



BHP introduces seven-day payments for small, local and Indigenous businesses

Frequently Asked Questions - Suppliers

Question	Answer
Why is BHP moving to seven-day payment terms?	This initiative will support and help sustain local and regional economies, particularly the thousands of local and Indigenous businesses that are the lifeblood of so many of the communities in which we operate We know how much of a difference shorter payment terms can make to these businesses, and have determined that a reduction in payment terms can be sustained globally – across 31 countries, including the key operating regions of Australia, Chile, the United States and Gulf of Mexico, and Canada.
Why is BHP moving to seven-day payment terms now? What is the relevance of the timing?	This initiative will support and help sustain local and regional economies, particularly the thousands of local and Indigenous businesses that are the lifeblood of so many of the communities in which we operate. This is aligned with our strategy to deliver more structured and longer term opportunities to create social value. Our industry plays a vital role in keeping local economies strong, generating opportunity, jobs and growth, particularly as the world economy recovers from the COVID-19 pandemic. We saw the benefits that a move to seven-day payment terms delivered for these businesses during the peak of the global COVID-19 pandemic, and want to double-down on our support and engagement with our local and Indigenous supplier network by reducing payment terms.

Supplier FAQs

How is BHP able to justify this change in payment terms now, and not previously?	In March 2020, as the COVID-19 pandemic escalated we recognised it was critically important that we keep contributing to the regional economies. We quickly enacted an extensive support program that included reducing payment terms from 30 days to 7 days for more than 2,100 local, small and Indigenous Australian businesses. The benefit of improved cash flow was really well received by our suppliers. We paid close attention to that feedback, we have acted, and we have been able to determine that this change can be sustained, and delivered globally.		
When will this change take effect?	From 01 July, 2021, payment of invoices on new purchase orders created with local, small and Indigenous businesses, will be made on seven-day payment terms.		
Which invoices do the new payment terms apply to?	All invoices against Purchase Orders raised on or after 01 July, 2021.		
How does BHP define a small business?	Australia - Annual business revenue below locally accepted threshold - Sources: BCA, ASBFEO - Threshold: AUD \$10million	Chile - Annual business revenue below locally accepted threshold - Source: Chilean IRS - Threshold: USD \$8.2million	All other locations - Annual business revenue below locally accepted threshold - Threshold USD\$ 7.5million
How does BHP define a Local / Indigenous business?	Local - Business impacted by BHP's operating presence - Criteria: Business headquartered in approved post codes as defined by BHP regional leadership teams. Indigenous or First Nations Business - Any business, formal collaboration or joint venture with requisite ownership by Indigenous or First Nations people - Criteria: Ownership of 50% or more.		
Are all global suppliers eligible for this?	Businesses that will be eligible for seven-day payment terms with BHP need to be headquartered locally to our operations, be indigenous owned, or meet the definition of small in the relevant region. That does not include branch offices of multi-national businesses in the areas that we operate, or large businesses that are based locally to BHP corporate offices.		

Supplier FAQs

What about other locations in Asia and in London where BHP has offices?	The move to seven-day payment terms for local, small and Indigenous businesses where we operate is a global initiative. While our presence in parts of Asia and the United Kingdom is not directly operational, those offices represent our only presence in those regions and therefore small and Indigenous businesses that support the running of those offices will be eligible for reduced payment terms.
I run a small business in the Brisbane/Melbourne/Adelaide/Perth CBD. Am I eligible?	To be eligible for seven-day payment terms as a local business, a business must be headquartered in a township or regional postcode area that has been determined as being local to one of our operations. Businesses based in Brisbane/Melbourne/Adelaide/Perth or any other location across Australia will be eligible for 7 day payment terms if they meet the Australian definition of small business (annual revenue <AUD\$10M), or are an indigenous owned business.
How will suppliers be notified of the changes?	Payment terms for eligible businesses will be made automatically by our Procurement Operations teams, and will apply for all new purchase orders made after 1 July, 2021. If you believe you are eligible for 7-day payment terms but are not receiving this benefit, or if you have any other questions related to payments, please contact us on: • Website: https://www.bhp.com/info/supplying-to-bhp (select BHP supplier registration and contract management) • Toll-free phone (Minerals Australia vendors): 1800 775 868 (use option #1) There will be an evaluation process that business owners can access to determine whether they meet the eligibility criteria for seven-day payment terms.
How will this impact the LBP and C-Res	The Local Buying Program will also move to seven-day payment terms for its vendors from 1 July, 2021. C-Res and SAWU will continue to play integral roles in administering the Local Buying Program in Australia, and Local Purchasing Program in Chile, and working directly with BHP's operations and participating vendors to ensure they are being supported and achieving their day-to-day business outcomes.

