

Resolution 1

Special resolution to amend our company's constitution

To insert into our company's constitution the following new clause 46:

Member resolutions at general meeting

The shareholders in general meeting may by ordinary resolution express an opinion, ask for information, or make a request, about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company's business as identified by the company, and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company.

Supporting statement to resolution 1 (special resolution)

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the Board. In the UK, the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their Board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders can follow the example of none of their UK, US, New Zealand or Canadian cousins in this respect.

Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and our fellow shareholders in BHP Billiton Plc already enjoy this right.¹

A Board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of Board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert Board members that they seek more information or favour a particular approach to corporate policy.

The Constitution of our company is not conducive to the right of shareholders to place ordinary resolutions on the agenda of a shareholder meeting. In our view, this is contrary to the long-term interests of our company, our company's Board, and all shareholders in our company.

Passage of this resolution – to amend our company's Constitution– will simply put our company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand, and extend to us a right already enjoyed by our BHP Billiton Plc counterparts.

The Australasian Centre for Corporate Responsibility urges shareholders to vote for this proposal.

¹ The threshold for the exercise of this right by shareholders in publicly listed companies in the UK are 5% of the total voting rights or 100 shareholders (338 of the UK Companies Act 2006, see <https://www.legislation.gov.uk/ukpga/2006/46/section/338>).

Resolution 2

Ordinary resolution on public policy advocacy on climate change and energy

Shareholders request that:

1. the Board commission a comprehensive review of our company's positions, oversight and processes related to direct and indirect public policy advocacy on energy and climate change, covering the period 2012 to the present day. This would include an analysis of our company's political advocacy and lobbying activities, including indirect activities through membership of or representation in industry bodies.

We request that this review:

- a. describe all payments by our company for direct or indirect lobbying relating to climate and energy policy, in each case including the amount of the payment and the recipient;
- b. assess whether advocacy positions taken by industry bodies of which our company is a member or at which our company is formally represented, on specific Australian climate and energy legislation and policy proposals, including:
 - i. carbon pricing,
 - ii. the recommendations of the Final Report of the Independent Review into the Future Security of the National Electricity Market (Finkel Review), including in relation to a clean energy target (CET) as described in that Review,
 - iii. the promotion of coal fired power generation and provision of government subsidies therefore,

have been, and continue to be, consistent with our company's positions on those proposals, the company's stated position on Australia's Paris Agreement commitments, and our company's economic interests;

- c. describe the immediate and likely long term impacts of continued energy and climate policy uncertainty in Australia on our company's economic interests; and
 - d. detail proposed actions to be taken as a result of the review.
2. the Board prepare (at reasonable cost and omitting confidential information) a report describing the completed review, to be made available to shareholders on the company website within four months of the AGM at which this proposal is discussed.
 3. where a pattern of manifest inconsistency is demonstrated over the period 2012 to the present day, between our company's positions on material policy issues considered in the review and those of industry bodies to which it has paid a membership fee, shareholders request that membership of such industry bodies is terminated.

Option A

Supporting statement to resolution 2 (ordinary resolution)

As a shareholder, The Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments. Many investors are deeply concerned about existing and future effects of climate change on society, business and our economy.

Investor concern about climate lobbying is growing. The Principles for Responsible Investment (PRI) "Investor Expectations on Corporate Climate Lobbying," endorsed by investors responsible for more than US\$4 trillion in assets under management, calls on companies to ensure that their public policy advocacy - whether direct or indirect (e.g. through industry bodies) - supports efforts to mitigate and adapt to climate change.²

The last decade or longer of Australian climate and energy policy has been characterised by short-lived policy subject to relentless scrutiny and adversarial campaigning by industry bodies, or no policy at all. Accordingly, we urge companies in the mining and energy sector to review their relationships with industry bodies that take obstructive or misleading public policy positions on climate change.

In particular, we question the long-term attractiveness to shareholders of our company's public policy advocacy through the Minerals Council of Australia (MCA). The inconsistencies between our company's policies and the MCA's lobbying positions are clear.³ In June 2017, the MCA sought to undermine adoption of the Finkel Review's recommendations on energy policy by the federal government.⁴ These activities diminished the federal government's ability to resolve a national policy issue of material relevance to our company and the stability of its operations.⁵

In March 2017, the MCA criticised Renewable Energy Targets and Feed-in-Tariffs.⁶ The MCA has lobbied for government policy and financing support for the construction of new coal-fired power generation,⁷ although any new coal-fired power generation would be inconsistent with Australia meeting its Paris Agreement commitments, unless its emissions are fully captured with carbon capture and storage (CCS).⁸ The MCA has advocated for HELE coal,⁹ which has much higher emissions than CCS.

In the lead-up to the 2016 federal election, the MCA spent almost \$2.5m promoting coal-fired power generation.¹⁰ The organisation has, in 2017, called for government support to encourage financing of new coal-fired power generation.¹¹

² See https://www.unpri.org/download_report/8535

³ See <http://www.afr.com/business/tensions-at-mca-over-finkel-strategy-20170806-gxq7xn>

⁴ See <http://www.smh.com.au/federal-politics/political-news/minerals-council-steps-up-coal-lobbying-as-agl-calls-for-end-to-political-gridlock-20170619-gwu60q.html>

⁵ See <http://www.theaustralian.com.au/business/mining-energy/bhp-billiton-warns-for-crisis-in-power-market/news-story/2fd327cdc5258667701754788883bcb9?nk=041e2389e6c763abf862fa2e41cb8ddb-1504081073>

⁶ See http://www.minerals.org.au/news/electricity_subsidies_in_australia_-_the_facts

⁷ See <http://www.afr.com/business/energy/dont-buy-the-minerals-council-costings-of-coal-power-20170705-gx5enx>

⁸ See http://www.climateinstitute.org.au/verve/_resources/TCI_A-Switch-In-Time_Final.pdf

⁹ See <http://www.afr.com/news/politics/hele-coal-cheaper-than-previously-thought-says-mca-20170702-gx2vzc>

¹⁰ See <http://www.smh.com.au/federal-politics/political-news/mining-industry-tipped-millions-into-preelection-clean-coal-campaign-20170216-guf3x7.html>

¹¹ See

The MCA is vocal about their successful advocacy leading to the abolition of Australia’s short-lived carbon price, in their own words, “The MCA was at the forefront of the debates over the carbon and mining taxes; and their abolition (expected after July 2014) will be in no small part due to the council’s determined advocacy on both issues.”¹²

This demonstrates a pattern of vociferous and influential lobbying which has obstructed progress on climate-related legislation and public policy.

This pattern stands in contrast to our company’s public commitments, including its commitment to leadership, on climate change.¹³ BHP has long supported the introduction of a carbon pricing regime in Australia. We commend the Board for accepting the company’s “responsibility to take action by... working with others, including academia, industry and governments, to enhance the global response to climate change.”¹⁴

The MCA’s activities undermine the possibility of achieving what our company has stated an “effective policy framework” should include: “a complementary set of measures including a price on carbon, support for low-emissions technologies, energy efficiency and measures to build resilience.”¹⁵ Over time, these activities have the potential to undermine shareholder value, given our company’s exposure to climate-related risk and energy instability. A case in point is our company’s operations at Olympic Dam, about which our company’s CEO commented in addressing our company’s half year results in February 2017: “we would not look at a major expansion of Olympic Dam unless we can be confident that we have a reliable and affordable source of power within South Australia. We sincerely hope that the government of South Australia and some of the *reviews that are underway at the moment that we are contributing to, some of which go to the federal level, actually address some of the great difficulties we have had to face. These have cost us \$100 million in this period*”¹⁶ (emphasis added)

Shareholders have a legitimate expectation of a level of policy consistency through direct and indirect lobbying channels. The climate and energy policy advocacy of the MCA is fundamentally at odds with our company’s long term financial and strategic interests; it is unable to be reconciled with our company’s public support for bipartisan long-term energy policy and recognition of the implications of a <2C future scenario.

Our company also stands to suffer reputational damage by maintaining memberships of organisations which hold policy and advocacy positions out of step with community expectations.

Our company’s continued membership of the MCA and representation on its Board should be reviewed in light of the MCA’s positions, with a view to exiting arrangements inconsistent with our company’s policy positions and interests. Further, our company’s indirect lobbying positions through other industry bodies, including the US Chamber of Commerce, which campaigned for the Trump Administration’s withdrawal from the Paris

<http://www.afr.com/news/politics/whitehaven-coal-says-agl-makes-a-stack-of-profit-from-coal-20170622-gww6o5>

¹² MCA 2013 Annual report, see http://www.minerals.org.au/news/2013_annual_report_minerals_council_of_australia

¹³ <http://www.bhp.com/environment/climate-change>; We signed the CEO Statement on Business, Climate Change and the Paris Negotiations calling for a positive outcome at COP21. We are a signatory to the UNFCCC Paris Pledge. We are represented at the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures (TCFD).

¹⁴ <http://www.bhp.com/environment/climate-change>

¹⁵ <http://www.bhp.com/->

</media/bhp/documents/investors/reports/2015/bhpbillitonclimatechangeportfolioanalysis2015.pdf?la=en> page 7

¹⁶ See http://www.bhp.com/-/media/documents/media/reports-and-presentations/2017/170221_interimresultsinvestorandanalystbriefingtranscript_verified_2.pdf?la=en

at page 7.

Agreement,¹⁷ and the World Coal Association, which has in September 2017 campaigned for the rejection of a Clean Energy target (CET) in Australia,¹⁸ should be reviewed.

The Australasian Centre for Corporate Responsibility urges shareholders to vote for this proposal.

¹⁷ See <https://www.bloomberg.com/news/articles/2017-06-09/paris-pullout-pits-chamber-against-some-of-its-biggest-members>

¹⁸ See <http://webcache.googleusercontent.com/search?q=cache:ewkLoKV6ZC8J:www.afr.com/news/politics/malcolm-turnbull-is-right-to-abandon-a-clean-energy-target-world-coal-boss-20170912-gyfmp+&cd=1&hl=en&ct=clnk&gl=au&client=firefox-b>

Option B

Supporting statement to resolution 2 (ordinary resolution)

As a shareholder, The Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments. Many investors are deeply concerned about existing and future effects of climate change on society, business and our economy.

Investor concern about climate lobbying is growing. The Principles for Responsible Investment (PRI) "Investor Expectations on Corporate Climate Lobbying," endorsed by investors responsible for more than US\$4 trillion in assets under management, calls on companies to ensure that their public policy advocacy - whether direct or indirect (e.g. through industry bodies) - supports efforts to mitigate and adapt to climate change.¹⁹

The last decade or longer of Australian climate and energy policy has been characterised by short-lived policy subject to relentless scrutiny and adversarial campaigning, or no policy at all. Accordingly, we urge companies in the mining and energy sector to review their relationships with industry bodies whose activities are inconsistent with the constructive approach our company has taken.

In particular, we question the long-term attractiveness to shareholders of our company's public policy advocacy through the Minerals Council of Australia (MCA). In our view there are significant inconsistencies between our company's policies and the MCA's lobbying positions.²⁰ In June 2017, the Sydney Morning Herald reported the Minerals Council had "stepped up its lobbying efforts for a new coal-fired power plant to be built in Australia at a meeting with Coalition MPs".²¹ In the lead-up to the 2016 federal election, the MCA spent almost \$2.5m promoting coal-fired power generation.²² It has, in 2017, called for government support to encourage financing of new coal-fired power generation.²³

The MCA has lobbied for government policy and financing support for the construction of new coal-fired power generation.²⁴ We understand that any new coal-fired power generation would be inconsistent with Australia meeting its Paris Agreement commitments, unless its emissions are fully captured with carbon capture and storage (CCS).²⁵ The MCA has advocated for HELE coal,²⁶ which has much higher emissions than CCS.

Our company has made public commitments, including a commitment to leadership, on climate change.²⁷ We commend the Board for accepting the company's "responsibility to take action by... working with others,

¹⁹ See https://www.unpri.org/download_report/8535

²⁰ See <http://www.afr.com/business/tensions-at-mca-over-finkel-strategy-20170806-gxq7xn>

²¹ See <http://www.smh.com.au/federal-politics/political-news/minerals-council-steps-up-coal-lobbying-as-agl-calls-for-end-to-political-gridlock-20170619-gwu60q.html>

²² See <http://www.smh.com.au/federal-politics/political-news/mining-industry-tipped-millions-into-preelection-clean-coal-campaign-20170216-guf3x7.html>

²³ See

<http://www.afr.com/news/politics/whitehaven-coal-says-agl-makes-a-stack-of-profit-from-coal-20170622-gww6o5>

²⁴ See <http://www.afr.com/business/energy/dont-buy-the-minerals-council-costings-of-coal-power-20170705-gx5enx>; and <http://www.afr.com/news/politics/hele-coal-cheaper-than-previously-thought-says-mca-20170702-gx2vzc>

²⁵ See http://www.climateinstitute.org.au/verve/resources/TCL_A-Switch-In-Time_Final.pdf

²⁶ See <http://www.afr.com/news/politics/hele-coal-cheaper-than-previously-thought-says-mca-20170702-gx2vzc>

²⁷ <http://www.bhp.com/environment/climate-change>; We signed the CEO Statement on Business, Climate Change and the Paris Negotiations calling for a positive outcome at COP21. We are a signatory to the UNFCCC Paris Pledge. We are represented at the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD).

including academia, industry and governments, to enhance the global response to climate change.”²⁸ Our company has stated an “effective policy framework” should include: “a complementary set of measures including a price on carbon, support for low-emissions technologies, energy efficiency and measures to build resilience.”²⁹ By contrast, in their own words, “The MCA was at the forefront of the debates over the carbon and mining taxes; and their abolition (expected after July 2014) will be in no small part due to the council’s determined advocacy on both issues.”³⁰

Our company has significant exposure to climate-related risk and energy instability. A case in point is our company’s operations at Olympic Dam, about which our company’s CEO commented in addressing our company’s half year results in February 2017: “we would not look at a major expansion of Olympic Dam unless we can be confident that we have a reliable and affordable source of power within South Australia. We sincerely hope that the government of South Australia and some of the *reviews that are underway at the moment that we are contributing to, some of which go to the federal level, actually address some of the great difficulties we have had to face. These have cost us \$100 million in this period*”³¹ (emphasis added)

Shareholders have a legitimate expectation of a level of policy consistency through direct and indirect lobbying channels. Advocacy through both channels should reflect the long-term interests of shareholders. In our view, the climate and energy policy advocacy of the MCA is inconsistent with our company’s own positions and at odds with our long term financial and strategic interests.

The Australasian Centre for Corporate Responsibility urges shareholders to vote for this proposal.

²⁸ <http://www.bhp.com/environment/climate-change>

²⁹ [http://www.bhp.com/-](http://www.bhp.com/-/media/bhp/documents/investors/reports/2015/bhpbillitonclimatechangeportfolioanalysis2015.pdf?la=en)

[/media/bhp/documents/investors/reports/2015/bhpbillitonclimatechangeportfolioanalysis2015.pdf?la=en](http://www.bhp.com/-/media/bhp/documents/investors/reports/2015/bhpbillitonclimatechangeportfolioanalysis2015.pdf?la=en) page 7

³⁰ MCA 2013 Annual report, see http://www.minerals.org.au/news/2013_annual_report_minerals_council_of_australia

³¹ See http://www.bhp.com/-/media/documents/media/reports-and-presentations/2017/170221_interimresultsinvestorandanalystbriefingtranscript_verified_2.pdf?la=en at page 7.