

Independent Limited Assurance Report to the Directors of BHP Group Limited and the Management of Western Australia Iron Ore

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that suggests the disclosures made in Western Australia Iron Ore (WAIO)'s International Council on Mining and Metals (ICMM) Performance Expectations 2022 Self-Assessment (referred to as 'the Self-Assessment') have not been prepared, in all material respects, in accordance with the Criteria defined below.

What our review covered

Ernst & Young (EY) was engaged by BHP Group Limited (BHP) to undertake limited assurance as defined by International Audit Standards over WAIO's Self-Assessment of its compliance with the ICMM Performance Expectations as set out in Appendix A.

Criteria

In preparing the ICMM Performance Expectation Self-Assessment, BHP has applied the requirements of the ICMM Mining Principles Performance Expectations¹

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a limited assurance conclusion on the compliance assessed in the Self-Assessment.

We were also responsible for maintaining our independence and confirm that we have met the requirements of the *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*, and have the required competencies and experience to conduct this assurance engagement.

BHP's responsibility

BHP's management was responsible for selecting the Criteria, and preparing and presenting information presented in the Self-Assessment in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the Review

We conducted the Review in accordance with *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ISAE 3000) and in accordance with the terms of reference for this engagement as agreed with BHP on 30 November 2021.

The procedures we performed were based on our professional judgement and included, but were not limited to, the following:

- ▶ Conducting virtual interviews with Group and WAIO personnel to understand the reporting process for the Self-Assessment
- ▶ Checking the completeness of Criteria considered by WAIO with reference to the ICMM Performance Expectations
- ▶ Evaluating WAIO's classification of whether it had met, partially met or not met the Criteria
- ▶ Inspecting referenced policies and documents to support WAIO's assessment of its compliance with the Criteria
- ▶ Conducting site-based inquiries of BHP personnel to check the completeness of documentation and written evidence
- ▶ Checking whether the information disclosed in the Self-Assessment is consistent with our understanding and knowledge of WAIO governance, accountability and sustainability management as reviewed in our assurance of BHP's FY21 and FY22 sustainability disclosures in the Annual Report.

Other Matters

Our report does not extend to any disclosures or assertions made by BHP relating to future performance plans and/or strategies disclosed in the Self-Assessment.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of BHP, or for any purpose other than that for which it was prepared.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our assurance included web-based information that was available via web links as of the date of this conclusion. We provide no assurance over changes to the content of this web-based information after the date of this assurance report.



Ernst & Young
Melbourne, Australia
15 August 2022

Mathew Nelson
Partner

¹ http://www.icmm.com/website/publications/pdfs/mining_principles/guidance-validation.pdf

Appendix A: ICMM PE Self-Assessment Assurance Results

The below table outlines the Mining Principles and Performance Expectations as defined by ICMM². The PE rating is the assured rating that WAIO has defined within the Self-Assessment. Each Performance Expectation is rated as either:

- Meets: systems and/or practices related to this PE have been implemented and there is sufficient evidence to demonstrate that the intent of the PE is being met, however, opportunities for improvement may still remain.
- Partially Meets: Systems and/or practices related to meeting the intent of the PE have been only partially implemented. Gaps or weaknesses persist that may contribute to an inability to meet the intended outcome of the PE, or insufficient verifiable evidence can be provided to demonstrate that the activity is aligned to the intent of the PE.
- Not Meets: Systems and/or practices required to support implementation of PE are not in place or are not being implemented or cannot be evidenced.
- Not Applicable (N/A): This PE is either applicable at the corporate level only or not relevant to WAIO operations.

The final column within the table below represents findings from our limited assurance procedures, as described in the assurance statement, relating to each Performance Expectation.

Extract from WAIO Self-Assessment			EY Observations/Comments
Mining Principles	Performance Expectations	PE Rating	
1. Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development	1.1 Establish systems to maintain compliance with applicable law.	Meets	WAIO has a management system in place that is designed to ensure compliance with all relevant legal requirements including regional, state, national and international law.
	1.2 Implement policies and practices to prevent bribery, corruption and to publicly disclose facilitation payments.	Meets	WAIO has policies and practices in place that are designed to prohibit and prevent bribery, including facilitation payments, corruption, and anticompetitive behaviour. The policies include management systems (EthicsPoint conduct reporting system) that aim to identify any contraventions to the policies.
	1.3 Implement policies and standards consistent with the ICMM policy framework.	N/A	This PE is applicable at a corporate level only.
	1.4 Assign accountability for sustainability performance at the Board and/or Executive Committee level.	N/A	This PE is applicable at a corporate level only.
	1.5 Disclose the value and beneficiaries of financial and in-kind political contributions whether directly or through an intermediary.	N/A	This PE is applicable at a corporate level only.
2. Integrate sustainable development in corporate strategy and decision-making processes	2.1 Integrate sustainable development principles into corporate strategy and decision-making processes relating to investments and in the design, operation and closure of facilities.	N/A	This PE is applicable at a corporate level only.
	2.2 Support the adoption of responsible health and safety, environmental, human rights and labour policies and practices by joint venture partners, suppliers and contractors, based on risk.	Meets	WAIO has systems in place that are designed to promote responsible business conduct with significant business partners, including joint venture partners, suppliers and contractors.
3. Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities	3.1 Support the UN Guiding Principles on Business and Human Rights by developing a policy commitment to respect human rights, undertaking human rights due diligence and providing for or cooperating in processes to enable the remediation of adverse human rights impacts that members have caused or contributed to.	Meets	Aligned with BHP's Human Rights Policy Statement, WAIO has a system to implement the UN Guiding Principles including human rights due diligence through risk identification, human rights impact assessments, and procedures to protect, respect, and remedy potentially adverse impacts.
	3.2 Avoid the involuntary physical or economic displacement of families and communities. Where this is not possible apply the mitigation hierarchy and implement actions or remedies that address residual adverse effects to restore or improve livelihoods and standards of living of displaced people.	Meets	WAIO has a process in place to avoid, mitigate or remediate the involuntary physical or economic resettlements of families and communities.

² http://www.icmm.com/website/publications/pdfs/mining_principles/guidance-validation.pdf

Extract from WAIO Self-Assessment			EY Observations/Comments	
Mining Principles	Performance Expectations	PE Rating		
	3.3 Implement, based on risk, a human rights and security approach consistent with the Voluntary Principles on Security and Human Rights.	Partially Meets	WAIO has systems in place to implement a risk based security approach aligned to the VPSHR, relying on Minerals Australia level risk assessments and actions. To fully meet this performance expectation, WAIO is working to identify an asset specific action plan to respond to Minerals Australia risks.	
	3.4 Respect the rights of workers by: not employing child or forced labour; avoiding human trafficking; not assigning hazardous/dangerous work to those under 18; eliminating harassment and discrimination; respecting freedom of association and collective bargaining and; providing a mechanism to address workers grievances.	Meets	WAIO has a management system in place that is designed to prevent the worst forms of child labour or forced labour, prevent the exposure of employees under the age of 18 to hazardous work and any form of participation in acts of human trafficking.	
	3.5 Remunerate employees with wages that equal or exceed legal requirements or represent a competitive wage within that job market (whichever is higher) and assign regular and overtime working hours within legally required limits.	Meets	WAIO has a management system in place that is designed to pay wages that equal or exceed the national minimum wage, the appropriate industry wage, or a living wage, and assign regular and overtime working hours within legally required limits.	
	3.6 Respect the rights, interests, aspirations, culture and natural resource based livelihoods of Indigenous Peoples in project design, development and operation; apply the mitigation hierarchy to address adverse impacts and; deliver sustainable benefits for Indigenous Peoples.	Meets	WAIO has a management system in place designed to respect the rights, interests, aspirations, culture and natural resource based livelihoods of Indigenous peoples.	
	3.7 Work to obtain the free, prior and informed consent of Indigenous Peoples where significant adverse impacts are likely to occur, as a result of relocation, disturbance of lands and territories or of critical cultural heritage, and capture the outcomes of engagement and consent processes in agreements.	Meets	WAIO has a management system in place designed to obtain the informed consent of Indigenous Peoples where significant adverse impacts are likely to occur as a result of relocation, disturbance of lands and territories or of cultural heritage, and capture the outcomes of engagement and consent processes in agreement.	
	3.8 Implement policies and practices to respect the rights and interests of women and support diversity in the workplace.	Meets	WAIO has a management system in place that is designed to assess and monitor progress and implementation of gender equality and support diversity in the workplace.	
	4. Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks	4.1 Assess environmental and social risks and opportunities of new projects and of significant changes to existing operations in consultation with interested and affected stakeholders, and publicly disclose assessment results.	Meets	WAIO has a management system in place that is designed to manage environmental and social risk in line with legal requirements and internationally accepted frameworks.
		4.2 Undertake risk-based due diligence on conflict and human rights that aligns with the OECD Due Diligence Guidance on Conflict-Affected and High-Risk Areas, when operating in, or sourcing from, a conflict-affected or high-risk area.	Partially Meets	WAIO has management systems and processes in place for due diligence in supply chains. To fully meet this performance expectation, WAIO is aligning its supply chain due diligence system with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
4.3 Implement risk-based controls to avoid/prevent, minimise, mitigate and/or remedy health, safety and environmental impacts to workers, local communities, cultural heritage and the natural environment, based upon a recognised international standard or management system.		Meets	WAIO has policies in place designed to monitor, avoid, minimise, reduce, and compensate for adverse impacts on workers, community health and safety, cultural heritage and the natural environment.	

Extract from WAIO Self-Assessment			EY Observations/Comments
Mining Principles	Performance Expectations	PE Rating	
	4.4 Develop, maintain and test emergency response plans. Where risks to external stakeholders are significant, this should be in collaboration with potentially affected stakeholders and consistent with established industry good practice.	Meets	WAIO has a management system in place to develop, test and maintain emergency response plans on a regular basis, designed to align with established industry good practice and in compliance with all relevant legal requirements.
5. Pursue continual improvement in health and safety performance with the ultimate goal of zero harm	5.1 Implement practices aimed at continually improving workplace health and safety, and monitor performance for the elimination of workplace fatalities, serious injuries and prevention of occupational diseases, based upon a recognised international standard or management system.	Meets	WAIO has a management system in place that is designed to monitor and manage occupational health and safety and prevent workplace fatalities, occupational diseases and serious injuries in line with internationally accepted frameworks.
	5.2 Provide workers with training in accordance with their responsibilities for health and safety, and implement health surveillance and risk-based monitoring programmes based on occupational exposures.	Meets	WAIO has a management system in place that is designed to provide workers with training in accordance with their responsibilities for health and safety. WAIO has also implemented health surveillance activities to monitor and manage occupational exposures based on its exposure risk profile.
6. Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change	6.1 Plan and design for closure in consultation with relevant authorities and stakeholders, implement measures to address closure-related environmental and social aspects, and make financial provision to enable agreed closure and post-closure commitments to be realised.	Meets	WAIO has a closure management plan in place to plan and design closure in consultation with relevant stakeholders.
	6.2 Implement water stewardship practices that provide for strong and transparent water governance, effective and efficient management of water at operations, and collaboration with stakeholders at a catchment level to achieve responsible and sustainable water use.	Partially meets	WAIO has a management system in place that is designed to manage water stewardship To fully meet this performance expectation, WAIO is progressively implementing action plans to improve key water stewardship commitment areas including establishing new critical controls identified in the catchment risk assessment and the remediation plan.
	6.3 Design, construct, operate, monitor and decommission tailings disposal/ storage facilities using comprehensive, risk-based management and governance practices in line with internationally recognised good practice, to minimise the risk of catastrophic failure	Partially Meets	WAIO has a management system in place that is designed to ensure that tailings impoundments are designed, operated, monitored, and closed in line with internationally recognised standards. ICMM has issued guidance that require operators to report a "partially meets" until the facility is in full conformance with the new Global Industry Standard on Tailings Management (GISTM). BHP is working towards conformance with the GISTM in accordance with the timelines prescribed by the ICMM.
	6.4 Apply the mitigation hierarchy to prevent pollution, manage releases and waste, and address potential impacts on human health and the environment.	Meets	WAIO has a system in place (based on the mitigation hierarchy) to prevent, minimize and address the effects of pollution, manage releases and waste, and address potential impacts on human health and the environment from its operations.
	6.5 Implement measures to improve energy efficiency and contribute to a low-carbon future, and report the outcomes based on internationally recognised protocols for measuring CO2 equivalent (GHG) emissions.	Meets	WAIO has management systems that are designed to improve energy efficiency and report the outcomes based on internationally recognized protocols for measuring CO2 equivalent (GHG) emissions.

Extract from WAIO Self-Assessment			EY Observations/Comments
Mining Principles	Performance Expectations	PE Rating	
7. Contribute to the conservation of biodiversity and integrated approaches to land-use planning	7.1 Neither explore nor develop new mines in World Heritage sites, respect legally designated protected areas, and design and operate any new operations or changes to existing operations to be compatible with the value for which such areas were designated.	Meets	WAIO has a management system in place designed to avoid developing new mines in World Heritage sites or in designated protected areas.
	7.2 Assess and address risks and impacts to biodiversity and ecosystem services by implementing the mitigation hierarchy, with the ambition of achieving no net loss of biodiversity	Meets	WAIO has a management system in place (based on the mitigation hierarchy) designed to assess and address risks and impacts to biodiversity and ecosystems. BHP has a publicly stated ambition to achieve no net loss of biodiversity.
8. Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals	8.1 In project design, operation and de-commissioning, implement cost-effective measures for the recovery, re-use or recycling of energy, natural resources, and materials.	Meets	WAIO has a management system in place to implement cost-effective measures for the recovery, re-use or recycling of energy, natural resources and materials in project design, operations and de-commissioning.
	8.2 Assess the hazards of the products of mining according to UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory systems and communicate through safety data sheets and labelling as appropriate.	Meets	WAIO has a management system in place to identify, assess and classify the hazards of products of mining in accordance with the UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory mechanism. WAIO communicates product safety data sheets with customers and are publicly available on BHP's website.
9. Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities	9.1 Implement inclusive approaches with local communities to identify their development priorities and support activities that contribute to their lasting social and economic wellbeing, in partnership with government, civil society and development agencies, as appropriate.	Meets	WAIO has a management system in place that is designed to identify the needs of the WAIO host communities and the support and activities that will be implemented to address these.
	9.2 Enable access by local enterprises to procurement and contracting opportunities across the project life-cycle, both directly and by encouraging larger contractors and suppliers, and also by supporting initiatives to enhance economic opportunities for local communities.	Meets	WAIO has a management system in place designed to support small local businesses in the WAIO host communities to have a greater access to contracting and procurement opportunities with WAIO.
	9.3 Conduct stakeholder engagement based upon an analysis of the local context and provide local stakeholders with access to effective mechanisms for seeking resolution of grievances related to the company and its activities.	Meets	WAIO has a management system in place designed to identify key stakeholders, their level of influence, key concerns and preferred engagement mechanisms. WAIO also has a management system in place to receive community complaints provide resolution of grievances to local stakeholders.
	9.4 Collaborate with government, where appropriate, to support improvements in environmental and social practices of local Artisanal and Small-scale Mining (ASM).	N/A	This PE is not applicable to WAIO operations as there is no ASM activity in the region.
10. Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance	10.1 Identify and engage with key corporate-level external stakeholders on sustainable development issues in an open and transparent manner.	N/A	This PE is applicable at a corporate level only.
	10.2 Publicly support the implementation of the Extractive Industries Transparency Initiative (EITI) and compile information on all material payments, at the appropriate levels of government, by country and by project.	Meets	WAIO publicly supports the implementation of the EITI which can be viewed on BHP's website.
	10.3 Report annually on economic, social and environmental performance at the corporate level using the GRI Sustainability Reporting Standards.	Meets	WAIO's performance is reported within BHP's Annual Report, which is aligned with the Global Reporting Initiative Standards.
	10.4 Each year, conduct independent assurance of sustainability performance following the ICMM guidance on assuring and verifying membership requirements.	N/A	This PE is applicable at a corporate level only.