



# Environment and Climate Change Our Requirements

## Why is this important?

We acknowledge that the nature of our operations can have significant environmental impacts. Additionally, our operations and growth strategy are dependent on obtaining and maintaining access to environmental resources such as land, biodiversity, water and air.

Competition for land, biodiversity and water resources is growing, with climate change amplifying the sensitivities of our natural systems. In line with [Our Charter](#), we all have a role in demonstrating our environmental responsibility by minimising impacts and contributing to enduring environmental benefits, through every stage of our operations.

We accept the Intergovernmental Panel on Climate Change (IPCC) assessment of climate change science, which has found that the warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable.

As a major producer and consumer of fossil fuels, we recognise our responsibility to take action by focusing on reducing our emissions, increasing our preparedness for physical climate impacts and working with others to enhance the global response to climate change.

## Who does this apply to?

- Anyone involved in making investment decisions.
- Anyone involved in planning or executing exploration, operational or closure activities.

Please note: Internal approval thresholds are in line with the level of risk.

## Managing our environmental resources

### *Environmental obligations*

- Do not explore or extract resources within the boundaries of [World Heritage](#) listed properties.
- Do not explore or extract resources adjacent to [World Heritage](#) listed properties unless you have approval and can demonstrate that the proposed activity is compatible with the outstanding universal values for which the World Heritage property is listed.
- Do not explore or extract resources within or adjacent to the boundaries of [International Union for Conservation of Nature \(IUCN\) Protected Areas Categories I to IV](#) unless you have approval and you implement a plan that meets regulatory requirements, takes into account stakeholder expectations and contributes to the values for which the protected area is listed.
- Do not operate where there is a risk of direct impacts to ecosystems which could result in the extinction of an [IUCN Red List Threatened Species](#) in the wild.
- Do not dispose of mined waste rock or tailings into a river or marine environment.

### *Environmental resource management*

- Identify and map key features and define the area of influence (see Appendix 1) for land, biodiversity, water resources and air.

#### **Within the defined area of influence for land, biodiversity, water resources and air:**

- Set the baseline or reference conditions.
- Identify and record the type and extent of actual and reasonably foreseeable environmental impacts associated with our activities.
- Assess and record the risks (see Appendix 1) of our activities with actual and reasonably foreseeable environmental impacts.
- Get approval for target environmental outcomes (see Appendix 1) for land, biodiversity, water resources and air consistent with the assessed risks and impacts.
- Implement controls by applying the mitigation hierarchy (avoid, minimise and rehabilitate environmental impacts, before applying compensatory actions) to achieve target environmental outcomes.
- If actual or reasonably foreseeable residual impacts remain to important biodiversity and/or ecosystems (see Appendix 1):
  - Apply the process and all of the principles in Appendix 1 to identify the preferred compensatory action.
  - Develop a plan and implement the preferred compensatory action and make sure the principles are still applied.
- Monitor and verify the effectiveness of implemented controls including compensatory actions.

#### **At all times you must apply these controls:**

- Implement a disturbance approval process that meets regulatory requirements and takes into account stakeholder expectations and potential impacts to areas of important biodiversity and/or ecosystems (see Appendix 1) and cultural significance.
- Implement a rehabilitation plan that supports Life of Asset and closure plans, and rehabilitates disturbed areas that are no longer required for operational purposes consistent with the pre-disturbance land use, or alternate land use developed taking into account regulatory requirements and stakeholder expectations.
- Have and keep up-to-date a quantitative water balance model, which predicts and supports the management of water inputs, use and outputs, consistent with Business strategies and plans, and enables timely management responses to water-related risks.
- Implement a plan to manage impacts to land and biodiversity that includes controls demonstrating application of the mitigation hierarchy (avoid, minimise and rehabilitate environmental impacts, before applying compensatory actions).
- For Businesses with water-related material risks, get approval annually to implement projects to improve the management of the associated water resources and include these within Business plans as relevant.
- Get approval for voluntary projects which contribute to the establishment and long-term financing of areas of national or international conservation significance.

## Climate change

### *Climate change mitigation*

- Identify opportunities that reduce greenhouse gas (GHG) emissions including the major sources of GHG emissions. Evaluate these opportunities taking into account the carbon pricing protocol to calculate the return on investment.
- Get approval annually for a five-year GHG emission forecast that:
  - is aligned to Business strategies;
  - includes all identified GHG reduction opportunities with a neutral or positive return on investment (unless opportunities are demonstrated as unsuitable for implementation);
  - is consistent with commitments agreed for the purposes of the public GHG reduction target.
- Implement, monitor and review the identified GHG reduction opportunities set out in the five-year GHG emissions forecast.
- Get approval before implementing any carbon offsets.
- Identify, evaluate and implement GHG emissions reduction opportunities with a neutral or positive return on investment (unless opportunities are demonstrated as unsuitable for implementation) in project design and equipment selection.

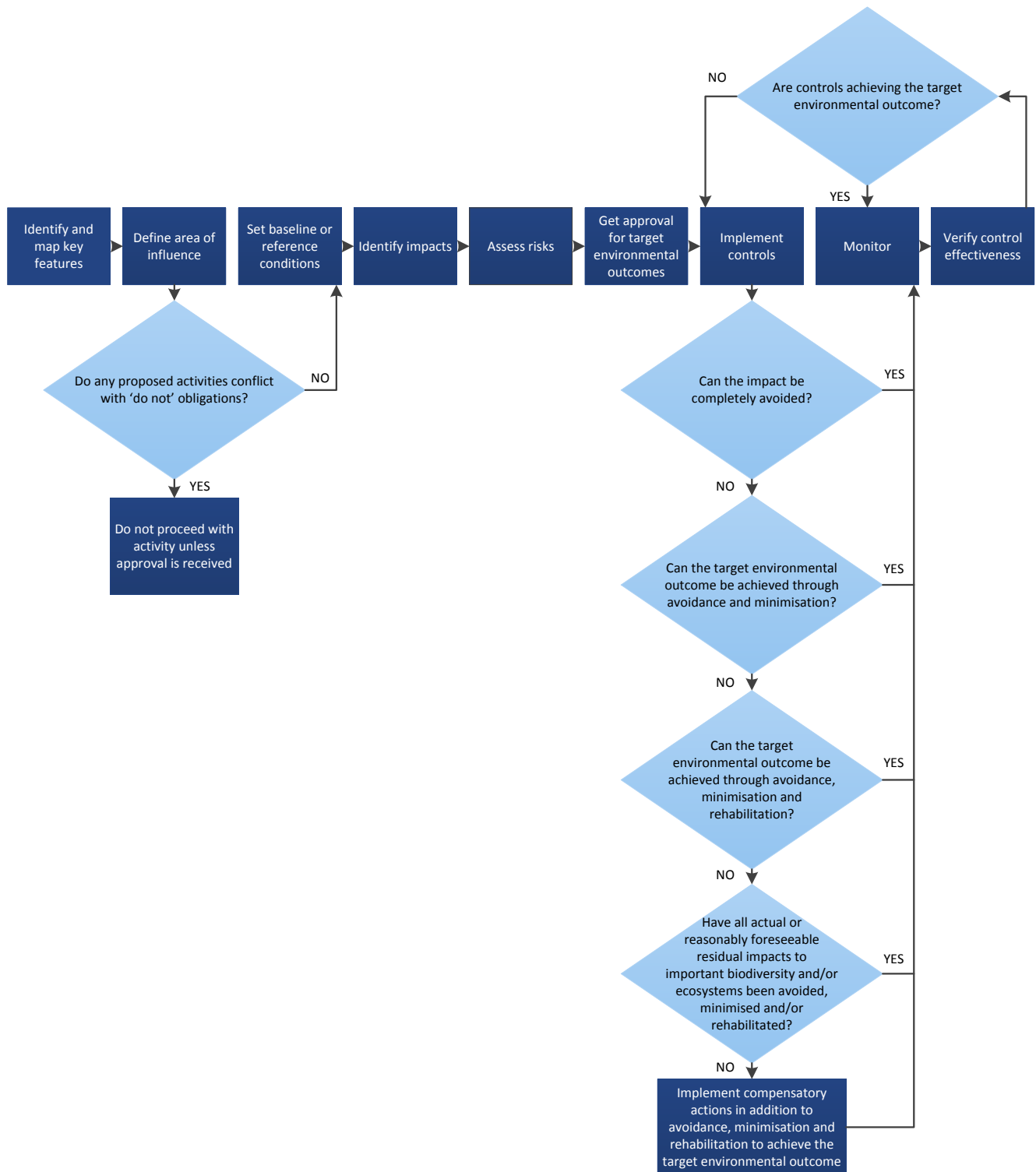
### *Climate change adaptation*

**When undertaking Business activities or making investment decisions, build resilience to the physical impacts of climate change by:**

- Using climate science forecasts to identify and prioritise climate issues (potential events arising from a climatic factor including acute, chronic or cumulative issues) relevant to Business activities or investment decisions.
- Defining the scope of the assessment taking into account core operations, non-process infrastructure, critical inputs and supplies and the regional context (including the natural environment, external stakeholders and communities).
- Assessing impacts to Business activities and investment decisions across the defined scope.
- Implementing activities to respond to the prioritised climate issues and impacts and incorporate these into risk assessments, Life of Asset plans, Business strategies or plans and investment decisions.

# Appendix 1 Environmental management requirements

## Process overview



**Detailed process requirements**

Requirement	Scope
<b>Identify and map key features</b>	<ul style="list-style-type: none"> <li>Owned, leased or managed land.</li> <li>Activities under BHP operational control.</li> <li>Contaminated sites.</li> <li>Designated <a href="#">protected areas</a> and areas of high conservation value.</li> <li>Water resources and water catchments.</li> <li>Listed species and ecosystems (e.g. <a href="#">IUCN Red List</a>).</li> <li>Areas of potential acid forming materials or other mineralisation with potential HSEC impacts (e.g. asbestos) as defined by recognised standards (e.g. <a href="#">INAP: The International Network for Acid Prevention: Global Acid Rock Drainage Guide</a>).</li> <li>Areas of materials required to support rehabilitation.</li> <li>Host communities.</li> <li>Areas of cultural significance (taking into account knowledge management sensitivities).</li> <li>Other activities (e.g. other resource extraction, agriculture) with potential cumulative or indirect impacts.</li> </ul>
<b>Area of influence</b>	<p>The boundary that takes into account BHP's business activities, and their potential direct, indirect and/or cumulative impacts on the environment. The area of influence may vary depending on the type and severity of environmental impact being considered (e.g. air shed, water catchment, bio-region). It includes:</p> <ul style="list-style-type: none"> <li>actual and reasonably foreseeable activities under BHP operational control;</li> <li>associated activities that are essential for the development but may not be directly owned, operated or managed;</li> <li>actual and reasonably foreseeable activities of others that may materially contribute to the severity of our impacts;</li> <li>areas of important biodiversity and/or ecosystems and cultural significance.</li> </ul>
<b>Risk assessment</b>	<p>Risks must be assessed taking into account:</p> <ul style="list-style-type: none"> <li>current and reasonably foreseeable activities consistent with Life of Asset plan;</li> <li>closure plans;</li> <li>the impacts of climate change, noise, vibration, light, erosion, amenity, acid rock drainage, salinity, radioactivity, metal leaching and waste disposal.</li> </ul>
<b>Target environmental outcomes</b>	<p>Define the intended specific and measureable environmental result, taking into account:</p> <ul style="list-style-type: none"> <li>Life of Asset plan;</li> <li>the desired environmental end state consistent with closure plans;</li> <li>regulatory requirements;</li> <li>stakeholder expectations;</li> <li>contributions to enduring environmental benefits for important biodiversity and ecosystems.</li> </ul>
<b>Important biodiversity and/or ecosystems</b>	<p>Determined taking into account:</p> <ul style="list-style-type: none"> <li>regulatory requirements;</li> <li>natural and critical habitats as defined by <a href="#">IFC Guidance Note 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</a>, sections GN43 and GN55 to GN97;</li> <li>stakeholder expectations.</li> </ul>

Requirement		Scope
<b>Principles for compensatory actions must be:</b>	<b>Appropriate</b>	<ul style="list-style-type: none"> <li>• Not contribute to unacceptable impacts as a result of implementation.</li> </ul>
	<b>Effective</b>	<ul style="list-style-type: none"> <li>• Deliver conservation results that would not otherwise have occurred.</li> <li>• Target, where feasible, the conservation of similar or comparable (in type, amount and quality) biodiversity or ecosystems outside the impacted area;                             <ul style="list-style-type: none"> <li>– where direct conservation is not feasible, support and/or add value to existing initiatives, aimed at understanding, developing, conserving and managing the environmental entity of concern, a similar entity or another entity of significance elsewhere in the region.</li> </ul> </li> <li>• For direct conservation actions, be sufficiently sized or interconnected to sustain conservation results.</li> </ul>
	<b>Enduring</b>	<ul style="list-style-type: none"> <li>• Be managed by competent organisations with suitable governance structures.</li> <li>• For direct conservation actions, have tenure mechanisms to provide ongoing protection of the area.</li> <li>• Be supported by sufficient resources to maintain ongoing management of the area for the purposes it was established.</li> <li>• Have a monitoring program to assess the effectiveness of the compensatory action in achieving the outcome for which it was established.</li> </ul>