

**Issued by:** BHP Group Plc

**Date:** 14 September 2021

**To:** London Stock Exchange  
JSE Limited

**For Release:** Immediately

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**BHP Group Plc – Economic Contribution Report 2021**

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**Introduction**

Our Economic Contribution Report (Report) for the year ended 30 June 2021 was released today.

In the past 12 months, the COVID-19 pandemic has brought human tragedy and economic disruption globally. However, against this backdrop of unprecedented challenge, our people continued to support one another and kept our operations running safely. This enabled us to continue to provide significant support to local businesses, regional and Indigenous communities, to protect local jobs and continue to pay taxes and royalties to governments.

BHP's purpose is to bring people and resources together to build a better world. We are proud of the valuable contribution we make to communities where we operate and to society as a whole. The economic contribution we make is an important part of this. This significant contribution of taxation and royalty revenue to the countries where we operate gives governments the opportunity to provide essential services to their citizens and invest in their communities for the future.

BHP has a long-standing commitment to transparency. We have 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. This Report meets the requirements of the Australian Voluntary Tax Transparency Code and aims to provide a greater understanding of BHP's global tax profile, tax contributions and the manner in which we govern and manage our tax obligations. This year, our Economic Contribution Report 2021 reflects the requirements of the Global Reporting Initiative (GRI) Standard 207: Tax issued by the Global Sustainability Standards Board.

BHP is subject to the different tax regimes that apply in each of those countries and complies with applicable taxation laws in all the jurisdictions where we operate, including the Organisation for Economic Co-operation and Development (OECD) Country-by-Country reporting measures. This information provides tax authorities around the world with details of how we conduct our business and how BHP's international-related parties transact with each other.

Our Economic Contribution Report 2021 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/-/media/documents/investors/annual-reports/2021/210914\\_bhpeconomiccontributionreport2021.pdf](https://www.bhp.com/-/media/documents/investors/annual-reports/2021/210914_bhpeconomiccontributionreport2021.pdf)

BHP's total direct economic contribution for FY2021 was US\$40.9 billion. This includes payments to suppliers, wages and benefits for around 80,000 employees and contractors, dividends, taxes, royalties and voluntary investment in social projects across the communities where we operate.

In FY2021, our tax, royalty and other payments to governments totalled US\$11.1 billion. Of this, 84.7 per cent or US\$9.4 billion was paid in Australia. During the last decade, we paid US\$84.0 billion globally in taxes, royalties and other payments, including US\$65.4 billion (approximately A\$80.3 billion) in Australia.

Below are extracted sections of our full Economic Contribution Report 2021 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	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>7,206.0</b>	<b>392.5</b>	<b>27.8</b>	<b>7,626.3</b>	<b>2,850.0</b>	<b>156.0</b>	<b>98.0</b>	<b>5.7</b>	<b>-</b>	<b>10,736.0</b>	<b>325.9</b>	<b>11,061.9</b>
<b>Algeria</b> <sup>(1)</sup>	-	-	-	-	-	<b>86.3</b>	-	-	-	<b>86.3</b>	-	<b>86.3</b>
Directorate General of Taxes	-	-	-	-	-	86.3	-	-	-	86.3	-	86.3
<b>Australia</b> <sup>(2)</sup>	<b>6,027.0</b>	<b>267.4</b>	<b>27.8</b>	<b>6,322.2</b>	<b>2,721.7</b>	-	<b>24.8</b>	<b>5.3</b>	<b>-</b>	<b>9,074.0</b>	<b>299.5</b>	<b>9,373.5</b>
Australian Taxation Office	6,027.0	267.4	27.8	6,322.2	-	-	-	-	-	6,322.2	24.8	6,347.0
Central Highlands Regional Council	-	-	-	-	-	-	-	-	-	-	2.6	2.6
Coal Mining Industry Long Service	-	-	-	-	-	-	-	-	-	-	17.7	17.7
Department of Mines, Industry, Regulation and Safety (Western Australia)	-	-	-	-	81.6	-	-	-	-	81.6	-	81.6
Isaac Regional Council (Queensland)	-	-	-	-	-	-	-	-	-	-	10.7	10.7
Mackay Regional Council (Queensland)	-	-	-	-	-	-	-	-	-	-	0.6	0.6
Muswellbrook Shire Council (New South Wales)	-	-	-	-	-	-	-	0.1	-	0.1	3.6	3.7
Shire Of Ashburton (Western Australia)	-	-	-	-	-	-	-	-	-	-	1.9	1.9
Shire Of East Pilbara (Western Australia)	-	-	-	-	-	-	-	-	-	-	2.7	2.7
Shire Of Leonara (Western Australia)	-	-	-	-	-	-	-	-	-	-	0.8	0.8
Shire Of Wiluna (Western Australia)	-	-	-	-	-	-	-	-	-	-	1.1	1.1
State Of New South Wales	-	-	-	-	62.3	-	1.9	0.1	-	64.3	9.5	73.8
State Of Queensland	-	-	-	-	300.3	-	2.0	4.6	-	306.9	62.4	369.3
State Of South Australia	-	-	-	-	76.3	-	2.2	-	-	78.5	21.5	100.0
State Of Victoria	-	-	-	-	-	-	-	-	-	-	6.7	6.7
State Of Western Australia	-	-	-	-	2,201.2	-	16.7	-	-	2,217.9	115.5	2,333.4
Town Of Port Hedland (Western Australia)	-	-	-	-	-	-	-	-	-	-	15.7	15.7
Municipal Council of Roxby Downs	-	-	-	-	-	-	-	-	-	-	1.1	1.1
Other Australian Governments	-	-	-	-	-	-	2.0	0.5	-	2.5	0.6	3.1
<b>Barbados</b>	-	-	-	-	-	-	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>0.6</b>

Government of Barbados	-	-	-	-	-	-	0.6	-	-	0.6	-	0.6
<b>Brazil</b>	<b>0.7</b>	-	-	<b>0.7</b>	-	-	-	-	-	<b>0.7</b>	<b>3.6</b>	<b>4.3</b>
Federal Tax Revenue Ministry	0.7	-	-	0.7	-	-	-	-	-	0.7	3.6	4.3
<b>Canada</b>	<b>2.9</b>	-	-	<b>2.9</b>	-	-	<b>9.2</b>	<b>0.4</b>	-	<b>12.5</b>	<b>3.8</b>	<b>16.3</b>
Canada Revenue Agency	2.7	-	-	2.7	-	-	-	-	-	2.7	0.4	3.1
<b>Finances Quebec</b>	<b>0.2</b>	-	-	<b>0.2</b>	-	-	-	<b>0.1</b>	-	<b>0.3</b>	<b>0.1</b>	<b>0.4</b>
Government Of Saskatchewan	-	-	-	-	-	-	9.1	-	-	9.1	0.1	9.2
Ministry Of Finance - Ontario	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Rural Municipality Of Leroy (Saskatchewan)	-	-	-	-	-	-	-	0.2	-	0.2	2.9	3.1
Rural Municipality Of Prairie Rose (Saskatchewan)	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Other Canadian Governments	-	-	-	-	-	-	0.1	-	-	0.1	0.2	0.3
<b>Chile <sup>(3)</sup></b>	<b>1,250.7</b>	<b>125.1</b>	-	<b>1,375.8</b>	-	-	<b>15.8</b>	-	-	<b>1,391.6</b>	<b>5.1</b>	<b>1,396.7</b>
Servicio De Impuestos Internos	1,250.7	125.1	-	1,375.8	-	-	15.8	-	-	1,391.6	5.1	1,396.7
<b>China</b>	<b>0.5</b>	-	-	<b>0.5</b>	-	-	-	-	-	<b>0.5</b>	-	<b>0.5</b>
China Tax Bureau	0.5	-	-	0.5	-	-	-	-	-	0.5	-	0.5
<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>	-	-	-	-	-	-	-	-	-	-	-	-
Income Tax Department	-	-	-	-	-	-	-	-	-	-	-	-
<b>Indonesia</b>	<b>2.3</b>	-	-	<b>2.3</b>	-	-	-	-	-	<b>2.3</b>	-	<b>2.3</b>
Kantor Pelayanan Pajak Wajib	2.3	-	-	2.3	-	-	-	-	-	2.3	-	2.3
<b>Japan</b>	<b>0.1</b>	-	-	<b>0.1</b>	-	-	-	-	-	<b>0.1</b>	-	<b>0.1</b>
National Tax Agency	0.1	-	-	0.1	-	-	-	-	-	0.1	-	0.1
<b>Malaysia</b>	<b>2.2</b>	-	-	<b>2.2</b>	-	-	-	-	-	<b>2.2</b>	-	<b>2.2</b>
Inland Revenue Board	2.2	-	-	2.2	-	-	-	-	-	2.2	-	2.2
<b>Mexico</b>	<b>4.8</b>	-	-	<b>4.8</b>	-	-	<b>2.4</b>	-	-	<b>7.2</b>	<b>4.3</b>	<b>11.5</b>
Mexican Federal Tax Administration	4.8	-	-	4.8	-	-	2.4	-	-	7.2	4.3	11.5
<b>Netherlands</b>	<b>1.6</b>	-	-	<b>1.6</b>	-	-	-	-	-	<b>1.6</b>	-	<b>1.6</b>
Tax and Customs Administration	1.6	-	-	1.6	-	-	-	-	-	1.6	-	1.6
<b>Peru</b>	<b>35.7</b>	-	-	<b>35.7</b>	-	-	<b>0.6</b>	-	-	<b>36.3</b>	-	<b>36.3</b>
Republica Del Peru	-	-	-	-	-	-	0.6	-	-	0.6	-	0.6
National Superintendency of Customs And Tax Administration	35.7	-	-	35.7	-	-	-	-	-	35.7	-	35.7
<b>Philippines</b>	-	-	-	-	-	-	-	-	-	-	<b>0.4</b>	<b>0.4</b>
Bureau of Internal Revenue	-	-	-	-	-	-	-	-	-	-	0.4	0.4
<b>Singapore</b>	<b>2.8</b>	-	-	<b>2.8</b>	-	-	-	-	-	<b>2.8</b>	-	<b>2.8</b>
Inland Revenue Authority of Singapore	2.8	-	-	2.8	-	-	-	-	-	2.8	-	2.8
<b>South Korea</b>	<b>0.8</b>	-	-	<b>0.8</b>	-	-	-	-	-	<b>0.8</b>	-	<b>0.8</b>
Government of South Korea	0.8	-	-	0.8	-	-	-	-	-	0.8	-	0.8
<b>Switzerland</b>	<b>1.7</b>	-	-	<b>1.7</b>	-	-	-	-	-	<b>1.7</b>	-	<b>1.7</b>
Canton of Zug	1.7	-	-	1.7	-	-	-	-	-	1.7	-	1.7
<b>Trinidad and Tobago <sup>(4)</sup></b>	<b>6.1</b>	-	-	<b>6.1</b>	-	<b>69.7</b>	<b>21.5</b>	-	-	<b>97.3</b>	<b>1.9</b>	<b>99.2</b>
Board of Inland Revenue	6.1	-	-	6.1	-	69.7	21.5	-	-	97.3	1.9	99.2

<b>United Kingdom</b>	<b>8.8</b>	-	-	<b>8.8</b>	-	-	-	-	-	<b>8.8</b>	<b>3.4</b>	<b>12.2</b>
City of Westminster	-	-	-	-	-	-	-	-	-	-	0.9	0.9
Her Majesty's Revenue & Customs	8.8	-	-	8.8	-	-	-	-	-	8.8	2.5	11.3
<b>United States of America</b>	<b>(142.7)</b>	-	-	<b>(142.7)</b>	<b>128.3</b>	-	<b>22.8</b>	-	-	<b>8.4</b>	<b>3.9</b>	<b>12.3</b>
Arizona Department Of Revenue	-	-	-	-	-	-	0.2	-	-	0.2	-	0.2
Arizona State Land Department	-	-	-	-	-	-	-	-	-	-	0.5	0.5
Bureau Of Land Management	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue Service	(0.1)	-	-	(0.1)	-	-	-	-	-	(0.1)	-	(0.1)
Louisiana Department Of Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Texas Comptroller	13.0	-	-	13.0	-	-	-	-	-	13.0	3.0	16.0
Treasury General Account	14.5	-	-	14.5	-	-	-	-	-	14.5	0.3	14.8
U.S. Nuclear Regulatory Commission	-	-	-	-	-	-	0.2	-	-	0.2	-	0.2
U.S. Department Of The Interior	-	-	-	-	128.3	-	21.8	-	-	150.1	-	150.1
U.S. Department Of The Treasury <sup>(5)</sup>	(170.1)	-	-	(170.1)	-	-	-	-	-	(170.1)	-	(170.1)
Utah State Tax Commission	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Washington Department Of Revenue	-	-	-	-	-	-	0.3	-	-	0.3	-	0.3
Other Us Governments	-	-	-	-	-	-	0.2	-	-	0.2	0.1	0.3

Figures are rounded to the nearest decimal point.

(1) Production entitlements of 1.6 million barrels of oil equivalent (boe) paid in-kind.

(2) Payments made for royalties in relation to the North West Shelf of US\$81.6 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).

(3) 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 2020 to 30 June 2021). For reference, income tax and specific tax on mining activities paid by Escondida and Pampa Norte for calendar year 2020 amount to US\$880.8 million (Escondida) and US\$57.9 million (Pampa Norte).

(4) Production entitlements of 3.2 million boe paid in-kind.

(5) This amount represents a refund of taxes paid from the US Department of Treasury due to US tax law changes arising from Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into law on 27 March 2020, which accelerated refunds of alternative minimum tax credits.

## 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.

<b>US\$ millions</b>	Corporate income taxes	Royalty-related income taxes	Taxes levied on production	<b>Total taxes paid</b>	Royalties	Production entitlements	Fees	Payments for infrastructure improvements	Signature, discovery and production bonuses	Total payments as defined by the UK Regulations	Other payments	<b>Total payments to governments</b>
<b>Total payments to governments</b>	<b>7,206.0</b>	<b>392.5</b>	<b>27.8</b>	<b>7,626.3</b>	<b>2,850.0</b>	<b>156.0</b>	<b>98.0</b>	<b>5.7</b>	-	<b>10,736.0</b>	<b>325.9</b>	<b>11,061.9</b>
<b>Petroleum</b>	<b>37.1</b>	<b>267.4</b>	<b>27.8</b>	<b>332.3</b>	<b>209.9</b>	<b>156.0</b>	<b>48.2</b>	-	-	<b>746.4</b>	<b>15.8</b>	<b>762.2</b>
Algeria Joint Interest Unit <sup>(1)</sup>	(1.1)	-	-	(1.1)	-	86.3	-	-	-	85.2	-	85.2
Australia Joint Interest Unit	2.0	-	-	2.0	-	-	-	-	-	2.0	-	2.0
Australia Production Unit - Victoria	(2.5)	(0.1)	-	(2.6)	-	-	-	-	-	(2.6)	-	(2.6)

Australia Production Unit - Western Australia	(51.9)	97.6	-	45.7	-	-	1.6	-	-	47.3	5.1	52.4
Bass Strait	48.5	169.9	-	218.4	-	-	-	-	-	218.4	1.2	219.6
Gulf of Mexico	4.9	-	-	4.9	128.3	-	22.0	-	-	155.2	3.3	158.5
North West Shelf	180.6	-	27.8	208.4	81.6	-	-	-	-	290.0	-	290.0
Trinidad and Tobago Production Unit <sup>(2)</sup>	0.5	-	-	0.5	-	69.7	21.5	-	-	91.7	1.9	93.6
UK Production Unit	2.8	-	-	2.8	-	-	-	-	-	2.8	-	2.8
Other <sup>(3)</sup>	(146.7)	-	-	(146.7)	-	-	3.1	-	-	(143.6)	4.3	(139.3)
<b>Minerals Americas</b>	<b>1,277.3</b>	<b>125.1</b>	-	<b>1,402.4</b>	-	-	<b>26.0</b>	<b>0.3</b>	-	<b>1,428.7</b>	<b>12.2</b>	<b>1,440.9</b>
Escondida	1,181.7	125.1	-	1,306.8	-	-	13.0	-	-	1,319.8	2.5	1,322.3
Other Copper	2.5	-	-	2.5	-	-	0.9	-	-	3.4	0.7	4.1
Pampa Norte	57.2	-	-	57.2	-	-	2.8	-	-	60.0	2.0	62.0
Potash Canada	0.1	-	-	0.1	-	-	9.3	0.3	-	9.7	3.4	13.1
Head Office - BHP Billiton Brasil Ltda	-	-	-	-	-	-	-	-	-	-	3.6	3.6
Head Office - RAL Cayman Inc	35.8	-	-	35.8	-	-	-	-	-	35.8	-	35.8
<b>Minerals Australia</b>	<b>6,435.7</b>	-	-	<b>6,435.7</b>	<b>2,640.1</b>	-	<b>23.2</b>	<b>5.3</b>	-	<b>9,104.3</b>	<b>280.1</b>	<b>9,384.4</b>
New South Wales Energy Coal	-	-	-	-	62.3	-	1.8	0.2	-	64.3	14.6	78.9
Nickel West	28.8	-	-	28.8	26.0	-	3.2	-	-	58.0	21.6	79.6
Olympic Dam	(7.5)	-	-	(7.5)	76.3	-	2.3	-	-	71.1	23.1	94.2
Other Coal	32.3	-	-	32.3	-	-	-	0.3	-	32.6	16.9	49.5
Queensland Coal <sup>(4)</sup>	224.3	-	-	224.3	300.3	-	2.0	4.8	-	531.4	85.7	617.1
Western Australia Iron Ore	6,157.8	-	-	6,157.8	2,175.2	-	13.9	-	-	8,346.9	118.2	8,465.1
<b>Group and Unallocated</b>	<b>(544.1)</b>	-	-	<b>(544.1)</b>	-	-	<b>0.6</b>	<b>0.1</b>	-	<b>(543.4)</b>	<b>17.8</b>	<b>(525.6)</b>
Closed Sites	3.8	-	-	3.8	-	-	0.6	0.1	-	4.5	0.8	5.3
Corporate <sup>(5)</sup>	(563.5)	-	-	(563.5)	-	-	-	-	-	(563.5)	17.0	(546.5)
Commercial	15.6	-	-	15.6	-	-	-	-	-	15.6	-	15.6

Figures are rounded to the nearest decimal point.

(1) Production entitlements of 1.6 million boe paid in-kind.

(2) Production entitlements of 3.2 million boe paid in-kind.

(3) Includes a refund of taxes paid from the US Department of Treasury due to US tax law changes arising from Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into law on 27 March 2020, which accelerated refunds of alternative minimum tax credits.

(4) 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.

(5) The corporate income tax amount predominantly reflects the allocation of the Australian corporate income tax liability among members of the Australian tax consolidated group. For more 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 20 to 25 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 2021.

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 asset. For information purposes, the BHP share of the payments made by our significant equity accounted investments have been shown on page 6 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 3.1.1 Consolidated Income Statement in the Annual Report 2021.

### **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 3.1.1 Consolidated Income Statement in the Annual Report 2021.

### **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 3.1.1 Consolidated Income Statement in the Annual Report 2021. 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 2021.

**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 and land 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 our Corporate and 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 and reflect functional support for the Group that, in FY2021, consisted entirely of projects that undertook 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:

- 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 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 20 to 25 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, unless stated otherwise.

**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**

Employee data is the weighted average number of employees at the last day of each calendar month for a 10-month period based on BHP ownership.

Contractor data is collected from internal surveys and the organisation systems and averages for a 10-month period.

**Global Reporting Initiative Standards**

The GRI Standards represent global best practice for reporting publicly on a range of economic, environmental and social impacts. Sustainability reporting based on the Standards provides information about an organisation's positive or negative contributions to sustainable development.

**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 in February 2021.

**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 2020 to 30 June 2021.

### **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.

**BHP Group Plc Registration number 3196209**

Registered in England and Wales

Registered Office: Nova South, 160 Victoria Street, London SW1E 5LB United Kingdom

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