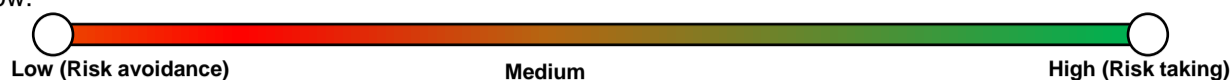


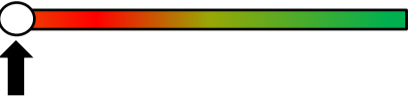
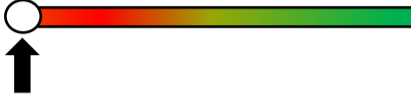



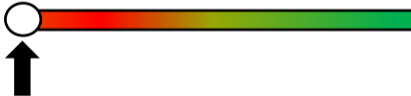
BHP Foundation Risk Appetite Statement – External Version

This Risk Appetite Statement articulates the appetite of the BHP Foundation (**Foundation**) for taking and avoiding risk so that, together with our partner organizations, we can work towards transformative outcomes that address critical sustainable development challenges, consistent with our charitable objectives.

We have used a graduated scale to illustrate the relativity of our appetite for risk with green indicating a higher appetite for risk taking and red indicating a higher appetite for risk avoidance as illustrated below.



Risk Area	Risk Appetite Statement
<p>Addressing critical sustainable development challenges</p> <p>Risk Appetite: </p>	<p>We apply a high appetite for courage and disruption in our strategic decisions so that we can make a positive difference to some of the world's most critical sustainable development challenges that are relevant to the resources sector.</p> <p>Approach: We will pursue difficult issues that require a long-term commitment and unique and innovative solutions. We will be unapologetic in our commitment and drive. We will support evidence-based decision-making and exercise agility in our pursuits. We will stay focused on staying aligned with our strategy so as not to risk dilution of our impact. We recognize that one-off donations required in response to a crisis may require interventions that are beyond individual Program strategies¹, while still aligning with the Foundation's charitable purposes.</p>
<p>Transformational, innovative Projects – type</p> <p>Risk Appetite: </p>	<p>We recognize truly transformational² Projects are complex and carry risk to delivery of the intended outcomes. Effective Projects are those where the Project design is agile and resilient so that we all can learn from both progress and challenges, respond to risk and pivot as required. Successful Projects are as much about the delivery of transformative, systemic and sustained outcomes as they are about transformative learnings from which we and others can grow.</p> <p>Approach: We are committed to developing and implementing Programs and scalable Projects that develop and test new approaches to addressing critical sustainable development challenges. We acknowledge that risk needs to be taken and managed to make a material difference and outcomes may differ from those initially intended. We will maintain a portfolio that balances Project risk and work with partner organizations to design our Projects in response to their risks so we can monitor, adapt, learn and grow. We recognize in contributing to systemic change the Foundation is one of many actors and change may take many years. Effective relationships and an adaptive management approach are central if we are to develop new solutions and standards and achieve sustainable positive, systemic, transformational outcomes.</p>
<p>Partner organization / Donee Selection</p> <p>Risk Appetite: </p>	<p>We are willing to embrace a high appetite for organizational risk with partner organizations that have the right cultural attributes of acting with integrity, being purpose driven, having mechanisms for accountability and demonstrating a capacity to learn and grow. This may require additional support from the Foundation for institutional, financial and governance capacity building so that our partner organizations are successful and resilient organizations in their own right.</p> <p>Approach: We place preference on partner organizations / donees that are purpose driven, demonstrate integrity and are effective advocates; with mechanisms for accountability to their beneficiaries and stakeholders. These organizations may exhibit significant diversity of organization type, scale and capacity which at times may require additional resourcing and/or time to build sufficient institutional, financial and governance capacity and capability. We will work toward shared goals in partnerships that foster genuine collaboration across communities, non-government organizations, industry, governments and international institutions. Our relationships are based on trust, collaboration, transparency, openness and integrity that facilitate learning and positively impact the overall effectiveness of the Foundation and our partner organizations.</p>
<p>Country selection</p> <p>Risk Appetite: </p>	<p>We recognize the pursuit of transformation will at times require Project support in countries with higher corruption, human rights and/or safety and security risks. Higher levels of these risks will, however, only be tolerated where governments and/or other influential actors demonstrate a willingness towards transformative change.</p> <p>Approach: At times, in order to achieve transformative change with governments and other actors that are supportive, we will need to support Projects that work in areas of higher country risk. Higher levels of country risk will, however, only be tolerated where we can effectively manage our zero tolerance Risk Areas. We accept this will require dedicated resources within the Foundation and partner organizations to increase oversight of and support for management of these risks.</p>
<p>Optimizing our Project portfolio – number</p> <p>Risk Appetite: </p>	<p>We are willing to trade off the addition of new Projects in order to maximize the outcomes and sustainable impact of our existing Projects and our Programs.</p> <p>Approach: There is a balance between doing what we are currently doing well versus taking on new Projects to sustain our ambitions and purpose. We may choose to limit consideration of new Projects in favour of maximizing our ability to learn from, adapt, scale and/or enhance the impact of existing Projects.</p>
<p>Advocacy and influence</p> <p>Risk Appetite: </p>	<p>We seek to amplify our impact by supporting partner organizations to take successful interventions to scale. We do this by sharing learnings and engaging appropriately with policy makers and key influencers. This should not be confused with lobbying or politicking³ for which we have zero tolerance.</p> <p>Approach: We multiply the effectiveness of successful relationships and Projects by convening broad constituencies to share their experiences and influence decision-makers. We are willing to accept levels of political and/or reputational risk to enable positive change that raises the bar and sets new standards. A level of political and/or reputational risk at times may actually be an indicator of Program and/or Project success.</p>
<p>Investment performance</p> <p>Risk Appetite: </p>	<p>We will invest to protect our corpus, and invest consistently with our purpose, including a commitment to low risk environmental, social, governance (ESG) responsible investment choices.</p> <p>Approach: We apply and regularly monitor the performance of our Foundation Investment Policy that includes an ESG screen, while seeking to maintain our capital base.</p>

Risk Area	Risk Appetite Statement
<p>Health, safety and security</p> <p>Risk Appetite:</p> 	<p>We always seek to safeguard the health, safety and security of Foundation personnel, partner organizations/donees and sub-grantees, and community beneficiaries and other stakeholders arising from Project work that we support or one-off donations that we make.</p> <p>Approach: We will work closely with partner organizations through our approach to Project definition, implementation and exit to achieve an understanding of the effectiveness of controls to manage health, safety and security risks. Personnel of the Foundation, partner organizations and sub-grantees and community beneficiaries and other stakeholders must have channels to both raise concerns and see them addressed where they believe health, safety and security risks may be intolerable. We recognise to achieve this we may need to provide additional support and resources to enable partner organizations to effectively manage these risks.</p>
<p>Human Rights</p> <p>Risk Appetite:</p> 	<p>We always seek to safeguard the human rights of others. We will seek to respect, uphold and promote the spectrum of civil, political, economic, cultural and social human rights, including Indigenous rights and gender equality, through the Project work that we support and the one-off donations that we make.</p> <p>Approach: Our Projects seek to contribute to the realization of the spectrum of human rights; and this is inherent in our approach to Project design and execution. In all of the work we support, we aspire to Project processes and outcomes that do not violate or contribute to the diminution of the spectrum of human rights of Project beneficiaries and stakeholders through our approach to Project definition, implementation and exit. Personnel of the Foundation, partner organizations and sub-grantees and community beneficiaries and other stakeholders must have channels to both raise concerns and see them addressed where they believe human rights risks may be intolerable.</p>
<p>Transparency, accountability and disclosure</p> <p>Risk Appetite:</p> 	<p>We openly share our outcomes so that others can learn from and hold us to account for our contributions. We aspire to zero material misstatements regarding Project and Program performance in our and partner organizations' public communications.</p> <p>Approach: We are committed to transparently sharing the results of the work we support to allow others to learn from our and our partner organizations' experiences. We must exercise complete integrity and due diligence in relation to what we say we do – including sharing lessons learnt when Project objectives are not met. Robust and appropriate processes of data and material statement verification will apply to references to Foundation activities in external communications.</p>
<p>Operating within our means</p> <p>Risk Appetite:</p> 	<p>We will not commit to new Project investments unless adequate resources (financial, human and other) are already available to enable and sustain intended Project outcomes.</p> <p>Approach: We will not make commitments based on anticipated donations from the donor (BHP). We will undertake robust financial modelling and apply contingency provisions so that we do not commit to new investments unless we can confidently fulfil and sustain our obligations. We will support partner organizations to undertake robust financial modelling so that our grants have sufficient contingency to accommodate potential uncertainties including, as applicable, the exploration of additional revenue streams so that the outcomes can be sustained in the long term. We will budget for a maximum aggregate annual value of one-off donations from the Foundation that does not jeopardize other commitments.</p>
<p>Upholding BHP Charter Values and Code of Conduct</p> <p>Risk Appetite:</p> 	<p>We will uphold BHP's Charter Values and of BHP's Code of Conduct (as it applies in the context of the Foundation).</p> <p>Approach: We have determined that the Foundation and its Board will operate under the tenet of BHP's Charter Values; we will also follow the BHP Code of Conduct as it applies in the context of the Foundation.</p>
<p>Foundation, partner organization/donee and sub-grantee compliance</p> <p>Risk Appetite:</p> 	<p>We have zero tolerance for breaches of anti-bribery and corruption, anti-terrorism financing and trade sanctions laws and unmitigated conflicts of interest for any of the Foundation, partner organizations/donees or sub-grantees.</p> <p>Approach: We have determined that the Foundation and its Board will adopt relevant BHP Compliance policies and procedures and agree any Foundation specific policies and procedures. We will work closely with Project partner organizations through due diligence, and apply contractual provisions and compliance verification processes to seek to ensure no breaches occur in the areas of anti-bribery and corruption, trade sanctions and unmitigated conflicts of interest. We will also undertake processes, such as due diligence and compliance verification, to seek to ensure no anti-terrorism financing breaches occur. We will require Project partner organizations to apply equivalent processes and contractual provisions, as applicable, when sub-granting. We will also conduct appropriately tailored due diligence and apply relevant contractual provisions in relation to these risks for one-off donations.</p>

¹ Subject to Board determination in accordance with the Foundation's Donation Policy.

² Transformational Projects and transformative outcomes are intended to be delivered through national and global opportunities that raise the bar through new solutions and/or new standards to address global sustainability challenges that are relevant to the resources sector.

³ **Lobbying** is described as "carrying on propaganda or otherwise attempting to influence legislation". Lobbying can be either:

- 'grassroots' (or indirect) lobbying' i.e. communications that attempt to influence the opinion of the general public or any segment of it, with respect to legislation; or
- 'direct lobbying' i.e. attempting to influence legislation through communications with (i) a member or employee of a legislative body; or (ii) any government official or employee who may participate in the formulation of the legislation.

In each case, the communication must refer to 'specific legislation', which means either (i) legislation that has already been introduced into a legislative body; or (ii) a specific legislative proposal (even if not yet introduced into a legislative body) and legislation is defined broadly can be either U.S. or foreign.

Politicking is described as "influencing (or seeking to influence) the outcome of any specific public election or carrying on, directly or indirectly, any voter registration drive", whether in the U.S. or elsewhere.

Certain exceptions to these restrictions may apply and are analyzed on a case-by-case basis.