



Company	BHP Group Ltd
Code	BHP
Meeting	AGM
Date	7 November 2019
Venue	International Convention Centre Sydney
Monitor	Duncan Seddon from Melbourne. Helen Manning assisted by David Jackson from Sydney attended the Meeting.

Number attendees at meeting	396 attendees, 306 eligible to vote
Number of holdings represented by ASA	2,095
Value of proxies	\$328m
Number of shares represented by ASA	8.75m (equivalent to 12th largest holder)
Market capitalisation	\$110,469m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with chair Ken MacKenzie

Stakeholders mix it with shareholders at the Big Australian's 2019 AGM

This meeting took just under 4 hours, with 3 hours of questions. After the presentations by the Chairman Ken Mackenzie, and the CEO Andrew Mackenzie, the 2 directors who were up for renewal, addressed the meeting. The meeting was then opened to questions in two parts: general questions (items 1 to 20) followed by questions on the non-board endorsed motions (21 & 22). Formal introduction of each and every agenda item was bypassed.

This procedure for asking questions had been explained to us by a BHP representative. She approached the Sydney ASA's representatives, after we had registered. We were told that the questions had to be logged when we entered the auditorium and that we would be sitting in a specially allocated position. The ASA were to ask the first questions, so clearly this was good for the ASA and we thank BHP for this. The format also meant that questions for the first 20 of the resolutions were to be taken together. It followed that the questions about the various items could come up randomly. Concern was expressed about this unusual practice. We indicated to the Chair Ken Mackenzie, during the question time that this was not a proper and accepted procedural way to deal with an AGM agenda of items. It was clearly done to avoid the meeting being taken over by various activist interests.

After the meeting he came over to further discuss the issue and said the Board will consider the matter. He was aware that whilst we weren't speaking on behalf of the ASA we were representing its views. The procedural comment was also taken up by another shareholder who offered an alternative which would result in the grouping of agenda items.

BHP appears to have adopted a procedure used by Macquarie Bank that is most unsatisfactory from a shareholder's viewpoint. The focus on issues such as Remuneration Policy, Issuing of Grants to executives and the appointment of directors is completely lost.

The presentations by the Chair and CEO were webcast and are available from the following link <https://edge.media-server.com/mmc/p/pys28r69>

In this presentation, we see the CEO, Andrew MacKenzie, make reference to the recent and current problems in Chile, reassuring the meeting that all would be done to keep the people, and operations safe. He also talks about the workplace death of 'one of us'. In doing so, he is showing a real human face and affirming human values. He is positioning this company in a broader societal context.

And the broader social impact the 'Big Australian' exists in, is seen in the many questions and statements, raised at the meeting. We had questions from the CFMEU, the mayor of Muswellbrook, an ex-Labor Senator, the Australasian Centre for Corporate Responsibility (which placed the 2 non-board supported motions on the agenda), Ecuadorean, Colombian and Chilean interests (amongst others). The issues ranged from tailings (Olympic Dam), the size of dust particles (Port Headland), concerns over how anything proceeds in Ecuador (still early days) and of course the motion on the agenda to suspend memberships of Industry Associations, which lobby contrarily to the Paris Agreement (motion 22). In short, we see a lot of stakeholders voicing their concerns.

Just a few specifics to fill out the picture

- The ASA raised the question of TSR over 10 years compared to the ASX200 calling it a 'staggeringly poor performance'. (\$100 invested in BHP grows to \$165 compared to \$100 with the ASX200 growing to \$240). These figures (a UK reporting requirement) are found on page 154 in the AR. In response the Chair talks about the cyclical nature of the business and prefers the comparison to be with the industry segment benchmark. And we note: The figures look particularly good for BHP over the last year.
- The ASA wanted some discussion on board renewal and composition. Some interesting comments were made by Chris Schact (an ex-Labor senator and shareholder) generally, particularly, with regard to looking to understanding our biggest Chinese customers in the mix, for example. In response and expounding further: The Chair mentioned 9-year cycles for board membership and a skills matrix (which could presumably identify weaknesses in skill sets). Note: Several shareholders praised the outgoing Caroline Hewson on an ethical and moral basis. We have previously added our voice to this praise.
- The ASA wanted some more detail on the \$US400m in assisting customers with Scope 3 greenhouse gas emissions and as an example to discuss the approach to Intellectual Property. After the meeting the Chair specifically asked if they had answered

all our questions. On IP: it is still to be decided and would be decided along the company's guidelines.

- Inhouse Labour hire practices. 2 different stories here from management and the unions (the union story seemingly supported by the mayor of Muswellbrook)

An ASA member's remuneration question on whether the change from LTIP grants to STI CDP Shares Deferred for 5 years (subject to a holistic review) was really moving from long term incentives to short term incentive. The lengthy answer provided appeared to conclude that there was no specific hurdle at the end of 5-years but the Board had discretion to reduce, not increase the grant in the event of an unexpected event.

Safety (the human face of the company) and the strong financial results were emphasised: \$17 billion being returned to shareholders and a record dividend paid to shareholders this year, underpinned by world-class assets and good management.

Motions 1-20 passed with a greater than 93% approval. Motions 21 and 22, which weren't endorsed by the Board were voted down, the ASA supporting the Board on this. Motion 21 received a 15.32% vote in favour and motion 22 (which strictly speaking, was dependent of motion 21 being approved), received 27.07% in favour. The bigger vote on this motion shows that the positioning on climate change is still an issue for this company (and many others). The strong vote seems attributable to the voting power of big superannuation funds. According to the Guardian 'Vision Super, tech billionaire Mike Cannon-Brookes, the UK's biggest listed fund manager, Standard Life Aberdeen, and an important industry super fund adviser, the Australian Council of Superannuation Investors.' voted in favour of the motion and according to the Guardian, Aberdeen Standard Investments a \$550bn funds manager, see their role as critical to transitioning to a low-carbon economy in this sort of vote. BHP conducts its own review of its industry associations and the latest review will be completed later this year. Clearly, the politics and positioning on this issue is still playing out.