

POLICY ON THE INDEPENDENCE OF DIRECTORS

Brief description

Defines how the BHP Group Board assesses the independence of each Director.

The BHP logo is displayed in a large, bold, orange font. The letters are thick and blocky, with a slight shadow effect, giving it a three-dimensional appearance. The 'B' and 'H' are connected, and the 'P' is slightly offset to the right.

Policy on the Independence of Directors

1. BACKGROUND

BHP is committed to adopting the highest standards of corporate governance. Those standards require that a majority of the members of the Board of Directors (including the Chairman) are independent of the BHP Group, and that all members of the Risk and Audit and Remuneration Committees, and a majority of members of the Nomination and Governance Committee, of the Board are similarly independent.

This policy has been developed after consideration of corporate governance standards in Australia, the United Kingdom and the United States.

2. PURPOSE

The purpose of this policy statement is to:

- Specify the test that will be used by the Board to assess the independence of each Director;
- Identify the information that will be collected from each Director to make the assessment of independence; and
- Outline the disclosure to shareholders of the assessment of independence of Directors, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of a Director.

3. TEST OF 'INDEPENDENCE'

BHP operates under a Dual Listed Companies (DLC) structure with primary listings on the Australian Securities Exchange through BHP Group Limited and on the London Stock Exchange through BHP Group Plc. BHP Group Limited and BHP Group Plc are referred to collectively in this policy as "BHP Group".

The test of independence that will be used by the Boards of BHP Group Limited and BHP Group Plc to determine the independence of Directors is whether the Director is:

"Independent of management and any business, interest or other relationship that could or could be perceived to materially interfere with the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of the BHP Group rather than an individual shareholder or other group."

4. INFORMATION COLLECTED BY THE BOARD TO ASSESS INDEPENDENCE

All facts and circumstances will be considered in determining the independence of a Director under the above test. With respect to the independence of Directors who serve on the Remuneration Committee, the Board will consider, in particular, all facts and circumstances relating to the Director's independence from management in connection with his or her duties on the Remuneration Committee, including the source of compensation of the Director and whether the Director is affiliated with the BHP Group. It is not possible to explicitly provide for all circumstances that will indicate a conflict of interest or a material relationship. However, a Director will normally be considered to be independent if he or she meets all the criteria described below.

It should be noted that where a Director does not meet one or more of the criteria specified below, the Board will consider the Director not to be independent unless it is clear that the interest, position or relationship in question is not material and will not interfere with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the BHP Group, rather than in the interests of an individual security holder or other party. The Board reserves its right to make such an assessment and disclose it as described in section 5.

Directors will update the Board with any new information in relation to interests or relationships relevant to independence. The Board will assess the independence of Directors upon appointment and re-election, and then annually; and will re-assess determinations of independence when any new interests, positions or relationships are disclosed by a Director.

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The criteria are:

- (a) the Director is not a member of management of the BHP Group;
- (b) the Director does not hold 1% or more of the shares in any BHP group entity and does not represent, and has not been within the last three years an officer or employee of, or professional advisor to, a substantial shareholder in any member of the BHP Group and does not have close personal ties to any person in this category. For the purpose of this policy “substantial shareholder” means the holder of more than 5% of the shares entitled to vote in an entity. An “officer” is:
 - i) a director or secretary of the corporation; or
 - ii) a person:
 - (a) who performs a policy making function; or
 - (b) who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the corporation; or
 - (c) who has the capacity to affect significantly the corporation’s financial standing; or
 - (d) in accordance with whose instructions or wishes the directors of the corporation are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person’s professional capacity or their business relationship with the directors of the corporation); or
 - iii) a receiver, or receiver and manager of the property of the corporation; or
 - iv) an administrator or liquidator of the corporation; or
 - v) an administrator of a deed of company arrangement executed by the corporation; or
 - vi) a trustee or other person administering a compromise or arrangement made between the corporation and someone else.
- (c) within the last 5 years the Director, or someone with whom the Director has close personal ties, has not been employed by a member of the BHP Group or been a Director of any company in the BHP Group after ceasing to hold such employment;
- (d) the Director does not have close personal ties with any of the Group’s material professional advisors, Directors or, within the last 3 years, senior employees;
- (e) the Director does not hold a cross-directorship or have any significant links with other Directors through involvement in other companies or bodies which cross-directorships or links would materially interfere with the Director’s objective, unfettered or independent judgement or ability to act in the best interests of the BHP Group;
- (f) the Director has not served on a Board of the BHP Group for a period which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the BHP Group;
- (g) the Director has not accepted, within the last 3 years, from any member of the BHP Group, directly or indirectly, any consulting, advisory or other compensatory fee other than in the capacity as a Director. This includes payments to an immediate family member or an entity in which the Director is a partner, member or officer such as a managing director occupying a comparable position or an officer or occupies a similar position and which entity provides legal, financial, consulting or other similar services to the BHP Group. This criteria does not preclude payment to a Director as a non-substantial shareholder of the service provider or to a Director who is a limited partner, non-managing member or occupies a similar position and, in each case, has no active role in providing services to the Group;
- (h) the Director does not receive performance-based remuneration (including options or performance rights) from or participate in any employee incentive scheme of the BHP Group and does not have close personal ties to any person in this category. This criteria does not preclude the payment of all or a part of the Director’s remuneration in the form of shares;

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- (i) the Director, or someone with whom the Director has close personal ties, has not, within the last 3 years, been a partner, director or senior employee of the external auditor to any member of the BHP Group, nor has a close family member of the Director been a principal or employee of the external auditor and materially associated with the audit within the last 3 years;
- (j) the Director, or someone with whom the Director has close personal ties, is not, and has not within the last 3 years been, in a material business relationship (e.g. as a material supplier, professional adviser, consultant or customer) with any member of the BHP Group or an officer, substantial shareholder of or otherwise associated directly or indirectly with a person in a material business relationship (e.g. as a material supplier, professional adviser, consultant or customer).
A supplier or customer will be material if payments received from, or made to, the BHP Group account for more than the greater of \$1 million or 2% of the supplier's, or customer's consolidated gross revenue per annum.
The definition of "officer" is set out in paragraph (b) above;
- (k) neither the Director nor an immediate family member has, within the last 3 years, been employed as an executive officer by another company in which a current executive officer of BHP Group serves on the remuneration committee of the board.
The definition of "officer" is set out in paragraph (b) above.

The test of whether a relationship or business is "material" will be based on the nature, circumstances and activities of the Director having regard to the guidelines above. Materiality will be considered from the perspective of the BHP Group, the persons or organisations with which the Director has an affiliation and from the perspective of the Director.

"Close personal ties" may be based on family, friendship or other social or business connections.

All Directors – whether independent or not – are expected to bring an independent judgement to bear on Board decisions.

5. DISCLOSURE

The Board will make the following disclosure to shareholders in the BHP Group Annual Report.

- Independent and non-independent Directors (and any change in status that occurred during the year) will be identified and their period of office will be stated.
- Any assessment of independence for a Director who does not meet the criteria above, or any other relationships or circumstances exist which appear relevant to the Board's assessment of independence, will be specifically explained.

Independent and non-independent Directors standing for election or re-election will also be identified in the Notice of Annual General Meeting.

If the Board's assessment of a Director's independence changes, that change will be disclosed in a timely manner through Stock Exchange announcement.

6. ADDITIONAL INFORMATION

If you have any questions arising from BHP Group's Policy on Independence of Directors, you may contact:

Stefanie Wilkinson
Group Company Secretary

Originally approved by the Board of BHP Group Limited and BHP Group Plc on: 2 May 2003.

Amendments approved by the Board of BHP Group Limited and BHP Group Plc on: 13 August 2004, 20 October 2010, 22 October 2014 and 7 August 2020.