

BHP Limited 2022 AGM report

ASX code	BHP
Meeting date	10 November 2022
Type of meeting	Physical (with webcast)
Monitor	John Campbell (Perth) representing Duncan Seddon (Melbourne)
Pre AGM-meeting	Yes with chair

Meeting Statistics

Number of holdings represented by ASA	1,405
Number of shares represented by ASA	6,031,232
Value of shares represented by ASA	\$244.6m
Total number attending meeting	~220 (plus 361 viewing webcast online)
Market capitalisation	\$205.3 billion
ASA open proxies voted	On a poll. ASA voted in favour of all resolutions except those mentioned below

BHP held its AGM in Perth for the first time since 2015, when it has held shortly after the announcement of the tragic tailings dam failure at the Samarco iron ore mine in Brazil. By contrast, BHP's results for 2022 were a staggering ~US\$31bn (bn-billion) profit on the back of good iron prices and increased volumes, good copper prices and high coal prices driven by the Russian invasion of Ukraine. Perhaps it is unsurprising that ASA's proxy numbers were only approximately 50% in number of shareholders and votes than in 2015.

The Chair and CEO's addresses were relatively brief and did not contain any major news for investors. Mike Henry, CEO, confirmed that the Jansen project was expected to commence commercial production in 2026, as stated in the recent quarterly report and a year earlier than previously announced. We asked how the board could be confident of its viability given the impairment charge of US\$1.3bn in FY21.

We were told that this represented the preliminary costs of getting its feasibility established. Mr Henry said that the major existing suppliers were the Canada and the Baltic States and that the world needed increased fertiliser resources soon because expanding populations were reducing the size of agricultural areas and depleting the natural resources to grow crops. There were apologies to employees who had suffered or were suffering sexual harassment, racism, or bullying at BHP sites. The addresses stressed BHP's engagement with communities and Mr Henry said that BHP had a new 2030 goal of having at least 30% of its 6m hectares of land and water under

conservation, improved land management and restoration.

In addition to asking about the Jansen project, we asked about the future for thermal coal given the coal division's major contribution to the year's record results. We were told that BHP had revised its operating plan for its NSW Energy Coal operations to continue to 2030 at which point the current intention is to close the mine. The effects of adverse weather on the East Coast had slowed various open-cut mine operations but had not caused any major concerns. There were a number of questions from other shareholders about BHP's continued metallurgical coal operations and resulting carbon emissions. The questions were answered on the basis of shareholder interest, fulfilling a vital need for steel production and that the quality of coal exported being superior with reduced carbon emissions compared to lower quality coal.

We asked what the total cost of Samarco had been to BHP and were told that cash outgoings to FY22 were approximately US\$1.8bn with an unspent provision of US\$3.4bn, total US\$5.2bn. We asked if shareholders could expect to continue to see billion-dollar hits to the profit and loss from this environmental disaster and if it continued to pollute rivers from rain run-off. Another proxy-holder questioned BHP on this with a statement of how little progress had been made in resettling local communities and how the tailings were continuing to cause environmental damage seven years after the event. We were told that remediation was progressing as fast as possible but with difficulty and complexity.

There were questions about how fly-in/fly-out practices were responsible for problems in the Pilbara, industrial relations response to Labor initiatives for collective bargaining, establishment of steelmaking in the Pilbara and many environmental questions, including claims by local communities near Escondida (Chile) and Antamina (Peru) of unremediated environmental damage. We asked the chairman on a point of order if it was fair not to open the meeting to questions arising from what shareholders had heard at the meeting, the questions being restricted to pre-registered matters.

Proxies were only displayed at the close of the meeting shortly before voting closed, but all board-sponsored resolutions received strong support – 98% for most directors and 97% for the remuneration report. The resolution to amend the constitution received only 9% support and consequently the other two ESG focused resolutions were not voted on.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.