

BHP: Climate Policy Engagement Overview

An investor briefing to inform voting on climate advocacy resolution at BHP's 2021 AGM

September 2021

Executive Summary

- On 14th October 2021 (UK) and 11th November 2021 (Australia), BHP investors will vote on a shareholder resolution requesting that the company “strengthens its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement” (see Australasian Centre for Corporate Responsibility’s release [here](#)). This briefing provides an overview of BHP’s direct and indirect climate-related policy engagement, as well as an assessment of the company’s corporate disclosures on industry association lobbying. The briefing contains data from InfluenceMap’s online platform which tracks, assesses and scores over 300 companies and 150 industry associations on their engagement with climate change policy against Paris-aligned benchmarks.
- InfluenceMap analysis indicates that BHP’s direct climate policy engagement is misaligned with the goals of the Paris Agreement. The company has limited engagement on specific climate-related regulations in 2020-21, but has continued to actively promote a role for fossil fuels in the future energy mix. BHP’s engagement on the role of fossil fuels appears to directly contradict the company’s apparent [top-line support](#) for climate action in line with 1.5°C. A summary of the company’s direct climate policy engagement, including access to the underlying data, is on [page 4](#). InfluenceMap’s online profile of BHP can be found [here](#).
- BHP is a member of several industry associations displaying highly strategic and negative engagement with climate legislation and regulation, including [Minerals Council of Australia \(MCA\)](#), [Australian Petroleum Production & Exploration Association \(APPEA\)](#), [NSW Minerals Council \(NSWMC\)](#), [American Petroleum Institute \(API\)](#), and the [US Chamber of Commerce](#). All of these associations have lobbied extensively in 2021 for a continued role for coal, oil and gas in the energy mix. A detailed overview of these industry associations’ climate policy engagement is available on [page 5](#).
- BHP has published annual reviews of its industry association memberships on climate change, and/or updates on misaligned groups, since 2017. However, InfluenceMap analysis shows that the quality of BHP’s industry association review process still falls considerably short of investor expectations in this area. Our detailed assessment of BHP’s industry association review process can be found [here](#) and in [Appendix A](#). A detailed methodology for this assessment can be found in [Appendix B](#).

Background: Shareholder resolution on climate advocacy

Engagement with companies over their climate policy engagement is now firmly on the investor agenda on climate change. It is an integral part of the *Climate Action 100+* (CA100+) investor-engagement process, which now has over 545 investor signatories with a total of \$52 trillion in assets under management.

As a research partner to CA100+, InfluenceMap maintains a global system for tracking, assessing and scoring companies on their engagement with climate change policy against Paris-aligned benchmarks, currently covering around 300 companies along with 150 of their key industry associations.

InfluenceMap refers to the UN's *Guide for Responsible Corporate Engagement in Climate Policy* as a guide for what constitutes engagement. This can include advertising, social media, public relations, sponsoring research, direct contact with regulators and elected officials, funding of campaigns and political parties and participation in policy advisory committees.

This briefing provides an overview of BHP's direct and indirect climate policy engagement, as well as an assessment of the company's corporate disclosures on industry association lobbying, to inform voting decisions on the shareholder resolution summarized in Table 1 below. This resolution will be voted on at BHP's Annual General Meeting in the UK (14th October 2021) and Australia (11th November 2021).

Table 1: Key Information for shareholder resolution at BHP's 2021 AGM

Resolution: Strengthen review of industry associations to ensure consistency with the Paris Agreement			
Lead Filer:	Australasian Centre for Corporate Responsibility (ACCR)	AGM Date:	14 th October 2021 (UK); 11 th November 2021 (Australia)
Proposal Summary: <i>The full resolution text is available here.</i>	"Shareholders request that our company strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. Where an industry association's record of advocacy is, on balance, inconsistent with the Paris Agreement's goals, shareholders recommend that our company suspend membership, for a period deemed suitable by the Board. Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company."		

Following growing investor scrutiny on corporate lobbying behavior, companies are increasingly facing shareholder resolutions on climate policy engagement. The number of resolutions filed in this category has significantly increased in the last three years, becoming the most popular among the climate-relevant resolution universe *monitored by InfluenceMap*: 17 in 2020, compared with 8 in 2018 and 13 in 2019.

This trend appears to be continuing in 2021, with investors filing record numbers of resolutions specifically calling for Paris-aligned policy engagement. InfluenceMap is producing a series of investor briefings on companies facing these resolutions in 2021, with more information available [here](#).

Summary of BHP's climate policy engagement

Overview

InfluenceMap's methodology, available [on our website](#), uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the advice of [IPCC science](#) or the stated intentions of governments looking to implement the Paris Agreement. This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company's climate policy engagement, and that of its industry associations, is Paris-aligned.

InfluenceMap's online profile of BHP, including access to the underlying data which forms this assessment, can be found [here](#). The analysis of BHP's industry association relationships, including detailed profiles for each association, can be explored via the "Details of Relationship Score" tab. An overview of this assessment is provided in Table 2 below.

Table 2: Overview of InfluenceMap's assessment of BHP

BHP		
Performance Band	D	Performance Band (A+ to F) is a full measure of a company's climate policy engagement, accounting for both its own engagement and that of its industry associations. A+ indicates full support for Paris-aligned climate policy, with grades from D to F indicating increasingly obstructive climate policy engagement.
Organization Score	47%	Organization Score (0 to 100) expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement, with scores under 50 indicating "internal" misalignment between the Paris Agreement and the company's detailed climate policy engagement.
Relationship Score	47%	Relationship Score (0 to 100) expresses how supportive or obstructive the company's industry associations are towards climate policy aligned with the Paris Agreement, with scores under 50 indicating "external" misalignment between the Paris Agreement and the detailed climate policy engagement of the company's industry associations.
Engagement Intensity	35%	Engagement Intensity (0 to 100) is a measure of the level of policy engagement by the company, with scores above 12 indicating active engagement, and scores above 25 indicating highly active or strategic engagement.

Summary of direct climate policy engagement

InfluenceMap's analysis of BHP's direct climate policy engagement is based on 292 independent data points, 74 of which have been logged since 2020. Under InfluenceMap's system, recent evidence is heavily weighted in the calculations of metrics, as explained in our [methodology](#). InfluenceMap analysis indicates limited transparent, direct engagement on specific climate regulations from BHP in 2021, with comments focused on the role of fossil fuels in the energy mix and top-line climate action. By contrast, the company is a member of several industry associations displaying highly strategic and negative engagement with specific items of climate legislation and regulation (see [page 5](#)). This section contains embedded links to our online platform where over 30,000 pieces of assessed evidence are archived.

- **Qualified support for climate action:** BHP appears to support GHG emissions reductions in line with a 1.5°C scenario, [calling it](#) an “attractive scenario for BHP, our shareholders and the global community” in its most recent Annual Report, published in September 2020. In the same report, BHP [called for](#) increased levels of national and global ambition to meet the goals of the Paris Agreement. However, BHP has [consistently qualified](#) its statements on climate policy by emphasizing that it should achieve “lowest cost abatement” and not affect trade competitiveness. These open-ended conditions would appear to exclude a range of policy levers that governments might consider in responding to climate change. Further, BHP has argued that “Government intervention should be limited to where required to address demonstrated market failure” in both its [corporate reporting](#) and [direct communications with policymakers](#). The 2018 [IPCC Special Report on Global Warming of 1.5°C](#) sets out the need for robust government intervention across the economy.
- **Actively supporting fossil fuels:** The majority of BHP's communications on climate change between 2020-21 have focused on the energy transition. BHP's Global Climate Policy Standards, published in August 2020, [call for](#) “policies that enable the broader transition to a net-zero economy”. However, this support appears to be on the condition that policies are “technology and commodity neutral”, seemingly excluding policy levers that promote specific technologies or fuel types. Further, BHP CEO Mike Henry in 2021 has [consistently advocated](#) a role for coal in the energy mix for “decades” as well as [continued support](#) for oil and gas on the pathway to decarbonization. The 2018 [IPCC Special Report](#) explains that by 2050, under most 1.5°C-consistent decarbonization pathways, the share of coal must be reduced to 1-7% in the primary energy mix, and to close to 0% in electricity generation.
- **Historic opposition to Australian climate policies:** BHP appears to have limited engagement with specific items of climate regulation in 2020-21. However, BHP has previously [advocated against](#) ambitious greenhouse gas assessment guidance by the Environmental Protection Authority of Western Australia in 2019, and [lobbied to weaken](#) the federal safeguard mechanism in 2018. BHP also opposed [renewable energy subsidies](#) and [state-based renewable energy targets](#) in Australia in 2017-18.

Summary of indirect climate policy engagement via industry associations

InfluenceMap's platform tracks and analyzes the climate policy engagement of over 150 industry associations using the same benchmarks and scoring process applied to companies. This gives an assessment of each association's engagement against Paris-aligned benchmarks. This section details InfluenceMap's analysis of BHP's key industry associations and governance processes.

- BHP has published annual reviews of its industry association memberships on climate change and/or updates on misaligned groups since 2017. However, InfluenceMap *analysis* shows that **the quality of BHP's industry association review process still falls considerably short of investor expectations in this area**. BHP has failed to disclose the detailed policy positions and engagement activities of its industry associations, and how individual assessments have been made. As such, BHP has failed to accurately identify and take action on key industry associations engaging counter to the Paris goals. Our detailed assessment of BHP's industry association review process can be found [here](#) and in Appendix A.
- InfluenceMap analysis indicates that BHP likely **holds 11 memberships** to industry associations with misaligned climate policy engagement (ranked as a D or below by InfluenceMap's system). These include *Minerals Council of Australia (MCA)*, *Australian Petroleum Production & Exploration Association (APPEA)*, *NSW Minerals Council (NSWMC)*, *American Petroleum Institute (API)*, and the *US Chamber of Commerce*. Also, BHP's senior executives hold executive committee positions at numerous misaligned industry associations, including *APPEA*, *MCA*, and *South Australian Chamber of Mines and Energy*.

Table 3 below gives an overview of eight key industry associations with examples of recent obstructive climate policy engagement. Detailed profiles for all BHP's industry associations can be explored via the links in the table, [Appendix C](#), or the "Details of Relationship Score" tab on BHP's [company profile](#).

Table 3: Evidence of recent climate policy engagement by BHP's key industry associations

Industry Association	Performance Band	Examples of recent climate policy engagement
<i>American Petroleum Institute (API)</i>	F	<ul style="list-style-type: none"> ● June 2021: API sent a <i>letter</i> to the US Environmental Protection Agency (EPA) directly advocating policymakers to reduce renewable fuel targets for 2021-22 under the Renewable Fuel Standard. ● May 2021: In a <i>joint response</i> to the US PIPES Act, API did not appear to support ambitious methane regulations, citing impacts on affordability. ● April 2021: In response to a US Senate Committee on Finance, API <i>opposed</i> Colorado Bill SB-200 which would introduce mandatory GHG targets. ● April 2021: In a <i>submission</i> to the EPA, API opposed amendments to E15 fuel labelling requirements intended to encourage uptake of renewables. ● January 2021: In a keynote speech, API CEO Mike Sommers appeared to argue <i>against</i> a ban on fracking. In its State of American Energy report, API appeared to <i>oppose</i> restrictions on federal waters and land for oil and gas production and the <i>renewal</i> of the Nationwide Permit 12 program, both of which serve to make permitting approval processes for oil and gas infrastructure quicker and easier.

<p>NSW Minerals Council (NSWMC)</p>	<p>E-</p>	<ul style="list-style-type: none"> ● August 2021: NSWMC's corporate website <i>continues to advocate</i> a continued role for "advanced coal" alongside gas and low emissions technologies, without reference to need for CCS or a reduction in coal use. ● April 2021: In response to an Australian Parliamentary Inquiry, NSWMC <i>criticized</i> financial institutions for phasing out coal financing and argued there would be strong demand for Australian coal for decades. ● February 2021: CEO Stephen Galilee <i>called for</i> the NSW Government to intervene on the Independent Planning Commission (IPC) decision to reject a coal mine extension. NSWMC has run a <i>campaign</i> since 2019 targeting the IPC and NSW Planning Minister, Rob Stokes, over the consideration of Scope 3 emissions when evaluating new projects. ● July-August 2020: In response to COVID-19, NSWMC <i>advocated</i> for the approval of 21 new coal projects to aid NSW's economic recovery, and <i>directly lobbied</i> against any new fees or levies for the mining industry in a NSW Pre-Budget submission.
<p>US Chamber of Commerce (The Chamber)</p>	<p>E-</p>	<ul style="list-style-type: none"> ● June 2021: In comments submitted to the EPA, the Chamber <i>supported</i> US methane regulations with major exceptions, including the need to conduct additional studies before regulation. The Chamber also strongly opposed a reduction in natural gas in the energy mix. ● July 2021: The Chamber sent a <i>letter</i> to US policymakers which did not explicitly endorse the Clean Energy Standard (CES), and called for the inclusion of natural gas in any future CES. ● July 2021: The Chamber <i>lobbied</i> the EPA to weaken the ambition of a proposed policy to establish a cap-and-trade policy for hydrofluorocarbons (HFCs), calling for greater compliance flexibility and higher HFC allowances. ● May 2021: The Chamber took <i>legal action</i> to defend Enbridge's Line 5 pipeline in Michigan. ● January 2021: In a press release, the Chamber appeared to strongly oppose Biden's executive orders to revoke the permit for the <i>Keystone XL pipeline</i> and pause <i>oil and gas leases</i> on federal lands.
<p>Chamber of Minerals and Energy of Western Australia (CMEWA)</p>	<p>E</p>	<ul style="list-style-type: none"> ● InfluenceMap has been able to locate only limited publicly available evidence of CMEWA engagement with specific climate-related policy and regulations in 2021. However, there is currently no evidence that CMEWA has reformed its earlier positions set out below. ● August 2020: CMEWA <i>directly advocated</i> policymakers to exclude greenhouse gas emissions requirements from Australia's federal Environmental Protection and Biodiversity Conservation Act 1999. CMEWA made similar comments in a <i>joint submission</i> in April 2020. ● April 2020: The Australian Financial Review <i>reported</i> that CMEWA supported a weaker, watered-down version of greenhouse gas emissions guidance issued by Western Australia's Environmental Protection Authority. CMEWA's director of policy and advocacy, Rob Carruthers, said that the weaker guidance would provide "certainty and confidence" to advance large LNG projects in response to the COVID-19 pandemic. CMEWA had strongly and successfully <i>opposed</i> the original, more ambitious, guidance in 2019. ● March 2020: CMEWA <i>directly lobbied</i> for government to remove Scope 3 emissions from the National Greenhouse and Energy Reporting framework.

<p><i>Australian Petroleum Production & Exploration Association (APPEA)</i></p>	<p>E+</p>	<ul style="list-style-type: none"> ● August 2021: APPEA opposed the phase-out of natural gas as part of Victoria's Gas Substitution Roadmap in both a <i>consultation response</i> and <i>press release</i>. In July 2021, APPEA also <i>supported</i> the end of a moratorium on new gas field developments in Victoria. ● May-July 2021: APPEA released three press releases <i>advocating</i> to broaden the renewable energy mandate of the Australian Renewable Energy Agency to include hydrogen produced with natural gas. ● June 2021: In a <i>submission</i> to the NSW Coal and Gas Legislation Amendment, APPEA opposed placing a ban on new coal and gas mining activities in the Liverpool Plains in New South Wales. In July 2021, APPEA also <i>opposed</i> the decision to reduce areas for gas exploration in NSW. ● March 2021: In a <i>press release</i>, APPEA appeared to support the Australian government's "gas-fired recovery" from COVID-19 while supporting an increase in natural gas investments to aid economic growth. ● January 2021: APPEA's federal Pre-Budget Submission <i>advocated</i> for policy reform to increase the economic viability of new gas projects.
<p><i>Minerals Council of Australia (MCA)</i></p>	<p>D-</p>	<ul style="list-style-type: none"> ● May-August 2021: MCA released four press releases <i>advocating</i> to broaden the renewable energy mandate of the Australian Renewable Energy Agency to include support for CCUS technologies. ● July 2021: MCA CEO, Tania Constable, <i>criticized</i> the EU Carbon Border Adjustment Mechanism as a "trade disruptive policy" in a press release. ● June 2021: In a <i>testimony</i> to Australia's Joint Standing Committee on Trade and Investment Growth, MCA CEO, Tania Constable, supported a sustained role for coal and gas in the energy mix for decades alongside CCUS, without referencing the need for a dramatic reduction of coal in line with the IPCC. ● December 2020: In December 2020, MCA <i>directly lobbied</i> to weaken the EU Sustainable Finance Taxonomy, advocating the inclusion of all low-emission technologies including coal and gas with CCUS.
<p><i>Australian Industry Greenhouse Network (AIGN)</i></p>	<p>D</p>	<ul style="list-style-type: none"> ● InfluenceMap has been able to locate only limited publicly available evidence of AIGN engagement with specific climate-related policy and regulations in 2021. However, there is currently no evidence that AIGN has reformed its earlier positions set out below. ● November 2020: AIGN <i>lobbied against</i> legislating a net zero by 2050 target in a consultation on the 2020 Climate Change Bill in Australia, arguing that existing policy measures were adequate. ● May 2020: AIGN <i>directly advocated</i> for government to remove Scope 3 emissions reporting from the National Greenhouse and Energy Reporting legislation in a consultation on the framework in Australia. ● March 2020: AIGN were <i>reported</i> by Australia's Climate Change Authority as continuing to support the use of Kyoto carry-over credits to meet emissions reduction targets. ● May 2020: AIGN's CEO, Susie Smith, was a <i>panel member</i> for Australia's King Review which proposed weaker regulations for heavy emitters and more public funding for "clean coal technologies" such as CCS.

<p><i>Business Council of Australia (BCA)</i></p>	<p>D</p>	<ul style="list-style-type: none"> • In 2020, BCA appeared to take a more progressive position on climate change, including <i>support</i> for a net-zero by 2050 target in Australia under Zali Steggall's 2020 Climate Change Bill. However, InfluenceMap has been able to locate only limited publicly available evidence of BCA engagement with specific climate-related policy and regulations in 2021. InfluenceMap's assessment is calculated over a multi-year period, and so currently reflects that there is limited publicly available evidence to suggest BCA has made significant reforms to its previous climate lobbying activities, outlined below. • September 2020: In its 2020-21 federal budget submission, BCA <i>lobbied</i> to broaden the mandates of the Australian Renewable Energy Agency and Clean Energy Finance Corporation beyond renewables to include "a wider remit of low and zero emission technologies". BCA also made this argument in <i>response</i> to the Technology Investment Roadmap in June 2020. • February 2020: In a scoping paper on energy and climate policy, BCA <i>called for</i> the development of new gas fields in Victoria, Northern Territory and the Cooper Basin in Australia. • February 2020: BCA CEO, Jennifer Westacott <i>stated</i> in an interview that the transition away from coal should happen in a "staged incremental" way, suggesting that she is supporting a continued role for coal in the energy mix.
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Queensland Resources Council

In October 2020, BHP *suspended* its membership to the Queensland Resources Council (QRC) in response to an anti-Greens advertising campaign in the run-up to the state election. Based on publicly available information, it is unclear whether BHP will reinstate its membership to the QRC (as of August 2021). InfluenceMap analysis shows that the QRC's climate policy engagement is also misaligned with the Paris Agreement. The table below highlights examples of recent obstructive climate policy engagement by QRC.

Industry Association	Performance Band	Examples of recent climate policy engagement
<p><i>Queensland Resources Council (QRC)</i></p>	<p>E-</p>	<ul style="list-style-type: none"> • August 2021: QRC's corporate website <i>continues to advocate</i> a continued role for coal in the energy mix alongside CCS, without reference to the need for an overall reduction in coal in line with IPCC science. This position was also stated in response to an <i>Australian Parliamentary Inquiry</i> in April 2021. • July 2021: QRC welcomed the approval of a coal mine extension by the Queensland Government, emphasizing importance to local economy. QRC CEO, Ian Macfarlane, has consistently supported investment in new coal mines (<i>July 2021</i>) and gas projects (<i>August 2021</i>) in Australia. • April-May 2020: In a <i>joint submission</i> on Australia's Review of the Environmental Protection and Biodiversity Conservation Act, QRC directly advocated to exclude GHG emissions requirements from the legislation. QRC also <i>opposed</i> the inclusion of a "climate trigger" under the EPBC Act.

Appendix A: Detailed assessment of BHP’s corporate industry association review

This Appendix outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association lobbying, using the traffic-light assessment framework summarized below. Further details on the assessment methodology is available in Appendix B, and in our April 2021 report [here](#).

Key	Explanation
■	Has broadly met investor expectations in this area.
■	Has made some progress on investor expectations in this area, but with significant deficiencies.
■	Has fallen short of investor expectations in this area.

A summary of BHP’s disclosures on industry associations is shown below. To date, BHP has published two full reviews of its industry associations, and two review updates. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
December 2017	43 / 100
2018 (Update)	57 / 100
December 2019	43 / 100
2020 (Update)	43 / 100

This assessment is based on BHP’s latest disclosure on industry associations and climate lobbying, which can be [found here](#). InfluenceMap’s online profile of BHP, including access to the underlying data which forms this assessment, can be found [here](#). Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment. A more detailed breakdown, along with examples of best practice evidenced by other companies to date, can be found on the following page.

Disclosure & Transparency	Alignment Process
Corporate climate positions	Identify & Assess
Industry group climate positions	Monitor & Review
Alignment assessment method	Act
Framework for misalignment	

BHP Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, BHP’s assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

Disclosure & Transparency

Corporate climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond ‘top-line’ climate statements. This includes descriptions of the company’s positions and policy engagement activities on specific items of regulation and legislation which are material to the company’s operations, business sector, and/or the region(s) in which it operates.

BHP	BHP’s 2019 review disclosed a top-line summary of ten climate positions, but the audit lacks detail on specific policy positions, instead focusing on commitments that are largely high-level, operations-focused, and sometimes unclear as to its practical meaning such as the energy trilemma. BHP’s earlier reviews scored higher under this indicator. In 2017, BHP disclosed the company’s policy positions and engagement activities on specific items of Australian climate regulation including the Finkel Review, Clean Energy Target, National Energy Guarantee and the federal 2030 GHG target.
Best Practice	<i>Shell</i> has disclosed six detailed climate policy positions in its 2021 review including net-zero emissions and carbon pricing. Shell’s 2020 update also outlined the company’s position on specific climate policies including the EU Green Deal and methane regulation in the EU and US. The 2021 review also includes a clear reference to a list of climate policy positions and examples of Shell’s advocacy on its website.

Industry association climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond ‘top-line’ statements.

BHP	BHP has disclosed the climate positions of the four industry associations identified as potentially misaligned, as well as Coal21 and Minerals Council of Australia. However, this disclosure lacks detail on specific policy positions and there is limited or no disclosure for the other groups.
Best Practice	No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations’ climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap’s database.

Alignment assessment method

To meet investor expectations under this indicator: The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

BHP	BHP has disclosed a detailed explanation of its alignment assessment method based on its ten climate positions. However, there is ambiguity regarding how some company evaluations have been made as a full breakdown of its application has only been provided for four groups identified as 'partially aligned', with a one-line statement for the 12 groups identified as 'mostly aligned', and no details for the remaining industry associations.
Best Practice	BASF has disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.

Framework for addressing misalignment

To meet investor expectations under this indicator: The company has to disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

BHP	BHP has disclosed clear and detailed steps for addressing potential misalignment including an escalation strategy and clear timeline attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy, and review the membership if there has been no action within 12 months.
Best Practice	BHP has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.




Policy Alignment Process

Identify & Assess	
<p>To meet investor expectations under this indicator: The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.</p>	
BHP	<p>BHP has not disclosed any cases of misalignment, but has identified four “partly aligned” industry associations: American Petroleum Institute (API), Mining Association of Canada (MAC), NSW Minerals Council (NSWMC) and US Chamber of Commerce (USCC). InfluenceMap analysis indicates that the company likely has memberships to eleven industry associations misaligned with the Paris Agreement (API, USCC, NSWMC, Chamber of Minerals and Energy of Western Australia, Canadian Association of Petroleum Producers, Australian Institute of Petroleum, Minerals Council of Australia, APPEA, Business Council of Australia, South Australian Chamber of Mines and Energy, Australian Industry Greenhouse Network) and four industry associations potentially misaligned with the Paris Agreement (International Association of Oil and Gas Producers, Mining Association of Canada, International Chamber of Commerce, GasNaturally).</p>
Best Practice	<p>Although <i>AGL Energy</i> has demonstrated some progress in this area, no companies have met investor expectations. InfluenceMap analysis indicates that all companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>
Monitor & Review	
<p>To meet investor expectations under this indicator: The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.</p>	
BHP	<p>BHP has published annual reviews of its industry association memberships and/or updates on potentially misaligned groups since 2017. Following its 2019 review, BHP has published an update on American Petroleum Institute, Mining Association of Canada, NSW Minerals Council and US Chamber of Commerce on its website. In 2020, BHP stated it will conduct a formal industry association review process on a three-year cycle, rather than annually. The company has also stated that it will disclose any cases of material misalignment in 'real-time' on its website. InfluenceMap will closely track BHP's related disclosures to ensure it is reporting in line with this commitment.</p>
Best Practice	<p><i>Shell</i> has published full industry association reviews in 2019 and 2021. In April 2020, Shell also published an update on the nine associations with some misalignment found in 2019 including actions taken within each association, key changes to the associations' climate positions and detailed next steps. Shell has committed to publish its next update in 2022.</p>

Act	
<p>To meet investor expectations under this indicator: The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i>, <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.</p>	
BHP	<p>BHP has shown evidence of action to address misalignment by terminating its membership to World Coal Association in 2018, and suspending its membership to Queensland Resources Council in 2020 following its 'Vote Greens Last' advertising campaign. BHP has also outlined detailed actions to be taken at the four partly aligned industry associations, e.g. "BHP will review its membership of the API if it has not refrained from advocacy in relation to Emissions Reduction Targets and fostered a consensus on the Paris Agreement within a reasonable period (no later than 31 August 2020)". However, the company does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap's database (see Identify & Assess).</p>
Best Practice	<p>No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap's database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its 'Vote Greens Last' advertising campaign and also outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement.</p>

Appendix B: InfluenceMap methodology for assessment of industry association reviews



Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

Assessing Disclosures

Since BHP's 2017 industry association review, around 20 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *'Investor Expectations on Corporate Climate Lobbying'* report, the PRI highlights the need for disclosure on the company's positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company's stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap's Assessment Criteria
Corporate climate policy positions and influencing activities		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company's description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.

		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company's disclosure is limited to a brief overview of its 'top-line' climate statements and operational commitments without reference to specific items of regulation and legislation.
Industry association climate policy positions and influencing activities		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
Alignment assessment method		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
Framework for addressing misalignment		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
Identify & Assess	Green	The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.
	Yellow	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
	Red	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of "material" misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
Monitor & Review	Green	The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.
	Yellow	The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
	Red	The company has not committed to any follow-up processes as part of its review of industry associations.
Act	Green	The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Yellow	The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of "material" or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Red	The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of "material" or "potential" misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 300 companies and 100 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.

Appendix C: BHP's industry association memberships

The table below provides a ranking of BHP's key industry associations by Performance Band, i.e. a measure of direct climate policy engagement (see page 3 for more information on InfluenceMap's metrics). Detailed profiles for all BHP's industry associations can be explored via the links in the table.

Industry Association	Region	Performance Band	Engagement Intensity
<i>Carbon Market Institute</i>	Australia	B	39%
<i>International Emissions Trading Association (IETA)</i>	Global	C+	24%
<i>International Chamber of Commerce</i>	Global	C	16%
<i>GasNaturally</i>	Global	C	19%
<i>Mining Association of Canada</i>	Canada	D+	20%
<i>International Association of Oil and Gas Producers</i>	Global	D+	31%
<i>Australian Industry Greenhouse Network</i>	Australia	D	20%
<i>Business Council of Australia</i>	Australia	D	44%
<i>South Australian Chamber of Mines and Energy</i>	Australia	D	18%
<i>National Petroleum Council</i>	US	D-	8%
<i>Minerals Council of Australia</i>	Australia	D-	41%
<i>Australian Petroleum Producers & Exploration Association (APPEA)</i>	Australia	E+	35%
<i>Australian Institute of Petroleum</i>	Australia	E	11%
<i>Chamber of Minerals and Energy of Western Australia</i>	Australia	E	21%
<i>US Chamber of Commerce</i>	US	E-	36%
<i>NSW Minerals Council</i>	Australia	E-	24%
<i>American Petroleum Institute</i>	US	F	43%