

Climate Change Global Standard

Purpose of Global Standard?

This Global Standard outlines the minimum requirements to manage climate-related risk.

We acknowledge the nature of our operations can impact the natural environment. We also depend on obtaining and maintaining access to natural resources such as land and water. The purpose of this Global Standard (together with our *Environment Global Standard*) is to demonstrate *Our Charter* value of Sustainability by helping to address the global environmental challenges of climate change and nature loss, while working to continuously improve our environmental performance and management of environmental impacts, meet our goals, targets and commitments and be environmentally responsible.

Who does this apply to?

This Global Standard applies to anyone involved in:

- managing activities that may pose climate-related risks or have climate-related impacts across our BHP-operated assets or related activities; or
- the decision-making process for sales, marketing or procurement.

Please note: Internal approval thresholds are in line with the level of risk.

This document has been prepared for external publication and may restate or omit elements of the internal version for clarity or brevity (including omission of internal process specification or guidance). Our *Global Standards* are reviewed at least each 12 months, and so this external version may be periodically updated.

Global Standard Requirements

Managing climate-related risks

Identifying and assessing climate-related risks (threats and opportunities)

- Risk owners of climate-related risks must assess both physical climate-related risks and transition climate-related risks.

Assessing climate-related risk

- When assessing climate-related risk, consider:
 - potential impacts to sites, safety, productivity and cost.
 - for assets, exploration, project, operational and closure activities identified in a life-of-asset (LoA) plan.
 - BHP's value chains including procurement of goods and services, shipping and logistics, production grade and processes that may impact downstream processing greenhouse gas (GHG) emissions.
 - Infrastructure and services that are critical to BHP's operations but which are not owned, operated or otherwise controlled by BHP.
 - potential impacts to and inputs from host communities and other users of land, water and natural resources in the regions where we operate.

Assessing Physical Climate-Related Risks

- Use current climate data and future climate projections in the BHP Climate Hazard Dataset¹, unless:
 - The location being assessed is not covered.
 - Time horizons beyond the 2070s are required.
 - The index / statistic required is not available.
 - Accurate, long-term and representative data is available from onsite or local meteorological stations and other environmental monitoring stations. In these cases, the observed data may be used to represent baseline conditions, supplemented by climate projections in the BHP Climate Hazard Dataset.
 - Highly localised, 'ground-truth' based assessments, are available for the location being assessed. In these cases, the BHP Climate Hazard Dataset should be used to supplement existing results and provide additional information related to uncertainty and climate variability.
- Where the BHP Climate Hazard Dataset is not used, alternative baseline climate data and future climate projections must:
 - Be context specific. The data has alignment of climate hazards, associated statistics (including those relevant to design parameters), spatial and temporal resolution with characteristics required for the risk assessment.
 - Be accurate and complete. Data must have a time-series of ≥20 years if available and for baseline climate data the most recent datapoint must be within the last 10 years.
 - Consider uncertainty and be based on an ensemble of climate models (Global Climate Models (GCMs) and Regional Climate Models (RCMs), where available).
- For assets, align the time horizon of climate projections to the site or asset lifecycle.
- At a minimum, Shared Socioeconomic Pathways (SSPs) SSP2-4.5 and SSP5-8.5 or equivalent Representative Concentration Pathways (RCPs) must be included in all physical climate-related risk assessments, and different model outputs explored, to understand the range of plausible future impacts.

¹ A bespoke dataset of latest-generation climate projections developed for BHP.

- Follow BHP's internal procedure for the quantification of material (as defined by BHP's Risk Framework) physical climate-related risks at the asset level.

Delivering on climate change strategies and plans

Climate change plans

- Each asset must develop an asset-level climate change plan. These plans must:
 - Consider climate change projections, the LoA plan that includes proposed growth pathways (including future energy demand) and closure management plans.
 - Comply with required structure and minimum contents outlined in Appendix 1.
 - Be approved annually.
- BHP's Commercial function must maintain a value chain climate adaptation plan.

Operational (Scope 1 and Scope 2) Greenhouse Gas Emissions

- Assets must:
 - Get approval for a LoA GHG emission forecast to 2050 based on the LoA plan that includes proposed growth pathways. Assets expecting to commence closure before 2050 must include GHG emissions associated with closure activities.
 - Identify opportunities annually for GHG emission reduction as part of the LoA cycle.

Carbon credits and Renewable Energy Certificates

- Make sure carbon credits (including Safeguard Mechanism credit units in Australia) for all use cases are sourced or originated, and managed, by the Carbon Desk in BHP's Commercial function.
- Apply the mitigation hierarchy to avoid or then reduce operational GHG emissions before offsetting GHG emissions or using Renewable Energy Certificates.
- Get approval for offsetting to meet GHG emission reduction voluntary goals and targets and/or regulatory compliance obligations.

Using Renewable Energy Certificates

- Get approval to purchase Renewable Energy Certificates from the market.
- All Renewable Energy Certificates (bundled in power purchase agreements (PPAs) or purchased on the market) must either:
 - displace fossil fuel generated power in the same power grid; or
 - incentivise additional renewable power to be brought online in the same power grid.
- Use of Renewable Energy Certificates to reduce Scope 2 GHG emissions requires prior approval, except:
 - Renewable Energy Certificates that are bundled in a PPA that are assessed as additional and valid through the due diligence process for those agreements.
 - Purchases of large-scale generation certificates (LGCs) and small-scale technology certificates (STCs) in Australia by BHP's Commercial function.

Appendices

Appendix 1 – Asset Climate Change Plan (ACCP) structure and minimum contents

Section	Minimum contents
1. Executive summary	Summary of plan contents.
2. Context	Contextual information on the climate-related risks posed to the asset and relationship with intersecting priorities.
3. Governance	Summary of BHP Group-level engagement and asset-level accountabilities.
4. Transition Climate-Related Risks (asset decarbonisation plan)	- Summary of identification and management of transition climate-related risks and consideration of decarbonisation in asset planning (including transition climate-related risks in closure management for legacy assets). - Decarbonisation roadmap for the asset's decarbonisation initiatives. - Decarbonisation plan showing the asset's decarbonisation GHG emission profiles and performance. - High level summary of costs and value associated with the asset decarbonisation plan. - Summary of policy risks and exposure, where material to an asset's decarbonisation plan.
5. Physical Climate-Related Risks (asset adaptation plan)	- Summary of identification and management of current and emerging physical climate-related risks. - Summary of controls to build resilience and manage or, as applicable, support host communities, value chain stakeholders and other users of land, water and natural resources where we operate, to build resilience and manage physical climate-related risks. - Actions planned to better understand and manage physical climate-related risks and integrate them into business processes.
6. Integration into Corporate Alignment Planning (CAP) cycle	- Identify content that has been included in the most recent CAP cycle. - Document how the actions and controls set out in Section 4 and 5 will be considered in the upcoming CAP cycle, including identifying any gaps.
7. Learnings	Identify lessons learned/considerations to inform actions in the coming financial year.