

# TERMS OF REFERENCE

## SUSTAINABILITY COMMITTEE

### GENERAL

1. The role of the Sustainability Committee (the 'Committee') is to represent the Board and to assist the Board to do its work<sup>1</sup>. The Committee is part of the Board and exercises its authority, and is accountable to the Board for its performance.
2. The purpose of all Committee work is derived from the Board's task to monitor the decisions and actions of the Chief Executive Officer (CEO) and the Group, and to gain assurance that progress is being made towards the Corporate Objective<sup>2</sup> within the spirit of the CEO Limits.<sup>3</sup>
3. 3. The Board has defined in the Board Governance Document (BGD) the areas in which the Committee will focus its time and resources<sup>4</sup>. In meeting its commitment to the Board under the BGD the Committee's purpose is to assist the Board in its oversight of:
  - Health, safety, environment and community risks.
  - The Group's compliance with applicable legal and regulatory requirements associated with health, safety, environment and community matters.
  - The Group's performance in relation to health, safety, environment and community matters.
  - The performance and leadership of the health, safety, environment, community and sustainable development function.
  - The Group's Annual Sustainability Summary Report.
  - The preparation of a report by the Committee to be included in the annual report.
4. 4. The Committee will seek assurance that the applicable limits imposed on the CEO in the BGD in relation to health, safety, environment and community matters have been complied with, including the requirements that the health, safety, environmental and community consequences of decisions and actions, and their impact on the reputation of the Group and on the achievement of the Corporate Objective be assessed by the CEO or the CEO's nominees.<sup>5</sup>

---

<sup>1</sup> Clause 31 of the Board Governance Document (BGD).

<sup>2</sup> The 'Corporate Objective' of BHP Billiton is to create long term value for shareholders through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.

<sup>3</sup> The role of the BHP Billiton Board is to represent the shareholders and to promote and protect the interests of the Group. The Board has developed processes relating to the boundaries on CEO action (CEO Limits), which are set out in the BGD.

<sup>4</sup> Clause 40 of BGD.

<sup>5</sup> Clauses 62 and 63 of BGD.

5. The Committee's performance is supported by the CEO and the CEO's nominees, principally the Vice President Health, Safety, Environment, Community and Sustainability (Vice President HSEC and Sustainability). Under the BGD the CEO commits to supply this Committee with information in a form that is appropriate to enable it to make judgments, to conduct inquiries, and to gain assurance that the decisions and actions of the CEO, and the performance of the Group, are directed toward the Corporate Objective<sup>6</sup>, and the fulfillment of the Committee's purposes specified in clauses 2 and 3.
6. Any person may be invited to attend meetings of the Committee, but not necessarily for the full duration of the meeting. A standing invitation will be issued to:
  - CEO
  - Group Executive and Chief Executive Non-ferrous Materials
  - Group Executive and Chief Executive Ferrous and Coal
  - Group Executive and Chief Executive Petroleum
  - Vice President HSEC and Sustainability
7. These terms of reference record how the Committee will undertake its work.
8. Many of the principles and procedures recorded in these terms of reference are expressed in a flexible, and non-exhaustive manner. The Board and Committee believe that having regard to the time and resources available to the Committee it is appropriate and necessary to adopt such an approach to respond to changing business circumstances, the needs of shareholders and external regulatory developments.

## **HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY RISKS**

9. The Committee will review the effectiveness of the Group's policies and systems for identifying and managing the health, safety, environment and community risks that are material to the achievement of the Corporate Objective. The Committee will report to the Risk and Audit Committee the results of its reviews in order to assist the Risk and Audit Committee in its review of the Group's systems for managing risks generally.
10. The CEO and the CEO's nominees will report to the Committee on the policies and systems for identifying and managing the health, safety, environment and community risks that are material to the achievement of the Corporate Objective, and their effectiveness in contributing to the achievement of the Corporate Objective.

## **COMPLIANCE WITH REGULATORY REQUIREMENTS**

11. The Committee will review the policies and systems within the Group for ensuring compliance with applicable health, safety, environment and community legal and regulatory requirements.

---

<sup>6</sup> *Clause 51 of BGD.*

## HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY PERFORMANCE

12. The Committee will review the performance of the Group having regard to:
  - the health, safety and environmental consequences of decisions and actions, including the impacts on employees and third parties and on the reputation of the Group; and
  - the impacts of decisions and actions on communities and on the reputation of the Group.
13. The CEO and the CEO's nominees, principally the Vice President HSEC and Sustainability will report to the Committee systematically in a spirit of openness and trust on the performance of the Group, having regard to the health, safety and environmental consequences of decisions and actions, and their impacts on communities, employees, other third parties and the reputation of the Group.

## THE PERFORMANCE AND LEADERSHIP OF THE HEALTH, SAFETY, ENVIRONMENT, COMMUNITY AND SUSTAINABLE DEVELOPMENT FUNCTIONS

14. The Committee will approve the appointment of Vice President HSEC and Sustainability.
15. The CEO and the CEO's nominees will present to the Committee a recommendation on an appointment to the position of Vice President HSEC and Sustainability. This will include an assessment of how the CEO and the CEO's nominees consider the experience and expertise of the candidate to be appropriate for the role and leadership of the health, safety, environment, community and sustainable development function.
16. The Vice President HSEC and Sustainability will be accountable to the CEO and the CEO's nominee (if any) for the performance of the health, safety, environment, community and sustainable development function.
17. The Vice President HSEC and Sustainability will have direct access to the Committee Chairman and the Chairman of the Board and may request any member to call a meeting of the Committee.
18. The Committee will review the annual and longer-term plans of the health, safety and environment function and the sustainable development function to gain assurance on progress toward the achievement of the Corporate Objective within the CEO Limits.
19. The CEO or the CEO's nominees will evaluate the performance of the Vice President HSEC and Sustainability and the health, safety, environment, community and sustainable development function in the following areas –
  - The effectiveness of systems to manage health, safety and environment risks and ensure compliance with regulatory requirements.
  - The effectiveness of systems to manage risks associated with community relations and ensure compliance with regulatory requirements.
  - The performance of the function.
  - Leadership profile.
20. The CEO or the CEO's nominees will present to the Committee a summary of the results of the evaluations, and the judgments made, with respect to the performance of the Vice President HSEC and Sustainability and the health, safety, environment, community and the sustainable development function.
21. In the event of the proposed removal of the Vice President HSEC and Sustainability, the CEO will present the Committee with a statement of circumstances, and seek the Committee's endorsement to terminate the appointment and pursue a proposed course of action to appoint a successor.

## **ANNUAL SUSTAINABILITY REPORT**

22. The Committee will review and recommend to the Board the approval of the annual Sustainability Summary Report and make recommendations on specific actions or decisions the Board should consider in order to maintain the integrity of the annual Sustainability Summary Report.
23. The Committee will receive from the CEO and the CEO's nominees the draft annual Sustainability Summary Report in a form which draws the Committee's attention to items that vary from previous reports and judgments made by the CEO and the CEO's nominees and the rationale for them.
24. The CEO and the CEO's nominees will design, maintain and review policies, procedures, internal controls and verification processes in order to satisfy the objective of safeguarding the integrity of the Group's annual Sustainability Report in accordance with best practice, as determined by the Committee.

## **REPORT TO SHAREHOLDERS**

25. The Committee will prepare and adopt an annual report on its activities for incorporation in the Group's annual report to shareholders.

## **REPORTING TO THE BOARD, MEMBERSHIP AND TRAINING**

26. The Committee will report to the Board the results of its reviews and make recommendations on specific actions or decisions the Board should consider, including the adequacy of, and any changes to, these terms of reference.
27. The Committee will consist of at least three independent non-executive directors as determined by the Board in accordance with its Policy on Independence of Directors, each of whom is appropriately skilled in health, safety, environment and community matters as determined by the Board.
28. Members will be proposed by the Chairman of the Nomination Committee and approved by the Board. Membership will be reviewed every three years, or earlier if circumstances dictate. In proposing new members, the Chairman of the Nomination Committee will strive to ensure there is periodic rotation of the members appointed.
29. The Committee will adopt and maintain a programme of induction, training and development for its members. Members of the Committee will participate in training and development activities arranged for them. The objective of such a programme is to enable the members of the Committee to keep abreast of current thinking and leading practices in the core areas where the Committee focuses its work.

## **BOARD COMMITTEE MEETING PROCEDURES**

30. The Company Secretary or a designate shall be the Secretary of the Committee.
31. The Committee of the Board of BHP Billiton Limited is established under Rule 101 of the Constitution of that Company (the Constitution) and the Committee of the Board of BHP Billiton Plc is established under Article 101 of the Articles of Association of that Company (the Articles).
32. Proceedings and meetings of the Committee will be governed by the provisions of the Constitution and the Articles for regulating the meetings and proceedings of the Boards of BHP Billiton Limited and BHP Billiton Plc (the Group Boards) in so far as they are applicable and not inconsistent with these terms of reference.
33. The Committee is authorised by the Group Boards to investigate any activity within its terms of reference. The Committee is a non-executive Committee and is tasked with recommending to the Group Boards appropriate actions emanating from these investigations. The Committee shall have unrestricted access to personnel, records and senior management as appropriate. The Committee is authorised by the Group Boards to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the cost of such advisers to be borne by the Group.
34. The Committee Chairman will report to the Board, including recommendations on any specific decisions or actions the Board should consider.

35. The Committee will meet as frequently as required but not less than three times a year.
36. Any Committee member or the Secretary may call a meeting of the Committee or may request a member to call a meeting.
37. A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board Members) in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
38. Expert advisers will be solely appointed and instructed by the Committee. They will be advisers to the committee and shall not receive a standing invitation to attend meetings.
39. The Chairman of the Committee, or a delegate, shall report to the Group Boards following each meeting.
40. Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes shall be distributed to all Committee members and other Directors after the preliminary approval has been given by the Committee Chairman. Notices, minutes, agenda and supporting papers will be posted to a website accessible by directors and copies will be made available to any Director upon request to the Secretary. Committee papers prepared by management are to be relevant, clear, complete and concise.
41. At the discretion of the Chairman of the Committee, separate meetings may also be held with any member of Group management.
42. A quorum will comprise any two Committee members. In the absence of the Committee Chairman or an appointed delegate, the members shall elect one of their number as Chairman for that meeting.
43. The Chairman of the Committee shall not have a second or casting vote.
44. The Committee will have available to it sufficient resources, as determined by the Committee, to run effectively including funds to:
  - remunerate independent advisory services of experts to assist it in carrying out its work under these terms of reference.
  - pay any administrative expenses of the Committee that are necessary or appropriate to assist it in carrying out its work under these terms of reference.
45. The Committee will determine the compensation payable to independent advisers, and the Company Secretary will assist the Committee in securing the service determined necessary.
46. Each member of the Committee, with the consent of the Chairman of the Committee and the assistance of the Company Secretary, may seek independent professional advice at the expense of the Group on any matter connected with the discharge of his or her responsibilities. The consent of the Chairman will not be unreasonably withheld.
47. The Committee will review its performance each year having regard to the principles and requirements of its terms of reference and the overall objective of the Committee's work to gain assurance that the decisions and actions taken by the CEO and the Group progress toward the Corporate Objective.
48. The Committee will ensure that the results of reviews of its effectiveness and changes to its terms of reference are reported by the Board to shareholders.