

BHP

Board Governance Document

Approved by the Board of BHP Group Limited to take effect on 1 July 2023

Introduction

The role of the Board of BHP Group Limited (**BHP**) is to represent the shareholders and to promote and protect the interests of BHP in the short and long-term. The Board does so by governing BHP and its subsidiaries (the **BHP Group**) having regard to their duty to BHP, the interests of the BHP's shareholders as a whole and, where appropriate, the interests of other relevant stakeholders.

The Board has developed processes relating to:

- a. its own tasks and activities;
- b. the matters specifically reserved for Board decision-making;
- c. the authority delegated to the Chief Executive Officer (**CEO**), the accountability of the CEO for that authority, and guidance on the management of the relationship between the Board and the CEO and the boundaries on CEO action (**CEO Limits**).

This Board Governance Document outlines these processes.

Board membership and process

Shareholders

1. The Board is appointed by the shareholders.
2. The Board will ensure that it regularly receives and understands information regarding the issues and concerns of shareholders.
3. The Chair, the Senior Independent Director, or another non-executive Director nominated by the Chair from time to time will represent the Board to the shareholders and will communicate the Board's position. The Chair of a Committee may also represent the Board to the shareholders on matters relating to that Committee's remit.

Composition

4. The Board will always have a majority of Directors who are non-executive and are determined by the Board to be independent of judgement and character and free of material interests, positions or relationships with the Group and other entities and people that might influence, or would be perceived by shareholders to influence, such judgement.
5. The Board will have the balance of non-executive and executive Directors that is effective for the promotion of shareholder interests and the governance of the Group.
6. The qualifications for Directors of the Board are: honesty and integrity; a proven track record of creating value for shareholders; time available to undertake the responsibilities; an ability to apply strategic thought to matters in issue; a preparedness to question, challenge and critique; a commitment to the highest standards of governance; and a willingness to promote the desired culture of the Group.
7. Non-executive Directors will be engaged through a letter of appointment.
8. The level of remuneration paid to Directors and the Chair will be determined in accordance with the People and Remuneration Committee Charter, within any limits approved by shareholders.
9. BHP will periodically review and make available resources to ensure that Directors maintain the skills, knowledge and familiarity with BHP necessary to fulfil their duties as Directors. In particular, Directors will be expected to participate in a programme of induction, training and development, which will be adopted and maintained for Directors.
10. The Board will review the skills and diversity (including gender, age, personal strengths and social and ethnic backgrounds) represented by Directors on the Board and determine whether the composition and mix of those skills remains appropriate to achieve BHP's purpose and strategy.

Conduct

11. Each Director will ensure that no decision or action is taken that has the effect of placing his or her interests or the interests of any other party in priority to the interests of BHP.
12. Directors commit to the collective, group decision-making processes of the Board. Individual Directors will always respect the contributions of other Directors, and strive to understand their perspective and contributions to Board debate and discussion. Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings where their own judgement differs from that of other Directors or of management.
13. All Directors are expected to utilise their range of relevant skills, knowledge and experience for, and apply their judgement to all matters discussed at Board meetings. Executive Directors will ensure that they bring to all Board debate and discussion their unique knowledge, experience, and perspective on the Group's businesses.
14. Directors will use all reasonable endeavours to attend physical Board meetings in person.
15. Directors will comply with the Group's Code of Conduct, act with integrity, lead by example and visibly promote the desired culture of the Group.
16. Non-executive Directors will periodically meet alone without executive Directors or representatives of executive management present.

Support

17. Directors may, with the consent of the Chair and with the assistance of the Group Company Secretary, seek independent professional advice at the expense of the Group on any matter connected with the discharge of their responsibilities. A copy of any advice so received will be made available to all Directors, unless a conflict of interest would make it inappropriate to do so.

Chair, Senior Independent Director, and Group Company Secretary

Chair

18. The Board will select one of its members to be Chair. The Chair must be an independent non-executive Director.
19. The Board will develop a plan for the succession of the Chair, and will periodically evaluate the plan.
20. The Board will identify an independent non-executive Director (who will, in the first instance, be the Senior Independent Director) to act as Chair in the event that the Chair is unable to do so for any reason.
21. The Chair is responsible for leading the Board and ensuring that it is operating to the highest governance standards, including encouraging a culture of openness and debate to foster a high-performing and collegial team of Directors that operates effectively.
22. In leading the Board, the Chair will focus on ensuring strategic issues and shareholder and other relevant stakeholder views are regularly reviewed, clearly understood and underpin the work of the Board; facilitating the relationship between the Board and the CEO; and monitoring whether the Board has access to accurate, timely and clear information.
23. The Chair will set the agenda for each meeting in consultation with the CEO and the Group Company Secretary, ensuring adequate time is available for open discussion and debate and prioritising the most significant items. Any Director may request that an item be added to the agenda.
24. The Chair has authority to act and speak for the Board between its meetings, including engaging with the CEO, and conducting the monitoring activities set out in this document. The Chair will report to the Board and Committee chairs as appropriate on decisions and actions taken between meetings of the Board.

Senior Independent Director

25. Upon the recommendation of the Nomination and Governance Committee, the Board will appoint one of the non-executive Directors to be the Senior Independent Director.
26. The Senior Independent Director will act as a sounding board for the Chair and will serve as an intermediary for the other Directors if necessary.
27. The Senior Independent Director will attend sufficient meetings with a range of the Group's major shareholders to develop a balanced understanding of the issues and concerns of major shareholders. The Senior Independent Director will also be available to shareholders if they have concerns which contact through the normal channels of Chair or CEO has failed to resolve or for which such contact is inappropriate.

Group Company Secretary

28. The Group Company Secretary is accountable to the Board through the Chair and his or her appointment and removal is a matter for the Board as a whole.
29. The Group Company Secretary will advise the Chair, and through the Chair, the Board and individual Directors on all matters of governance process.
30. The Group Company Secretary's advice and services will be available to all Directors and Committees.
31. The Group Company Secretary will retain independent advisory services at the request of the Board or Committees.
32. The Group Company Secretary will develop and maintain the information systems and processes that are appropriate for the Board to fulfil its role and to achieve BHP's purpose and strategy. BHP's Constitution governs the regulation of Board meetings and proceedings.

Role of the Board

33. BHP's Constitution vests the management and control of the business and affairs of BHP in the Board. The Board has reserved some matters to itself for decision and, save for those matters and those which the Board has delegated to a Committee, the Board has delegated authority for all other matters to the CEO.
34. The Board has reserved the following matters for its decision:
 - appointing the CEO and determining the terms of the appointment;
 - approving the appointment of executives reporting to the CEO and membership of the Executive Leadership Team, and material changes to the organisational structure involving direct reports to the CEO;
 - succession planning for the CEO and direct reports to the CEO;
 - monitoring the performance of the CEO and the Group;
 - monitoring Board composition processes and performance;
 - approving the Group's values, Code of Conduct, purpose and risk appetite;
 - establishing, approving and assessing measurable objectives for achieving gender diversity in the composition of the Board, senior executives and workforce generally and assessing and Group's progress in achieving those measurable objectives;
 - approving strategy, annual budgets, balance sheet management and funding strategy;
 - approving commitments, capital and non-capital items, acquisitions and divestments above specified thresholds;
 - approving the dividend policy and determining dividends;

- approving significant social, community and sustainability policies, including those related to climate change and public sustainability goals and targets;
- reviewing and monitoring the effectiveness of the Group's systems of principal and emerging financial and non-financial risk management and internal control, and making sure there is an appropriate risk management framework in place;
- determining and adopting documents (including the publication of reports and statements to shareholders) that are required by BHP's Constitution, statute or by other external regulation; and
- determining and approving matters that are required by BHP's Constitution, statute or by other external regulation to be determined or approved by the Board.

The Board Committees

35. The Board will establish Committees to assist the Board in exercising its authority as set out in the relevant Charter.
36. The permanent committees of the Board are the Risk and Audit Committee, the People and Remuneration Committee, the Nomination and Governance Committee and the Sustainability Committee.
37. These Committees will review matters on behalf of the Board and, in a timely manner, as determined by the relevant Charter:
 - refer matters to the Board for decision, with a recommendation from the Committee; or
 - determine matters (where the Committee acts with delegated authority), which the Committee then reports to the Board.
38. The Committees will have sufficient resources, as determined by the Committee, to run effectively.
39. The Board will determine the Charter for each Committee, which will outline each Committee's role, authority, composition and responsibilities.

Board and CEO relationship

Delegation

40. Beyond the items in paragraph 34, and subject to the CEO Limits (as set out in this document) and the Group's Authorities Framework, the Board delegates to the CEO all authority to achieve BHP's purpose and strategy.
41. The Board retains ultimate authority to change, enhance or revoke its delegations to the CEO at any time.

Accountability and monitoring

42. The CEO is accountable to the Board for the authority that is delegated and for the performance of the Group. The CEO works in a constructive partnership with the Board.
43. The Board will monitor the decisions and actions of the CEO and the performance of the Group to gain assurance that progress is being made towards BHP's purpose and strategy within the CEO Limits, in a manner that is consistent with creating social value, and with due regard to the risk appetite set by the Board.
44. Throughout the annual Board cycle, the CEO will report systematically with openness on the progress being made by the Group towards BHP's purpose and strategy.
45. The CEO will report to the Board on material developments in the following areas, and will describe for each of them the potential impact, where relevant, on the achievement of BHP's purpose and strategy:
 - the development and implementation of strategy and the annual plan;

- the business and financial performance of the Group and material events in markets which are critical to the achievement of BHP's purpose and strategy; and
 - the activities covered by the CEO Limits.
46. The Committees will also assist the Board to monitor performance of the Group. Each Committee will focus on gaining assurance of progress towards BHP's purpose and strategy, and that the conduct and performance of the CEO and the Group comply with the CEO Limits.
47. The Board and its Committees will determine the information required for monitoring performance. They may make direct requests for information from the CEO, any employee of the Group, the external auditor or any third party.
48. The CEO (and his or her nominees) will supply the Board and its Committees with the information, and escalate financial and non-financial issues and risks where appropriate, in a timely manner and in a form that is appropriate to enable the Board and Committees to make assessments and judgements, to conduct inquiries to monitor financial and non-financial risk, and to gain assurance that the decisions and actions of the CEO, and the performance of the Group, are directed toward BHP's purpose and strategy and fall within the CEO Limits.
49. The Board will assess and monitor the Group's culture, and satisfy itself that the culture is aligned to the Group's values and BHP's purpose and strategy.
50. The CEO will make sure there is a system in place for the workforce to raise concerns, confidentially or anonymously; and ensure there are arrangements in place for independent and proportionate investigation of such matters and for follow-up action.
51. The Chair, the chairs of Committees, the CEO and the Group Company Secretary will work collaboratively to ensure that effective systems are in place for the production and transmission of information and reports.
52. Relationships and dialogue between (a) individual members of the Board and (b) the CEO, senior executives and other Group employees that focus on gaining a better understanding of the Group's business will be encouraged but will not alter the roles, accountabilities and divisions of authority in this Board Governance Document.

Remuneration and evaluation

53. The Board will ensure that the structure of remuneration for the Group (including for the CEO) is aligned with the Group's values and BHP's purpose, strategy and risk appetite, including in relation to non-financial risk.
54. The Board will ensure that performance requirements of the CEO are linked to the achievement of the Group's values and BHP's purpose, strategy and risk appetite, including in relation to financial and non-financial risk; and that systems of evaluation for the performance of the CEO and other key management personnel are based on previously stated criteria that are transparent.
55. The Chair, drawing on guidance of the People and Remuneration Committee, will lead on behalf of all the non-executive Directors an annual formal evaluation of the performance of the CEO.

CEO Limits

56. The achievement of BHP's purpose and strategy will guide all decisions and actions of the CEO.
57. The CEO will not engage in, cause or permit any activity or behaviour that is in violation of commonly accepted standards of business practice and ethics.
58. The CEO will not allow the culture of the Group to develop or subsist in a way that condones unlawful, unethical, dishonest, irresponsible conduct, or lack of integrity, respect or dignity in relationships amongst those involved in or affected by the Group's activities.
59. The CEO will not allow the Group's resources to be allocated without assessing the impact of the change in the portfolio of Group assets on the achievement of BHP's purpose and strategy.

60. The CEO will not allow capital and operating expenditure, or financing decisions, to be made without addressing the impact on the financial condition of the Group and on the achievement of BHP's purpose and strategy. The CEO has authority within this document and the limits set out in the Authorities Framework.
61. The CEO will not allow decisions or actions to be taken without assessing their health, safety, environmental and community consequences and the impact on the achievement of BHP's purpose and strategy.
62. The CEO will not allow decisions or actions to be taken without assessing the effect on the reputation of BHP and the impact on the achievement of BHP's purpose and strategy.
63. The CEO will not permit the Group to operate unless there is in place a system of control for identifying, managing and reporting the financial and non-financial risks that are material to the achievement of BHP's purpose, strategy and plans.
 - a. The CEO will ensure that a system of internal financial control and internal audit is maintained for the protection of the Group's assets and the application of the Group's resources.
 - b. The CEO will ensure that each of the businesses that make up the Group has an identifiable system for sharing the results of the assurance processes of each business.
64. The CEO will not permit the Group's management to be organised without a plan and process for the development and succession of senior management, for guarding against the unforeseen loss of those members, promoting diversity and providing equal opportunity for development of all staff.
65. The CEO will not cause or permit the Group to operate without ensuring that the Group's policies, standards and procedures are consistent with the desired culture and values of the Group.
66. The CEO will not cause or permit the Group to operate without appropriate policies, information systems, and procedures to ensure that all shareholders receive (through the appropriate channels) timely and accurate information concerning progress towards BHP's purpose and strategy, and the current activities and results of the Group.
 - a. The CEO will ensure that the system covers information extending to statutory reporting, semi-annual reporting to the financial community, release of material price sensitive information, and other company announcements.
 - b. The CEO will ensure that the system covers the timely provision to shareholders of relevant information to enable them to make informed decisions concerning the exercise of the rights, powers and privileges available to them under BHP's Constitution and applicable law, regulation or codes of practice.

Board evaluation

67. The Board will conduct performance evaluations of the Board as a whole, its Committees, the Chair, individual Directors, the Group Company Secretary and the governance processes which support Board work.
68. All evaluations will have regard to the collective nature of Board work, the balance of skills, experience, independence and knowledge of BHP on the Board, its diversity and culture, and the operation of the governance processes established in this document. They will be conducted periodically as the Board considers appropriate.
69. The Board will conduct evaluations of the performance of Directors retiring and seeking election or re-election to the Board. The evaluation of the Chair will be led by the Senior Independent Director. The Board will use the results of these evaluations in considering the endorsement of Directors for election or re-election by shareholders.
70. This document will be reviewed by the Board as required and at least annually.

