

BHP

**Sustainability
Committee
Terms of
Reference**

13 October 2020

Sustainability Committee Terms of Reference

BHP Group Limited and BHP Group Plc

Approved by the Boards of BHP Group Limited and BHP Group Plc on 10 May 2012 and updated on 19 June 2013, 22 October 2014, 29 June 2016, 15 February 2018, 15 October 2019 and 13 October 2020.

Role

1. The role of the Sustainability Committee (**Committee**) is to support and advise the Boards of BHP Group Limited and BHP Group 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 combined BHP group's (**Group**) health, safety, environment (**HSE**) and Community matters. While the HSE and Community (**HSEC**) expectations of BHP's stakeholders will, necessarily develop over time, the role of the Committee is to advise the Board on the adequacy of the Group's HSEC Framework, HSEC Management Systems, and governance of HSEC matters, along with the Group's HSEC performance under those systems. This includes consideration of both existing HSEC issues, such as climate, safety and indigenous and human rights, as well as emerging areas of HSEC risk for the Group.
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.

HSEC framework adequacy and HSEC performance

4. The Group's HSEC Framework consists of:
 - the CEO Limits set out in the Board Governance Document. The Board Governance Document establishes the remit of the Board and delegates authority to the Chief Executive Officer (**CEO**), including in respect of the HSEC Management Systems, 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 Systems (among other things);
 - the HSEC Management Systems, established by management in accordance with the CEO's delegated authority. The HSEC Management Systems provide 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 Systems.
6. The CEO and CEO's nominees are accountable for ensuring that the HSEC Management Systems:
 - are underpinned by resources to support their implementation;

- are 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, and reporting on 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 Systems, 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 Systems 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 Systems design in relation to facilitating the timely response to incidents, risks and hazards;
 - the actions being implemented across the Group in relation to HSEC matters;
 - the Group's performance against targets as they relate to HSEC matters;
 - the evaluation of the effectiveness of the resources in place to support the effective implementation of the HSEC Management Systems;
 - the evaluation of the performance of the Group HSE Officer and the Group HSE function;
 - the independent assurance and audit process and the outcomes of that process; and
 - the HSE and Community legal and regulatory requirements and HSE and Community risks that are material to the Group (reported to both the Committee and the Risk and Audit Committee).

The Committee will report material findings from these reports to the Board in a timely manner.

8. The Committee will review the performance of the Group in relation to the HSEC consequences of decisions and actions, including the impacts on employees and third parties and communities and on the reputation of the Group; and will receive updates from the CEO and the CEO's nominees on relevant regulatory compliance issues (including fines and notifications).
9. The Committee will oversee the performance of the Community function of External Affairs. The Chief External Affairs Officer is accountable to the CEO and CEO's nominee (if any) for the performance of the Community function of External Affairs.
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 Systems 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 Systems, Community relations, the outcomes of the independent assurance and audit process and industry best practice:
- at the beginning of each Financial Year, recommend to the Remuneration Committee for its consideration, appropriate HSE and Community Key Performance Indicators (**KPIs**) for the CEO and other members of the Executive Leadership Team;
 - monitor, review and evaluate the HSE and Community performance of the Group; and
 - at the end of each Financial Year, evaluate the performance of the CEO and other members of the Executive Leadership Team against their HSE and Community KPIs, and recommend to the Remuneration Committee for its consideration the performance outcomes for the CEO and other members of the Executive Leadership Team.

The leadership, resourcing and performance of the HSE 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 Systems.
17. The Group HSE Officer will have direct access to the Committee Chair and the Chair 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.

Sustainability disclosures

19. The Committee will review and make recommendations to the Board in relation to the approval of disclosures regarding sustainability matters in connection with the Annual Report and other public documents related to BHP's reporting on HSEC matters.
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 disclosures regarding sustainability matters in accordance with best practice.
21. The Committee will review and recommend to the Board for approval, any 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 and ongoing training and development 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.
23. The Committee members will undertake at least one site visit each year, and at each site visit Directors will engage with stakeholders, including employees and, where possible, representatives of the community, including indigenous community members. Engagement by Directors with employees at each site visit will include time without senior management present.

Reports

24. The Committee will prepare and adopt an annual report on its activities for incorporation in the Annual Report.
25. 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.

26. The Committee Chair, or a delegate, will report to the Board following each meeting of the Committee.
27. 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

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

Membership

29. 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 HSEC matters as determined by the Board.
30. Members will be proposed by the Nomination and Governance Committee and, if thought fit, approved by the Board. The Board will appoint the Committee Chair who will be a member of the Committee.

Advice and resourcing

31. 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.
32. 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.
33. 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.
34. Each member of the Committee, with the consent of the Committee Chair 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 Chair will not be unreasonably withheld.

Committee meeting procedures

35. The Group Company Secretary or a designate shall be the Secretary of the Committee.
36. Proceedings and meetings of the Committee will be governed by the provisions of the Constitution of BHP Group Limited and the Articles of Association of BHP Group 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.
37. The Committee will 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.

38. The Committee will meet as frequently as required but not less than three times a year.
39. Any Committee member may request the Secretary to call a meeting.
40. 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:
 - all Non-executive Directors;
 - CEO;
 - Chief Technical Officer;
 - Chief External Affairs Officer; and
 - Group HSE Officer
41. The Committee will approve the Committee's Annual Plan.
42. At the discretion of the Committee Chair, separate meetings may also be held with any member of management.
43. A quorum will comprise any two Committee members. In the absence of the Committee Chair or an appointed delegate, the members shall elect one of their number as Committee Chair for that meeting.
44. The Committee Chair will not have a second or casting vote.
45. The Committee will evaluate its performance each year having regard to the principles and requirements of its Terms of Reference.