

Board's governance and oversight role

Board

Climate change is a Board-level issue, including in relation to our strategic approach, risk management, public disclosures, annual budgets and business plans. The Board approves significant social, community and sustainability policies, including those related to climate change and public sustainability goals and targets and oversees performance against our goals and targets and strategies.

The Board met 15 times during FY2023 with climate-related issues regularly on the agenda, including in relation to reviewing and approving public sustainability disclosures (including in relation to progress against our climate change targets and goals), reviewing and approving the report on our fourth industry association review, assessing corporate strategy options, and approving certain investment requests. Climate-related topics are also incorporated into Director site visits to assist the Board in their oversight of site-specific progress and considerations. Six sites were covered as part of the FY2023 site visit program.

The Board is supported on a variety of climate-related issues by the Committees it has established. Report outs from each of these Committees are provided at Board meetings to update the Board on the key issues discussed, including, where applicable, climate-related issues.

Directors also participate in training on climate-related issues as part of their ongoing training and development. Examples of training provided in FY2023 include on biodiversity and the new International Sustainability Standards Board standards. Directors also receive regular updates on emerging climate-related issues and sustainability disclosure standards.

Risk and Audit Committee

Assists the Board in overseeing and reviewing emerging and priority group risks, including climate-related risks, risk management, and internal controls.

The Risk and Audit Committee also reviews and recommends to the Board public financial disclosures related to sustainability matters including climate change reports and climate transition action plans.

 For more information on the Risk and Audit Committee and its key activities for FY2023 refer to the BHP Annual Report 2023 Corporate Governance Statement 5.2, available at bhp.com/climate

Sustainability Committee

Assists the Board with overseeing climate performance including with respect to risk management, monitoring implementation of the Group's strategy, policies, targets and goals, and process in relation to climate matters, reviewing the frameworks for identification, management, and reporting of climate risks, and both recommending climate performance measures, and evaluating performance against those measures, for the CEO and other members of the Executive Leadership Team.

 For more information on the Sustainability Committee and its key activities for FY2023 refer to the BHP Annual Report 2023 Corporate Governance Statement 5.3, available at bhp.com/climate

People and Remuneration Committee


Assesses performance measures and outcomes against those measures. In doing so, the Committee considers recommendations from the Sustainability Committee in relation to health, safety, environment, climate change, and community measures.

 For more information on the People and Remuneration Committee and its key activities for FY2023 refer to the BHP Annual Report 2023 Corporate Governance Statement 5.4, available at bhp.com/climate

Nomination and Governance Committee

Considers the composition of the Board to ensure it has the skills and experience to contribute to all elements of the strategy and risk framework.

From 1 July 2023, the Nomination and Governance Committee also reviews and makes recommendations to the Board on the Group's significant social, community and sustainability policies, including those related to climate change, and reviews and makes recommendations to the Board on the Group's public sustainability targets and goals.

 For more information on the Nomination and Governance Committee and its key activities for FY2023 refer to the BHP Annual Report 2023 Corporate Governance Statement 5.1, available at bhp.com/climate

Reports and informs

The Board and Management also seek advice from external experts including the Forum on Corporate Responsibility (FCR). The FCR meets with management throughout the year and has an annual meeting with the Sustainability Committee. In April 2023, the Sustainability Committee met with the FCR to discuss the FCR's views on BHP's key emerging risk themes (which include risk themes related to climate change), criteria to prioritise the identified risks, and the interdependence of risks.

External input on climate-related issues

Reports and informs

Reviews and monitors

Management's assessment and management role

CEO and Executive Leadership Team (ELT)

Responsible for executing the strategy in relation to climate change matters, in accordance with their delegated authority, as well as being held to account for a range of measures, including climate-related performance. The CEO and ELT are responsible for implementation of climate change strategy, and policies, and achievement of climate change targets and goals, by BHP.

The performance measures for the FY2023 Cash and Deferred Plan scorecard include a climate change metric on decarbonisation with a 10 per cent weighting.

The ELT is supported in monitoring climate-related risks and issues through monthly progress and performance reporting of operational GHG emissions, decarbonisation activities, and adaptation activities, as well as periodic reporting on climate-related risk, provided by a range of BHP's asset and functions teams.

Sustainability and ESG Steering Committee

Responsible for facilitating direction, management decisions and review on a broader range of cross-functional and strategic

issues relating to key sustainability and ESG topics. In March 2023, we expanded the Climate Change Steering Committee to become the Sustainability and ESG Steering Committee. The key responsibilities of this Committee relating to climate change have not changed from FY2022 but now includes consideration of climate change, and other sustainability and ESG issues, and related emerging areas of risk, investor and stakeholder expectations, and legal and regulatory requirements.

Group Climate and Sustainability Officer (Group CSO)

Responsible for driving BHP's climate change strategy, including climate considerations in broader company strategy and portfolio evaluation, operational and value chain decarbonisation, physical climate-related risk and adaptation, stakeholder engagement and disclosure. Dr Fiona Wild is BHP's Group CSO.

The Group CSO is supported in monitoring climate-related issues through monthly progress and performance reporting of operational GHG emissions, decarbonisation activities, and adaptation activities, as well as periodic reporting on climate-related risk, provided by a range of BHP's assets and functions teams.

Reports and informs

Reports and informs

Directs and monitors

BHP assets, functions and teams

Sustainability and Climate Change team

Responsible for collaborating with BHP's asset and function teams, external partners and industry to develop practical climate change solutions. The team regularly prepares information and advice for the Management-level and Board-level stakeholders and Committees, on climate-related strategy, risks (both threats and opportunities) and performance against climate-related metrics. The team also uses key risk indicators to help monitor performance against our appetite for climate-related risks and monitors relevant signposts through our emerging risk process.

Assets, Portfolio Strategy and Development, Finance, Technical, Operations and Commercial functions and teams

Responsible for undertaking climate change-related activities.