

BHP: Climate Policy Engagement Overview

An investor briefing on BHP's climate policy engagement to aid shareholder voting on BHP's 2024 Climate Transition Action Plan at its 2024 Annual General Meeting

Executive Summary

- BHP's [2024 Climate Transition Action Plan](#) is to be submitted to a non-binding shareholder advisory vote at the company's 2024 Annual General Meeting. Climate policy engagement is a key criteria in leading transition plan disclosure frameworks and standards, including the Transition Plan Taskforce's [Disclosure Framework](#).
- InfluenceMap's analysis suggests that [BHP's](#) direct climate policy engagement is partially misaligned with science-based pathways for achieving the goal of the Paris Agreement to limit warming to 1.5°C, indicating that it supports some areas of climate policy, but is misaligned with science-based policy pathways in other areas.
- BHP holds board-level membership to several industry associations displaying highly strategic and negative engagement with climate policy both in Australia and globally, including the [Minerals Council of Australia](#), [New South Wales Minerals Council](#) and [Mining Association of Canada](#).
- InfluenceMap's analysis indicates that the quality of [BHP's](#) climate policy engagement review process falls short of standards put forward by institutional investors as part of the [Global Standard on Responsible Climate Lobbying](#). BHP has not assessed the alignment of its own climate policy engagement activities with the 1.5°C goal of the Paris Agreement as part of its latest review, nor has it identified all key cases of misalignment between its industry associations and delivering the 1.5°C goal of the Paris Agreement.

- **Context:** On 30 October 2024, BHP's 2024 Climate Transition Action Plan (CTAP) will be put to a non-binding shareholder advisory vote at the company's 2024 Annual General Meeting (AGM). Climate policy engagement has emerged as a critical component of leading transition plan disclosure frameworks and standards, including the Transition Plan Taskforce's [Disclosure Framework](#) and the World Benchmarking Alliance's 'Assessing Transition Plans Collective' [framework and guidance](#).

This briefing provides a summary of InfluenceMap's assessment of BHP's climate policy engagement. The analysis can be seen as a forward-looking indicator of corporate strategy on climate change and likely reflects on the company's preparedness for a low carbon transition.

- **Direct Climate Policy Engagement:** InfluenceMap analysis suggests that BHP’s direct climate policy engagement is partially misaligned with science-based pathways for achieving the goal of the Paris Agreement to limit warming to 1.5°C. BHP appeared to caution against the introduction of an EU-style carbon border adjustment mechanism in Australia in a December 2023 [consultation submission](#), and displays a mix of [positive](#) and [negative](#) positions on Australia’s Safeguard Mechanism reforms. Contrary to [IPCC](#) guidance on 1.5°C decarbonization pathways, BHP also advocates for a “technology-neutral” approach to the energy transition that appears to entail support for a prolonged role for [fossil gas](#) in the energy mix, as well as a long-term role for [metallurgical coal](#) in the steelmaking process.
- **Indirect Climate Policy Engagement via Industry Associations:** InfluenceMap analysis indicates that BHP has at least 5 memberships to industry associations with active¹ climate policy engagement misaligned with delivering the 1.5°C goal of the Paris Agreement (ranked D or below on InfluenceMap’s database), and 4 industry associations with active climate policy engagement partially misaligned with delivering the 1.5°C goal of the Paris Agreement (ranked B- to D+). Most notably, BHP holds board-level membership to the [Minerals Council of Australia \(MCA\)](#), [NSW Minerals Council](#), [Queensland Resources Council](#) and [Mining Association of Canada](#), all of which have shown evidence of negative engagement on key climate policies in Australia or Canada.
- **Accuracy of Climate Policy Engagement Disclosure:** InfluenceMap analysis indicates that BHP has published a complete account of its direct climate policy engagement activities on its ‘[Advocacy on climate policy](#)’ webpage. The company has also published an accurate account of its indirect climate policy engagement (via industry associations) in its June 2023 [Industry Association Review](#). BHP’s [2024 CTAP](#) provides links to both these disclosures. InfluenceMap’s detailed disclosure assessment for BHP can be found [here](#).
- **Climate Policy Engagement Review:** BHP has published three full reviews of its climate policy engagement (2017, 2019, 2023), alongside three review updates (2018, 2020, 2024). However, InfluenceMap analysis shows that the quality of BHP’s review process falls short of standards put forward by institutional investors as part of the 2022 [Global Standard on Responsible Climate Lobbying](#), its most recent review scoring 6/14 (43%) under InfluenceMap’s assessment criteria. BHP has not assessed the alignment of its own climate policy engagement activities with the 1.5°C goal of the Paris Agreement as part of its latest review, nor has it identified all key cases of misalignment between its industry associations and delivering the 1.5°C goal of the Paris Agreement. InfluenceMap’s detailed assessment of BHP’s review process can be found [here](#).

¹ Industry associations with an Engagement Intensity score of 12% or higher under InfluenceMap’s assessment.

Context: Shareholder Voting on Climate Transition Action Plan

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 700 investor signatories with a total of \$68 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. This system currently covers around 500 companies along with 250 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, along with its related disclosure and review processes. It is designed as a resource to inform shareholder voting in advance of the advisory vote on the company's 2024 CTAP at its AGM on 30 October 2024, summarized in Table 1 below.

Table 1: Key information for CTAP vote at BHP's 2024 AGM

Shareholder advisory vote on BHP's 2024 Climate Transition Action Plan	
AGM Date:	10.00am (AEST) 30 October 2024
<p>Item 13 is an advisory vote in relation to BHP's 2024 Climate Transition Action Plan (2024 CTAP). The 2024 CTAP is available at bhp.com/CTAP2024. BHP's CTAP sets out the company's climate change strategy, commitments, targets and goals, and forward-looking plans for its transition towards a lower-carbon economy.</p>	

Summary of BHP's Climate Policy Engagement

Analysis of corporate climate policy engagement is a strong indicator of corporate governance and management-level thinking on the transition to a net-zero economy. Therefore, if a company's climate policy engagement is inconsistent with the Paris Agreement's 1.5°C goal, this suggests that the company's business model is not prepared for a low-carbon transition.

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	C	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	66%	Organization Score (0 to 100) expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement is, with scores under 50 indicating misalignment with the Paris Agreement
Relationship Score	52%	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 misalignment, while scores between 50 and 74 indicate mixed alignment with the Paris Agreement.
Engagement Intensity	49%	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 BHP's Direct Climate Policy Engagement

InfluenceMap's analysis of BHP's direct climate policy engagement is based on 452 independent datapoints, with 169 logged since 2022. Under InfluenceMap's system, recent evidence is heavily weighted in the calculation of metrics, as explained in the [methodology](#).

BHP shows largely positive top-line messaging on climate policy, although with some qualifications which could limit the ambition of the response to climate change.

- BHP has consistently supported the goals of the [Paris Agreement](#) and Australia's [2050 net zero target](#), including in its February 2024 consultation submission on Australia's 2024–25 federal budget.
- While BHP has previously [supported](#) the need for government regulation to respond to climate change, the company appeared to favour market-based approaches to emissions reduction in its May 2023 [Climate Policy Principles](#) document and emphasized the need for government policy to embrace technology-neutral frameworks.

BHP engages with a mix of positive and negative positions on climate-related policy at federal and state level in Australia.

- BHP has consistently expressed support for Australia's 2030 and 2050 greenhouse gas (GHG) emissions targets, including in a February 2023 [consultation submission](#).
- While BHP supported the expansion of Australia's Safeguard Mechanism in a December 2023 [consultation submission](#), the company advocated for several measures that risk undermining the climate ambition of the policy in its February 2023 [submission](#) on the reforms. Among other positions, BHP suggested that the Australian government should cover a portion of the costs associated with purchasing offsets when Safeguard facilities scheduled for closure prior to 2030 exceed their baselines.
- In addition, BHP appeared to caution against the introduction of an EU-style carbon border adjustment mechanism in Australia in a December 2023 [consultation submission](#) to Australia's Carbon Leakage Review, emphasizing the potential impacts on trade frictions and Australia's export competitiveness. As reported in a July 2024 Australian Financial Review [article](#), BHP also appeared to be unsupportive of proposals to include climate considerations into Australia's Environment Protection and Biodiversity Conservation Act.
- At the state level, BHP supported South Australia's GHG emissions and renewable energy targets in a September 2023 [consultation submission](#), although the company previously emphasized issues of regulatory duplication between federal and state governments in a February 2023 [consultation submission](#), calling for Safeguard facilities to be exempt from state-based emissions reduction obligations.

BHP advocates a ‘technology-neutral’ approach to the energy transition that appears to entail support for renewables and nuclear, a long-term role for metallurgical coal, and, contrary to [IPCC](#) guidance on the global use of gas in 1.5°C decarbonization pathways, a prolonged role for fossil gas in the energy mix.

- In a February 2023 Pre-Federal Budget [submission](#), BHP advocated a range of regulatory measures to support the expansion of renewables and accelerate the decarbonization of the power sector, but also called for technology-neutral policies to ensure flexible sources of generation do not “prematurely exit the market.”
- In a February 2024 Pre-Federal Budget [submission](#), BHP advocated the removal of “unnecessary restrictions” on new sources of energy supply, including existing prohibitions on nuclear energy.
- BHP emphasized the need for fossil gas a transitional fuel in an April 2024 [consultation submission](#) on Australia’s Electricity and Energy Sector Plan and called for government efforts to ensure gas infrastructure can deliver an increased volume of fossil gas into the Australian market.
- Although BHP has previously [noted](#) the potential for renewable hydrogen to decarbonise iron and steel production, the company appears to consistently advocate for a long-term role for metallurgical coal in steelmaking, as evidenced in August 2023 [comments](#) from CEO Mike Henry and a July 2024 [speech](#) by Adam Lancey, Asset President for the BHP Mitsubishi Alliance, at the Queensland Mining Awards.

IPCC Guidance on the Energy Mix and Low-carbon Fuels in Industry

BHP’s messaging on fossil gas appears to conflict with the [IPCC’s 2022 Mitigation of Climate Change report](#), which states that in pathways that limit warming to 1.5°C with no or limited overshoot, the global use of gas is projected to decline by 45%, compared to 2019. BHP’s advocacy for government measures to support an increased volume of fossil gas in the Australian domestic market also appears to be inconsistent with the IPCC’s less ambitious mitigation pathways, including scenarios for 1.5°C warming by 2100 with overshoot (45% reduction in gas) and 2°C warming (15% reduction in gas), all compared to 2019 levels.

BHP’s advocacy for a long-term role for metallurgical coal in the steelmaking process also appears to be inconsistent with the IPCC’s 2022 [Special Report on Global Warming of 1.5 °C](#) which states that considerable carbon intensity reductions of fuels consumed by industry will largely be achieved via a rapid phase-out of coal, and that in the iron and steel industry, hydrogen produced by electrolysis can be used as a reduction agent of iron instead of coke.

Summary of Indirect Climate Policy Engagement via Industry Associations

InfluenceMap's LobbyMap platform tracks and analyzes the climate policy engagement of over 250 industry associations, using the same benchmarks and scoring process applied to companies. This assesses each association's engagement against Paris-aligned benchmarks.

This section details InfluenceMap's analysis of some of BHP's key industry associations. A full ranking table of BHP's industry associations, including links to each association's online profile, is available in [Appendix A](#).

- InfluenceMap analysis indicates that BHP likely holds memberships to 5 industry associations with climate policy engagement misaligned with delivering the 1.5°C goal of the Paris Agreement (ranked as a D or below by InfluenceMap's system), and 4 industry associations with climate policy engagement partially aligned with delivering the 1.5°C goal of the Paris Agreement (ranked B- to D+).
- BHP holds executive positions in the [Minerals Council of Australia](#) (MCA), [NSW Minerals Council](#) (NSWMC), [Queensland Resources Council](#) (QRC), [Chamber of Minerals and Energy of Western Australia](#) (CME) and [Mining Association of Canada](#), all of which have shown evidence of negative engagement on key climate policies in Australia and Canada. For instance, the [MCA](#) and [CME](#) advocated against the introduction of climate considerations into Australia's Environment Protection and Biodiversity Conservation (EPBC) Act in July 2024 submissions to a Senate Inquiry into Australia's Nature Positive reforms.
- BHP is also a member of several industry associations which advocate in a manner that is misaligned with IPCC guidance on the global use of gas and coal in 1.5°C decarbonisation pathways, including the [Mining Association of Canada](#), [NSWMC](#), [QRC](#) and [Energy Users Association of Australia](#).
- While BHP found evidence of some non-material misalignment with the MCA, NSWMC and QRC in its 2023 [industry association review](#), the company notes that all three associations have made progress in addressing these misalignments in its September 2024 [review update](#). InfluenceMap analysis indicates that the climate policy engagement of all three associations continues to be misaligned with delivering the 1.5°C goal of the Paris Agreement.

Table 3 gives an overview of 7 key industry associations with examples of recent climate policy engagement. Detailed profiles for all of BHP's industry associations can be explored via the links in the table, [Appendix A](#), or the "Details of Relationship Score" tab on BHP's [online profile](#).

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

Industry Association	Performance Band	Type of Membership	Examples of recent climate policy engagement
<i>NSW Minerals Council</i>	E	Senior executive sits on Executive Committee	<ul style="list-style-type: none"> August 2024: In a news article in the Australian Financial Review, the CEO of the NSWMC, Stephen Galilee, advocated the continued role for coal without carbon capture and storage in the energy mix, stating that coal operations should run until “global demand is not there.” July 2024: In a consultation submission to a Senate Inquiry into Australia’s Nature Positive reforms, the NSWMC appeared to advocate for reforms to Australia’s EPBC Act to support the streamlining of fossil fuel project approvals.
<i>Minerals Council of Australia (MCA)</i>	D-	Senior executive sits on Board of Directors	<ul style="list-style-type: none"> July 2024: In a consultation submission, the MCA advocated against the introduction of a ‘climate trigger’ or other climate considerations in Australia's main national environmental legislation, the EPBC Act. May 2024: In a consultation submission, the MCA argued that Australia’s 2035 emissions reduction target should align with the availability of technologies and take account of uncertainties in technology pathways. The association also emphasized that Australia's emissions reduction targets should not compromise the international competitiveness of industry.

Queensland Resources Council (QRC)	D	Senior executive is President of Board of Directors	<ul style="list-style-type: none"> July 2024: In a media release, the CEO of the QRC, Janette Hewson, opposed the Queensland Government's legislation on coal royalties, claiming that it will impact future coal investment. June 2024: In a LinkedIn post, the QRC called for more fossil gas projects and an expansion of pipeline infrastructure in Queensland.
South Australian Chamber of Mines and Energy	D	Member	<ul style="list-style-type: none"> July 2024: In a consultation submission, SACOME appeared to support the replacement of metallurgical coal with fossil gas without clarifying its position on need for carbon capture and storage or the transition away from fossil fuels. The association also supported an eventual expanded role for hydrogen yet without specifying its position on the decarbonization of hydrogen production. August 2023: In a consultation submission, SACOME advocated for a technology neutral energy pathway that appears to include an expanded role for fossil gas.
Mining Association of Canada (MAC)	D	Senior executive sits on Board of Directors and Executive Committee	<ul style="list-style-type: none"> May 2023: In a report, the MAC supported the use of small modular reactors (SMRs) to move off-grid mines away from diesel fuel while also supporting the use of SMRs to decarbonize oil production. May 2023: In a report, the MAC supported the Canadian Government's decision to exempt liquid fuels used for power generation for off-grid mining in the Clean Fuel Regulations.

<p><i>Chamber of Minerals and Energy of Western Australia (CME)</i></p>	<p>D+</p>	<p>Senior executive sits on Board of Directors</p>	<ul style="list-style-type: none"> ■ July 2024: In a <i>consultation submission</i>, the CME advocated against the inclusion of a 'climate trigger' or other climate considerations in Australia's main national environmental legislation, the EPBC Act. ■ January 2024: In a <i>consultation submission</i>, the CME called for an urgent reform of Australia's EPBC Act to streamline approvals for offshore oil and gas projects.
<p><i>Business Council of Australia (BCA)</i></p>	<p>C-</p>	<p>Member</p>	<ul style="list-style-type: none"> ■ May-September 2024: Consistently <i>advocated</i> against the introduction of climate considerations into Australia's EPBC Act. ■ November 2023: Called for ongoing and urgent investment in fossil gas supply in <i>consultation submission</i> to Australia's Future Gas Strategy.

Disclosure and Review of Climate Policy Engagement

The *Global Standard on Responsible Climate Lobbying* – instigated by investors and launched in March 2022 – is the leading best practice framework for climate policy engagement disclosure. The Global Standard sets out 14 indicators covering disclosure, governance and oversight processes to ensure alignment between a company's climate policy engagement and delivering the 1.5°C goal of the Paris Agreement.

In September 2023, InfluenceMap's methodology to assess corporate disclosures on climate policy engagement was formally updated in line with the Global Standard and stakeholder input. InfluenceMap has two distinct assessments of disclosures:

Accuracy of Climate Policy Engagement Disclosure (see BHP's detailed disclosure scorecard [here](#)): An assessment of the accuracy of a company's reporting on its direct and indirect (via industry associations) climate policy engagement activities. The below assessments are based on BHP's '*Advocacy on climate policy*' document and June 2023 *Industry Association Review*. BHP's 2024 *CTAP* provides links to both these disclosures

- InfluenceMap analysis suggests that BHP has published a complete and accurate account of its positions and engagement activities on specific climate-related policies, and this is aligned with InfluenceMap's assessment of the company using its LobbyMap database. BHP included links to its government

consultation responses to specific climate-related policies from 2022 to 2024, including Australia's Safeguard Mechanism reform, Carbon Leakage Review and Critical Minerals Strategy.

- InfluenceMap analysis suggests that BHP has published a complete and accurate account of its industry associations' engagement activities on specific climate policies. Although BHP has disclosed links to the climate policies and consultations its industry associations have engaged with, it does not provide a detailed description of the positions taken by its industry associations on some of these policies.

Corporate Climate Policy Engagement Review (see BHP's detailed review assessment [here](#)): An assessment of the quality and robustness of a company's process to identify, report on, and address specific cases of misalignment between its climate policy engagement activities and delivering the 1.5°C goal of the Paris Agreement.

- BHP has published three full reviews of its climate policy engagement (2017, 2019, 2023), alongside three review updates (2018, 2020, 2024). However, InfluenceMap analysis shows that the quality of BHP's review process falls short of standards put forward by institutional investors as part of the 2022 [Global Standard on Responsible Climate Lobbying](#), scoring 6/14 (43%) for its 2023 review under InfluenceMap's assessment criteria.
- BHP has not assessed the alignment of its own climate policy engagement activities with the 1.5°C goal of the Paris Agreement as part of its latest review, nor has it identified all key cases of misalignment between its industry associations and delivering the 1.5°C goal of the Paris Agreement. In addition, BHP assesses the alignment of its industry associations against the company's own climate policy positions, rather than against science-based benchmarks for delivering the 1.5°C goal of the Paris Agreement.

Appendix A: Ranking of BHP's Industry Association Memberships

The table below provides a ranking of BHP's industry associations currently covered by InfluenceMap's database by Performance Band, i.e. a full measure of a company's climate policy engagement, accounting for both its own engagement and that of its industry associations. Detailed profiles for all industry associations can be explored via the links in the table.

Industry associations are categorized by InfluenceMap as having climate policy engagement that is aligned, partially misaligned or misaligned with delivering the 1.5°C goal of the Paris Agreement by Performance Band:

- **Aligned** = Performance Band A+ to B
- **Partially Misaligned** = Performance Band B- to D+
- **Misaligned** = Performance Band D to F
- **Low Engagement** = Performance Band N/A

Industry Association	Type of Membership	IM Performance Band	IM Assessment
Carbon Market Institute	Member	B+	Aligned
Confederation of British Industry (CBI)	Member	B-	Partially Aligned
Business Council of Australia	Member	C-	Partially Aligned
Energy Users Association of Australia	Member	D+	Partially Aligned
Chamber of Minerals and Energy of Western Australia (CME)	Board-level Member	D+	Partially Aligned
Mining Association of Canada (MAC)	Board-level Member	D	Misaligned
South Australian Chamber of Mines and Energy	Member	D	Misaligned
Queensland Resources Council (QRC)	Board-level Member	D	Misaligned
Minerals Council of Australia (MCA)	Board-level Member	D-	Misaligned
NSW Minerals Council	Board-level Member	E	Misaligned