



Policy on the Independence of Directors

Approved by the Board of BHP Group Limited to take effect on 1 July 2023

Background

BHP is committed to the highest standards of corporate governance. Those standards require that:

- a majority of the members of the Board of Directors (including the Chair) be independent of BHP Group Limited (**BHP**) (the **BHP Group**); and
- all members of the Risk and Audit Committee, People and Remuneration Committee and the Nomination and Governance Committee be independent of the BHP Group and a majority of members of the Sustainability Committee be independent of the BHP Group.

Purpose

The Board will have discretion to determine if a Director is independent. Without limiting the Board's discretion, the purpose of this policy statement is to set out guidelines to assist the Board in considering Director independence.

Test of independence

The Board will assess the independence of Directors with reference to the definition of an independent director in the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Fourth Edition**), which is:

"An independent director is a director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party."

Information collected by the Board to assess independence

Directors will update the Board at the earliest opportunity 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 as soon as practicable when any new interests, positions or relationships are disclosed by a Director.

In assessing independence, the Board will consider the following factors that may affect the independence status of a Director – if the Director:

- is, or has been, employed in an executive capacity by BHP or BHP Group and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, BHP;
- is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with BHP or BHP Group, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a Director of BHP for such a period that their independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position or relationship is assessed by the Board to determine whether it might interfere, or might reasonably be seen to 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 BHP as a whole rather than in the interests of an individual shareholder or other party.

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

US requirements

The Board will also assess the independence of Directors with reference to the Securities and Exchange Act of 1934 (**Exchange Act**) and relevant provisions of the NYSE Listing Manual, where applicable.

Members of the Audit & Risk Committee may only be considered independent if the Director:

- a) has not accepted any direct or indirect consulting, advisory or other compensatory fee from BHP Group (other than compensation for service as a director or fixed amounts under a retirement plan); and
- b) is not an “affiliated person” of BHP Group.

An “affiliated person” means a person that directly or indirectly controls, is controlled by or is under common control with BHP Group. A Director who is not an executive officer or a 10+% shareholder of BHP Group will not be considered an “affiliated person.”

Disclosure

The Board will disclose to shareholders annually which Directors are independent and non-independent (and any change in status that occurred during the year) and their period of office.