

BHP

**Sustainability
Committee
Terms of
Reference**

15 February 2018

Sustainability Committee Terms of Reference

BHP Billiton Limited and BHP Billiton Plc

Approved by the Boards of BHP Billiton Limited and BHP Billiton Plc on 10 May 2012 and updated on 19 June 2013, 22 October 2014, 29 June 2016 and 15 February 2018.

Role

1. The role of the Sustainability Committee (**Committee**) is to support and advise the Boards of BHP Billiton Limited and BHP Billiton Plc (**Board**) in relation to the matters set out in these Terms of Reference. The Committee is accountable to the Board for its performance.
2. The Committee's responsibilities are set out in these Terms of Reference and include assisting the Board: in its oversight of the Group's health, safety, environment (**HSE**) and Community performance, and the adequacy of the Group's HSE and Community (**HSEC**) Framework (which incorporates the HSEC Management System); and in relation to various other governance responsibilities related to HSE and Community.
3. The Committee acts primarily as an advisory body to the Board. In making recommendations to the Board, the Committee does not, of itself, have the power or authority of the Board in dealing with the matter on which it advises except where certain powers are specifically set out in these Terms of Reference or are otherwise delegated by the Board.

Health, safety, environment and community (HSEC) framework adequacy and HSEC performance

4. The Group's HSEC Framework consists of:
 - the CEO Limits set out in the Board Governance Document (**BGD**). The BGD establishes the remit of the Board and delegates authority to the Chief Executive Officer (**CEO**), including in respect of the HSEC Management System, subject to the CEO Limits;
 - the Sustainability Committee, which is responsible for assisting the Board in overseeing the adequacy of the Group's HSEC Framework and HSEC Management System (among other things);
 - the HSEC Management System, established by management in accordance with the CEO's delegated authority. The HSEC Management System provides the processes, resources, structures and performance standards for the identification, management and reporting of HSEC risks and the investigation of any HSEC incidents;
 - a robust and independent internal audit process overseen by the Risk and Audit Committee, in accordance with its Terms of Reference; and
 - independent advice on HSEC matters, which may be requested by the Board and its Committees where deemed necessary in order to meet their respective obligations.
5. The Committee will review and assess the adequacy of the HSEC Framework in particular through reviewing and assessing information and reports received from the CEO and the CEO's nominees on the HSEC Management System.
6. The CEO and CEO's nominees are accountable for ensuring that the HSEC Management system:
 - is underpinned by resources to support its implementation;
 - is effective in generating information, for analysis and assessment, as to the performance of the Group in relation to HSEC matters;
 - includes appropriate processes for responding to incidents, risks and hazards in a timely manner; and

- includes proportionate and independent investigation of matters reported by employees, in relation to HSEC matters.
7. In relation to the HSEC Management System, the CEO and CEO's nominees must, not less frequently than annually:
 - evaluate, report and provide assurance to the Committee on the design, implementation and effectiveness of the HSEC Management System in:
 - identifying and managing HSEC risks that are material to the Group; and
 - complying with HSEC legal and regulatory requirements;
 - report to the Committee on the effectiveness of the HSEC Management System design in relation to facilitating the timely response to incidents, risks and hazards;
 - evaluate and report to the Committee on the number, nature and effectiveness of the resources in place to support the effective implementation of the HSEC Management System;
 - evaluate and report to the Committee on the performance of the Group HSE Officer and the Group HSE function;
 - report to the Committee regarding the independent assurance and audit process and the outcomes of that process; and
 - report to the Committee and the Risk and Audit Committee on the HSE and Community legal and regulatory requirements and HSE and Community risks that are material to the Group.
 8. The Committee will review the performance of the Group in relation to the health safety and environment consequences of decisions and actions, including the impacts on employees and third parties and communities and on the reputation of the Group.
 9. The Committee will oversee the performance of the Community sub-function of the External Affairs function. The Chief External Affairs Officer is accountable to the CEO and CEO's nominee (if any) for the performance of the Community sub-function of the External Affairs function.
 10. As a CEO's nominee, the Chief External Affairs Officer has accountability for ensuring the effective design of the Community component of the HSEC Management System and for ensuring effective strategies are in place to manage Community relations and associated risks (including human rights) and will report regularly to the Committee.
 11. The Committee will, through consideration of the reports provided by the CEO and the CEO's nominees regarding the HSEC Management System, Community relations, the outcomes of the independent assurance and audit process and industry best practice:
 - monitor, review and evaluate the HSE and Community performance of the Group and refer the outcome of its evaluation of the performance of key management personnel against the HSE and Community Key Performance Indicators (**KPIs**) within their Short Term Incentive scorecard to the Remuneration Committee for its consideration;
 - in relation to HSE and Community matters, recommend to the Remuneration Committee at the beginning of each Financial Year appropriate KPIs for the CEO and other key management personnel.

The leadership, resourcing and performance of the health, safety and environment function

12. The appointment of Group HSE Officer is subject to approval by the Committee.
13. The Committee will review the five year plan for the HSE function as presented by the CEO and the CEO's nominees.
14. The CEO or the CEO's nominees will evaluate annually the performance of the Group HSE Officer and the HSE function and discuss the outcome with the Committee.
15. The Group HSE Officer is accountable to the CEO and the CEO's nominee (if any) for the performance of the Group HSE function.

16. As a CEO's nominee, the Group HSE Officer has accountability for ensuring the effective design of the HSE component of the HSEC Management System.
17. The Group HSE Officer will have direct access to the Committee Chairman and the Chairman of the Board and may request the Secretary to call a meeting of the Committee.
18. In the event of the proposed removal of the Group HSE Officer, the CEO will present the Committee with a statement of circumstances, and seek the Committee's approval to terminate the appointment and pursue a proposed course of action to appoint a successor.

Annual Sustainability Report

19. The Committee will review and make recommendations to the Board in relation to the approval of the Annual Sustainability Report and disclosures regarding sustainability issues in the Annual Report.
20. The CEO and the CEO's nominees will design, maintain and review procedures, internal controls and verification processes in order to satisfy the objective of safeguarding the integrity of the Group's Annual Sustainability Report in accordance with best practice, as determined by the Committee.
21. The Committee will review and consider for approval, the HSE and Community public targets proposed by the CEO or the CEO's nominees.

Training and understanding

22. The Committee will adopt and maintain a program of induction, training and development (including site visits) for its members, with the objective of enabling the members of the Committee to:
 - fulfil the Committee's responsibilities;
 - acquire knowledge of HSE and Community legal and regulatory requirements that are material to the Group;
 - seek to understand the HSE and Community risks that are material to the Group;
 - review and evaluate Group HSE and Community performance; and
 - gain an understanding of industry practice and emerging issues.

Reports

23. The Committee will prepare and adopt an annual report on its activities for incorporation in the Annual Report.
24. The Committee will review and, if thought fit, endorse the annual HSE and Community audit plan and communicate the outcome of its review to the Risk and Audit Committee.
25. The Committee Chairman, or a delegate, will report to the Board following each meeting of the Committee.
26. The report to the Board will be a comprehensive report in order to:
 - ensure the Board as a whole has insight into the key issues discussed by, and the decisions of, the Committee;
 - facilitate Board awareness; and
 - assist in the periodic review of the Committee's performance.

The report will include recommendations on any specific decisions or actions the Board should consider.

Annual general meeting

27. The Committee Chairman will attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

Membership

28. The majority of Committee members must be independent non-executive Directors as determined by the Board in accordance with its Policy on Independence of Directors. The Committee must consist of at least three members. All members of the Committee must be non-executive Directors, each of whom is appropriately skilled in health, safety, environment and community matters as determined by the Board.
29. Members will be proposed by the Nomination and Governance Committee and, if thought fit, approved by the Board. The Board will appoint the Committee Chairman who will be a member of the Committee.

Advice and resourcing

30. The Committee may appoint and instruct expert advisers who will be advisers solely to the Committee. Unless otherwise determined by the Committee, advisers shall not receive a standing invitation to attend meetings. The Committee may meet with external advisers without management being present.
31. The Committee will have available to it sufficient resources, as determined by the Committee, to run effectively including to:
- engage and remunerate independent advisers to assist the Committee in carrying out its work; and
 - pay any expenses of the Committee that are necessary or appropriate to assist it in carrying out its work under these Terms of Reference.
32. The Committee will determine the compensation payable to independent advisers, and the Group Company Secretary will assist the Committee in securing the service determined necessary.
33. Each member of the Committee, with the consent of the Committee Chairman and the assistance of the Group Company Secretary, may seek independent professional advice at the expense of the Group on any matter connected with the discharge of his or her responsibilities. The consent of the Committee Chairman will not be unreasonably withheld.

Committee meeting procedures

34. The Group Company Secretary or a designate shall be the Secretary of the Committee.
35. Proceedings and meetings of the Committee will be governed by the provisions of the Constitution of BHP Billiton Limited and the Articles of Association of BHP Billiton Plc for regulating the meetings and proceedings of the Board in so far as they are applicable and not inconsistent with these Terms of Reference.
36. The Committee shall have unrestricted access to personnel, records and senior management as appropriate. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the cost of such advisers to be borne by the Group.
37. The Committee will meet as frequently as required but not less than three times a year.
38. Any Committee member may request the Secretary to call a meeting.
39. Any person may be invited to attend meetings of the Committee, but not necessarily for the full duration of the meeting. A standing invitation will be issued to:
- CEO
 - Chief External Affairs Officer
 - Group HSE Officer

A standing invitation will be issued to all Non-executive Directors to attend with the consent of the Committee Chairman.

40. The Committee will approve the Committee's Annual Plan.

41. At the discretion of the Committee Chairman, separate meetings may also be held with any member of Group management.
42. A quorum will comprise any two Committee members. In the absence of the Committee Chairman or an appointed delegate, the members shall elect one of their number as Committee Chairman for that meeting.
43. The Committee Chairman shall not have a second or casting vote.
44. The Committee will evaluate its performance each year having regard to the principles and requirements of its Terms of Reference.
45. The Committee will ensure that the results of evaluations of its effectiveness and material changes to its Terms of Reference are reported to shareholders.