

Letter to shareholders from Christine O'Reilly, the Chair of BHP's Remuneration Committee

6 September 2022

Dear Shareholders,

I would like to provide you with an outline of our FY2022 remuneration outcomes, all of which are set out in more detail in BHP's Remuneration Report, released on 16 August 2022 as part of BHP's Appendix 4E and included as part of BHP's Annual Report released on 6 September 2022.

Business performance

I am pleased to say BHP's performance for FY2022 has been underpinned by safe, reliable operations and firm demand for our commodities. We completed another year fatality free and we are unwavering in our effort to improve safety, including the elimination of sexual harassment, racism and bullying.

We delivered reliable operational performance at Western Australia Iron Ore, with record sales for a third consecutive year and the South Flank project ramp up ahead of schedule. In copper, Escondida in Chile achieved record material mined and near-record concentrator throughput, while Olympic Dam in South Australia performed strongly in the fourth quarter after planned smelter maintenance. Queensland metallurgical coal ended the year with strong underlying performance in the face of significant wet weather.

We have made strong progress on actions required to meet our commitments to reduce operational greenhouse gas emissions, which are down by 15 per cent since FY2017. We have further progressed our emission reduction partnerships with three major steelmakers in China and Japan and we also entered a new partnership with a fourth steelmaker in South Korea. The combined output of these four steelmakers equates to around 12 per cent of global steel production.

Our US\$5.7 billion Jansen potash project in Canada is tracking to plan and opportunities to bring forward first potash production at Jansen continue to be assessed. In addition, during FY2022, we merged our Petroleum business with Woodside, completed the sales of our interests in BHP Mitsui Coal (BMC) and Cerrejón, and following a strategic review decided to retain New South Wales Energy Coal. As a consequence, we will seek approvals to continue mining until 2030. We also unified our corporate structure, and added to our global options in copper and nickel.

COVID-19 continued to impact in FY2022, particularly in the areas of labour and supply chain constraints. We remain vigilant with continued social distancing and hygiene practices, and other additional protocols as appropriate to protect our workforce and communities. Despite the challenges that the COVID-19 pandemic continues to present, in FY2022 BHP continued its approach to not furlough any employees, did not seek any government assistance, and did not raise additional equity. In addition, BHP's safe and reliable operational performance through this year, together with strong profitability, enabled the Board to announce record dividends for FY2022. This continues the delivery of strong and consistent returns to shareholders.

FY2022 CDP outcome

For FY2022, the Committee has assessed Mike Henry's performance and determined a CDP outcome of 96 per cent against a target of 100 per cent (and 64 per cent of the maximum).

While the Remuneration Report contains full details of this outcome (refer 3.2 'FY2022 CDP performance outcomes'), I wish to highlight three points.

Firstly, for the Health, Safety, Environment and Community (HSEC) element, the outcome took into account BHP's strong HSEC performance during the year, with no fatalities recorded, the strong progress against our Fatality Elimination Program and delivery of our cultural heritage commitments. This year we have also made progress on the implementation of controls for sexual harassment, although there remains more to be done. We also saw strong progress against our climate change targets, and our progress in the management of priority tailings storage facilities was pleasing.

Secondly, our financial performance was strong, and during FY2022 shareholders have again benefitted through record dividends. However, after fully eliminating the positive impacts of commodity prices during the year, operating performance at our assets was below the challenging internal targets set at the commencement of the year. This is in part due to higher than expected unplanned costs and other impacts of the COVID-19 pandemic, which flowed through into CDP outcomes without adjustment for FY2022. This is a similar approach that was applied in FY2021 and FY2020 and has the effect of reducing the remuneration outcomes for executives.

Finally, from a personal performance perspective, the Committee considered Mike met his individual objectives during FY2022, including progressing significant strategic initiatives (e.g. completing the merger of our Petroleum business with Woodside, the sales of our interests in Cerrejón and BMC, and announcing that we will retain New South Wales Energy Coal and will seek approval to continue mining through to cessation of operations in FY2030, which is expected to afford eight years to work with our people, state and federal governments and local

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communities in the Hunter Valley region on an equitable transition approach that supports long-term community sustainability).

2017 LTIP award vesting

The vesting outcome for the 2017 LTIP award was 100 per cent. The LTIP performance condition is relative total shareholder return (TSR) and BHP outperformed the 80th percentile of both the sector peer group and the MSCI World Index. This level of vesting is aligned with the projected vesting outcome that was communicated to shareholders in the Remuneration Report at the time the changes to our remuneration framework were approved by shareholders at the 2019 AGMs.

The value of the vested 2017 LTIP award is higher than the value of the award at the time it was granted due to the increase in share price during the five-year vesting period and strong dividends. In terms of value realised, 44 per cent is due to the value at the time the awards were granted and 56 per cent is due to share price appreciation and dividends. This reflects the experience of shareholders over the period.

Consistent with its normal practice, in considering vesting, the Board and Committee has also conducted a holistic review of business performance over the five years since grant to ensure this level of vesting was appropriate.

Overall remuneration

Overall, Mike Henry's total remuneration received for FY2022 was US\$14.7 million, and the Remuneration Report contains full details of this outcome (refer 3.1 'FY2022 remuneration received by the CEO').

A revised remuneration framework took effect from 1 July 2019 and significantly reduced the LTIP grant size for the CEO from 400 per cent of base salary (on a face value basis) to 200 per cent and a rebalancing to a CDP award with a long-term focus. As a result, the remuneration for Mike reflects the transition to this structure and includes the full amount of the CDP award earned during FY2022 (i.e. irrespective that some elements of the CDP award are deferred) together with the full amount of the pre-existing LTIP award vesting at the end of FY2022 which was granted in 2017 (i.e. when the LTIP award size was double the current grant size). Had the current remuneration framework been in place when Mike's 2017 LTIP award was granted and a reduced size awarded, the reported total remuneration would have therefore been US\$10.3 million for FY2022 (i.e. instead of US\$14.7 million).

For FY2023, the Committee determined that the CEO's base salary would increase by 3 per cent, effective 1 September 2022. This was assessed as appropriate having conducted updated benchmarking and considered the external market demand for senior executive talent. The Committee considers the increase modest in this context, as well as being below the median salary increase applied for other BHP employees of approximately 4 per cent. Other components of the CEO's total target remuneration (pension contributions, benefits, CDP and LTIP) remain unchanged and, where relevant, as percentages of base salary.

As at the date of this letter, Mike's shareholding is well above the minimum shareholding requirement of five times pre-tax base salary.

Remuneration outcomes for the Chair and Non-executive Directors

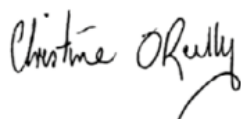
Fees for the Chair and Non-executive Directors are reviewed annually and are benchmarked against peer companies. No changes to the Chair's or Non-executive Directors' fees will be made for FY2023. In FY2022, BHP undertook a series of major transactions. As a consequence, modest fees were paid to certain Non-Executive Directors for additional or extra services performed in FY2022 in connection with major transactions undertaken by the Group.

Summary

We deliberately align our executive remuneration with performance, with a significant component of possible remuneration structured as variable pay. We are confident that the outcomes this year are consistent with our long held approach of remuneration outcomes reflecting the performance of BHP and the experience of our shareholders. Given our critical need to attract, motivate and retain our executives in order to progress our strategic objectives and deliver the best outcomes for all BHP stakeholders, this is a pleasing result for all concerned.

As always, we welcome your feedback and comments. I would request you contact Andrew Fitzgerald, Vice President Reward at BHP, at investor.relations@bhp.com, in the first instance.

I thank you in advance for your support.



Christine O'Reilly
Chair, Remuneration Committee