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Investors welcome new BHP industry association and climate policy standards

BHP's strengthened expectations of industry associations have been welcomed by major institutional investors engaging with the company through the global Climate Action 100+ initiative.

The global mining giant has released a new industry associations expectations policy stating that it will work with its lobby groups to establish public standards and plans for how and what they will advocate on by the end of 2020 and then monitor their activities in real-time for consistency with BHP's own positions.

BHP has also detailed new Global Climate Policy Standards that serve as a clear direction on the company's expectations of its industry associations lobbying on climate policy. These include:

- National emissions reduction targets (with increasing ambition over time and a focus on achieving net-zero emissions by 2050) consistent with the goals of the Paris Agreement.
- Policies to support this transition, including market mechanisms, carbon pricing, technology-neutral frameworks and the development of pre-commercial low emissions technologies.
- Broader principles to ensure lobbying is: balanced and not emphasising the cost of action without due considering of the cost of inaction; fact-based; not seeking to exacerbate tensions such as promoting the use of Kyoto carryover credits; and neutral so as not to attack or promote one technology or commodity, such as advocating against renewable energy.

The lobbying activities of industry associations were identified as a key area for engagement between investors and companies in the [2019 Climate Action 100+ Progress Report](#) because of the significant role these groups can play in developing or blocking climate change policy.

Through Climate Action 100+ engagement, lead investors have been working directly with BHP to inform the development of the new industry association standards by setting out investor expectations.

Emily Woodland, Head of Sustainable Investment, AMP Capital, said: “We commend BHP for this significant step forward in releasing its new industry associations framework and the extensive consultation process undertaken to arrive at this outcome. On behalf of our clients’ long-term interests we appreciate the company’s leadership and ongoing commitment to the Climate Action 100+ engagement and will continue to support BHP in its climate strategy development and implementation. Furthermore, we are pleased to witness the extent to which collaboration across multiple different stakeholders can result in constructive progress.”

Thomas O’Malley, Global Head of Corporate Governance, HSBC Global Asset Management, said: “Climate lobbying matters to investors. As industry leaders like BHP make firm commitments on climate transition, we welcome this effort to ensure that trade associations remain in step with their more forward-thinking members.”

Alice Evans, Co-head of Responsible Investment, BMO Global Asset Management, said: “We warmly welcome BHP’s new governance approach to preventing misalignment between its climate change position and the way the company represents itself in public policy debates through industry associations. We have a long engagement history with BHP and are pleased to see further evidence of their willingness to respond to investor interests. We look forward to supporting the implementation of this approach and BHP’s long-term strategy to further reduce its greenhouse gas emissions.”

Company engagement by investors through Climate Action 100+ is supported by regional investor networks. As BHP is co-listed on Australian and UK exchanges, engagement is led by investors in both regions and supported by the Investor Group on Climate Change (IGCC) in Australia/New Zealand and the Institutional Investor Group on Climate Change (IIGCC) in Europe.

IGCC Chief Executive Officer, Emma Herd, said: “Investors look forward to continuing to engage BHP to monitor industry associations’ efforts to align with these expectations and address any inconsistencies in their activities with the action required to meet the Paris Agreement goals. All mining companies should be working to ensure their industry associations are playing a positive role in establishing stable and responsible climate change policy that helps accelerate the transition to net-zero emissions by 2050.”

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Notes to Editors:

AMP Capital and HSBC Global Asset Management are designated company co-lead investors for engagement with BHP through Climate Action 100+. They work with a broader group of collaborating investors on engagement with the company, including those named above.

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. More than 450 investors with more than \$40 trillion in assets collectively under management are engaging companies on improving governance, curbing emissions and strengthening climate-related financial disclosures. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition.

Launched in December 2017, Climate Action 100+ is coordinated by five partner organisations: Asia Investor Group on Climate Change; Ceres; IGCC; IIGCC and Principles for Responsible Investment. These organisations, along with five investor representatives from AustralianSuper, California Public Employees' Retirement System (CalPERS), HSBC Global Asset Management, Ircantec and Sumitomo Mitsui Trust Asset Management, form the global Steering Committee for the initiative. Follow us on Twitter: @ActOnClimate100.

IGCC is a collaboration of Australian and New Zealand investors focusing on the impact that climate change has on the financial value of investments. IGCC represents institutional investors, with total funds under management of over \$2 trillion, and others in the investment community interested in the impact of climate change on investments.