



NEWS RELEASE

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BHP climate change briefing

BHP today provided an update on its progress on climate action, new climate commitments, and how it integrates climate change into corporate strategy and portfolio decisions.

BHP's climate change approach focuses on reducing operational greenhouse gas emissions, investing in low emissions technologies, promoting product stewardship, managing climate-related risk and opportunity, and partnering with others to enhance the global policy and market response.

BHP supports the aim of the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels, and pursue efforts to limit warming to 1.5°C.

BHP has been active in addressing climate risks for more than two decades, and has already established its long-term goal of achieving net zero operational (Scope 1 and 2) emissions by 2050 and its short-term target of maintaining operational emissions at or below adjusted FY2017 levels by FY2022, using carbon offsets as required.

In the past year, BHP has made good progress. The Escondida and Spence copper mines in Chile will move to 100 per cent renewable energy by the mid-2020s, and last week BHP awarded a new renewable energy contract for its Queensland Coal assets, and the world's first LNG-fuelled Newcastlemax bulk carrier tender.

BHP's climate change briefing and 2020 climate change report, also published today, outline how the company will accelerate its own actions and help others to do the same. Today's update sets out:

- A medium-term target to reduce operational greenhouse gas emissions by at least 30 per cent from adjusted FY2020 levels by FY2030, using carbon offsets as required.
- Scope 3 actions to contribute to decarbonisation in our value chain.
- Strengthened linking of executive remuneration to delivery of BHP's climate plan.
- Insight into the performance of BHP's portfolio in a transition to a 1.5°C scenario.

BHP Chief Executive Officer, Mike Henry, said: “I’m pleased today to show how we are accelerating our own actions and helping others to do the same in addressing climate change. We see ourselves as accountable to take action. We recognise that our investors, our people and the communities and nations who host our operations or buy our products have increasing expectations of us – and are responsive to these.

“Our approach to climate change is defined by a number of key requirements. Our actions must be of substance. They must be real, tangible actions to drive emissions down. We must focus on what we can control inside our business, and work with others to help them reduce emissions from the things that they control. To create long-term value and returns over generations, we must continue to generate value and returns within the strong portfolio we have today, while shaping our portfolio over time to benefit from the megatrends playing out in the world including decarbonisation and electrification.

“Our portfolio is well positioned to support the transition to a lower carbon world aligned with the Paris Agreement. It includes commodities that are essential for global economic growth and the world’s ability to transition to, and thrive in, a low carbon future. Climate change action makes good economic sense for BHP and enables us to create further value.”

Further information on BHP can be found at: **bhp.com**

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Building a better world
Climate change briefing

10 September 2020

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BHP Climate Change Report 2020

This presentation should be read in conjunction with the BHP Climate Change Report 2020 available at bhp.com. The information in this presentation provides a concise overview of certain aspects of that Report and may omit information, analysis and assumptions and, accordingly, BHP cautions readers from relying on the information in this presentation in isolation.

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This presentation contains forward-looking statements, including statements regarding: supply and demand for commodities; plans, strategies and objectives of management; assumed long-term scenarios; potential global responses to climate change; the development of certain technologies; and the potential effect of possible future events on the value of the BHP portfolio. In particular, such statements may include, but are not limited to, statements that relate to the purpose, goals, targets, plans and objectives of BHP, assumptions made in energy, and other forms of environmental transition scenarios, as well as statements about how we run our business, including our work with contractors and partners.

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Presentation of data

Queensland Coal comprises the BHP Mitsubishi Alliance (BMA) asset, jointly operated with Mitsubishi, and the BHP Mitsui Coal (BMC) asset, operated by BHP. Numbers presented may not add up precisely to the totals provided due to rounding. All footnote content is contained on slides 39 and 40.

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BHP

Building a better world

Mike Henry
Chief Executive Officer

Accountability, expectations and value

We take climate change seriously and are demonstrating leadership in addressing it

Demonstrating Accountability

- Emissions are created in production, transport and use of our products
- We have a role to play in addressing climate risk
- We embrace our responsibility to act

Meeting Expectations

- Our stakeholders have increasing expectations of us
- We are committed to leading the evolution of our industry

Protecting and creating Value

- Stronger climate action can deliver greater value for BHP
- We are a major provider of commodities key to enabling a low carbon transition



Clear requirements drive better outcomes

We hold ourselves to clear requirements in determining the actions we take on climate

Actions of Substance

- Contribute to actual and meaningful emissions reduction
- Supported by well thought through plans

Clear in our Focus

- Reduce emissions that we control
- Partner with others to enable reduction in emissions elsewhere in the value chain
- Apply our expertise, commercial position and funding for greatest impact

Actively shaping our Portfolio

- Protect and grow value and returns in the short, medium and long term
- Assess commodity attractiveness over multiple time horizons
- Increase options in commodities with greatest upside from decarbonisation and electrification



BHP

**Our purpose
To bring people
and resources
together to build
a better world**

Our resources are essential to daily life

Our industry must grow if the world is to decarbonise while continuing to improve living standards

Cumulative demand to 2050
(Compared to prior 30 years, 1.5°C scenario¹)

Future facing commodities:

		traditional	plus	emerging
	Nickel		Stainless steel, refrigerators, cookware, homeware, medical equipment	<i>Electrification mega-trends</i> Electric vehicle batteries, grid storage solutions
	Potash		Feeding the world	<i>Improved diets, and optimised land use</i> Replenishing depleted soils, crop quality, biofuels
	Copper		Home wiring, power cables, cars, smart phones, televisions, laptops, air conditioners	<i>Electrification mega-trends</i> Wind turbines, electric vehicles, solar panels, battery charging
Steelmaking commodities:				
	Iron ore		Cities, hospitals, schools, houses, bridges, trains, cars	<i>Supporting development and clean energy transition</i> Wind turbines, carbon capture infrastructure, climate adaptation
	Met coal			
Petroleum:				
	Natural gas		Home heating, home cooking, electricity	<i>Support mobility and everyday modern life</i> LNG shipping, advanced materials, pairing with renewables, e-commerce revolution
	Oil		Driving, air travel, cleaning products, medical and hygiene products, building roads	

Leading with action

Substantive and measurable

1

A **mid-term target** to reduce operational greenhouse gas (GHG) emissions by at least 30% from FY2020 levels² by FY2030

2

Scope 3 actions to enable decarbonisation in our value chain

- steelmaking: support industry to develop technologies and pathways capable of 30% emissions intensity reduction with widespread adoption expected post-2030
- transportation: support emissions intensity reduction of 40% in BHP-chartered shipping of our products

3

Strengthened link between climate change performance and executive remuneration

- 10% of the Cash and Deferred Plan scorecard
- Implicit in Long-Term Incentive Plan through link to total shareholder return

4

Portfolio assessed against a 1.5°C scenario



Note: In the BHP Climate Change Report 2020, the 'mid-term' target is described as our medium-term target.

We continue to take action

Committed to supporting decarbonisation of our industry

Collaborating to solve problems and lower emissions across our industry



Renewable power contracts

- ✓ 100% renewable energy in Escondida and Spence assets by mid-2020s
- ✓ Path to zero power emissions by 2030 for our Queensland Coal assets



LNG-fuelled bulk carrier contract

- ✓ Reduction in emissions up to 34% per voyage



Carbon Capture Utilisation and Storage (CCUS)

- ✓ BHP-SaskPower International CCS Knowledge Centre seeks to accelerate CCUS



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Strategy and capital allocation

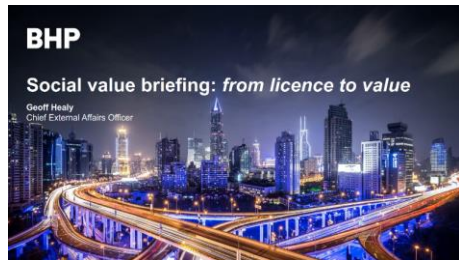
Johan van Jaarsveld
Chief Development Officer

Climate change is core to everything we do

Consideration is critical to maximising value and returns



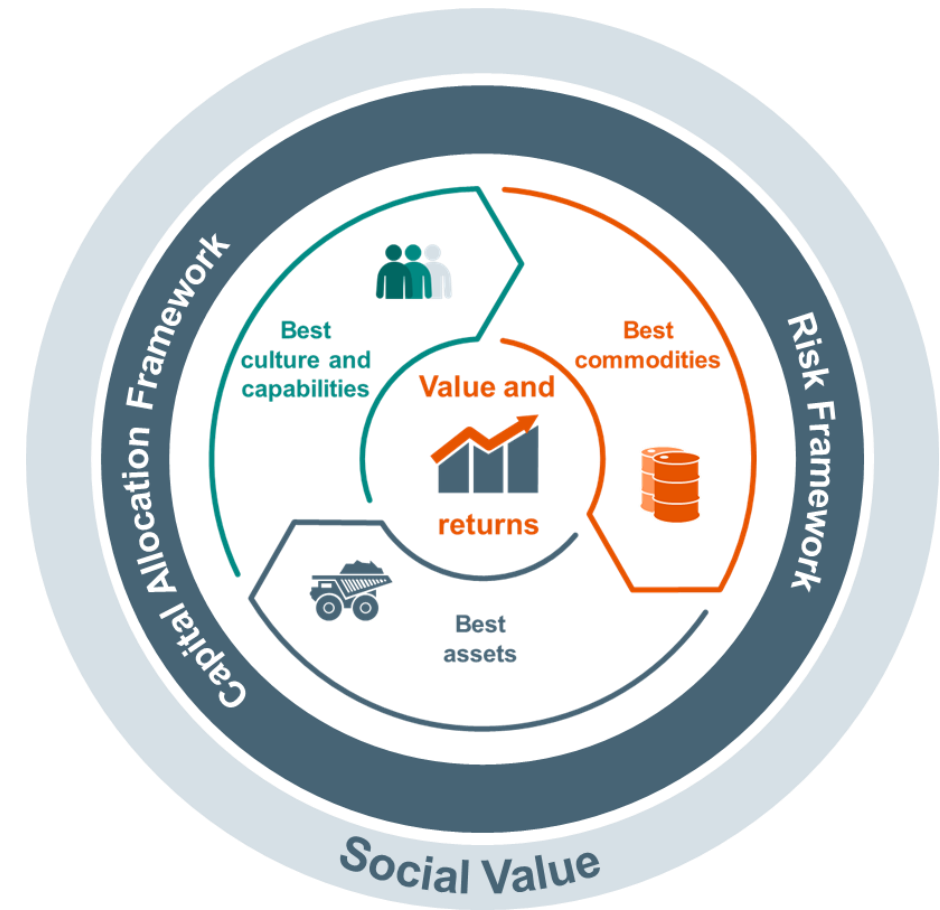
- Our **Strategy** is to have the best commodities, the best assets and the best culture and capabilities. We incorporate climate change scenarios into our strategic choices to guide our strategic direction and capital allocation



- **Social value** embeds a holistic approach to decision making to benefit all stakeholders and drive better business outcomes. Social value is an essential precondition to shareholder value

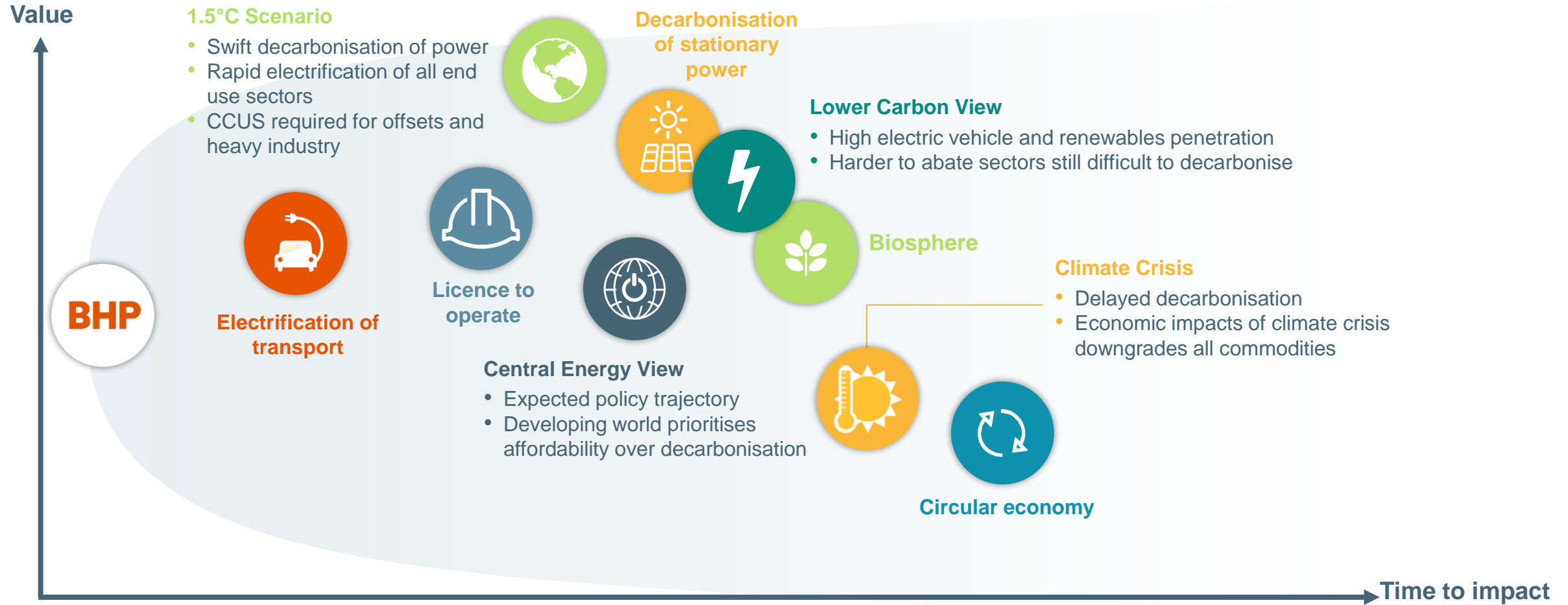


- Our **Capital Allocation Framework** incorporates climate change through ensuring transparent competition between decarbonisation opportunities and rigorously prioritising cash in alignment our Strategy



Our portfolio is tested across a range of futures

We use scenarios to consider opportunities and risks³

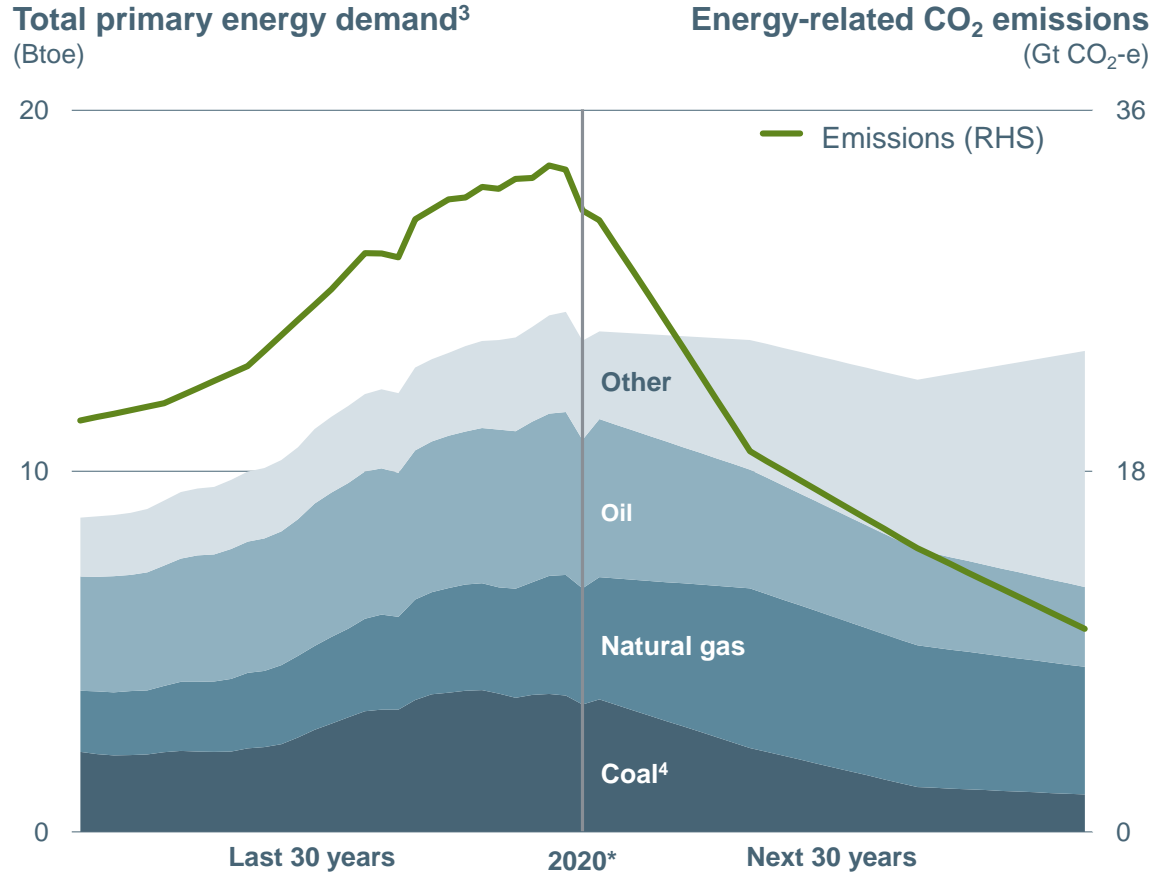


Note: Represents possible impact on our current portfolio without portfolio management to mitigate against risks or seize opportunities. Themes are not mutually exclusive or exhaustive, outcomes from one theme could impact our view on severity, timeframes, or strategic considerations for other themes. Refer to the BHP Climate Change Report 2020 for more information about these climate-related scenarios and their assumptions.



What does a 1.5 degree transition look like?

Paris Agreement goals met through large-scale changes to the global energy, industrial and land-use systems



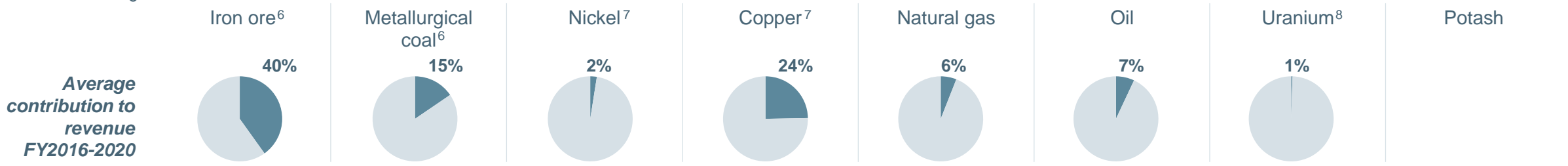
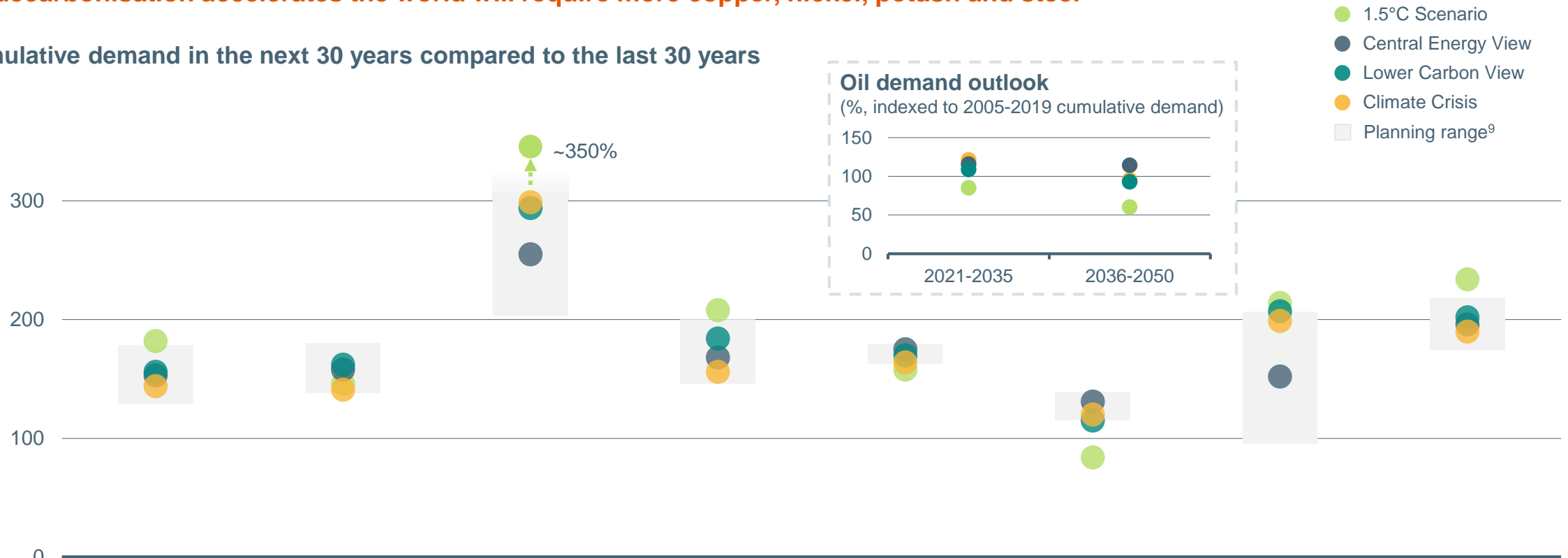
	Today	2050
Fossil fuels in the primary energy mix	80%	Approximately half
Electric light vehicles	5 million	>2 billion
Homes heated by solar and wind	1 in 50	1 in 3
CCUS facilities	<20	~10,000
Land used for afforestation ⁵	14,200 km ²	+4,000,000 km ²

* CY2020 forecast taken from International Energy Agency. Scenario analysis was developed prior to the impacts of the COVID-19 pandemic, and therefore any possible effects of the pandemic were not considered in the forecast for 2021-50.

Most of our commodities benefit in a decarbonising world

As decarbonisation accelerates the world will require more copper, nickel, potash and steel

Cumulative demand in the next 30 years compared to the last 30 years (%)



Source: BHP, Vivid Economics.

Managing our portfolio for value, risk and returns

Climate change is embedded in our strategic decisions



Best Commodities

- Growth in future facing commodities; specifically copper, nickel and potash
- Focus on maximising value from high quality and low cost iron ore
- Simplified coal portfolio to focus on higher quality metallurgical coal
- Oil and advantaged gas attractive near term; balanced investment in opportunities resilient to long-term uncertainty



Best Assets

- Expandable assets, particularly in growth commodities
- High-margins
- Low emissions intensity and minimal environmental footprint
- Continued focus on productivity and decarbonisation

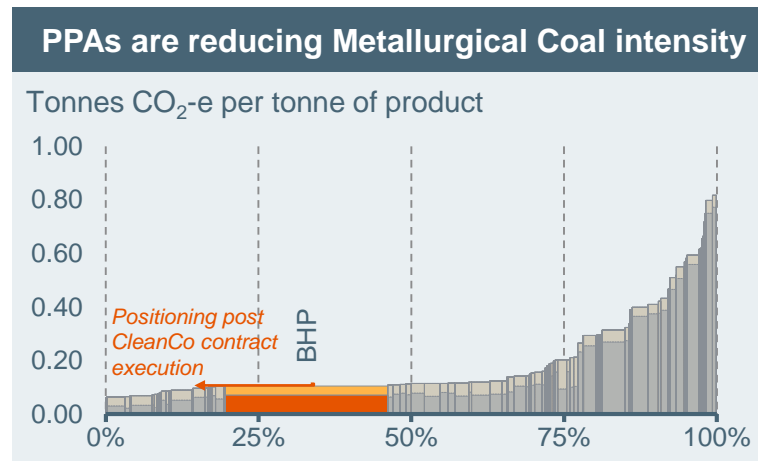
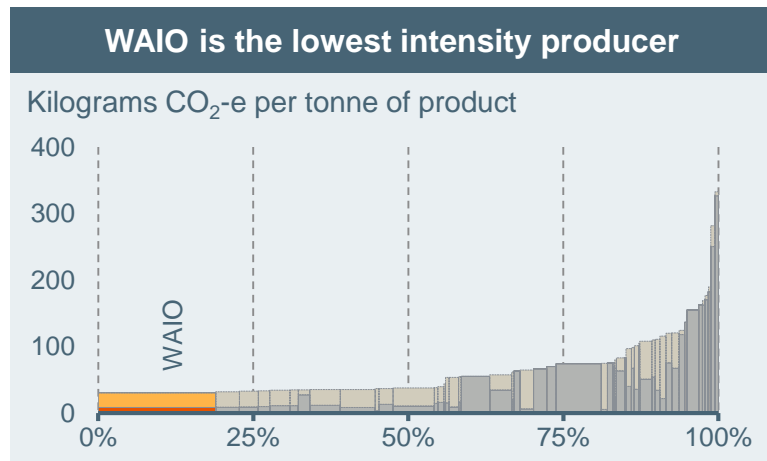
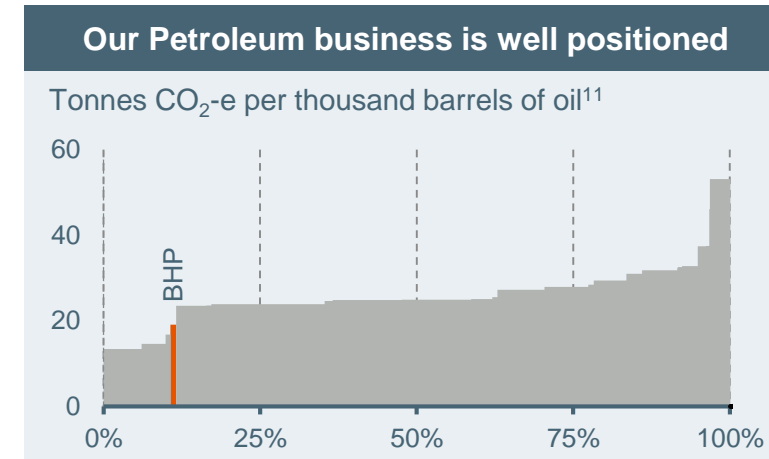
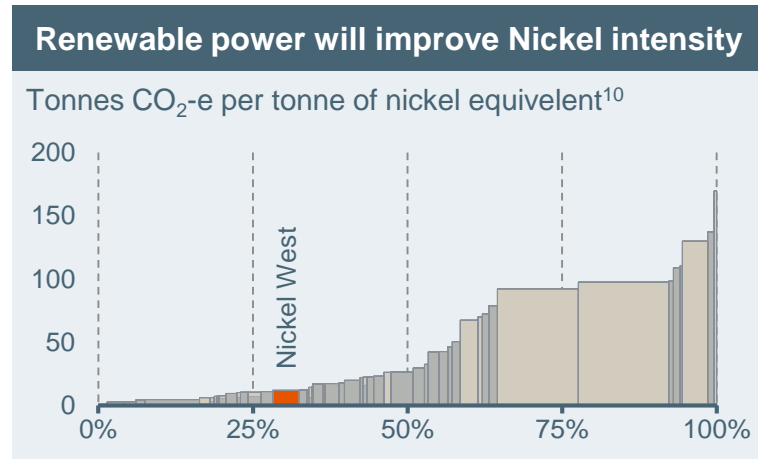
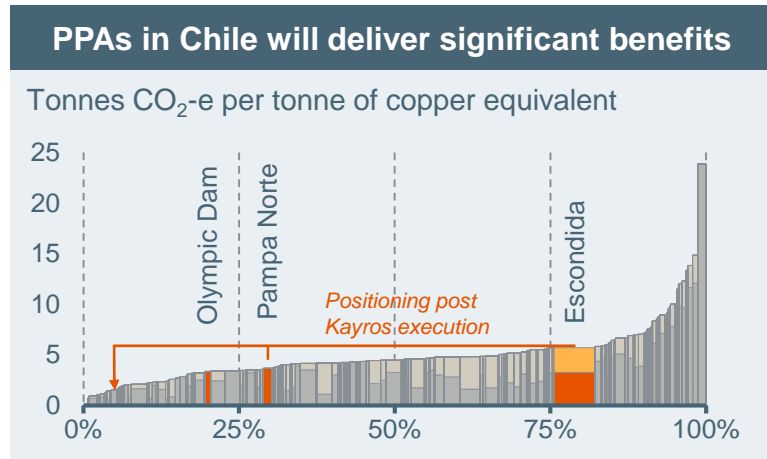


Best Capabilities

- Commercially minded growth capabilities; exploration, acquisition and partnerships
- Innovation and venturing for value conversion and first mover advantage
- Strategic partnerships to support decarbonisation
- Underpinned by rigorous risk management

Amongst lowest operational emissions intensities

Our operated assets are well positioned and are set to continue reducing carbon emissions

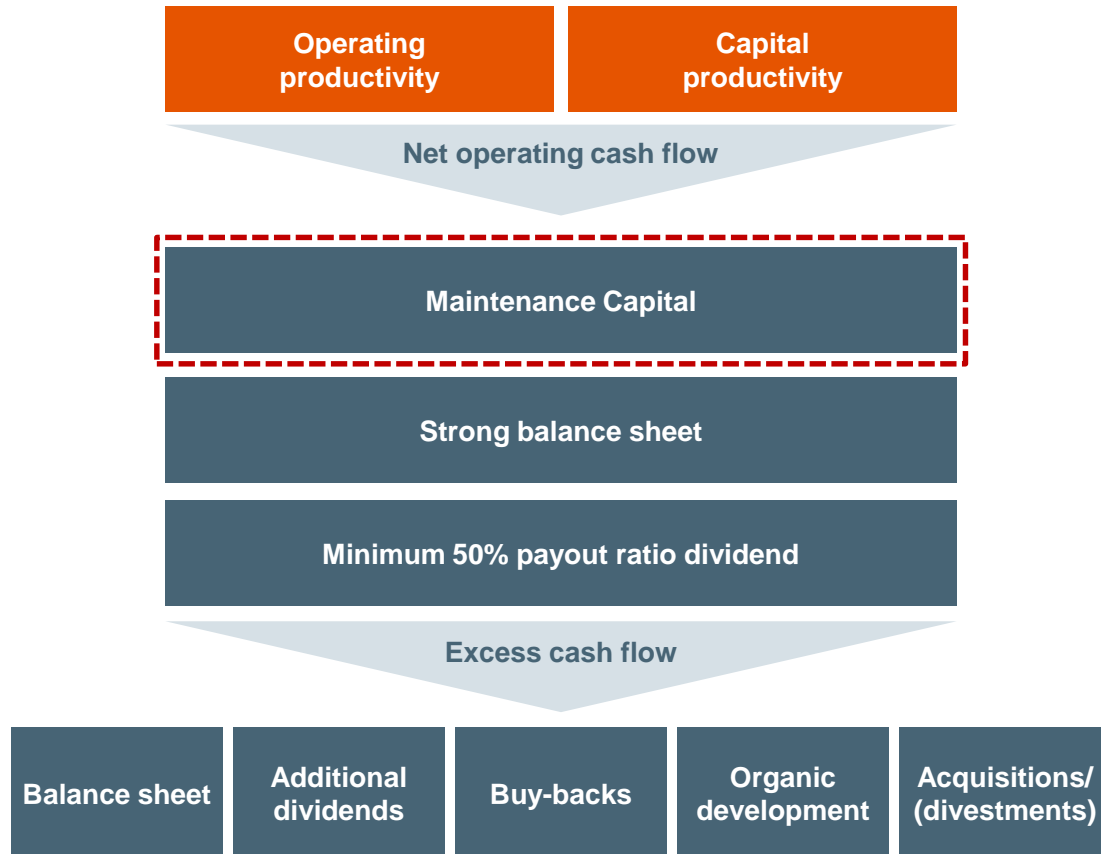


■ Scope 1 + 2 emissions from operated assets
■ Scope 3 emissions to comparable industry reference point (includes freight and port)¹²

Source: Skarn Associates, Wood Mackenzie and BHP internal analysis.

Disciplined assessment of decarbonisation opportunities

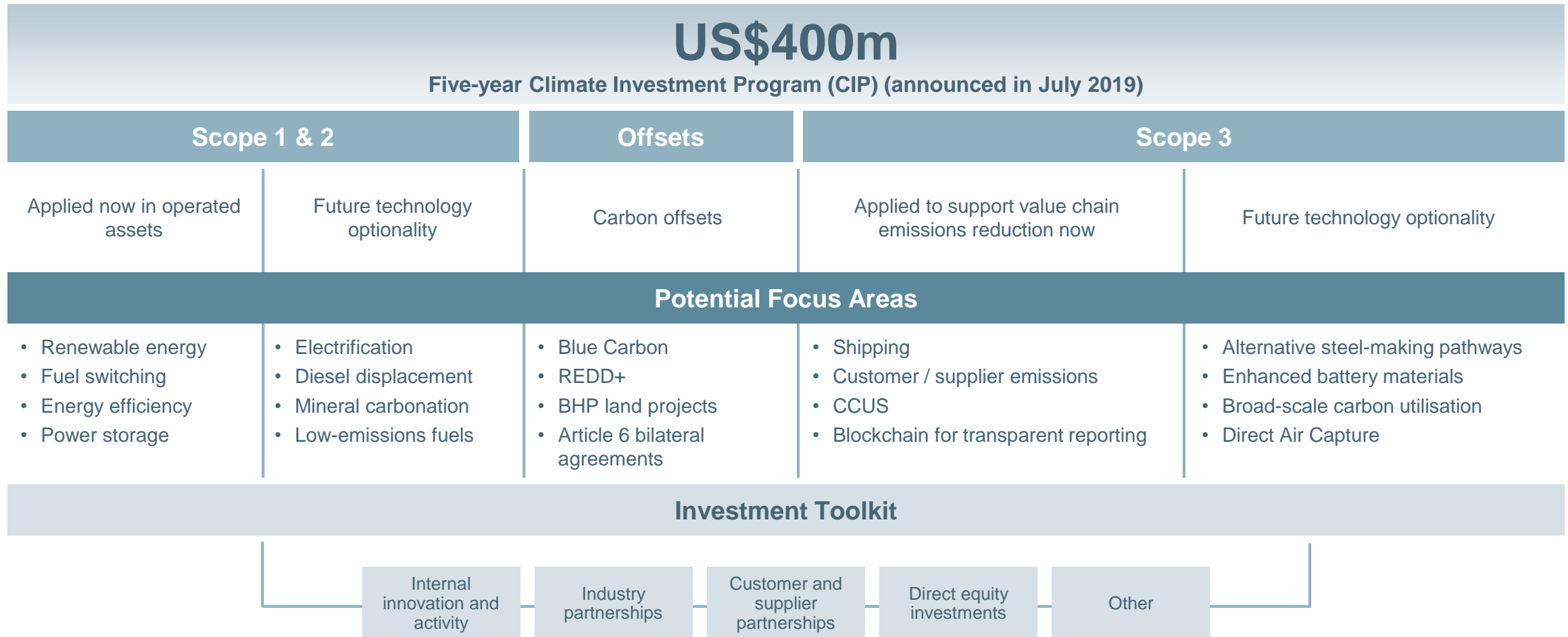
Decarbonisation is embedded within our strategic planning, capital allocation and investment decision processes



- Our Capital Allocation Framework enables us to align investment with our strategy and to respond to emerging risks and opportunities
- Climate-related forecasts (including carbon pricing) are incorporated into life of asset and project evaluations
- Emission reduction projects are considered as part of the maintenance capital category of the Capital Allocation Framework
- Examples of emission reduction projects considered include:
 - solar power installation
 - alternative material movement technologies such as overland conveyors and in-pit crush and convey
 - trolley assist to displace diesel for haul trucks

Our Climate Investment Program supports decarbonisation

We are investing to accelerate low emissions technologies and support natural climate solutions



BHP

Managing climate risks and opportunities

Fiona Wild

VP, Sustainability and Climate Change



Our mid-term target, aligned with the Paris Agreement

An ambitious, yet achievable pathway for our business to meet our long-term net zero goal

Our long-term goal

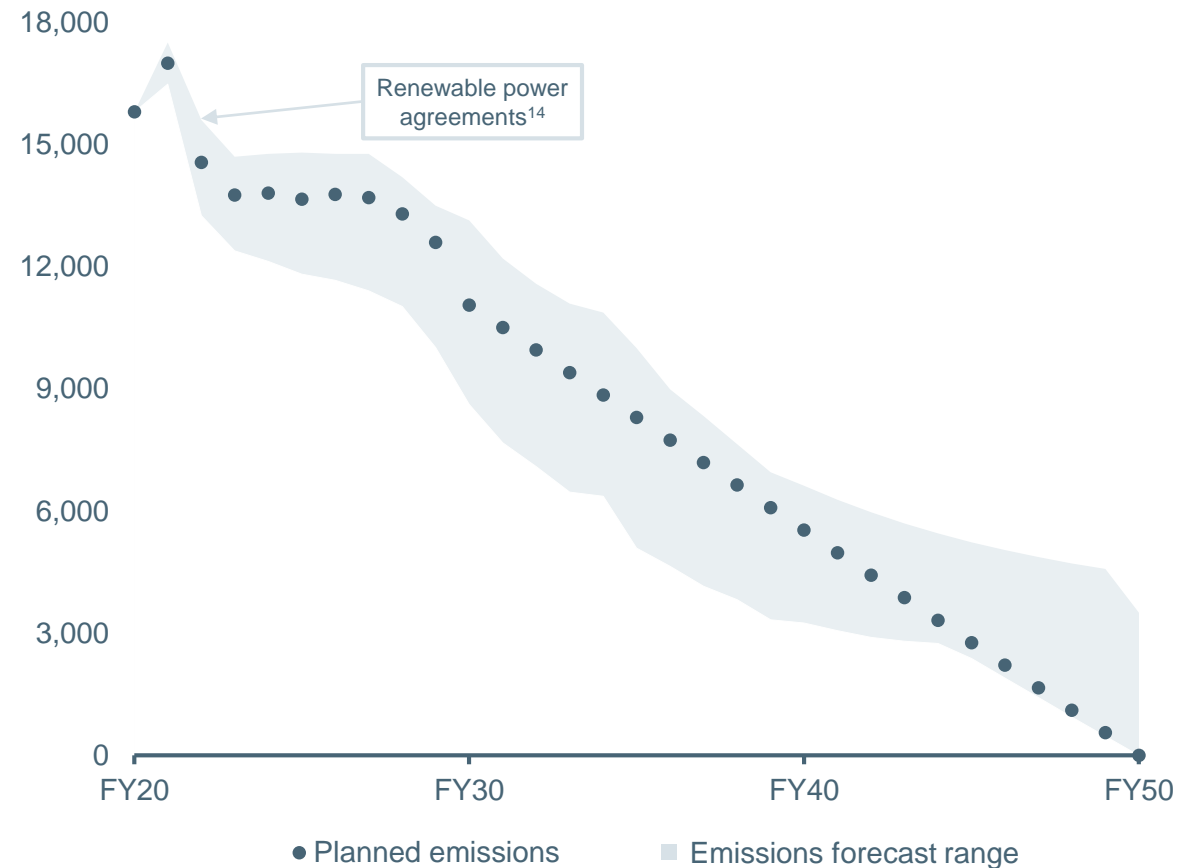
- To achieve net-zero operational emissions by 2050

Our new mid-term target

- To reduce our operational emissions by at least 30% from FY2020 levels¹⁵ by FY2030
- This target falls within the range of emissions reductions required to be aligned with the goals of the Paris Agreement
- The target year of FY2030 provides scope for realising significant decarbonisation opportunities, while establishing a trajectory to meet our 2050 net-zero goal
- Our operated assets are developing decarbonisation plans in line with the proposed mid-term target

Emissions forecast range¹³

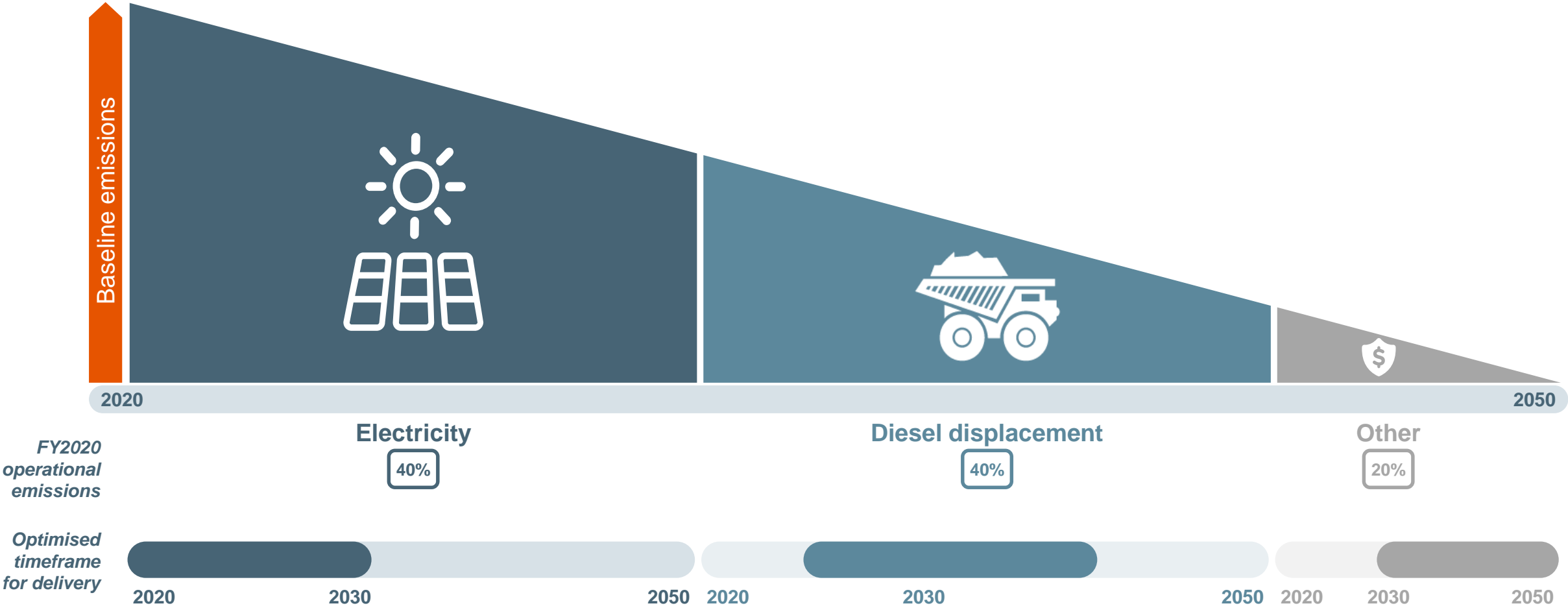
(kt of CO₂-e)



Source: BHP internal analysis.

The pathway to net zero operational emissions

Timeframes to reduce emissions from electricity and diesel will differ, with the latter reliant on technological advancement



Note: Graph is illustrative only, not to scale. Other includes boiler heating sources, other hard to abates such as fugitive emissions, and use of offsets.

Renewable electricity lowering costs and emissions

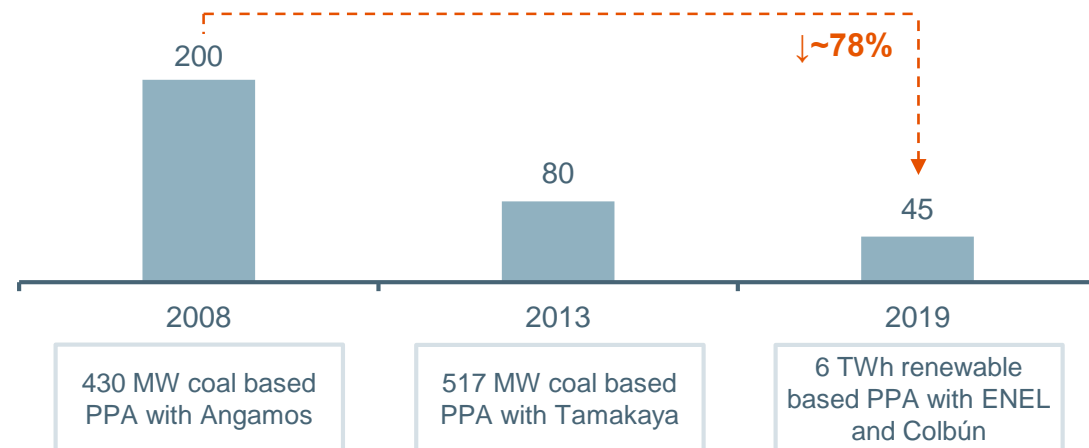
Power agreements will deliver ongoing emissions reduction and support our pathway to net zero

100% renewable energy in Escondida and Spence by mid-2020s

- 3 Mt CO₂-e per annum reduction from FY2022
 - reduction in absolute BHP operational emissions by ~15%
- 20% reduction in procured electricity prices; NPV positive

Renewables and interconnection reduced power prices

(Public power prices at time of entering PPA agreements, US\$ per MWh)¹⁶



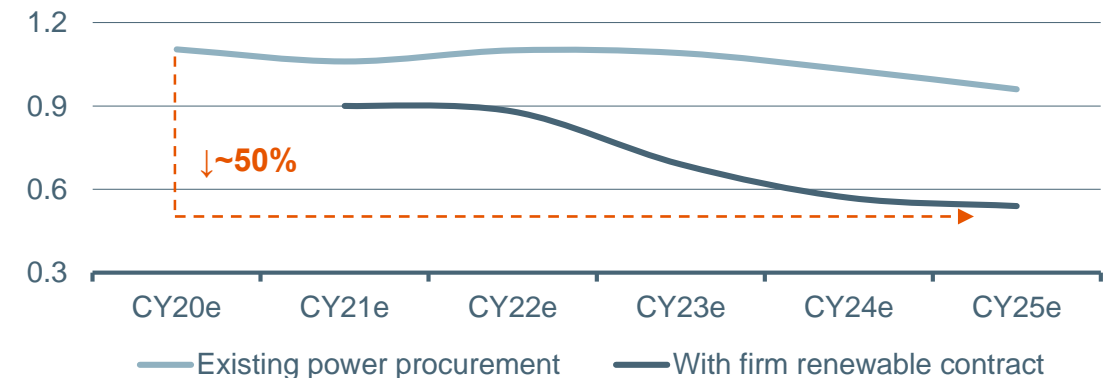
Source: Prices published by Chilean Independent System Operator.

Queensland Coal assets aim for zero power emissions by 2030

- 50% renewable energy for half of BMA/BMC electricity demand; supporting two greenfield renewable projects
- 30% reduction in price relative to FY2020 actual

50% scope 2 emission reduction (1.7 Mt CO₂-e over five year term)¹⁷

(Annual emissions, Mt CO₂-e)



Diesel displacement is being advanced on multiple fronts

Transitioning from diesel to electricity can unlock value and provide flexibility for integration of emerging technologies



Estimating electricity requirements of material movement and greening underlying power



Collaboration with Original Equipment Manufacturers to deliver long lead-time solutions



Materials handling and mine planning studies on options such as trolley assist and conveyors



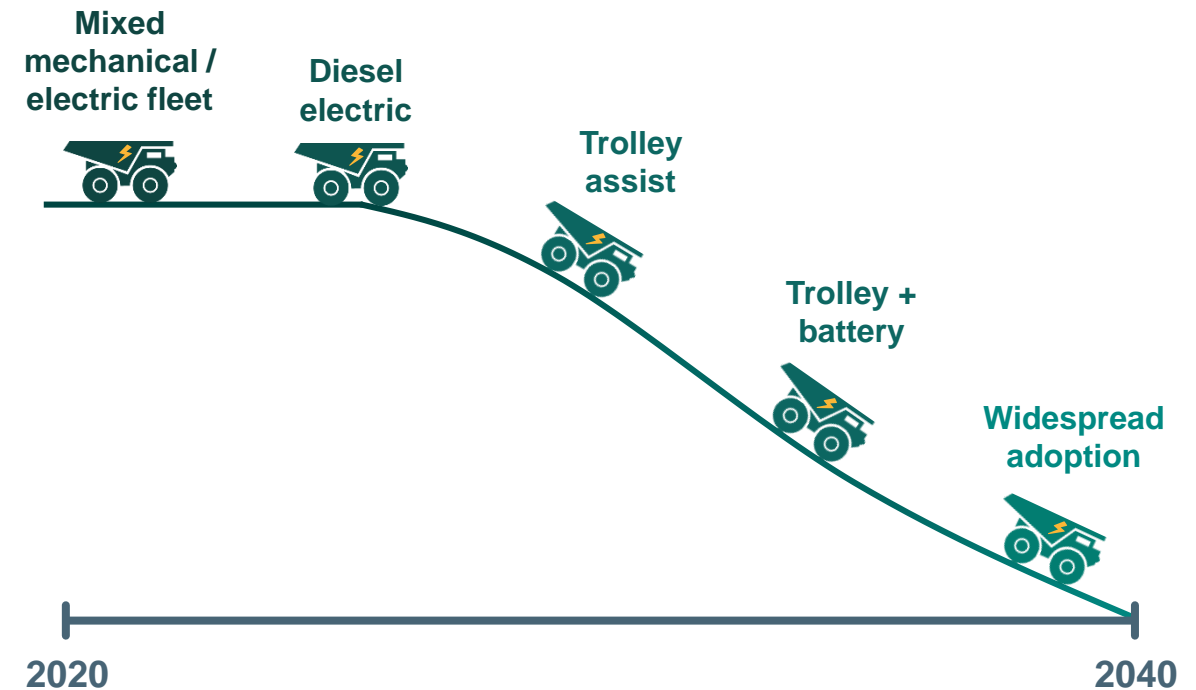
Partnerships with other producers to trial emerging technologies such as hydrogen

Diesel transformation acceleration challenge (CO₂-e)

Options identification and technology development

Trial technology and improve

Implement and scale



Addressing Scope 3 emissions

Supporting emission reductions across our value chains through partnership



	FY2021 actions	2030 goals	Long-term vision
Processing and use of sold products	<ul style="list-style-type: none"> Two partnerships with customers in the steel-making sector Additional CCUS and Direct Air Capture (DAC) investments and contributions 	<ul style="list-style-type: none"> Support industry to develop technologies and pathways capable of 30% emissions intensity reduction in integrated steelmaking, with widespread adoption expected post-2030 	Supporting the economy-wide transition necessary to meet the Paris Agreement goals by working with customers and suppliers to achieve sectoral decarbonisation
Transportation of sold products	<ul style="list-style-type: none"> Deliver initiatives on GHG emissions reductions (e.g. vessel selection, LNG-fuelled bulk carrier tender and study into biofuel bunkering) 	<ul style="list-style-type: none"> Support 40% emissions intensity reduction of BHP-chartered shipping of our products 	

Partnering to address Scope 3 emissions

Supporting industry decarbonisation in line with our Scope 3 goals

Carbon capture utilisation and storage (CCUS)

- The International CCS Knowledge Centre, founded by BHP and SaskPower, seeks to accelerate CCUS via shared learnings
- The Knowledge Centre has released a ground-breaking study of second-generation CCUS, demonstrating large cost savings
- The Knowledge Centre has engaged across multiple sectors:
 - ✓ A feasibility study of a 600 ktpa capture facility at a cement plant in Canada
 - ✓ Includes engagement across natural gas, power (including biomass) and other industrial sectors



LNG shipping

- World's first LNG-fuelled Newcastlemax from early 2022
- 5 year time charter of 5 LNG-fuelled Newcastlemax bulk carriers
- This partnership will:
 - ✓ Reduce emissions by up to 34% per voyage
 - ✓ Allow BHP to better manage fuel supply risk
 - ✓ Build LNG operations capability
 - ✓ Optimise voyage operations and fuel utilisation



Strengthening the link to executive remuneration

Climate change is a material governance and strategic issue

	Executive remuneration	
Cash and Deferred Plan (CDP)	10% of the annual scorecard aligned to climate change related targets and goals	<ul style="list-style-type: none">• Reductions in operational GHG emissions• Short and mid-term actions to reduce operational emissions on the pathway to net-zero emissions• Short and mid-term actions to address Scope 3 emissions• Cascaded to management and workforce
Implicit in Long-Term Incentive Plan (LTIP)	5 year total shareholder return performance relative to peer groups	<ul style="list-style-type: none">• How we manage the risks and opportunities that climate change presents has significant implications for the long-term sustainable value creation of BHP

Transparency and disclosure are key

Our climate change strategy is supported by our commitment to transparent reporting and disclosure

- We have a record of sector-leading climate-related disclosure:
 - ✓ ISS QualityScore - top ranking
 - ✓ TPI - one of only 8 companies to receive the top rating of 4*
 - ✓ CDP - score of A-
- We were one of the first companies to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- We provide more detail on our approach to climate change in our BHP Climate Change Report 2020 launched today, which aligns with TCFD recommendations



Conclusion

Well positioned

Clear and ambitious plans

Options for substantial value



BHP

Appendix

Social value drives our competitive advantage

Social value protects our business today and positions us to take advantage of future opportunities

Best commodities



Best assets



Best culture and capabilities



S
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Access to resources

- ✓ Obtain and retain rights to operate and expand our current asset base
- ✓ Be partner-of-choice to governments and communities in new and existing jurisdictions



Access to markets

- ✓ Be the supplier of choice for the best customers
- ✓ Sell our products into the widest range of countries



Access to best talent

- ✓ Attract best-in-class talent to our Company
- ✓ Develop skills in our workforce to drive productivity gains



Access to best partners

- ✓ Secure our choice of commercial partners to drive value creation
- ✓ Form strong local community partnerships in support of our operated assets for the long term



Access to capital

- ✓ Achieve widest access to equity and debt capital markets

Social value scorecard

We transparently track our performance on our social value commitments and we are making good progress

Category	Key indicators ¹	FY19	H1 FY20	H2 FY20	FY20	Target
Safety & Health	Fatalities	1	0	0	0	Zero work-related fatalities
	High Potential Injury (HPI) frequency (per million hours worked)	0.31	0.32	0.14	0.24	Year-on-year improvement of our HPI frequency
	Total Recordable Injury Frequency (TRIF) (per million hours worked)	4.7	4.6	3.7	4.2	Year-on-year improvement in TRIF
Environment	Operational greenhouse gas (GHG) emissions (Mt CO ₂ -e)	15.3 ²	7.9	7.9	15.8	Short term target: By FY2022, maintain operational GHG emissions at or below FY2017 levels ³ , while we continue to grow our business. Mid-term target: To reduce our operational emissions by at least 30% from FY2020 levels ⁴ by FY2030 Long term goal; achieve net-zero operational emissions by 2050
	Fresh water withdrawals (GL)	155.6	75.0	52.0	127.0	Reduce FY2022 fresh water withdrawal by 15 per cent from FY2017 levels ⁵
Community	Social investment (US\$m)	93.5	29.8	119.8	149.6	No less than one per cent of pre-tax profit (three-year rolling average)
	Local procurement spend (US\$m)	1,903	949	972	1,922	Support the growth of local businesses in the regions where we operate
Inclusion & Diversity	Female workforce participation (%)	24.5	24.8	26.5	26.5	Aspirational goal for gender balance by CY2025
	Australia Indigenous workforce participation (%)	5.6	5.8	6.5	6.5	Aim to achieve 5.75 per cent by the end of FY2020 ⁶
	Chile Indigenous workforce participation (%)	5.9	6.3	6.6	6.6	Increase representation from prior year ⁶

Climate change scenarios

Our portfolio is tested across a range of futures



1.5 degrees
Paris Agreement goals met through unprecedented large-scale changes to the global energy system



Lower Carbon View
Faster and deeper decarbonisation trends and policies, particularly in the easier to abate sectors

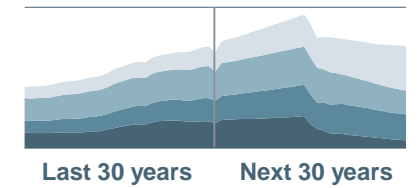
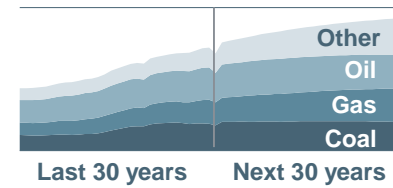
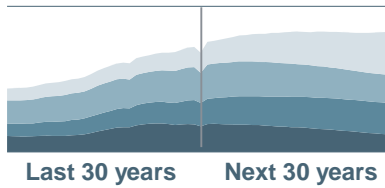
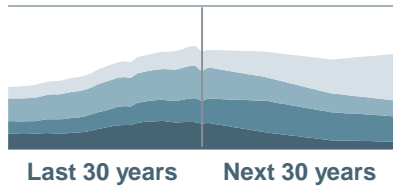


Central Energy View
Reflects our view on the most likely pathway for policy, technology and consumer choice

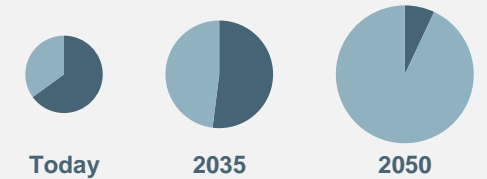
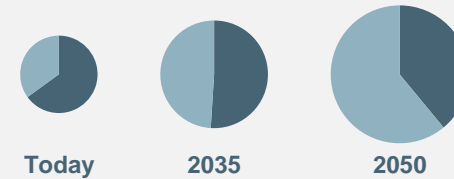
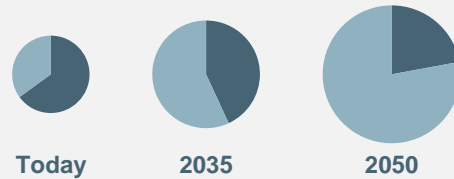
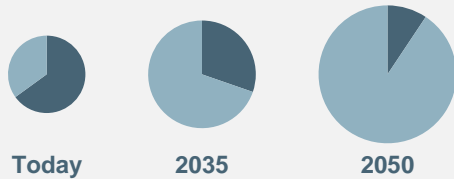


Climate Crisis
A climate shock leads to turmoil and massive economic contraction and hands a mandate to governments to coordinate and enact wide-sweeping climate policies

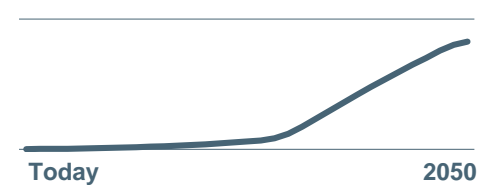
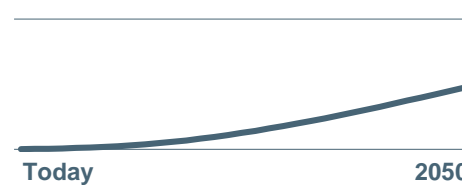
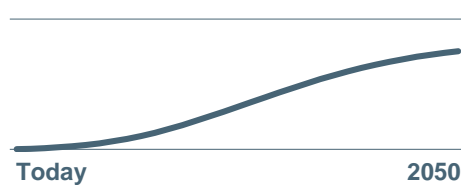
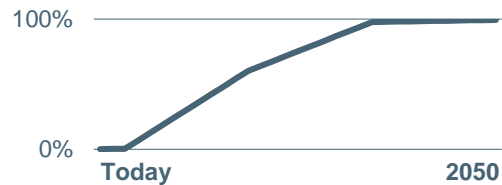
Total primary energy demand (Btoe)



Fossil fuel share of power generation



Electrified LDV fleet



CCUS

- 10,000 CCUS facilities installed
- 6 Bt of carbon captured by 2050

- CCUS is relegated to non-power “harder to abate” sectors
- Technology constrained by high upfront capital costs and lack of storage availability

- ~1 Bt of CCUS captured by 2050
- Policy push enables CCUS in non-power sector post-crisis

Carbon Price

Effective global carbon price of US\$160/t in 2030 and US\$280/t in 2050

Regional carbon prices ranging from US\$25-110 by 2030

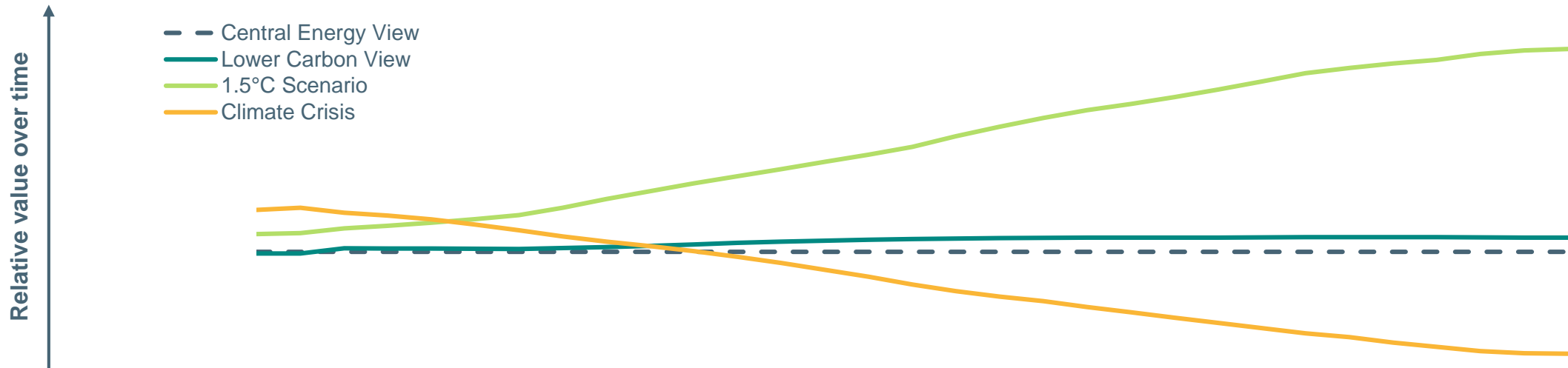
Regional carbon prices ranging from US\$10-40 by 2030

Pre-crisis: Regional carbon prices average <\$10/t
Post-crisis: Global carbon price increases to \$160/t

Continuing to thrive in a decarbonising world

Active portfolio management will maximise upside

Rolling present value⁷ relative to Central Energy View



Net operational emissions forecast



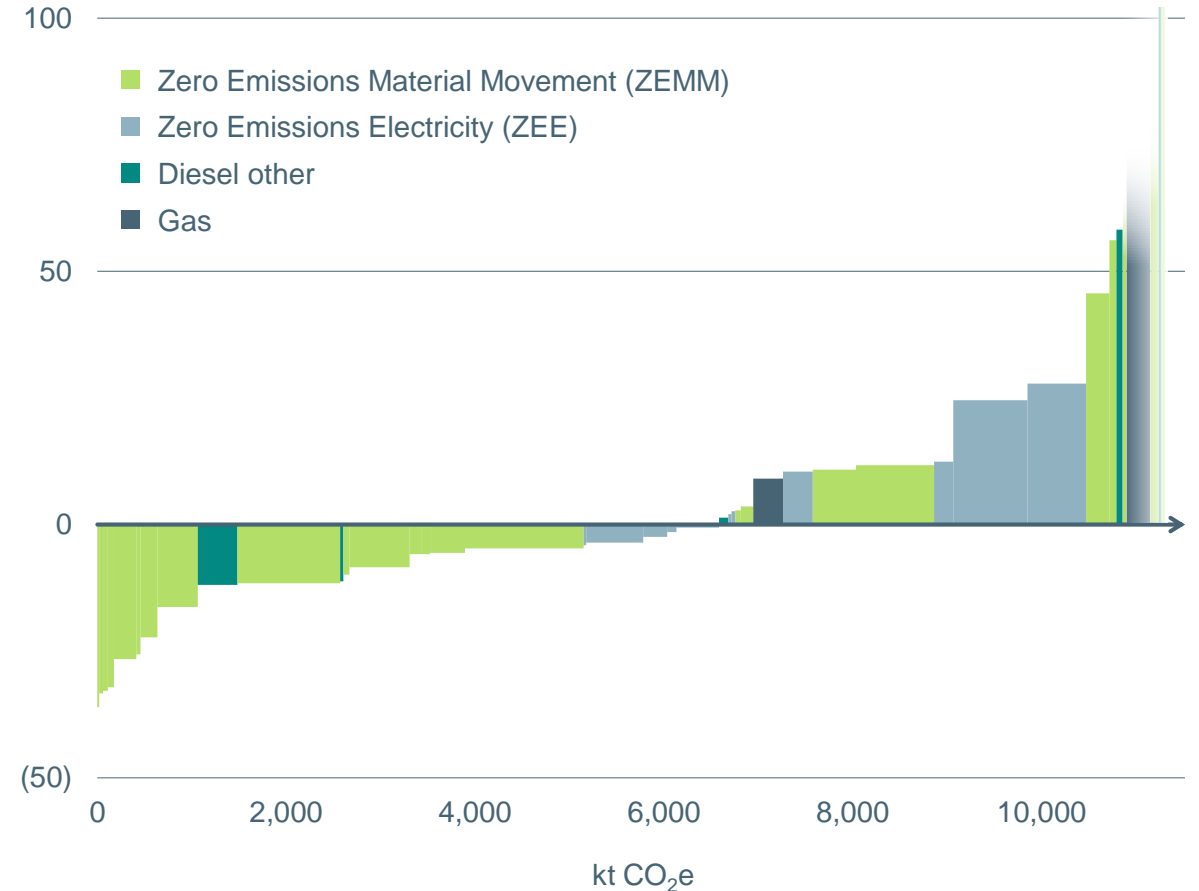
Portfolio of operational decarbonisation solutions

Decarbonisation investments vary by capital intensity, value, emissions reductions and technology readiness

- Broad portfolio of opportunities across our operated assets
- Projects are prioritised at a Group level to deliver optimised outcomes based on ease of implementation, impact to operations and technology readiness in addition to financial metrics
- Diesel displacement offers significant emission reduction as well as operating cost benefits
 - however, technology and execution risks remain high
- Multiple co-benefits (reduced diesel particulate matter, reduced noise/heat, automation compatibility)
 - these represent upside to the illustrated abatement curve
- We continue to study decarbonisation solutions and will preserve optionality as technology and costs change

Marginal abatement^{9,10}

US\$/t CO₂



Strong track record in reducing operational emissions

On track to meet our short-term target to keep our FY2022 emissions at or below FY2017 levels

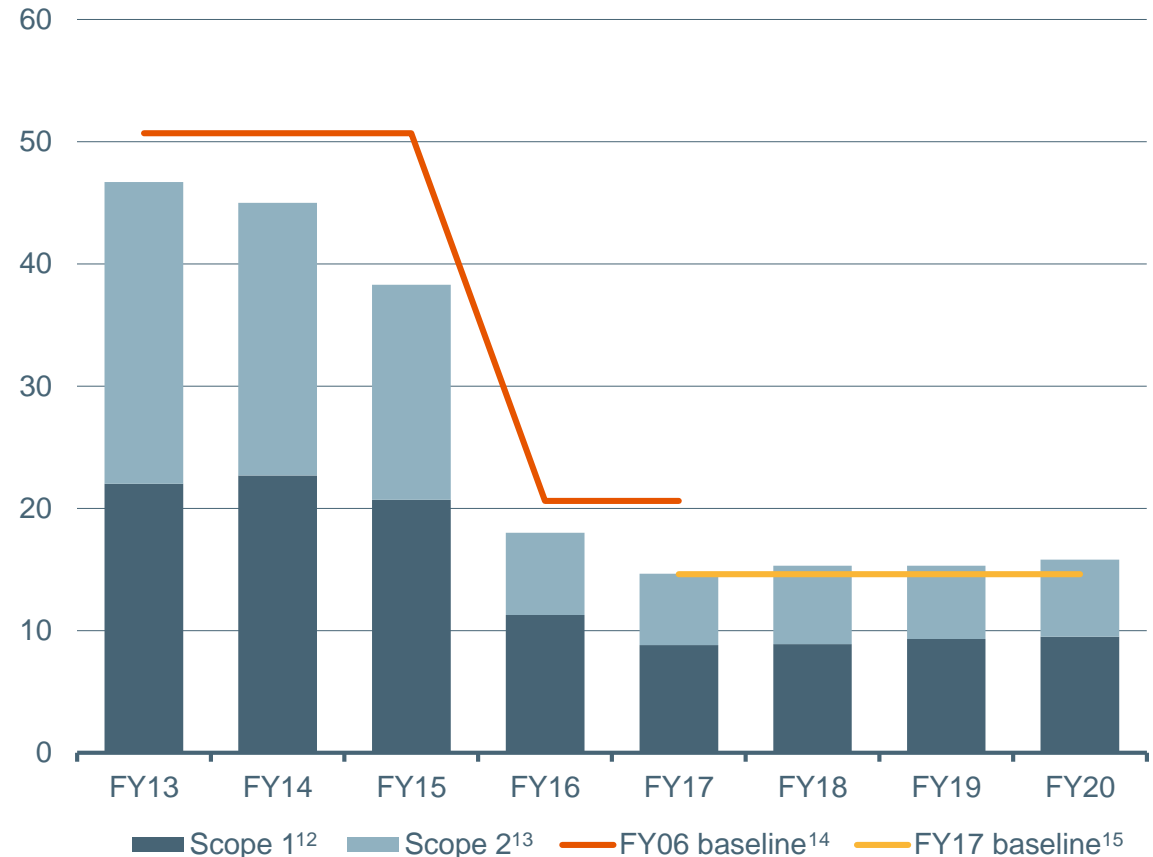
Our short-term target

- By FY2022, maintain our operational emissions at or below FY2017 levels³, while we continue to grow our business

FY2020 Performance

- The majority of our operational emissions came from electricity procurement and self-generation (40%) and diesel use (40%)
- Fugitive emissions (12%) e.g. from coal mining are hard to abate with current technologies
- Increase 3% YoY due to increased production and energy usage at WAIO, and increased energy usage at the BMA and BMC and Nickel West
- We are on track to meet our FY2022 target; due primarily to implementation of renewable energy contracts in Chile

Scope 1 and 2 GHG emissions¹¹
(millions of tonnes CO₂-e)



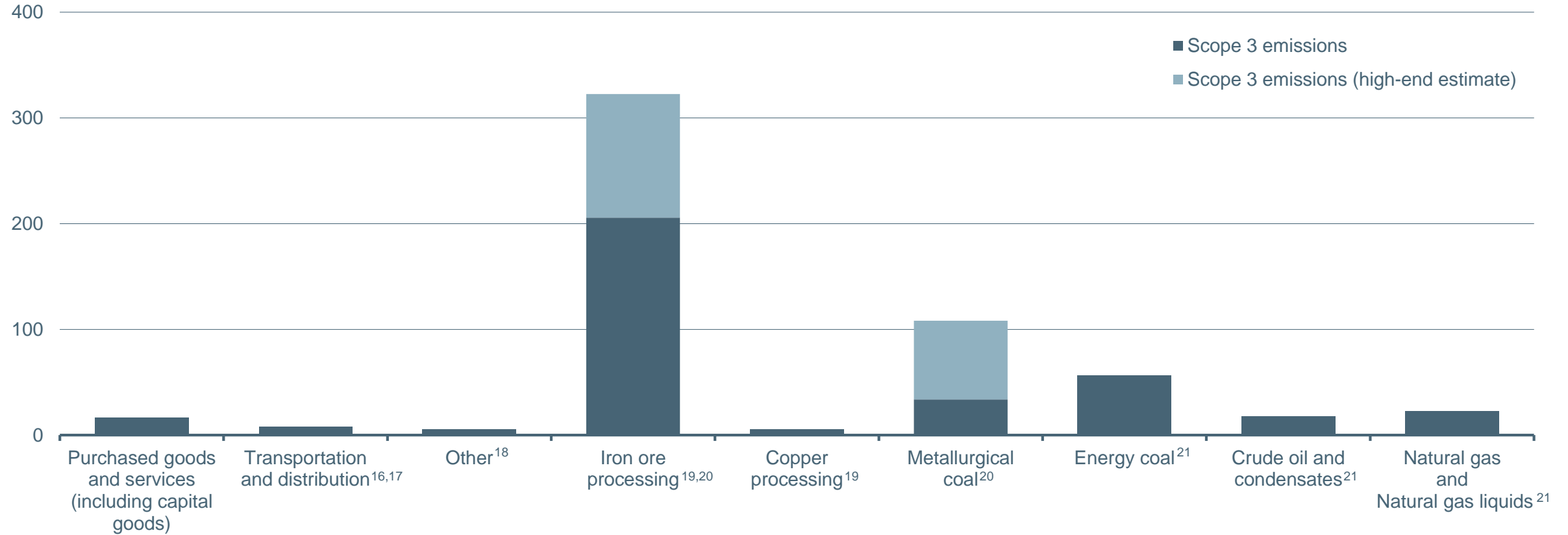
WAIO: Western Australia Iron Ore, BMA: BHP Mitsubishi Alliance; BMC: BHP Mitsui Coal (BMC).

Scope 3 emissions

We seek opportunities to partner with others across our value chain to enable the reduction of these emissions



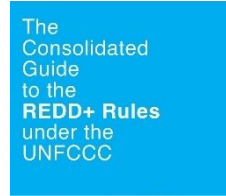





Scope 3 emissions FY2020

(Mt CO₂-e)¹⁵



Our support for natural climate solutions started in 2013

NCS represent one of the most cost-effective, ready solutions to mitigating climate change while also providing a host of co-benefits

2013	2014	2015	2016	2017	2018	2019	2020
							
<ul style="list-style-type: none"> Investment in Valdivian Coastal Reserve (first carbon project in Chile to receive CCB verification) 	<ul style="list-style-type: none"> BHP is among the first resources sector companies to integrate support for REDD+ into our climate change strategy Establishment of REDD+ strategy Investment in Five Rivers Conservation Project 	<ul style="list-style-type: none"> Funded development and launch of the Consolidated Guide to the REDD+ Rules under the UNFCCC 	<ul style="list-style-type: none"> Investment in the Alto Mayo REDD+ project (US\$5M) Invested to support world's first Forest Bond with the International Finance Corporation 	<ul style="list-style-type: none"> Launched Finance for Forests 	<ul style="list-style-type: none"> Supported development of article on the private sector's climate change risk and adaptation blind spots, published in Nature Climate Change 	<ul style="list-style-type: none"> Renewed BHP-CI Alliance for another 5x years Launched Finance for Forests 2.0 Founding member of IETA's Markets for Natural Climate Solutions initiative Expansion of REDD+ strategy into Natural Climate Solutions strategy 	<ul style="list-style-type: none"> Issued a request for proposals for NCS projects/concepts to be supported by market innovations Support for the Alto Mayo REDD+ project via purchase of VCU Support for the Kasigau Corridor REDD project, via purchase of VCUs

Adaptation: managing physical climate risk

Our approach is to consider risks across our operations, value chain, portfolio, communities and ecosystems

Acute risk: Cyclone disruption at WAIO

- Adaptive management practices that allow WAIO to respond to an expected increase in cyclone intensity in the Pilbara region

Chronic risk: Water scarcity and quality

- Desalination investments in Chile

Acute risk: Storm intensity at coal port

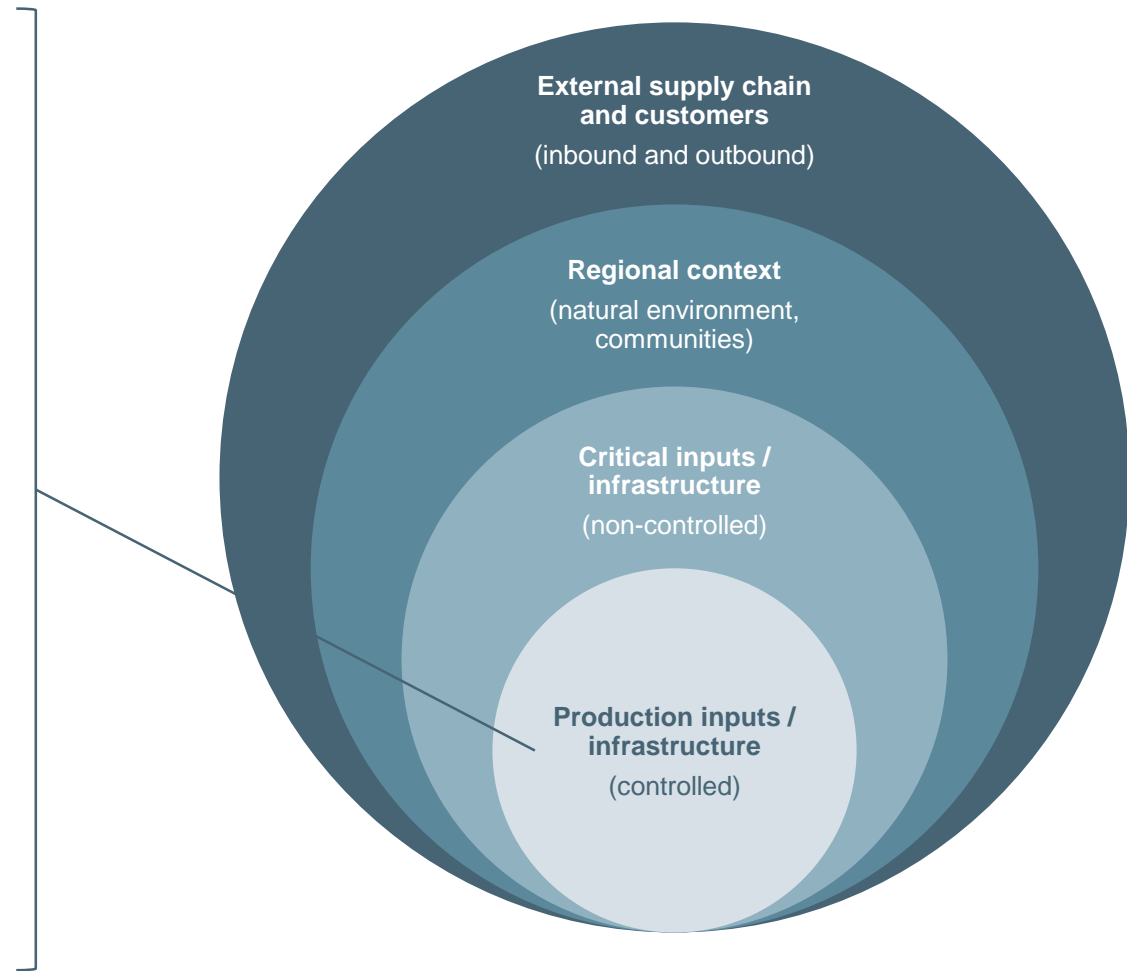
- Increasing storm intensity and storm surge levels led to construction of a higher loading facility as part of expansion plans of Hay Point coal terminal in 2015

Acute risk: Severe weather at offshore operations

- Specifically designed severe weather mitigation systems for Petroleum Floating Production and Storage Offtake vessels (FPSOs)

Risk-based approach to adaptation

- We are updating our Adaptation Strategy, which will be finalised in FY2021



Footnotes

1. Slide 7: To stay within a carbon budget that keeps global warming to no more than 1.5°C, the 1.5°C scenario requires steep global annual emissions reductions, sustained for decades. This pathway to 2050 represents a major departure from today's global trajectory.
2. Slide 8: FY2020 baseline will be adjusted for any material acquisitions and divestments based on GHG emissions at the time of the transaction. Carbon offsets will be used as required.
3. Slide 12&13: Scenarios were developed prior to the impacts of the COVID-19 pandemic, and therefore any possible effects of the pandemic were not considered in the modelling.
4. Slide 13: Represents combined global energy demand for metallurgical coal and thermal coal.
5. Slide 13: The UN Food and Agriculture Organization reports that 14,200 km² of forest was converted for other use over 2018-19. 2050 figure includes land converted for afforestation from 2020-50 (~4.3 million km²).
6. Slide 14: Iron ore and metallurgical coal demand based on Contestable Market (Global seaborne market plus Chinese domestic demand).
7. Slide 14: Nickel and copper demand references primary metal
8. Slide 14: Nuclear power was used as a proxy for historic and future cumulative demand for uranium.
9. Slide 14: Our Planning Ranges reflect our deterministic view of future outcomes for commodity demand. The low and high end of the range are constructed to be both plausible and challenging, with the balance of risks around these boundary cases necessarily skewed back towards the body of the range.
10. Slide 16: Nickel curve normalised to single finished end product. End use application may impact relative intensities.
11. Slide 16: Petroleum chart represents corporate emissions intensity of select individual petroleum producers accounting for ~35% of total production but is considered a representative sample of the broader industry.
12. Slide 16: Select scope 3 emissions included to aid comparability. Met Coal includes Freight + Port, Iron Ore includes Freight + Port, Copper includes Freight + Downstream, and Nickel includes Freight + Port + Ocean + Downstream.
13. Slide 20: Emissions forecast range includes growth projects highlighting the targeted reduction in absolute emissions.
14. Slide 20: Renewable power agreements refer to power agreements coming into effect at our Escondida and Spence copper assets in Chile, and a power purchasing agreement to supply 50% of our electricity needs across our Queensland Coal mines.
15. Slide 20: FY2020 baseline will be adjusted for any material acquisitions and divestments based on GHG emissions at the time of the transaction. Carbon offsets will be used as required.
16. Slide 22: Power prices reflect annual public electricity prices and do not represent the specific PPA pricing. Stated power prices excludes other costs such as system charges and tolling fees.
17. Slide 22: A firm PPA agreement with CleanCo has been entered to meet 50% of Queensland Coal's electricity needs. Of this portion, newly operational solar and wind farms are expected to progressively contribute up to half, which is supported by CleanCo's low emissions portfolio. Combined with large-scale generation certificates, this will enable BHP to reduce Scope 2 emissions from its Queensland operations by 50% by 2025, based on FY2020 levels.

Appendix footnotes

1. Slide 31: FY2019 presented on a total operations basis, except for operational GHG emissions, fresh water withdrawals and local procurement spend.
2. Slide 31: Operational GHG emissions have been revised subsequent to the FY2019 annual report following an HSE data audit, resulting in an improvement to emissions reporting methodology for our operated assets in Chile; previously reported as 14.2 Mt CO₂-e.
3. Slide 31: FY2017 baseline will be adjusted for any material acquisitions and divestments based on GHG emissions at the time of the transaction. Carbon offsets will be used as required. In FY2017, our operational GHG emissions were 14.6 Mt CO₂-e (excluding Onshore US). Greenhouse gas emissions are subject to final sustainability assurance review.
4. Slide 31: FY2020 baseline will be adjusted for any material acquisitions and divestments based on GHG emissions at the time of the transaction. Carbon offsets will be used as required.
5. Slide 31: In FY2017, our fresh water withdrawals were 156.1 GL (on an adjusted basis, excluding Onshore US).
6. Slide 31: Work is underway to establish mid-term targets for Indigenous workforce participation in Australia and Chile.
7. Slide 33: Present value of unlevered free cash flows. Data in this chart is based on our current portfolio and does not include any potential future divestments.
8. Slide 34: Scope 1 and 2 emissions have been calculated based on an operational control approach in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Includes data for Continuing and Discontinued operations for the financial years being reported. Comparisons of data over the period FY2015 to FY2016 should be made with consideration of the divestment of South32 during FY2015 (FY2015 data excludes emissions from South32 operations between the date of the divestment and 30 June 2015). Data over the period FY2017 to FY2019 is displayed with Onshore US emissions shown separately for comparability (12 months of emissions in FY2017 and FY2018, and four months of emissions in FY2019 prior to divestment of this asset).
9. Slide 34: Represents the net present (benefit)/cost per tonne of carbon abated based on discounted net cash flows associated with individual decarbonisation projects and is stated in BHP equity terms.
10. Slide 34: Analysis should be considered indicative and remains subject to ongoing studies to confirm associated costs and benefits of individual projects.
11. Slide 35: Scope 1 refers to direct GHG emissions from operated assets.
12. Slide 35: Scope 2 refers to indirect GHG emissions from the generation of purchased or acquired electricity, steam, heat or cooling that is consumed by operated assets. Our Scope 2 emissions have been calculated using the market-based method using supplier specific emissions factors, in line with the Greenhouse Gas Protocol Scope 2 Guidance unless otherwise specified. A residual mix is currently unavailable to account for voluntary purchases and this may result in double counting between electricity consumers.
13. Slide 35: The FY2006 baseline was adjusted as necessary for material acquisitions and divestments based on GHG emissions at the time of the applicable transaction. This was the baseline for our prior five-year GHG emission reduction target.
14. Slide 35: FY2017 is the base year for our current five-year GHG emissions reduction target, which took effect from FY2018. The FY2017 baseline has been adjusted for the divestment of our Onshore US assets to ensure ongoing comparability of performance. The baseline will continue to be adjusted for any material acquisitions and divestments based on GHG emissions at the time of the transaction; carbon offsets will be used as required.
15. Slide 36: Scope 3 emissions have been calculated using methodologies consistent with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Scope 3 emissions reporting necessarily requires a degree of overlap in reporting boundaries due to our involvement at multiple points in the life cycle of the commodities we produce and consume. A significant example of this is that Scope 3 emissions reported under the 'Processing of sold products' category include the processing of our iron ore to steel. This third party activity also consumes metallurgical coal as an input, a portion of which is produced by us. For reporting purposes, we account for Scope 3 emissions from combustion of metallurgical coal with all other fossil fuels under the 'Use of sold products' category, such that a portion of metallurgical coal emissions is accounted for under two categories. This is an expected outcome of emissions reporting between the different scopes defined under standard GHG accounting practices and is not considered to detract from the overall value of our Scope 3 emissions disclosure. This double counting means that the emissions reported under each category should not be added up, as to do so would give an inflated total figure. For this reason we do not report a total Scope 3 emissions figure. We have included lower-end estimates of the Scope 3 emissions from the combustion of metallurgical coal that avoids the double counting of the emissions arising from iron and steel production. The lower-end estimates are reflected in the Iron ore processing emissions and Metallurgical coal emissions on the graph. Further details of the calculation methodologies, assumptions and key references used in the preparation of our Scope 3 emissions data can be found in the associated BHP Scope 1, 2 and 3 Emissions Calculation Methodology is available online at bhp.com/climate.
16. Slide 36: Includes product transport where freight costs are covered by BHP, for example under Cost and Freight (CFR) or similar terms, as well as purchased transport services for process inputs to our operations.
17. Slide 36: Product transport where freight costs are not covered by BHP, for example under Free on Board (FOB) or similar terms.
18. Slide 36: Includes Business Travel, Employee commuting Fuel and energy related activities and Investments categories. Investment category for BHP, covers the Scope 1 and Scope 2 emissions (on an equity basis) from our assets that are owned as a joint venture but not operated by BHP.
19. Slide 36: All iron ore production is assumed to be processed into steel and all copper metal production is assumed to be processed into copper wire for end use. Processing of nickel, zinc, gold, silver, ethane and uranium oxide is not currently included, as production volumes are much lower than iron ore and copper and a large range of possible end uses apply. Processing/refining of petroleum products is also excluded as these emissions are considered immaterial compared to the end-use product combustion reported in the 'Use of sold products' category.
20. Slide 36: Scope 3 emissions reported under the 'Processing of sold products' category include the processing of our iron ore to steel. This third party activity also consumes metallurgical coal as an input, a portion of which is produced by us. For the higher-end estimate, we account for Scope 3 emissions from combustion of metallurgical coal with all other fossil fuels under the 'Use of sold products' category, such that a portion of metallurgical coal emissions is accounted for under two categories. The low-end estimate apportions the emission factor for steel between iron ore and metallurgical coal inputs. The low-end estimate for iron ore only accounts for BHP's Scope 3 emissions from iron ore and does not account for BHP's or third party coal used in the steelmaking process. Scope 3 emissions from BHP's coal are captured in the 'Use of sold products' category under metallurgical coal.
21. Slide 36: All crude oil and condensates are conservatively assumed to be refined and combusted as diesel. Energy coal, Natural gas and Natural gas liquids are assumed to be combusted.

BHP