



Climate change and Shareholder resolutions

20 October 2022

Shareholder Event

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Numbers presented may not add up precisely to the totals provided due to rounding. Refer to slide 8 for the footnotes/endnotes referenced in this presentation.

Due to the inherent uncertainty and limitations in measuring greenhouse gas (GHG) emissions and operational energy consumption under the calculation methodologies used in the preparation of such data, all GHG emissions and operational energy consumption data or references to GHG emissions and operational energy consumption volumes (including ratios or percentages) in this presentation are estimates. There may also be differences in the manner that third parties calculate or report GHG emissions or operational energy consumption data compared to BHP, which means that third-party data may not be comparable to our data. For information on how we calculate our GHG emissions and operational energy consumption data, see our Methodology tab in our ESG Standards and Databook, available at bhp.com.

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Shareholder event

20 October 2022

Agenda

1. Introduction

Bronwyn Wilkinson

2. BHP's Climate Transition Action Plan

Summary of progress following 2021 'Say on Climate' vote

Fiona Wild

3. 2022 shareholder resolutions

3.1 Background to the filing & technical matters re changing the company's Constitution

Stefanie Wilkinson

3.2 Climate policy advocacy

Fiona Wild

3.3 Climate accounting & audit

Fiona Wild

4. Q&A

Bronwyn Wilkinson

We have progressed our Climate Transition Action Plan (CTAP) targets, goals and commitments



Operational greenhouse gas (GHG) emissions targets and goals for the short-, medium- and long-term



Value chain GHG emissions targets and goals for the medium- and long-term



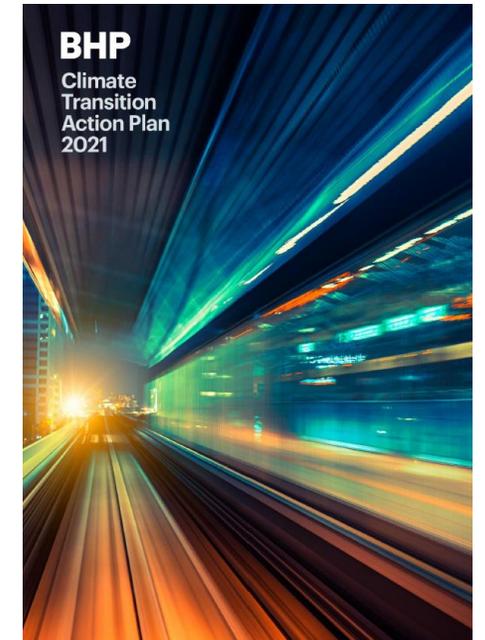
Assessing capital alignment with a 1.5°C world and the transition to a low-carbon economy



A position on just transition for the environment, our communities and workforce



Strengthening our policy engagement



Shareholder resolutions: Background / technical aspects



- This year, BHP has received three requisitioned resolutions organised by the Australasian Centre for Corporate Responsibility, or ACCR.
- They are supported by 176 shareholders representing around 0.008% of our issued share capital.
- The first resolution seeks to amend the constitution and must be approved by at least 75% of shareholders voting.
- The proposed amendment would allow “advisory” resolutions, which are not generally possible under Australian law.¹
- **We do not support the proposed amendment to the constitution for the following reasons:**
 1. Australia does not have a regulatory framework or thresholds to govern advisory resolutions (such as found in the US).
 2. We believe law reform would be the right way to consider introducing advisory resolutions into Australia.
- One of the key investor groups, the Australian Council of Superannuation Investors (ACSI), agrees that this matter is best addressed through law reform rather than company-by-company constitutional amendments.²

Shareholder resolution: Climate policy advocacy



1. We believe AGM Item 14 is unnecessary

- BHP publicly supports the Paris Agreement.
- BHP already advocates in a manner that is supportive of the objectives of the Paris Agreement.

2. It is logical for us to advocate in support of the aims of the Paris Agreement

- Our scenario analysis indicates a positive impact on our portfolio if the world were to pursue accelerated decarbonisation based on our 1.5°C scenario (described in our Climate Change Report 2020, available at [bhp.com](https://www.bhp.com)).
- The reshaping of our portfolio is helping maximise the Company's exposure to opportunities arising from an acceleration of global progress towards a 1.5°C outcome.
- However, the Board and management must retain the flexibility to assess each policy idea on its merits.

3. The resolution is too broad and ambiguous and overreaches into the management of the Company

- We focus on policies where we can make an impact.
- Proactively lobbying for everything, regardless of its materiality, lessens this.
- The resolution would require Board to assess every direct and indirect climate policy proposal and justify whether BHP's advocacy (or decision not to advocate) was aligned to the aims of the Paris Agreement.

Shareholder resolution: Climate accounting & audit



- BHP appreciates the strong investor interest in the financial impacts of a 1.5°C scenario on our portfolio.
 - IIGCC’s “Paris-aligned accounts” initiative³ received in-depth consideration in the preparation of our accounts, including at BHP’s Risk and Audit Committee.
 - We introduced new qualitative disclosures related to our 1.5°C scenario into the Basis of preparation of our financials in 2021, and continued that reporting in 2022.⁴
 - Those disclosures were subject to audit.
- The resolution requests BHP to disclose the quantitative impact of climate sensitivity analysis on *all commodities*, which includes those that stand to gain in our 1.5°C scenario.
- **We don’t support the resolution because doing so would be in conflict with the accounting standards applicable to BHP.**
 - Our 1.5°C scenario indicates a positive impact on the value of the majority of our assets (copper and nickel-producing assets, for example);
 - For our assets,⁵ we report in line with “historical cost” accounting principles (not “mark-to-market” or “fair value” principles); and
 - The accounting standards do not permit a remeasurement above historical cost.
- Building on our disclosures over the past two years, we are considering opportunities to disclose in greater detail the impacts to our portfolio under one or more 1.5°C scenarios in our 2023 Annual Report.

Endnotes

1. Slide 5: The filing threshold for shareholder resolutions looks similar on paper in Australia and the UK, but in practice can be significantly easier to satisfy in Australia. While both the UK Companies Act 2006 (section 338(3)) and the Australian Corporations Act (section 249N(1)(a)) give members with at least 5% of the voting rights the right to file a shareholder resolution, the other threshold, commonly referred to as the 100 members test, is framed differently in the two statutes. UK Companies Act, section 338(3)(b), confers the right to file on “at least 100 members who have a right to vote on the resolution ... and hold shares in the company on which there has been paid up an average sum, per member, of at least £100”. In contrast, Australian Corporations Act, section 249N(1)(b), confers the right to file on “at least 100 members who are entitled to vote at a general meeting”; no minimum value of shareholding is required.
2. Slide 5: ACSI, *Towards Better Corporate Accountability*, 2019: <https://acsi.org.au/wp-content/uploads/2020/02/ACSI-Towards-Better-Corporate-Accountability-April-2019.pdf>.
3. Slide 7: Institutional Investors Group on Climate Change (IIGCC), *Investor Expectations for Paris-aligned Accounts*, 2020: <https://www.iigcc.org/download/investor-expectations-for-paris-aligned-accounts/?wpdmdl=4001&masterkey=5fab4d15595d>.
4. Slide 7: BHP Annual Report 2021, pages 135 to 136; BHP Annual Report 2022, pages 132 to 133.
5. Slide 7: ‘Assets’ refers to property, plant and equipment.

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