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## **BHP Group Plc – Economic Contribution Report 2020**

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### **Introduction**

Our Economic Contribution Report (Report) for the year ended 30 June 2020 was released today.

BHP has a long-standing commitment to transparency. We believe it enhances understanding, builds trust and holds us and others to account.

We've disclosed details of our tax and royalty payments for more than 20 years and during that time we have continually updated and expanded our disclosures. As in prior years, this Report discloses our total direct economic contribution, including the taxes and royalties we paid on a country-by-country and project-by-project basis. We disclose reconciliation of this data to our Financial Statements, including comparative data from prior years. We also disclose additional voluntary information, such as details of each of our subsidiary entities in 'tax haven' countries and tax incentives we have been granted in the countries in which we operate by some of our host governments. In addition, we disclose our intra- group transactions and relationships with tax authorities in compliance with the Australian Voluntary Tax Transparency Code. We also disclose further information regarding our approach to tax risk management and governance.

The Report complies with a number of different tax transparency regimes. The information on our payments to governments is set out in accordance with the UK Regulations, which implement the EU Accounting Directive. By issuing the Report, we comply with the Australian Voluntary Tax Transparency Code. Beyond these requirements, we voluntarily disclose additional information, including our direct economic contribution, profit/(loss), number of employees and contractors and effective tax rates in the key countries in which we operate. Also, we support the voluntary disclosure of country-by-country reports that contain quantitative data, such as revenue from related and unrelated parties, profit/(loss) before tax, and number of employees for each country in which a subsidiary entity of a corporate group is tax resident. We will be publishing our country-by-country data for FY2019, separately to this Report.

Our Economic Contribution Report 2020 has today been submitted to the FCA National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. It is also available to be downloaded on the BHP website at:

<https://www.bhp.com/investor-centre/-/media/documents/investors/annual-reports/2020/bhpeconomiccontributionreport2020.pdf>

BHP's corporate purpose is to bring people and resources together to build a better world. We are proud of the valuable contribution we make to the communities where we operate and to society as a whole. The economic contribution we make is an important part of this. Our total direct economic contribution for FY2020 was US\$37.2 billion. This includes payments to suppliers, wages and benefits for our more than 80,000 employees and

contractors, dividends, taxes and royalties and voluntary investment in social projects across the communities where we operate.

In FY2020, our tax, royalty and other payments to governments totalled US\$9.1 billion. Of this, 82.2 per cent or US\$7.5 billion was paid in Australia. During the last decade, we paid US\$85.0 billion globally in taxes, royalties and other payments, including US\$64.2 billion (approximately A\$76 billion) in Australia.

Below are extracted sections of our full Economic Contribution Report 2020 that together meet the UK Regulations.

## Our payments to governments

BHP has prepared this information in accordance with the UK Regulations. Our Report addresses BHP's reporting obligations under DTR 4.3A of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules. The 'Basis of preparation' and 'Glossary' contain information about the content of the Report and form part of the Report.

### Payments made by country and level of government

The information on taxes paid by classification and country presented below has been prepared on the basis set out in the 'Basis of report preparation' section of the Report.

US\$ millions	Corporate income taxes	Royalty-related income taxes	Taxes levied on production	Total taxes paid	Royalties	Product ion entitlements	Fees	Payments for infrastructure improvements	Signature, discovery and production bonuses	Total payments as defined by the UK Regulations	Other payments	Total payments to governments
<b>Total payments to governments</b>	<b>5,458.6</b>	<b>459.3</b>	<b>25.0</b>	<b>5,942.9</b>	<b>2,626.3</b>	<b>139.4</b>	<b>121.8</b>	<b>1.8</b>	<b>5.5</b>	<b>8,837.7</b>	<b>308.6</b>	<b>9,146.3</b>
<b>Algeria</b> <sup>(1)</sup>	-	-	-	-	-	<b>86.0</b>	-	-	-	<b>86.0</b>	-	<b>86.0</b>
Directorate General of Taxes	-	-	-	-	-	86.0	-	-	-	86.0	-	86.0
<b>Australia</b> <sup>(4)</sup>	<b>4,400.0</b>	<b>374.0</b>	<b>25.0</b>	<b>4,799.0</b>	<b>2,433.9</b>	-	<b>22.4</b>	<b>1.3</b>	-	<b>7,256.6</b>	<b>259.5</b>	<b>7,516.1</b>
Australian Taxation Office	4,400.0	374.0	25.0	4,799.0	-	-	-	-	-	4,799.0	36.0	4,835.0
Central Highlands Regional Council	-	-	-	-	-	-	-	-	-	-	2.0	2.0
Coal Mining Industry Long Service	-	-	-	-	-	-	-	-	-	-	13.5	13.5
Department of Mines, Industry, Regulation and Safety (Western Australia)	-	-	-	-	100.6	-	-	-	-	100.6	-	100.6
Isaac Regional Council (Queensland)	-	-	-	-	-	-	-	-	-	-	9.2	9.2
Mackay Regional Council (Queensland)	-	-	-	-	-	-	-	-	-	-	0.5	0.5
Muswellbrook Shire Council (New South Wales)	-	-	-	-	-	-	0.1	0.5	-	0.6	2.7	3.3
Shire of Ashburton (Western Australia)	-	-	-	-	-	-	-	-	-	-	1.8	1.8
Shire of East Pilbara (Western Australia)	-	-	-	-	-	-	0.1	-	-	0.1	2.4	2.5
Shire of Leonara (Western Australia)	-	-	-	-	-	-	-	-	-	-	0.7	0.7
Shire of Wiluna (Western Australia)	-	-	-	-	-	-	-	-	-	-	0.9	0.9
State of New South Wales	-	-	-	-	71.9	-	1.8	-	-	73.7	7.6	81.3
State of Queensland	-	-	-	-	553.3	-	1.0	-	-	554.3	54.2	608.5
State of South Australia	-	-	-	-	51.9	-	2.0	0.8	-	54.7	19.1	73.8
State of Victoria	-	-	-	-	-	-	-	-	-	-	5.5	5.5

State of Western Australia	-	-	-	-	1,656.2	-	15.8	-	-	1,672.0	87.8	1,759.8
Town of Port Hedland (Western Australia)	-	-	-	-	-	-	-	-	-	-	15.0	15.0
Other Australian Governments	-	-	-	-	-	-	1.6	-	-	1.6	0.6	2.2
<b>Barbados</b>	-	-	-	-	-	-	<b>1.2</b>	-	<b>5.5</b>	<b>6.7</b>	-	<b>6.7</b>
Government of Barbados	-	-	-	-	-	-	1.2	-	5.5	6.7	-	6.7
<b>Brazil</b>	<b>1.6</b>	-	-	<b>1.6</b>	-	-	-	-	-	<b>1.6</b>	<b>4.1</b>	<b>5.7</b>
Federal Tax Revenue Ministry	1.6	-	-	1.6	-	-	-	-	-	1.6	4.1	5.7
<b>Canada</b>	<b>18.9</b>	-	-	<b>18.9</b>	-	-	<b>8.6</b>	<b>0.5</b>	-	<b>28.0</b>	<b>4.0</b>	<b>32.0</b>
Canada Revenue Agency	18.8	-	-	18.8	-	-	-	-	-	18.8	0.7	19.5
Finances Quebec	0.1	-	-	0.1	-	-	-	0.2	-	0.3	0.1	0.4
Government of Saskatchewan	-	-	-	-	-	-	8.5	-	-	8.5	0.1	8.6
Ministry of Finance - Ontario	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Rural Municipality of Leroy (Saskatchewan)	-	-	-	-	-	-	-	0.1	-	0.1	2.9	3.0
Rural Municipality of Prairie Rose (Saskatchewan)	-	-	-	-	-	-	-	0.2	-	0.2	-	0.2
Other Canadian Governments	-	-	-	-	-	-	0.1	-	-	0.1	0.1	0.2
<b>Chile (2)</b>	<b>838.9</b>	<b>85.3</b>	-	<b>924.2</b>	-	-	<b>15.8</b>	-	-	<b>940.0</b>	<b>6.4</b>	<b>946.4</b>
Servicio De Impuestos Internos	838.9	85.3	-	924.2	-	-	15.8	-	-	940.0	6.4	946.4
<b>China</b>	<b>1.8</b>	-	-	<b>1.8</b>	-	-	-	-	-	<b>1.8</b>	-	<b>1.8</b>
China Tax Bureau	1.8	-	-	1.8	-	-	-	-	-	1.8	-	1.8
<b>Ecuador</b>	-	-	-	-	-	-	<b>0.3</b>	-	-	<b>0.3</b>	-	<b>0.3</b>
Government of Ecuador	-	-	-	-	-	-	0.3	-	-	0.3	-	0.3
<b>India</b>	<b>0.3</b>	-	-	<b>0.3</b>	-	-	-	-	-	<b>0.3</b>	-	<b>0.3</b>
Income Tax Department	0.3	-	-	0.3	-	-	-	-	-	0.3	-	0.3
<b>Japan</b>	<b>0.4</b>	-	-	<b>0.4</b>	-	-	-	-	-	<b>0.4</b>	-	<b>0.4</b>
National Tax Agency	0.4	-	-	0.4	-	-	-	-	-	0.4	-	0.4
<b>Malaysia</b>	<b>1.4</b>	-	-	<b>1.4</b>	-	-	-	-	-	<b>1.4</b>	-	<b>1.4</b>

Inland Revenue Board	1.4	-	-	1.4	-	-	-	-	-	1.4	-	1.4
<b>Mexico</b>	<b>3.5</b>	-	-	<b>3.5</b>	-	-	<b>2.3</b>	-	-	<b>5.8</b>	<b>6.5</b>	<b>12.3</b>
Mexican Federal Tax Administration	3.5	-	-	3.5	-	-	2.3	-	-	5.8	6.5	12.3
<b>Netherlands</b>	<b>1.2</b>	-	-	<b>1.2</b>	-	-	-	-	-	<b>1.2</b>	-	<b>1.2</b>
Tax and Customs Administration	1.2	-	-	1.2	-	-	-	-	-	1.2	-	1.2
<b>Peru</b>	<b>5.2</b>	-	-	<b>5.2</b>	-	-	<b>0.4</b>	-	-	<b>5.6</b>	<b>0.1</b>	<b>5.7</b>
Republica Del Peru	-	-	-	-	-	-	0.4	-	-	0.4	-	0.4
National Superintendency of Customs And Tax Administration	5.2	-	-	5.2	-	-	-	-	-	5.2	0.1	5.3
<b>Philippines</b>	-	-	-	-	-	-	-	-	-	-	<b>0.5</b>	<b>0.5</b>
Bureau of Internal Revenue	-	-	-	-	-	-	-	-	-	-	0.5	0.5
<b>Singapore</b>	<b>4.9</b>	-	-	<b>4.9</b>	-	-	-	-	-	<b>4.9</b>	-	<b>4.9</b>
Inland Revenue Authority of Singapore	4.9	-	-	4.9	-	-	-	-	-	4.9	-	4.9
<b>Switzerland</b>	<b>3.2</b>	-	-	<b>3.2</b>	-	-	-	-	-	<b>3.2</b>	-	<b>3.2</b>
Canton of Zug	3.2	-	-	3.2	-	-	-	-	-	3.2	-	3.2
<b>Trinidad and Tobago (3)</b>	<b>3.8</b>	-	-	<b>3.8</b>	-	<b>53.4</b>	<b>13.2</b>	-	-	<b>70.4</b>	<b>1.6</b>	<b>72.0</b>
Board of Inland Revenue	3.8	-	-	3.8	-	53.4	13.2	-	-	70.4	1.6	72.0
<b>United Kingdom</b>	<b>48.2</b>	-	-	<b>48.2</b>	-	-	-	-	-	<b>48.2</b>	<b>22.5</b>	<b>70.7</b>
City of Westminster	-	-	-	-	-	-	-	-	-	-	1.0	1.0
Her Majesty's Revenue & Customs	48.2	-	-	48.2	-	-	-	-	-	48.2	21.5	69.7
<b>United States of America</b>	<b>125.3</b>	-	-	<b>125.3</b>	<b>192.4</b>	-	<b>57.6</b>	-	-	<b>375.3</b>	<b>3.4</b>	<b>378.7</b>
Arizona Department of Revenue	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Arizona State Land Department	-	-	-	-	-	-	0.1	-	-	0.1	0.5	0.6
Bureau of Land Management	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Internal Revenue Service	(0.1)	-	-	(0.1)	-	-	0.1	-	-	-	0.1	0.1
Louisiana Department of Revenue	20.1	-	-	20.1	0.3	-	-	-	-	20.4	-	20.4

Texas Comptroller	-	-	-	-	-	-	-	-	-	-	1.8	1.8
Treasury General Account	-	-	-	-	-	-	-	-	-	-	0.2	0.2
U.S. Nuclear Regulatory Commission	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1
U.S. Department of The Interior	-	-	-	-	192.1	-	56.5	-	-	248.6	-	248.6
U.S. Department of The Treasury	105.3	-	-	105.3	-	-	-	-	-	105.3	0.2	105.5
Utah State Tax Commission	-	-	-	-	-	-	0.1	-	-	0.1	0.1	0.2
Washington Department of Revenue	-	-	-	-	-	-	0.5	-	-	0.5	-	0.5
Other US Governments	-	-	-	-	-	-	0.1	-	-	0.1	0.4	0.5

Figures are rounded to the nearest decimal point.

(1) Production entitlements of 1.5 million barrels of oil equivalent (boe) paid in-kind.

(2) Income and mining taxes are paid in Chile on a calendar year basis. However, for the purpose of this Report, taxes paid are included for BHP's financial year (1 July 2019 to 30 June 2020). For reference, income tax and specific tax on mining activities paid by Escondida and Pampa Norte for Calendar Year 2019 amount to US\$527.7 million (Escondida) and US\$184.0 million (Pampa Norte).

(3) Production entitlements of 3.1 million boe paid in-kind.

(4) Payments made for royalties in relation to the North West Shelf of US\$100.6 million relate to the ad valorem royalty over which the Commonwealth has jurisdiction. Under the Offshore Petroleum (Royalty) Act 2006, the royalties are assessed and collected on behalf of the Commonwealth by the Government of Western Australia Department of Mines, Industry, Regulation and Safety. Payments are currently allocated between the Commonwealth (approximately one third) and Western Australia (approximately two thirds).

## Payments made on a project-by-project basis

Taxes paid by classification and project are presented in this section and have been prepared on the basis set out in the 'Basis of report preparation' section of the Report.

US\$ millions	Corporate income taxes	Royalty-related income taxes	Taxes levied on production	Total taxes paid	Royalties	Production entitlements	Fees	Payments for infrastructure improvements	Signature, discovery and production bonuses	Total payments as defined by the UK Regulations	Other payments	Total payments to governments
<b>Total payments to governments</b>	<b>5,458.6</b>	<b>459.3</b>	<b>25.0</b>	<b>5,942.9</b>	<b>2,626.3</b>	<b>139.4</b>	<b>121.8</b>	<b>1.8</b>	<b>5.5</b>	<b>8,837.7</b>	<b>308.6</b>	<b>9,146.3</b>
<b>Petroleum</b>	<b>501.0</b>	<b>378.7</b>	<b>25.0</b>	<b>904.7</b>	<b>293.0</b>	<b>139.4</b>	<b>74.6</b>	<b>-</b>	<b>5.5</b>	<b>1,417.2</b>	<b>18.7</b>	<b>1,435.9</b>
Algeria Joint Interest Unit <sup>(1)</sup>	-	-	-	-	-	86.0	-	-	-	86.0	-	86.0
Australia Joint Interest Unit	-	-	-	-	-	-	-	-	-	-	-	-
Australia Production Unit - Victoria	1.0	10.9	-	11.9	-	-	-	-	-	11.9	-	11.9
Australia Production Unit - Western Australia	155.3	105.6	-	260.9	-	-	1.2	-	-	262.1	5.2	267.3
Bass Strait	54.1	262.2	-	316.3	-	-	-	-	-	316.3	2.9	319.2

Gulf of Mexico	17.4	-	-	17.4	192.1	-	56.5	-	-	266.0	2.5	268.5
North West Shelf	239.0	-	25.0	264.0	100.6	-	0.1	-	-	364.7	-	364.7
Trinidad and Tobago Production Unit <sup>(2)</sup>	0.7	-	-	0.7	-	53.4	13.2	-	-	67.3	1.6	68.9
UK Production Unit	23.3	-	-	23.3	-	-	-	-	-	23.3	-	23.3
Other	10.2	-	-	10.2	0.3	-	3.6	-	5.5	19.6	6.5	26.1
<b>Minerals Americas</b>	<b>821.7</b>	<b>85.3</b>	<b>-</b>	<b>907.0</b>	<b>-</b>	<b>-</b>	<b>25.9</b>	<b>0.3</b>	<b>-</b>	<b>933.2</b>	<b>14.3</b>	<b>947.5</b>
Escondida	626.7	85.3	-	712.0	-	-	12.5	-	-	724.5	2.9	727.4
Other Copper	0.7	-	-	0.7	-	-	1.8	-	-	2.5	0.8	3.3
Pampa Norte	191.3	-	-	191.3	-	-	2.6	-	-	193.9	2.8	196.7
Potash Canada	(1.3)	-	-	(1.3)	-	-	9.0	0.3	-	8.0	3.7	11.7
Head Office - BHP Brasil	(1.4)	-	-	(1.4)	-	-	-	-	-	(1.4)	4.1	2.7
Head Office - RAL Cayman Inc	5.7	-	-	5.7	-	-	-	-	-	5.7	-	5.7
<b>Minerals Australia</b>	<b>4,119.5</b>	<b>(4.7)</b>	<b>-</b>	<b>4,114.8</b>	<b>2,333.3</b>	<b>-</b>	<b>21.0</b>	<b>1.3</b>	<b>-</b>	<b>6,470.4</b>	<b>241.2</b>	<b>6,711.6</b>
New South Wales Energy Coal	-	-	-	-	71.9	-	1.9	0.5	-	74.3	11.7	86.0
Nickel West	21.7	-	-	21.7	20.8	-	3.0	-	-	45.5	16.3	61.8
Olympic Dam	(4.2)	-	-	(4.2)	51.8	-	2.3	0.8	-	50.7	19.8	70.5
Other Coal	20.8	-	-	20.8	-	-	-	-	-	20.8	6.1	26.9
Queensland Coal <sup>(3)</sup>	796.0	-	-	796.0	553.3	-	1.0	-	-	1,350.3	80.1	1,430.4
Western Australia Iron Ore	3,285.2	(4.7)	-	3,280.5	1,635.5	-	12.8	-	-	4,928.8	107.2	5,036.0
<b>Group and Unallocated</b>	<b>16.4</b>	<b>-</b>	<b>-</b>	<b>16.4</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>0.2</b>	<b>-</b>	<b>16.9</b>	<b>34.4</b>	<b>51.3</b>
Closed Sites	43.8	-	-	43.8	-	-	0.3	0.2	-	44.3	1.2	45.5
Corporate <sup>(4)</sup>	(45.8)	-	-	(45.8)	-	-	-	-	-	(45.8)	36.3	(9.5)
Commercial	18.4	-	-	18.4	-	-	-	-	-	18.4	(3.1)	15.3

Figures are rounded to the nearest decimal point.

(1) Production entitlements of 1.5 million boe paid in-kind.

(2) Production entitlements of 3.1 million boe paid in-kind.

(3) Royalties, fees and other payments made by BM Alliance Coal Operations Pty Limited have been included in total payments to the extent of BHP's ownership of the operating entity, being 50 per cent.

(4) The corporate income tax amount does not represent a refund from a government. Instead, it represents the allocation of the Australian corporate income tax payment among members of the Australian tax consolidation group. For further information, refer to 'Basis of report preparation' section.

## **Basis of report preparation**

The Report is prepared from data recorded in our financial systems, being the same data and financial systems used to prepare our Financial Statements. In preparing the Report, we have followed the draft guidance material produced by the Australian Accounting Standards Board.

The 'Total payments as defined by the UK Regulations' included in pages 18 to 23 have been prepared in accordance with the Reports on Payments to Governments Regulations 2014, as amended by the Reports on Payments to Governments (Amendment) Regulations 2015 and the UK Regulations implement the EU Accounting Directive (Chapter 10, Directive 2013/34/EU) (the 'UK Regulations').

Taxes, royalties and other payments to governments are presented in this Report on a cash paid and cash received basis for the year ended 30 June 2020.

For our controlled assets, amounts included in our total payments to governments are 100 per cent of the assets' payments to governments. For our non-operated and operated joint ventures, amounts included in our payments to governments are 100 per cent of the amounts paid by BHP and, in the case of BHP Mitsubishi Alliance (BMA), 50 per cent of payments made by the operating entity for BMA in which BHP has a 50 per cent ownership. For our investments in joint ventures and associates that are equity accounted by BHP, no amounts have been included in our total payments to governments as BHP is not the operator and does not make payments on behalf of the operation. For information purposes, 100 per cent of the payments made by our significant equity accounted investments have been shown on page 4 even though no amounts have been included in our total payments to governments.

Taxes, royalties and other payments, both cash and in-kind (non-cash), to governments, net of refunds, are collectively referred to in this Report as 'total payments to governments' and include the following payment categories:

### **Corporate income taxes**

Payments to governments based on taxable profits under legislated income tax rules. This also includes payments made to revenue authorities in respect of disputed claims and withholding taxes. For the purposes of allocating corporate income taxes to particular countries in the Payments made by country and level of government section of this Report, withholding taxes are allocated to the country to which the withholding taxes are remitted – for example, Chilean withholding taxes paid to the Chilean Government are allocated to Chile.

### **Royalty-related income taxes**

Payments to governments in relation to profits from the extraction of natural resources, including Petroleum Resource Rent Tax (PRRT) in Australia and Specific Tax on Mining Activities (STMA) in Chile. This also includes payments to revenue authorities in respect of disputed claims. Royalty-related income taxes are presented as income tax in section 5.1.1 Consolidated Income Statement in the Annual Report 2020.

### **Taxes levied on production**

Payments to governments in relation to crude excise, carbon tax and severance tax on the extraction of natural resources. Taxes levied on production are presented as expenses, not income tax, in section 5.1.1 Consolidated Income Statement in the Annual Report 2020.

### **Royalties**

Payments to governments in relation to revenue or production generated under licence agreements. This also includes payments to revenue authorities in respect of disputed claims. Royalties are presented as expenses, not income tax, in section 5.1.1 Consolidated Income Statement in the Annual Report 2020. Royalty-related income taxes are excluded from Royalties.

### **Production entitlements**

Payments to governments entitled to a share of production under production sharing agreements. Production entitlements are most often paid in-kind. In-kind payments are measured based on the market value of the commodity on the date of delivery to the government.



## **Fees**

Payments to governments in the form of fees typically levied on the initial or ongoing right to use a geographical area for exploration, development and/or production. This includes licence fees, rental fees, entry fees and other payments for licences and/or concessions.

## **Payments for infrastructure improvements**

Payments to governments for the construction of public infrastructure, such as roads, bridges and port facilities.

## **Dividend payments**

Payments to governments with ownership interests in specific assets; not payments to governments as holders of ordinary shares in BHP. There were no dividend payments to governments for the year ended 30 June 2020.

## **Signature, discovery or production bonuses**

Payments to governments upon signing an oil and gas lease, when discovering natural resources, and/or when production has commenced.

## **Other payments**

Payments to governments under other legislated tax rules, such as payroll tax, fringe benefits tax, excise duties, property tax, land tax and black lung tax. These payments are not specifically required to be disclosed by the UK Regulations.

## **Excluded amounts**

The following are not included in total payments to governments:

### **Taxes collected**

Tax payments made to governments on behalf of our employees.

### **Indirect taxes**

Tax payments made to or received from governments in the nature of sales tax, value added tax and goods and services tax.

### **Penalties and interest**

Payments to governments resulting from the imposition of penalties, fees or interest.

### **Other**

Certain payments, whether made as a single payment or as a series of related payments below US\$100,000 (being a lower amount than the £86,000 threshold set out in the UK Regulations).

### **Projects**

Payments made on a project-by-project basis (refer to Payments made on a project-by-project basis section of this Report) present payments by entity when not specifically attributable to a project.

Payments in relation to Corporate Head Office and the Commercial function have been included in the total payments to governments as defined by the UK Regulations. The payments are not attributable to specific projects. 'Corporate Head Office' and 'Commercial' comprise functional support for the Group that in FY2020 consists entirely of projects that undertake relevant activities as defined by the UK Regulations.

The Payments made on a project-by-project basis section presents corporate income tax amounts for each project/entity taking into account the effects of tax consolidation in Australia. These include the following:

- losses from one entity can be offset against taxable income of another entity within the same tax consolidated group

- only the head entity of a tax consolidated group is liable to make corporate income tax payments to the Australian Tax Office (ATO)
- typically, corporate tax groups allocate the aggregate corporate income tax payments made by the head entity to the ATO among entities within the Australian tax consolidated group

### **Reporting currency**

All payments to governments on pages 18 to 23 have been reported in US dollars. Payments denominated in currencies other than US dollars are translated for this Report at the exchange rate at the date of the payment.

## **Glossary**

### **Adjusted effective tax rate**

Total taxation expense excluding exceptional items and exchange movements included in taxation expense divided by Profit before taxation and exceptional items.

### **Adjusted effective tax and royalty rate**

Total taxation expense excluding exceptional items and exchange movements included in taxation expense plus royalty expense divided by Profit before taxation, royalties and exceptional items.

### **BHP or the Group**

BHP Group Limited and BHP Group Plc and their respective subsidiaries.

### **Current tax expense**

The amount of corporate income tax and royalty-related income tax and production entitlements currently payable and attributable to the year, measured at rates enacted or substantively enacted at year-end, together with any adjustment to those taxes payable in respect of previous years.

### **Deferred tax expense**

The amount of corporate income tax and royalty-related income tax and production entitlements attributable to the current year but payable in future years provided using the balance sheet liability method.

### **Employees and contractors**

The weighted average number of employees and contractors across the Group is calculated from the actual number of employees on the last day of the month over the 10-month period from July 2019 to April 2020 at each BHP controlled site. It includes the Executive Director, 100 per cent of employees of subsidiary companies and our share of proportionate consolidated entities. Employees of equity accounted entities are not included. Part-time employees are included on a full-time equivalent basis. Employees of businesses acquired or disposed of during the year are included for the period of ownership.

### **Government**

Any national, regional or local authority of a country (includes a department, agency or undertaking that is a subsidiary undertaking where the authority is the parent undertaking).

### **Income tax expense**

The total of current tax expense and deferred tax expense.

### **Low-tax jurisdictions**

In classifying which countries are 'low-tax jurisdictions', we have applied the EU list of non-cooperative jurisdictions for tax purposes, issued in December 2017 by the European Union and subsequently updated. The updated list used in this Report was issued on 28 February 2020.

### **Payments to shareholders, lenders and investors**

Geographical distribution is based on the registered address of shareholders (for returns to shareholders including dividends) and country of incorporation of the borrower for interest payments.

### **Profit before taxation**

Profit before taxation when presented by country is adjusted for intercompany dividends.

### **Project**

Consistent with the UK Regulations, a project is defined as the operational activities that are governed by a single contract, licence, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. If multiple such agreements are 'substantially interconnected' they may be considered a project. For these purposes 'substantially interconnected' means forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities.

### **Report**

The Report has been prepared for BHP's financial year from 1 July 2019 to 30 June 2020.

### **Social investment**

Includes community contributions and associated administrative costs (including costs borne by BHP to facilitate the operation of the BHP Foundation), and BHP's equity share in community contributions for both operated and non-operated joint ventures.

### **UK Regulations**

The Reports on Payments to Governments Regulations 2014, as amended by the Reports on Payments to Governments (Amendment) Regulations 2015. The UK Regulations implement the EU Accounting Directive (Chapter 10, Directive 2013/34/EU) in the United Kingdom.

**BHP Group Plc Registration number 3196209**

Registered in England and Wales

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**A member of the BHP Group which is headquartered in Australia**