



## Wonderful Result!

<b>Company/ASX Code</b>	BHP
<b>AGM date</b>	Thursday 10 November 2022
<b>Time and location</b>	10 am, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth WA
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Physical (webcast)
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Duncan Seddon
<b>Pre AGM Meeting?</b>	Yes with Chair Ken MacKenzie

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

### Summary of issues for meeting

BHP is a well governed and well performing company. The major issue is rather bizarre:

After the merger of the petroleum division with Woodside, BHP now has three major cash generating divisions: iron ore, copper and coal. In previous years BHP has announced its intention of exiting fossil fuels (petroleum and coal) in accordance with the stated objective of aligning with the Paris Agreement on climate change. To this end, this year it has sold the petroleum division to Woodside, sold its stake in the Carrajon coal mine in Columbia and sold an 80% interest in the BHP-Mitsui coal joint venture in Queensland. It attempted to sell the Mount Arthur coal mine in the Hunter valley but had no takers. Last year when this strategy was planned, coal was universally regarded as a lost cause because of greenhouse gas emissions and low price. On 24 February Russia invaded the Ukraine which prompted a major re-alignment of the world energy market.

Oil doubled in price, and coal, especially the more despised thermal coal increased in price over 500%. The coal divisions profit has increased markedly. Coal is now a major cash and profit contributor to shareholder value.

We await an announcement of the intentions of the company's approach to selling such an asset.

	Iron Ore	Copper	Coal
Revenue 2022 \$m	\$30,767	\$16,849	\$15,549
Revenue 2021 \$m	\$34,475	\$15,726	\$5,154
EBITDA 2022 \$m	\$21,707	\$8,565	\$9,504
EBITDA 2021 \$m	\$26,278	\$8,489	\$ 288
% change in EBITDA	- 21%	+1%	+3200%

## Proposed Voting Summary

No.	Resolution description	
1	Financial Statements and Reports	For
2	Elect Michelle Hinchliffe as a Director of BHP	For
3	Elect Catherine Tanna as a Director of BHP	For
4	Re-elect Terry Bowen as a Director of BHP	For
5	Re-elect Xiaoqun Clever as a Director of BHP	For
6	Re-elect Ian Cockerill as a Director of BHP	For
7	Re-elect Gary Goldberg as a Director of BHP	For
8	Re-elect Ken MacKenzie as a Director of BHP	For
9	Re-elect Christine O'Reilly as a Director of BHP	For
10	Re-elect Dion Weisler as a Director of BHP	For
11	Adoption of Remuneration Report	For
12	Approval of equity grants to the Chief Executive Officer	For
13	Amendment to the constitution	Against
14	Policy advocacy	Against
15	Climate accounting and audit	Against

## Summary of ASA Position

### Consideration of accounts and reports - No vote required

#### Governance and culture

BHP is a well governed company. It has reported a major issue for the company's diversity objectives in the breach of workplace safety of women in the remote mining sites that BHP operates. BHP is to be congratulated by being open with its problems, which are widely known but rarely discussed. The issues are explained in some detail in the Annual Report.

#### Financial performance

BHP's TSR performance was magnificent at positive 181.7% cent over the five-year period from 1 July 2017 to 30 June 2022, and shareholder have benefitted from a strong fully franked dividend in 2022.

#### Key events

The merger of the petroleum division with Woodside has delivered Woodside shares to the retail shareholder along with additional dividend.

## Key Board or senior management changes

Two long standing members of the Board have retired (John Mogford and Malcolm Broomhead) and been replaced by two new members (Catherine Tanna and Michelle Hinchliffe).

## Summary All in US Dollars

(As at FYE)	2022	2021	2020	2019	2018
NPAT (\$m)	33,055	13,451	8,736	9,520	7,744
UPAT (\$m)	23,800	17,100	9,100	9,100	8,900
Share price (\$)	41.25	48.06	35.82	41.29	31.78
Dividend (cents)	325	301	120	235	118
Simple TSR (%)	48.7	42.5	-7.2	32.2	52.4
EPS (cents)	610.6	223.5	157.3	160.3	69.6
CEO total remuneration, actual (\$m)	14.667	14.521	6.069	3.531	4.657

TSR in 2022 is adjusted for demerger of the petroleum interests to Woodside.

The ratio of the CEO's pay to the average Australian worker was 212x. For the average BHP employee the ratio was 123x illustrating the relatively high wages paid by the Company.

## **Election or re-election of directors**

The board is well structured in terms of qualifications for BHP. This year saw the retirement of two long serving directors and replacement with two new directors (Hinchliffe and Tanna) with high level business qualifications. The longest serving director is the chairman who was appointed in 2016. No independent director is overloaded.

We are pleased to note that all directors have a significant shareholding in the company, including the directors appointed in this financial year.

Director	Income (fees)	Shares	Value US\$	Income /shares	Other Jobs	Other Directorships	Qualifications	Appointed year	Attendance
Michelle Hinchliffe	\$94,000	8504	\$263,723.92	35.64%		Macquarie	Commercial	2022	4/4
Catherine Tanna	\$83,000	10400	\$322,522.20	25.73%		McKinsey, Fujitsu	Business (Honorary)	2022	3/3
Terry Bowen	\$295,000	11000	\$341,129.25	86.48%	<b>BGH Capital</b>	Transurban, Navitas, West Coast Eagles	Accountant	2017	15/15
Xiaoqin Clever	\$211,000	8000	\$248,094.00	85.05%	<b>Lux Nova</b>	Capgemini, Amadeus, Infineon	Computer Science, marketing	2020	15/15
Ian Cockerill	\$294,000	14299	\$443,437.01	66.30%		Endeavor Mining, Cornish Lithium I-Pulse Inc.	Mining Engineering	2019	15/15
Gary Goldberg	\$372,000	12000	\$372,141.00	99.96%			Mining Engineering	2020	15/15
Ken MacKenzie	\$912,000	52351	\$1,623,496.12	56.18%			Engineering	2016	15/15
Christine O'Reilly	\$308,000	9420	\$292,130.69	105.43%		ANZ	Business	2020	15/15
Dion Weisler	\$237,000	7544	\$233,952.64	101.30%		Intel, Thermo-Fischer, Sapia and Co.	Computing Law (Honorary)	2020	15/15
Mike Henry	\$14.667m	521592	\$16.175m	90.67%			Chemistry	2020	15/15

We sought further information at our pre-AGM meeting regarding workload of Xiaoqun Clever, who is the CEO of a public Swiss company and NED for Capgemini and Amadeus IT as well as sitting on a supervisory board. She is stepping down from the CEO role. We will also discussed Terry Bowen's experience at Wesfarmers, with ownership of mines and ports, which expands his contribution beyond finance.

### **Adoption of Remuneration Report and approval of equity grants to Managing Director/CEO**

BHP's remuneration report is comprehensive and delivers the expectations of the ASA for remuneration reports. Of note is that the company pays its short-term incentives in three equal tranches. A cash component and two equity tranches. One equity tranche is deferred for two years and the other for five years. The deferred time latter is similar to the LTIs or other companies.

Of note is that despite the outstanding financial performance of the Company, the CEO did not get the full target reward for this metric. This shows that the system is working properly to the benefit of the retail shareholder.

See attached table for more detail of the reward structure.

### **Adoption of new or amended constitution**

We will oppose the proposed changes to the constitution (Item 13) as this would unduly interfere with the orderly operation of the Company. This is in line with the Board's recommendation.

### **Other Resolutions (Climate related)**

Likewise, we will oppose resolutions 14 and 15. We consider that the Company complies with all requirements of company law and social mores in this regard. This is in line with the Board's recommendation.

#### *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.*

## Appendix 1

### Remuneration framework detail

	Target \$USM	% Total	Max	% Total
Fixed	\$2,038	27%	\$2,038	17%
CDP cash	\$1,359	18%	\$2,038	17%
CDP equity (deferred)	\$2,717	36%	\$4,076	34%
LTP	\$1,434	19%	\$3,836	32%
Totals	\$7,548	100%	\$11,988	100%

Note the short term incentives are paid in three equal tranches. Cash component and two equity tranches. One is deferred for two years and the other deferred for five years.