

## BHP BILLITON ANNUAL REPORT

### CORPORATE GOVERNANCE REPORT – CONTENT CHECKLIST 2009

(as at 22 September 2009)

#### Australia

1. The checklist below details the BHP Billiton Group's compliance with the corporate governance reporting requirements introduced by the second edition of the Corporate Governance Principles and Recommendations (the "**Principles**") established by the ASX Corporate Governance Council (the "**Council**") in August 2007, and the location of the relevant information in the 2009 Annual Report. Those requirements are summarised below.
2. The second edition of the Principles applies in the first financial year beginning on or after 1 January 2008.
3. ASX Listing Rule 4.10.3 requires BHP Billiton to include in its annual report a statement disclosing the extent to which BHP Billiton has complied with the Recommendations in the Principles. Where a Recommendation has not been followed, BHP Billiton is required to identify the Recommendation, specify the extent of non-compliance and provide reasons for non-compliance. Where a Recommendation has only been followed for part of the period, BHP Billiton must state the period during which the Recommendation has been followed.

Requirement/Recommendation	Compliance	Reference
<p><i>Company Secretaries (s300(10) (d))</i> The directors' report shall describe the qualifications and experience of each person who is a company secretary of the company as at the end of the financial year.</p>	✓	Annual Report – Sections 4.1, 5.3.13 and 7.6
<p><i>Non-audit Services (s300 (11B))</i> In the directors' report under a heading "non-audit services" include:</p> <ul style="list-style-type: none"> <li>• details of the amounts paid or payable for non-audit services to the auditor or another person or firm acting on the auditor's behalf during the year including the name of the author and the dollar amount paid or payable by the parent or subsidiary for each of the non-audit services;</li> <li>• a statement as to whether the directors are satisfied that the provision of non-audit services are compatible with the general standard of independence of the auditor imposed by the Act; and</li> <li>• a statement of reasons for being satisfied.</li> </ul>	✓	Annual Report – Sections 5.5.1 and 7.13



Requirement/Recommendation	Compliance	Reference
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓	Annual Report – Section 5.4.1
<p>2.6 Provide the following information in corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> <li>• the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report</li> <li>• the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds. (Note: The board should state its reasons if it considers a director to be independent notwithstanding the existence of relationships listed in Box 2.1 of the ASX Guidelines – see below)</li> <li>• a statement as to the existence of any relationships affecting independent status (Box 2.1) and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships</li> <li>• a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company</li> <li>• the period of office held by each director in office at the date of the annual report</li> <li>• the names of members of the nomination committee and their attendance at meetings of the committee</li> <li>• whether a performance evaluation for the board and its members has taken place in the reporting period and whether it was in accordance with the process disclosed under recommendation 2.5</li> <li>• an explanation of any departures from recommendations 2.1, 2.2, 2.3, 2.4, 2.5, or 2.6.</li> </ul> <p>The following material should be made publicly available, ideally on the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• a description of the procedure for the selection and appointment of new directors to the board and re-election of incumbent directors</li> <li>• the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee</li> </ul>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>N/A</p> <p>✓</p> <p>✓</p>	<p>Annual Report – Sections 4.1 and 5.3.3</p> <p>Annual Report – Sections 4.1 and 5.3.5 Policy on the independence of Directors which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p> <p>Annual Report – Section 5.3.5</p> <p>Annual Report – Section 5.3.9</p> <p>Annual Report – Section 4.1</p> <p>Annual Report – Sections 5.4.1 (table) and 5.5.3</p> <p>Annual Report – Section 5.4.1</p> <p>Annual Report – Section 5.10</p> <p>Annual Report – Section 5.4 The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p> <p>Annual Report – Section 5.5.3 The Terms of Reference of the Nomination Committee</p>

Requirement/Recommendation	Compliance	Reference
<ul style="list-style-type: none"> <li>the board's policy for the nomination and appointment of directors</li> </ul>	✓	<p>which can be found at  <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>  Annual Report – Sections 5.3.5, 5.3.7, 5.4.2, 5.4.3 and 5.5.3  The Board Governance Document which can be found at  <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity</li> <li>the practices necessary to take into account their legal obligations and the expectations of their stakeholders</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	✓ ✓ ✓	<p>Annual Report – Sections 5.1 and 5.8  The Code of Business Conduct and other core policies which can be found at  <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of the policy.</p>	✓	<p>Annual Report – Sections 5.3.11, 5.8 and 6.1.2</p>
<p>3.3 Provide the following information in corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> <li>an explanation of any departure from recommendations 3.1, 3.2 or 3.3.</li> </ul> <p>The following material should be made publicly available, ideally on the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>any applicable code of conduct or a summary</li> <li>the trading policy or a summary</li> </ul>	N/A  ✓ ✓	<p>Annual Report – Section 5.10</p> <p>Annual Report – Section 5.8  The Code of Business Conduct and specific securities dealing procedure which can be found at  <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>4.1 The board should establish an audit committee.</p>	✓	<p>Annual Report – Section 5.5.1  The Terms of Reference of the Risk and Audit Committee which can be found at  <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

Requirement/Recommendation	Compliance	Reference
4.2 Structure the audit committee so that it: <ul style="list-style-type: none"> <li>• consists of only non-executive directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair, who is not chair of the board</li> <li>• has at least three members.</li> </ul>	✓ ✓ ✓ ✓	Annual Report – Section 5.5.1 The Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
4.3 The audit committee should have a formal charter.	✓	Annual Report – Section 5.5.1 The Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
4.4 Provide the following information in the corporate governance statement in the annual report: <ul style="list-style-type: none"> <li>• the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee</li> <li>• the number of meetings of the audit committee</li> <li>• an explanation of any departures from recommendations 4.1, 4.2, 4.3, or 4.4.</li> </ul> The following material should be made publicly available, ideally on the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>• the audit committee charter</li> <li>• information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.</li> </ul>	✓  ✓ N/A  ✓ ✓	Annual Report – Sections 4.1, 5.4.1 and 5.5.1  Annual Report – Section 5.5.1 Annual Report – Section 5.10  Annual Report – Section 5.5 Annual Report – Section 5.5.1 The Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
5.1 Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	✓	Annual Report – Section 5.9 The Market Disclosure and Communications document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
5.2 Provide the following information in the corporate governance statement in the annual report: <ul style="list-style-type: none"> <li>• an explanation of any departures from recommendations 5.1 or 5.2.</li> </ul> The following material should be made publicly available, ideally on the company's	N/A	Annual Report – Section 5.10

Requirement/Recommendation	Compliance	Reference
<p>website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>the policies or a summary of the policies designed to guide compliance with Listing Rule disclosure requirements.</li> </ul>	✓	<p>Annual Report – Section 5.9 The Market Disclosure and Communications document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy</p>	✓	<p>Annual Report – Section 5.2 The Market Disclosure and Communications document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>6.2 Provide the following information in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> <li>an explanation of any departures from recommendations 6.1 or 6.2.</li> </ul> <p>The following material should be made publicly available, ideally on the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>a description of how the company will communicate with its shareholders.</li> </ul>	N/A  ✓	<p>Annual Report – Section 5.10  Annual Report – Sections 5.2 and 5.9 The Market Disclosure and Communications document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	✓	<p>Annual Report – Sections 5.5.1 and 5.6 The Risk Management Policy which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	✓	<p>Annual Report – Sections 5.5.1 and 5.6.1</p>
<p>7.3 The board should disclose whether it has received assurance from the CEO (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with s 295A of the Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	✓	<p>Annual Report – Section 5.5.1</p>

Requirement/Recommendation	Compliance	Reference
<p>7.4 Provide the following information in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> <li>• an explanation of any departures from recommendations 7.1, 7.2, 7.3 or 7.4</li> <li>• whether the board has received the report from management under recommendation 7.2</li> <li>• whether the board has received the assurance from the CEO (or equivalent) and the CFO (or equivalent) under recommendation 7.3.</li> </ul> <p>The following material should be made publicly available, ideally on the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• a summary of the company's policies on risk oversight and management of material business risks.</li> </ul>	<p>N/A</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>Annual Report – Section 5.10</p> <p>Annual Report – Section 5.5.1</p> <p>Annual Report – Section 5.5.1</p> <p>Annual Report – Section 5.6.1</p> <p>The Risk Management Policy which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>8.1 The board should establish a remuneration committee.</p>	<p>✓</p>	<p>Annual Report – Section 5.5.2 and 6.1</p> <p>The Terms of Reference of the Remuneration Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>✓</p>	<p>Annual Report – Section 6</p>
<p>8.3 Provide the following information in the corporate governance statement in the annual report or by clear cross reference.</p> <ul style="list-style-type: none"> <li>• the names of the members of the remuneration committee and their attendance at meetings of the committee or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out</li> <li>• the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors</li> <li>• an explanation of any departures from recommendations 8.1, 8.2 or 8.3.</li> </ul>	<p>✓</p> <p>✓</p> <p>N/A</p>	<p>Annual Report – Sections 5.4.1 (table) and 5.5.2</p> <p>Annual Report – Section 5.3.5 and 6.6.8</p> <p>Annual Report – Section 5.10</p>

Requirement/Recommendation	Compliance	Reference
<p>The following material should be made publicly available, ideally on the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee</li>   <li>• a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.</li> </ul>	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p>	<p style="text-align: center;">Annual Report – Section 5.5 The Terms of Reference of the Remuneration Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p> <p style="text-align: center;">Annual Report – Section 5.3.11 and 6.1.2 The Securities Dealing Procedure which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

## United Kingdom

1. Part 1 of the checklist below details compliance by the BHP Billiton Group with Section 1 of the UK Combined Code (the “Code”) on Corporate Governance published on 23 July 2003 and updated in June 2006 and June 2008. The Code sets out Main and Supporting Principles, as well as the provisions of the Code (the “Code Provisions”). Part 1 of the checklist sets out a brief description of the Main and Supporting Principles and the Code Provisions (which have been summarised). It also contains references to other UK legislation and guidance where applicable, including:
  - the UKLA Listing Rules (the “Listing Rules”, and “Listing Rule” is a reference to a corresponding rule set out therein);
  - the UK Disclosure and Transparency Rules (the “DTRs”, and “DTR” is a reference to a corresponding rule set out therein); and
  - the UK Companies Act 2006 (Accounts, Reports and Audit) Regulations 2009 (the “UKCA 2006 Regulations”)<sup>1</sup>.
2. Listing Rule 9.8.6(5) and (6) requires BHP Billiton to include in its annual report:
  - a statement of how BHP Billiton has applied the Main Principles in Section 1 of the Code (the statement is to include an explanation to enable shareholders to evaluate how the principles have been applied); and
  - a statement as to whether or not it has complied with the Code Provisions set out in Section 1 of the Code during the financial year. Where BHP Billiton has not complied with a Code Provision, the statement must specify the Code Provisions with which BHP Billiton has not complied, for how long the non-compliance continued and the reasons for the non-compliance.
3. A corporate governance statement is required by Chapter 7 of the DTRs<sup>2</sup>. This statement can either be published in the directors’ report section of the annual report or in a separate report published together with the annual report. In the event of a separate report, the corporate governance statement must be cross referenced in the directors’ report and be available on BHP Billiton’s website. Part 2 of the checklist below details compliance by the BHP Billiton Group with the requirements in relation to the corporate governance statement.
4. Chapter 7 of the DTRs also sets out certain requirements with respect to audit committees and their functions. The FSA has taken the view that compliance with the relevant provisions of the Code (Code Provisions A.1.2, C.3.1, C.3.2 and C.3.3) will result in compliance with the audit committee requirements set out in Chapter 7 of the DTRs. However, in circumstances where there is a departure from the Code, the following requirements must be complied with:
  - (a) BHP Billiton must have a body which is responsible for performing the functions set out in 4(b) below. At least one member of that body must be independent and at least one member must have competence in accounting and/or auditing;<sup>3</sup>
  - (b) BHP Billiton must ensure that, as a minimum, the relevant body must:
    - i. monitor the financial reporting process;
    - ii. monitor the effectiveness of BHP Billiton’s internal control, internal audit and risk management systems;

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<sup>1</sup> The UKCA 2006 Regulations are currently in draft form, but are expected to come into force shortly.

<sup>2</sup> Introduced by the Disclosure and Transparency Rules (Corporate Governance Rules) Instrument 2008.

<sup>3</sup> The requirements for independence and competence in accounting and/or auditing may be satisfied by the same member or by different members of the relevant body.

- iii. monitor the statutory audit of the annual and consolidated accounts; and
  - iv. review and monitor the independence of the statutory auditor<sup>4</sup>, and in particular the provision of additional services to BHP Billiton;
- (c) BHP Billiton must base any proposal to appoint a statutory auditor on a recommendation made by the relevant body; and
- (d) BHP Billiton must make a statement available to the public disclosing which body carries out the functions required by 4(b) above and how it is composed.<sup>5</sup>

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<sup>4</sup> A statutory auditor as defined in section 1210 of the UK Companies Act 2006.

<sup>5</sup> Such a statement can be made in the corporate governance statement discussed above.

**PART 1 - The Code**

Requirement	Compliance with Code Provisions	Reference
<p><b>A. DIRECTORS</b></p>		
<p><b>A.1 THE BOARD<sup>6</sup></b>  <i>Main Principle:</i>  <b>Every company should be headed by an effective board, which is collectively responsible for the success of the company.</b>  <i>Supporting Principles:</i></p> <ul style="list-style-type: none"> <li>• The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed.</li> <li>• The board should set the company's strategic aims, ensure sufficient financial and human resources to meet the company's objectives and review management performance. The board should also set the company's values and standards and ensure the obligations to shareholders and others are understood and met.</li> <li>• The directors must take decisions objectively in the interests of the company.</li> <li>• The non-executive directors should: constructively challenge and help develop proposals on strategy; scrutinise the performance of management in meeting agreed goals and objectives and monitor reporting of performance; satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.</li> <li>• The non-executive directors: are responsible for determining appropriate levels of remuneration of executive directors; and have a prime role in appointing and removing executive directors, and in succession planning.</li> </ul>	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p>	<p style="text-align: center;">Annual Report – Sections 5.3.1 and 5.3.3</p> <p style="text-align: center;">Annual Report – Section 5.3.1</p> <p style="text-align: center;">The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a> Annual Report – Section 5.3.3</p> <p style="text-align: center;">The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p> <p style="text-align: center;">Annual Report – Sections 5.3.1 and 5.3.3 The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p> <p style="text-align: center;">Annual Report – Sections 5.3.1, 5.4.2, 5.4.3 and 6.5</p>

<sup>6</sup> The guidance entitled "Suggestions for Good Practice from the Higgs Report (June 2006)" provides guidance in relation to non-executive directors, however it has no formal status and companies are not required to follow it when applying the Code.

Requirement	Compliance with Code Provisions	Reference
<i>Code Provisions</i>		
A.1.1 The board should meet regularly to discharge its duties effectively and there should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the board operates, including a high level statement of which types of decisions to be taken by the board and those delegated to management. <sup>7</sup>	✓	Annual Report – Section 5.3.1 The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
A.1.2 The annual report to identify: <ul style="list-style-type: none"> <li>• the chairman, deputy chairman (if any), the chief executive, the senior independent director, chairmen and members of the nomination, audit and remuneration committees; and</li> <li>• the number of meetings of the board and those committees and individual attendance by those persons.<sup>8</sup></li> </ul>	✓  ✓	Annual Report – Sections 5.3.2, 5.3.6 and 5.5  Annual Report – Section 5.4.1
A.1.3 The chairman should hold meetings with non-executive directors without the executives. Led by the senior independent director, the non-executive directors should meet at least annually without the chairman present to appraise the performance of the chairman (as described in supporting principle A.6.1) and on other occasions as appropriate.	✓	Annual Report – Section 5.3.12 The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
A.1.4 The directors should ensure that their unresolved concerns about the running of the company or proposed actions, are recorded in the board minutes. On resignation, a non-executive director should provide a written statement of such concerns to the board through the chairman.	✓	N/A No concerns noted
A.1.5 The company should arrange appropriate insurance cover in respect of legal action against its directors.	✓	Annual Report – Section 7.7

<sup>7</sup> Code Provision A.1.1 overlaps with the requirements of DTR 7.2.7.

<sup>8</sup> Code Provision A.1.2 overlaps with the requirements of DTR 7.2.7 and DTR 7.1.5.

Requirement	Compliance with Code Provisions	Reference
<p>A.2 <b>CHAIRMAN AND CHIEF EXECUTIVE</b></p> <p><i>Main Principle</i></p> <p>There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.</p> <p><i>Supporting Principles</i></p> <p>The chairman is responsible for:</p> <ul style="list-style-type: none"> <li>• leadership of the board;</li> <li>• ensuring effectiveness of the board in all aspects of its role;</li> <li>• setting the board agenda;</li> <li>• ensuring directors receive accurate, timely and clear information;</li> <li>• ensuring effective communication with shareholders;</li> <li>• facilitating effective contribution of non-executive directors; and</li> <li>• ensuring constructive communications between executive and non-executive directors.</li> </ul>	✓	<p>Annual Report – Section 5.3.4</p> <p>The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<i>Code Provisions</i>		
<p>A.2.1 The roles of the chairman and the chief executive should not to be exercised by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established, set out in writing and agreed by the board.</p>	✓	<p>Annual Report – Section 5.3.1</p> <p>The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>A.2.2 The chairman should on appointment meet the independence criteria set out in A.3.1 below.<sup>9</sup> A chief executive should not go on to become chairman of the same company. If exceptionally the board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next annual report.<sup>10</sup></p>	✓	<p>Annual Report – Section 5.3.4</p>

<sup>9</sup> The test of independence is only appropriate to the Chairman on appointment and not thereafter.

Requirement	Compliance with Code Provisions	Reference
A.3 BOARD BALANCE AND INDEPENDENCE		
<p><i>Main Principle</i></p> <p>The board should include a balance of executive and non-executive directors (and in particular independent non-executives) such that no individual or small group of individuals can dominate the board's decision taking.</p> <p><i>Supporting Principles</i></p> <ul style="list-style-type: none"> <li>• The board should not be so large as to be unwieldy.</li> <li>• The board should be of sufficient size that a balance of skills and experience is appropriate for the requirements of the business and changes to the board's composition can be managed without undue disruption.</li> <li>• There should be a strong presence on the board of executive and non-executive directors.</li> <li>• In determining the chairmanship and membership of committees, the value of refreshing committee membership so as to avoid undue reliance on individuals should be considered.</li> <li>• Only committee chairman and members are entitled to attend a meeting of the nomination, audit or remuneration committee (except by invitation of the committee).</li> </ul>	✓	<p>Annual Report – Section 5.3.2</p> <p>The Board Governance Document and the Terms of Reference of the Nomination Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<i>Code Provisions</i>		
A.3.1 The board should identify in the annual report each independent non-executive director. This provision states the Combined Code test for independence and criteria (both of which are incorporated in BHP Billiton's Policy on Independence of Directors). The provision also requires the board to state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination.	✓	Annual Report – Sections 4.1, 5.3.2 and 5.3.5
A.3.2 At least half the board, excluding the chairman, should be independent non-executive directors.	✓	<p>Annual Report – Sections 4.1, 5.3.2 and 5.3.5</p> <p>The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

<sup>10</sup> Report on compliance or otherwise is only required in year of appointment.

Requirement	Compliance with Code Provisions	Reference
A.3.3 The board should appoint one independent non-executive director to be the senior independent director. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman, chief executive or finance director has failed to resolve or for which such contact is inappropriate.	✓	Annual Report – Section 5.3.6
A.4 <b>APPOINTMENTS TO THE BOARD</b>		
<p><i>Main Principle</i></p> <p><b>There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.</b></p> <p><i>Supporting Principles</i></p> <ul style="list-style-type: none"> <li>• Board appointments to be made on merit and against objective criteria and care should be taken to ensure that appointees have sufficient time available to devote to the job.</li> <li>• The board should satisfy itself that orderly succession plans are in place for appointments to the board and to senior management to ensure appropriate balance of skills and experience.</li> </ul>	✓	<p>Annual Report – Section 5.4.3</p> <p>The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<i>Code Provisions</i>		
<p>A.4.1 There should be a nomination committee, which should:</p> <ul style="list-style-type: none"> <li>• lead the process for board appointments and make recommendations to the board;</li> <li>• comprise a majority of independent non-executive directors;</li> <li>• be chaired by the chairman or an independent non-executive director. The chairman should not chair the committee when it is dealing with the appointment of a successor to the chairmanship; and</li> <li>• make available its terms of reference<sup>11</sup>, which should explain the committee's role and the authority delegated to it by the board.</li> </ul>	✓	<p>Annual Report – Sections 5.4.3 and 5.5.3</p> <p>The Terms of Reference of the Nomination Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

<sup>11</sup> Including the information on the BHP Billiton website is sufficient.

Requirement	Compliance with Code Provisions	Reference
A.4.2 The nomination committee should evaluate the balance of skills, knowledge and experience of the board and, on the basis of the evaluation, prepare a description of the role and capabilities required for a particular appointment.	✓	Annual Report – Section 5.4.3 The Terms of Reference of the Nomination Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
A.4.3 For the appointment of a chairman, the nomination committee should prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A chairman's other significant commitments should be disclosed to the board before appointment and included in the annual report. Changes to such commitments should be reported to the board as they arise, and included in the next annual report. <sup>12</sup>	✓	Annual Report – Section 5.4.3 The Terms of Reference of the Nomination Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
A.4.4 The terms and conditions of appointment of non-executive directors should be made available for inspection at the registered office during normal business hours and at the AGM. The letter of appointment should set out the expected time commitment. Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the board before appointment, with a broad indication of the time involved and the board should be informed of subsequent changes.	✓	Company practice Annual Report – Section 5.3.7 The Standard Terms of Appointment of Non-Executive Director which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
A.4.5 Full time executive directors not to take on the chairmanship of, or more than one non-executive directorship in, a FTSE 100 company.	✓	Annual Report – Section 5.3.5
A.4.6 A separate section of the annual report to describe the work of the nomination committee, including the process used for board appointments. <sup>13</sup> An explanation should be given if neither an external search consultancy nor open advertising are used for appointment of chairman or non-executive director.	✓	Annual Report – Section 5.5.3
A.5 <b>INFORMATION AND PROFESSIONAL DEVELOPMENT</b>		
<i>Main Principle</i> <b>The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. All new directors should receive induction on joining the board and should</b>	✓	The Board Governance Document and the Non-Executive Director Induction Program which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>

<sup>12</sup> Report on compliance or otherwise is only required in year of appointment.

<sup>13</sup> This provision overlaps with the requirements of DTR 7.2.7.

Requirement	Compliance with Code Provisions	Reference
<p><b>continually update and refresh their skills and knowledge.</b>  <i>Supporting Principles</i></p> <ul style="list-style-type: none"> <li>The chairman is to ensure that the directors receive timely, accurate and clear information which management are responsible for providing. Directors to seek amplification and clarification where necessary.</li> <li>The chairman is to ensure that directors continually update knowledge and skills required to perform their role on the board and its committees. Company to provide necessary resources to develop and update the directors' knowledge and capabilities.</li> <li>Under the direction of the chairman, the company secretary is responsible for ensuring good information flow to the board and committees and between senior management and non-executive directors, as well as facilitating induction, assisting with professional development and advising the board (through the chairman) on all governance matters.</li> </ul>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>Annual Report – Section 5.3.4</p> <p>Annual Report – Section 5.3.8</p> <p>Annual Report – Section 5.3.13</p>
<p><i>Code Provisions</i></p>		
<p>A.5.1 The chairman should ensure new directors receive full, formal and tailored induction on joining the board (including offering major shareholders the opportunity to meet a new non-executive director).</p>	<p>✓</p>	<p>Annual Report – Section 5.3.8  The Non-Executive Director Induction Program which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>A.5.2 The board should ensure that directors, especially non-executive directors, have access to independent professional advice at the company's expense where they judge it necessary to discharge their responsibilities as directors. Committees should be provided with sufficient resources to undertake their duties.</p>	<p>✓</p>	<p>Annual Report – Section 5.3.9  The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<p>A.5.3 All directors should have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are complied with. Both the appointment and removal of the company secretary should be a matter for the board as a whole.</p>	<p>✓</p>	<p>Annual Report – Section 5.3.13  The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

Requirement	Compliance with Code Provisions	Reference
A.6 <b>PERFORMANCE EVALUATION</b>		
<p><i>Main Principle</i></p> <p><b>The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.</b></p> <p><i>Supporting Principles</i></p> <ul style="list-style-type: none"> <li>• Individual evaluation to show whether a director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for meetings and other duties).</li> <li>• Chairman should act on evaluation results by recognising strengths, addressing weaknesses and where appropriate, proposing appointments and resignations of directors.</li> </ul>	✓	<p>Annual Report – Section 5.4.1</p> <p>The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<i>Code Provision</i>		
A.6.1 The board should state in the annual report how performance evaluation of the board, its committees and directors has been conducted. The non-executive directors, led by the senior independent director, should be responsible for performance evaluation of the chairman, taking into account the views of executive directors.	✓	Annual Report – Section 5.4.1
A.7 <b>RE-ELECTION</b>		
<p><i>Main Principle</i></p> <p><b>All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The board should ensure planned and progressive refreshing of the board.</b></p>	✓	Annual Report – Section 5.4.2

Requirement	Compliance with Code Provisions	Reference
<i>Code Provisions</i>		
A.7.1 All directors to be subject to election by shareholders at the first annual general meeting after their appointment, and to re-election thereafter at intervals of no more than three years. Biographical details and other relevant information to accompany the names of directors to be elected/re-elected should be provided to enable shareholders to take an informed decision on their election.	✓	Annual Report – Section 5.4.2 Biographical details contained in the BHP Billiton Notices of Meeting
A.7.2 Non-executive directors should be appointed for specified terms subject to re-election and to Companies Acts provisions relating to the removal of a director. The board should set out to shareholders in papers accompanying a resolution to elect a non-executive director why they believe an individual should be elected. The chairman should confirm to shareholders when proposing re-election that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment, including commitment of time for board and committee meetings and any other duties. Particularly rigorous reviews are required for terms beyond six years for a non-executive director, taking into account the need for progressive refreshing of the board. Non-executive directors may serve longer than nine years, subject to annual re-election. Serving more than nine years could be relevant to determination of non-executive director independence as set out in Code Provision A.3.1.	✓	Annual Report – Sections 5.3.5 and 5.4.2 BHP Billiton Notices of Meeting
<b>B. REMUNERATION</b>		
<b>B.1 THE LEVEL AND MAKE-UP OF REMUNERATION</b>		
<p data-bbox="241 1054 394 1082"><i>Main Principle</i></p> <p data-bbox="241 1098 1137 1262">Levels of remuneration should be sufficient to attract, retain and motivate the directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.</p> <p data-bbox="241 1273 472 1300"><i>Supporting Principles</i></p>	✓	Annual Report – Section 6

<sup>14</sup> In respect of financial years commencing on or after 6 April 2009 (so will apply to BHP Billiton in relation to its financial year commencing on 1 July 2009), a company must include in its directors' remuneration report a statement of how pay and employment conditions of employees were taken into account when determining directors' remuneration for the relevant financial year.

Requirement	Compliance with Code Provisions	Reference
<ul style="list-style-type: none"> <li>The remuneration committee should determine the relative positioning of the company in respect of director remuneration but should avoid the risk of upward movement in remuneration levels without corresponding improvement in performance and in doing so, be sensitive to pay and employment conditions elsewhere in the group especially when determining pay increases<sup>14</sup>.</li> </ul>		
<i>Code Provisions</i>		
<b>Remuneration policy</b>		
B.1.1 Performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors and be designed to align their interests with those of shareholders and to incentivise high performance and designed in accordance with Schedule A to the Code.	✓	Annual Report – Section 6
B.1.2 Executive share options should not be offered at a discount save as permitted by the relevant provisions of the Listing Rules.	✓	Annual Report – Section 6
B.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role and should not include share options. If options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held for minimum period of one year after the non-executive director leaves the board. Holding of share options could be relevant to determination of non-executive director independence as set out in Code Provision A.3.1.	✓	Annual Report – Section 6
B.1.4 If an executive director serves as a non-executive director elsewhere, the remuneration report should include a statement as to whether or not the director will retain such earnings and what the remuneration is.	N/A	No executive director of BHP Billiton serves as a non-executive director elsewhere
<b>Service Contracts and Compensation</b>		
B.1.5 The remuneration committee should carefully consider what compensation commitments the terms of appointment would entail if a directorship was terminated early and commitments should avoid rewarding poor performance. Compensation to be reduced to reflect departing directors' obligations to mitigate loss.	✓	Annual Report – Section 6 The Terms of Reference of the Remuneration Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
B.1.6 Notice or contract periods should be set at one year or less.	✓	Annual Report – Section 6

Requirement	Compliance with Code Provisions	Reference
B.2 PROCEDURE		
<p><i>Main Principle</i></p> <p><b>There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.</b></p> <p><i>Supporting Principles</i></p> <ul style="list-style-type: none"> <li>The remuneration committee should: consult with chairman and/or CEO about executive directors remuneration proposals; be responsible for appointing consultants re: executive director remuneration; and recognise and avoid conflicts of interest where senior management and executive directors are advising/supporting the remuneration committee.</li> <li>The chairman should ensure that the company maintains contact with shareholders about remuneration in the same way as for other matters.</li> </ul>	✓	<p>Annual Report – Sections 5.5.2 and 6</p> <p>The Board Governance Document and the Terms of Reference of the Remuneration Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<i>Code Provisions</i>		
B.2.1 The board should establish a remuneration committee of at least three independent non-executive directors. The company chairman may also be a member of, but not chair, the committee if he or she was considered independent on appointment as chairman. The remuneration committee should make available <sup>15</sup> its terms of reference explaining its role and the authority delegated to it by the board. Where remuneration consultants are appointed, a statement should be made available by inclusion on the company's website of whether they have any other connection with the company.	✓	<p>Annual Report – Sections 5.5.2 and 6</p> <p>The Terms of Reference of the Remuneration Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
B.2.2 The remuneration committee should have delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments, and recommend and monitor the level and structure of remuneration for senior management as defined by board but normally including first layer of management below it.	✓	<p>Annual Report – Sections 5.5.2 and 6</p> <p>The Board Governance Document and the Terms of Reference of the Remuneration Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

<sup>15</sup> This provision overlaps with the requirements of DTR 7.2.7.

Requirement	Compliance with Code Provisions	Reference
B.2.3 The board itself (or where required by Articles, the shareholders) should determine the remuneration of the non-executive directors within the limits of the Articles. Where permitted by the Articles, the board may delegate this responsibility to a committee, which might include the CEO.	✓	The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
B.2.4 Shareholders should be invited specifically to approve all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes, save as permitted by the Listing Rules.	✓	Annual Report – Sections 5.2 and 6
<b>C. ACCOUNTABILITY AND AUDIT</b>		
<b>C.1 FINANCIAL REPORTING</b>		
<p><i>Main Principle</i></p> <p><b>The board should present a balanced and understandable assessment of the company's position and prospects.</b></p> <p><i>Supporting Principles</i></p> <ul style="list-style-type: none"> <li>The board's responsibility to present a balanced and understandable assessment extends to interim and other price sensitive public reports, reports to regulators and information required by legislation.</li> </ul> <p><i>(Note: Company to ensure auditors review company's compliance with C.1.1 and C1.2 below before the annual report is published (Listing Rule 9.8.10).)</i></p>	✓	Annual Report – Sections 1.2, 1.3, 3 and 9
<i>Code Provisions</i>		
C.1.1 The directors should explain in the annual report their responsibility for preparing the accounts and there should be a statement by the auditors about their reporting responsibilities.	✓	Annual Report – Section 9 (‘Statement of Directors’ Responsibilities and Independent Auditor’s Report’)
C.1.2 The directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary.	✓	Annual Report – Section 7.3

Requirement	Compliance with Code Provisions	Reference
C.2 INTERNAL CONTROL <sup>16</sup>		
<p><i>Main Principle</i></p> <p>The board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.</p>	✓	<p>Annual Report – Section 5.5.1</p> <p>The Board Governance Document and the Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
<i>Code Provision</i>		
<p>C.2.1 The board should at least annually review of the effectiveness of the group's system of material internal controls (including financial, operational and compliance controls and risk management systems) and report to shareholders that they have done so<sup>17</sup>. <i>[Note: Company to ensure auditors review its compliance with C.2.1 before the annual report is published (Listing Rule 9.8.10).]</i></p>	✓	<p>Annual Report – Section 5.5.1</p> <p>The Board Governance Document and the Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>
C.3 AUDIT COMMITTEE AND AUDITORS <sup>18</sup>		
<p><i>Main Principle</i></p> <p>The board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors. <i>(Note: Company to ensure auditors review its compliance with C.3.1 to C.3.7 below before the annual report is published (Listing Rule 9.8.10).)</i></p>	✓	<p>Annual Report – Section 5.5.1</p> <p>The Board Governance Document and the Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

<sup>16</sup> The guidance entitled "Internal Control: Revised Guidance for Directors on the Combined Code (October 2005)" provides guidance on how to apply this section of the Code, however it has no formal status and companies are not required to follow it when applying the Code.

<sup>17</sup> In addition, the company must describe the main features of the internal control and risk management systems in relation to the financial reporting process under DTR 7.2.5.

<sup>18</sup> The guidance entitled "The Smith Guidance on Audit Committees (October 2008)" provides guidance in relation to the audit committee, however it has no formal status and companies are not required to follow it when applying the Code.

Requirement	Compliance with Code Provisions	Reference
<i>Code Provisions</i>		
C.3.1 The board should establish an audit committee which should be comprised of at least three independent non-executive directors. The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience. <sup>19</sup>	✓	Annual Report – Section 5.5.1 The Board Governance Document and the Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
C.3.2 The main role and responsibilities of the audit committee should be set out in written terms of reference and should specify the responsibilities as set out in Code Provision C.3.2 (which are also incorporated into BHP Billiton's terms of reference for the Risk and Audit Committee). <sup>20</sup>	✓	Annual Report – Section 5.5 The Board Governance Document and the Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
C.3.3 The terms of reference of the audit committee, including its role and the authority delegated to it by the board, should be made available <sup>21</sup> . A separate section of annual report should describe the work of the committee in discharging those responsibilities. <sup>22</sup>	✓	Annual Report – Section 5.5.1 The Terms of Reference of the Risk and Audit Committee which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
C.3.4 The audit committee should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties relating to financial reporting and other matters, with the objective of ensuring arrangements are in place for the proportionate and independent investigation and for appropriate follow-up action.	✓	Annual Report – Section 5.5.1
C.3.5 The audit committee to monitor and review effectiveness of the internal audit activities. Where there is no internal audit function, the committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board and give the reasons for the absence of such a function.	✓	Annual Report – Section 5.5.1

<sup>19</sup> This provision overlaps with the requirements of DTR 7.1.1.

<sup>20</sup> This provision overlaps with the requirements of DTR 7.1.3.

<sup>21</sup> Including the information on the BHP Billiton website is sufficient.

<sup>22</sup> This provision overlaps with DTR 7.1.5 and 7.2.7.

Requirement	Compliance with Code Provisions	Reference
C.3.6 The audit committee is responsible for making a recommendation on the appointment, reappointment and removal of the external auditors <sup>23</sup> . If the board does not accept the audit committee's recommendation it should disclose the audit committee's recommendation and should set out reasons why the board has taken a different position in annual report and papers recommending appointment/re-appointment.	✓	Annual Report – Section 5.5.1
C.3.7 The annual report should explain to shareholders how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.	✓	Annual Report – Section 5.5.1
<b>D. RELATIONS WITH SHAREHOLDERS</b>		
<b>D.1 DIALOGUE WITH INSTITUTIONAL SHAREHOLDERS</b>		
<p><i>Main Principle</i></p> <p>There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place whilst treating shareholders equally in access to information.</p> <p><i>Supporting Principles</i></p> <ul style="list-style-type: none"> <li>• Whilst most shareholder contact is with CEO and CFO, the chairman (and the senior independent director and other directors as appropriate) should maintain sufficient contact with major shareholders to understand their concerns and issues.</li> <li>• The board should keep in touch with shareholder opinion in the most efficient and practical ways.</li> </ul>	✓	<p>Annual Report – Section 5.2</p> <p>The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a></p>

<sup>23</sup> BHP Billiton must base any proposal to appoint a statutory auditor on a recommendation by the audit committee as required by DTR 7.1.4.

Requirement	Compliance with Code Provisions	Reference
<i>Code Provisions</i>		
D.1.1 The chairman should ensure that the views of shareholders are communicated to the board. The chairman should discuss governance and strategy with major shareholders. Non-executive directors should be offered the opportunity to attend meetings with major shareholders and should expect to attend them where so requested by those shareholders. The senior independent director should attend sufficient meetings with a range of major shareholders to listen to their views.	✓	Annual Report – Sections 5.2 and 5.3.4 The Board Governance Document which can be found at <a href="http://www.bhpbilliton.com/aboutus/governance">www.bhpbilliton.com/aboutus/governance</a>
D.1.2 The board should state in the annual report the steps they have taken to ensure that the members of the board (especially non-executive directors) develop an understanding of the views of major shareholders.	✓	Annual Report – Section 5.2
<b>D.2 CONSTRUCTIVE USE OF THE AGM</b>		
<i>Main Principle</i> <b>The board should use the AGM to communicate with investors and to encourage their participation.</b>	✓	Annual Report – Section 5.2 BHP Billiton Notices of Meeting and proxy forms
<i>Code Provisions</i>		
D.2.1 The company should propose a separate resolution at the AGM on each substantially separate issue and should propose a resolution relating to the report and accounts.  For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote.  The proxy form and any announcement of the vote results should make it clear that a “vote withheld” is not a vote in law and will not be counted in the calculation of the proportion of votes for and against the resolution.	✓	BHP Billiton Notices of Meeting and proxy forms

Requirement	Compliance with Code Provisions	Reference
<p>D.2.2 The company should ensure that all valid proxy appointments received for general meetings are properly recorded and counted.</p> <p>For each resolution, after a vote has been taken, except where taken on a poll, the company should ensure that the following information is given at the meeting and made available as soon as practicable on its website:</p> <ul style="list-style-type: none"> <li>• the number of shares in respect of which proxy appointments have been validly made;</li> <li>• the number of votes for the resolution;</li> <li>• the number of votes against the resolution; and</li> <li>• the number of shares in respect of which the vote was directed to be withheld.</li> </ul>	✓	Company practice
<p>D.2.3 The chairman should arrange for the chairmen of the audit, remuneration and nomination committees to be available to answer questions at the AGM and for all directors to attend.</p>	✓	Company practice
<p>D.2.4 The company should arrange for the Notice of the AGM and related papers to be sent to shareholders at least 20 working days before the meeting.</p>	✓	Company practice

## PART 2 - The DTRs

Requirement		Compliance with DTR	Reference
<i>DTR</i>	<i>Requirement</i>		
7.2.1	The directors' report must contain a corporate governance statement containing at least the information in DTR 7.2.2 to DTR 7.2.7 and DTR 7.2.10 (as set out below). <sup>24</sup>	✓	See below
7.2.2	The corporate governance statement must contain reference to: (a) the corporate governance code to which the company is subject; and/or (b) the corporate governance code to which the company may have voluntarily decided to apply; and/or (c) all relevant information about the corporate governance practices applied beyond the requirements under national law.	✓	Annual Report – Section 5.10
7.2.3(1)	The directors' report must include details of where the relevant corporate governance code is publicly available should be included and, to the extent that the company departs from that corporate governance code, an explanation of which parts of the corporate governance code it departs from and the reasons for doing so.	✓	Annual Report – Section 5.10
7.2.3(2)	The directors' report must include details of where the company's corporate governance practices can be found and such practices must be publicly available.	✓	Annual Report – Section 5.10
7.2.3(3)	If the company has decided not to apply any provisions of a corporate governance code, an explanation of its reasons for that decision must be included in its corporate governance statement. <sup>25</sup>	N/A	BHP Billiton fully complies with the relevant corporate governance codes
7.2.5 & 7.2.10	The corporate governance statement must contain a description of the main features of the company's internal control and risk management systems in relation to the financial reporting process (including in relation to the process for preparing consolidated accounts).	✓	Annual Report – Section 5.5.1

<sup>24</sup> DTR 7.2.9 permits the corporate governance statement to be set out in a separate report rather than in the directors' report. That separate report must be published with and in the same manner as the annual report and the corporate governance statement must contain either the information required by DTR 7.2.6, or a reference to the directors' report where that information is available, or by means of reference in the directors' report to where such document is publicly available on the company's website (DTR 7.2.9).

<sup>25</sup> Compliance with Listing Rule 9.8.6(6) (comply or explain rule in relation to the Code) will be sufficient to ensure compliance with DTR 7.2.2 and 7.2.3 (DTR 7.2.4).

Requirement	Compliance with DTR	Reference
7.2.6 The corporate governance statement must contain the information required by paragraph 13(2)(c), (d), (f), (h) and (i) of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (information about share capital required under Directive 2004/25/EC (the Takeover Directive)). <sup>26</sup>	✓	Annual Report – Sections 5.11 and 7.23
7.2.7 The corporate governance statement must contain a description of the composition and operation of the company's administrative, management and supervisory bodies and their committees. <sup>27</sup>	✓	Annual Report – Section 5.5

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<sup>26</sup> This information (which is set out in Section 17 (Share Capital, Share Restrictions and Other Additional Information) of the BHP Billiton 2009 UK Directors' Report Checklist) can be included in the corporate governance statement or, alternatively, the corporate governance statement can include a reference to the directors' report where the information is made available.

<sup>27</sup> Compliance with the information specified in Code Provisions A.1.1, A.1.2, A.4.6, B.2.1 and C.3.3 will satisfy this requirement (DTR 7.2.8).