with strategic sourcing , contract drafting and management happening at the head office, 6 Hollard Street Johannesburg.

In essence this will mean that although our suppliers serve the operations at Hotazel and Metalloys, all tenders will close at head office and all related work will be driven from head office with buyers on site to deal with the transactional and operational purchasing.

This transition will start in earnest on **1 July 2011** and will continue on from there.

We realize that with any change there will be teething problems and ask our suppliers to be patient and to assist us by notifying us of any problems and difficulties that arise.

SUSTAINABILITY

Sustainable Development at BHP Billiton encompasses our commitment and policy towards health, safety, the environment and the community (HSEC).

- Health – focusing on the elimination of risks through the control of potential workplace exposures to noise and substances which could result in long-term harm;
- Safety – providing a workplace where people can work without being injured;
- Environment – delivering efficient resource use, reducing and preventing pollution and enhancing biodiversity protection;
- Community – engaging with those affected by our operations, including employees, contractors and communities; and respecting fundamental human rights.

GETTING ONTO OUR VENDOR DATABASE

We welcome new vendors and actively seek vendors that are able to meet our present and future requirements.

The process of becoming part of our vendor database involves completing the necessary forms. Please note that the vendor database is used as a source of information for new tenders and any other market enquiries. It does not mean that if you are on our vendor database that you have an agreement with BHP Billiton to provide goods or services, it simply means that you will be contacted if there are requirements which our Supply personnel decide you can provide.

For more information on this contact Fred Hayes. Watch this space – we will be providing an online facility for updating vendor information soon!

TENDERING PROCESS

The tendering process would work as follows:

- RFX would go out to market – normally publicised in newspapers or to selected suppliers
- Bids would be received via a tender box, which closes on a specific date and time... Note **late tenders will not accepted or entertained** and will be returned unopened to the sender
- An adjudication panel will adjudicate and recommend to a bid committee
- The recommended or shortlisted vendors will be contacted
- There may be contact with suppliers for clarification
- Once the award is made – all suppliers will be communicated to with regards to the result – we will provide feedback to suppliers if requested, but will only provide limited information... no discussions on our decisions reached will be entertained
- Normally a letter of intent will be signed and negotiations will be entered, which will result in the final contract being signed by all parties
- The contract will be entered onto our SAP system
- Please send all queries concerning vendors, vendor database and clarifications to Fred Hayes.

SUPPLIER CONDUCT

Our expectations for the companies we do business with are as follows

- We require our suppliers to ensure safe working conditions that is zero harm to our people
- Take environmental responsibility, treat their workers with dignity and respect, and ensure high performance in the fulfillment of achieving superior business results together in a fair, equitable and transparent manner
- Our suppliers are required to comply with the laws of the country, for example prohibiting the offer of money, goods or services to anyone in order to persuade them to perform an illegal action
- Suppliers must ensure that employees be a specific age (15 years or older) and shall not be forced to do work that is physically or mentally harmful and interrupts their social development and education, and be employed against their will
- Our suppliers may not give or receive an undue reward to influence the behavior of anyone within BHP Billiton to obtain a commercial advantage
- BHP Billiton does not in any way support corruption, the abuse of a position of trust to gain an advantage in the contravention of duty and includes the offering, giving, soliciting or accepting of an inducement or reward for improper actions, approach or solicitation either directly or through a nominee to act in any way which could disadvantage or tarnish the reputation of BHP Billiton

- Suppliers will conduct its business in an ethical manner and disclose to BHP Billiton available information with regard to a conflict of interest including the disclosure of any financial interests of a BHP Billiton employee in any of the supplier's business
- All this applies to all related parties of suppliers serving BHP Billiton, in other words sub-contractors, associates , consultants and others
- Suppliers are required to protect all information provided by BHP Billiton as confidential and will be subject to a non-disclosure agreement with BHP Billiton

ELECTRONIC COMMERCE AND QUADREM

BHP Billiton has adopted a host of information system applications and tools that assists vendors and simultaneously ensures an efficient and effective process. BHP Billiton has aimed at high end solutions to ensure efficiency for buyers and suppliers when dealing with each other. This allows us to meet targets and ensure that our vendors are paid timeously and queries are resolved. Quadrem is a global portal solution which BHP Billiton is using as an enabler for its 1 SAP solution globally.

The use of an electronic document exchange solution provides BHP Billiton with a mechanism to streamline internal administration and adhere to corporate governance best practices. The solution provides numerous benefits which we believe will provide for a more effective, efficient and reliable business transactions

We are committed to the use of the Quadrem e-Marketplace with all suppliers in the long term, and believe that the value proposition to our supplier community is both significant and tangible, resulting in several enhancements to the traditional cumbersome and typically ineffective mechanisms we are replacing with this solution. Going forward, BHP Billiton will therefore consider participation on the Quadrem e-Marketplace as a business requirement for all our vendors

The supplier gains the following from participation in Quadrem

- Improvement in on time payment
- Improved delivery of documents and document security (no more lost invoices)
- Improved service level to clients
- Improved confidentiality and information security
- Auditability of business process
- Decreased manual intervention and administration errors

CONTACTS

For any queries on the following areas contact the following people

James Ryan Manager Supply

(General queries and raising of serious issues not resolved)

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Fred Hayes Team Lead : Contracts Management

(Raising any issues related to contracts, tendering and contracts management)

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Wellington Mwale Team Lead: Strategic Sourcing

(Raising any issues related to strategic sourcing and related issues)

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Hanief Bapoo Business Process DataLead: Supply

(Raising any issues related to systems, Quadrem, etc.)

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