

# Climate Lobbying Alignment: Leading Practices

ICCR  
February 2024



NET  
ZERO

## Expectations, Enterprise Risk, and Leading Practices

# Foundational Elements of Climate Lobbying

### Where are expectations coming from?

- Investors
- Governance Standards & Frameworks
- Transition Plan Progress

### Enterprise Risk and Climate Lobbying

- Governance Risk
- Systemic Risk
- Inevitable Policy Disruption Risk
- Business Model Risk
- Technological Risk
- Reputational Risk

### Company Examples of Leading Practice

- *Global Standard* Indicators
- Emerging Practices

## Investor Expectations

## Where Are They Coming From?

UN PRI  
Investor  
Guidance

IIGCC  
Investor  
Guidance

IGCC  
Investor  
Guidance

Ceres Investor  
Guidance

Climate  
Action 100+

ICCR Leading  
Practices

Proxy Voting  
Guidelines

Shareholder  
Resolutions &  
Engagements

**Standards &  
Frameworks  
Supporting  
Alignment**

# Alignment Expectations Continue to Emerge

*2022 Global  
Standard for Resp.  
Climate Lobbying*

Race to Zero  
Expectations

CDP Climate  
Survey (Section  
C.12)

OECD Guidelines  
for ME & Resp.  
Lobbying Guidance

Transition Pathway  
Initiative (TPI)

Transition Plan  
Taskforce (TPT)

S&P Corporate  
Sustainability  
Assessment

Ceres Resp. Policy  
Engagement  
Benchmarking &  
Guidance

Net Zero Asset  
Owners Initiative

UN Global  
Compact 2013  
Guidance

InfluenceMap &  
LobbyMap  
Reports, Rankings

ICGN Policy  
Engagement  
Guidance

## Integration with Transition Plans

# Critical Indicator of Transition Plan Credibility

- Companies need enabling policies to reach ambitious climate targets
- Companies need clear climate policy priorities that articulate connection with Net Zero / Paris ambitions
- Votes being taken against board members when climate lobbying is misaligned (especially in relation to trade association lobbying)
- Climate lobbying being integrated into assessments of corporate climate transition plans
  - *Ceres Corporate Transition Action Plan Guidance*
  - *Transition Plan Taskforce Guidance*
  - *Race to Zero Guidance*
  - *Investor Proxy Voting Guidelines*

# Enterprise Risk

## Systemic Risk

- Will impact all sectors
- Growing climate risk and physical costs will destabilize local and regional economies, impacting all sectors operating there and supply chains/logistics

## Governance and Oversight Risk

- Congruency between strategy and lobbying
- Board and executive oversight of policy/lobbying strategy and risks

## Inevitable Policy Disruption Risk

- Already seeing early signs in CSRD, ICE (engine) phase-outs, coal financing, Inflation Reduction Act
- Impacting project finance, insurance availability, procurement contracts, regional power demand



# Enterprise Risk

## Business Model Risk

- Big company investments may not pay off as technologies, policy, demand shifts suddenly

## Technological Risk

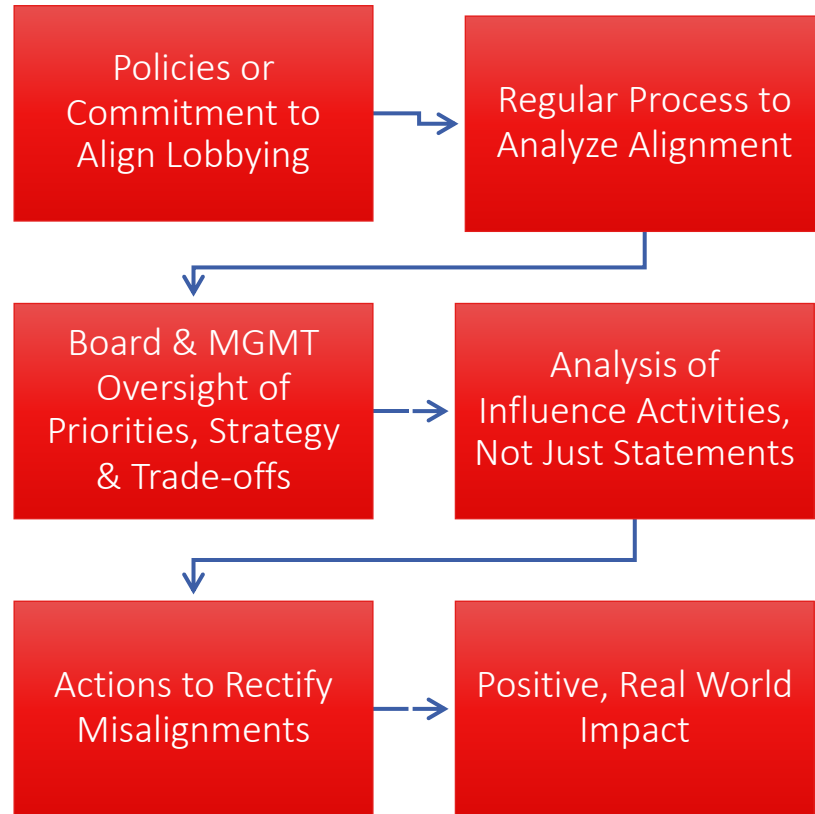
- IRA spurred quicker adoption of EV growth than expected
- Company lobbying should advocate for solutions and R&D that spreads risk but encourages low-carbon innovation

## Reputational Risk

- Many companies now have Net Zero commitments, but are still linked to lobbying efforts to stifle achievement of Paris Agreement, and industry Net Zero progress
- Investors/stakeholders increasingly demanding transparency on climate lobbying efforts and disclosure of trade association differences
- Greenwashing crackdown is growing in EU, other markets



## What Does Good Practice Look Like?



**Climate  
Lobbying  
Alignment  
Practices**

# Examples of Good Practice

**Shell:** Disclosure of Lobbying Activity and Updates on Trade Association Misalignment

**Bayer:** Framework and Escalation Strategy, Real World Impact

**Iberdrola:** Framework and Escalation Strategy

**Microsoft:** Alignment Assessment Against Specific Bills/Regulations, Publishes Lobbying-Specific Briefs

**BHP:** Third Party Audit of Lobbying Activities and Assessing Underlying Actions, Not Just Statements








# Shell: Regular Updates on Climate Policy Activity


 FILTER

## ADVOCACY UPDATES

Geographical scope ▲	Topic	Policy, legislation and regulation	Shell's position
<div>Search</div> <div>-EU</div> <div></div> <div></div> <div></div>	<div>Search</div> <div>Paris Agreement and net-zero emissions</div>	<div>Search</div> <div><b>EU Green Deal / European Climate Law / Fit for 55 (FF55) package</b> In 2021, the European Climate Law entered into force and the European Commission published its Fit for 55 package of legislative proposals to align key policies with the law.</div> <div><b>REPowerEU plan</b> In 2022, the European Commission published this plan to help reduce dependency on Russian energy and to support the clean</div> <div><a href="#">Read more</a></div>	<div>Search</div> <div>We support the EU's transition to climate neutrality (net-zero emissions) by 2050, and the 2030 greenhouse gas emissions reduction target of 55% below 1990 levels, as set in the EU Climate Law.</div> <div>We support the blend of carbon pricing and regulation in the 55 package. This includes targets and mandates that are key to creating sectoral markets for clean technologies and low-carbon energy. We also support measures to simplify and speed up</div>
-EU	Carbon pricing Heavy industry	<b>EU Emissions Trading System (EU ETS) update</b> In April 2023, the EU adopted ETS reforms, including a Carbon Border Adjustment Mechanism (CBAM) and inclusion of maritime sector emissions in the ETS.	<div>We support the update of the EU ETS and have provided recommendations in relation to this.</div> <div>We support an effective EU ETS as a key policy measure to achieve cost-effective sectoral decarbonisation by reducing emissions in regulated sectors. We support aligning the EU ETS with the 2030 greenhouse gas emissions target.</div> <div>We support the gradual phase-out of Free Allocation under</div>



## Global climate and energy transition policy positions

Our global [climate and energy transition policy positions](#)  serve as a global framework for Shell's advocacy with governments, international organisations, industry associations, coalitions and other stakeholders globally, regionally and within countries. They also serve as the basis of our review of industry associations in this report.

We call on governments and policymakers to set overarching policy frameworks to achieve net-zero emissions by 2050. We believe these should include binding long-term and interim emissions targets, and a direct price on carbon emissions. Today, many governments have set long-term frameworks for emission reductions through their nationally determined contributions.


We believe that the decarbonisation of sectors such as power, road transport, aviation, shipping and heavy industry with solutions such as renewables, low-carbon fuels, decarbonised hydrogen and carbon capture and storage (CCS) is critical. The challenge is to provide the detailed roadmaps to accelerate action. This includes policies that create incentives to increase supply of low- and zero-carbon solutions, as well as demand for them.

## Bayer Clearly Articulates Commitment, Strategies, and Alignment Complexity



“Bayer is dedicated to a climate policy based on ambitious climate targets and net zero emissions. We therefore advocate for an unambiguous commitment to these objectives and ambitious targets for business and governments in order to pursue the Paris Agreement target of limiting climate change to 1.5°C.”

“Bayer committed to leading increased industry coalition support for decarbonization [and]also announced that Bayer would make its support for trade associations contingent on their positions towards science-based policies addressing climate change.”



“We saw some discrepancies regarding the transition to net zero, policies to support that transition, and the pathway to 100% renewable electricity by 2030. Different positions also arose when discussing technologies and innovation, lowering GHG emissions in agriculture by 30%, and climate measures within a rules-based trade system. Based on the proposed escalation process, it will be a priority for Bayer to engage with these associations on climate change and our commitments. In the first instance, the public affairs country teams will address the areas of misalignment to understand the origins of the respective association’s position and assess their ability to align it with our own more closely.”



## Reports Summary Findings, Commits to Regular Analysis, Highlights YOY Changes

“This report...marks the start of regular reporting...we will constantly engage with our industry associations and regularly revisit our findings to provide updates on their progress. But it is not only about processes and reporting. This is probably the last decade in which we can effectively set the course for containing global warming. It is crucial to act now....”

**There are notable changes in alignment across a range of policy positions assessed:**

	2021 total	2023 total	Difference
Aligned	186	252	66
Partial misalignment	72	78	6
No position	317	235	-82
Misaligned	10	2	-8

# Measures Changes in Industry Association Positions/Lobbying (2023 Report)



## Changes across each policy position between 2021 and 2023

		Aligned	Partial misaligned	Misaligned	No position
Endorse the Paris Agreement	2021	23	9	0	33
	2023	30	13	0	20
	Change	7	4	0	-13
Promote the transition to Net Zero	2021	14	17	3	31
	2023	28	19	0	16
	Change	14	2	-3	-15
Promote policies to enable Net Zero	2021	24	13	2	26
	2023	35	11	0	17
	Change	11	-2	-2	-9
Lower GHG emissions in agriculture by 30%	2021	19	7	1	38
	2023	23	6	1	33
	Change	4	-1	0	-5
Promote technologies & innovation to improve climate performance	2021	43	3	1	18
	2023	50	4	0	9
	Change	7	1	-1	-9
Source 100% of electricity from renewables by 2030	2021	14	15	2	34
	2023	20	13	1	29



## Framework/Criteria for Assessing Alignment ([2021 Report](#))

Two key criteria we're used to gauge scope for alignment, with related sub-criteria for consideration:

i) Explicitly publicly support alignment with the Paris Agreement (or not), covering:

- // The Paris Agreement and meeting its goals.
- // The transition to achieving net zero emissions, including an interim target.
- // Policies that enable the transition to net zero.

Organizations were assessed based on needing to demonstrate a positive and public advocacy position on each of the above.

ii) Does not contravene relevant policies that Bayer has on:

- // Lowering GHG emissions per kg of harvested produce in major agricultural markets by 30% by 2030.
- // Promoting technologies and innovation that improve climate performance, including energy efficiency.
- // Sourcing 100% of procured electricity from renewable sources of energy by 2030.
- // Support for a market-based approaches to carbon pricing and trading.
- // Acknowledgment of climate-related trade measures within the rules-based international trade system.
- // Use of carbon offsetting and natural climate solutions to deliver net zero.

Organizations were also assessed as needing to not advocate against each of the above as a minimum to be considered as aligned.

# Industry associations included in the review



## International

- World Business Council of Sustainable Development
- CropLife International

## EU

- Business Europe
- Cefic
- CropLife Europe
- Digital Europe

## France

- France Chimie
- UFS
- UIPP

## UK

- ABHI
- ABPI
- Agriculture Biotechnology Centre
- Confederation of British Industry
- PAGB

## Nordics

- AmCham Finland
- Confederation of Danish Industry
- Confederation of Finnish Industries
- Danish Agriculture & Food Council
- Danish Crop Protection Association
- The Chemical Industry Federation

## Poland

- Polish Association for Sustainable Agriculture
- Polish-German Chamber of Commerce

## Russia

- Russian Union of Industrialists and Entrepreneurs

## Japan

- Japan Pharmaceutical Manufacturers Association

## China

- AmCham China
- EU Chamber of Commerce in China
- RDPAC
- Association of Enterprises with Foreign Investment

## India

- ASSOCHAM
- Federation of Indian Chambers of Commerce and Industry
- Confederation of Indian Industry
- Indian Chemical Council
- RIS

## Australia/New Zealand

- Agcam New Zealand
- Australian Food and Grocery Council
- Australian Seed Federation
- Consumer Healthcare Products Australia
- CropLife Australia

## Italy

- Agrofarma
- Assobiotech
- Federchimica

## Germany

- AmCham Germany
- BDI
- Industrieverband Agrar
- VCI

## Spain

- Forética

## Mexico

- AmCham Mexico
- Mexican-German Commerce Chamber
- National Employers Confederation

## Argentina

- AAPRESID (ag industry)
- AmCham Argentina
- Argentine Business Council for Sustainable Development (CEADS)
- Industrial Union Argentina

## Brazil

- AmCham Brazil
- Brazilian Association of the Chemistry Industry (ABIQUIM)
- Brazilian Business Council for Sustainable Development (CEBDS)
- Coalisao Clima, Floresta e Agricultura
- National Confederation of Industry (CNI)
- UN Global PAC

## Canada

- Canada Grains Council
- CropLife Canada
- Food, Health & Consumer Products of Canada (FHCP)

## U.S.

- Biotechnology Innovation Organization
- CropLife America
- National Association of Manufacturers
- US Chamber of Commerce



## Bayer 2021 Assessment, Quantitative Findings of Alignment

	Endorse the Paris Agreement	Promote the transition to net zero	Promote policies to enable net zero	Lower GHG emissions in agriculture by 30%	Promote technologies & innovation to improve climate performance	Source 100% of electricity from renewables by 2030	Market-based approaches to carbon pricing & trading	Acknowledge climate-related trade measures within rules-based trade system	Carbon offsetting & natural climate solutions to deliver net zero	Total
<b>Aligned</b>	23	14	24	19	43	14	19	9	21	186
<b>Partial misaligned</b>	9	17	13	7	3	15	5	1	2	72
<b>Misaligned</b>	0	3	2	1	1	2	0	1	0	10
<b>No position</b>	33	31	26	38	18	34	41	54	42	317





# Escalation Strategies



## Phase 1: Engagement Process

Instances of misalignment between Bayer's climate policy positions and those of an industry associations identified in our assessment will make that organization a priority for Bayer to engage with.

The process of engagement will sequentially go through the following steps:

// **Examine:** Ensure that we make Bayer's position clear, have correctly interpreted the industry association's position and ask for evidence to support a different

The process of remediation will sequentially go through the following steps:

// **Review:** Undertake a formal review of membership. This would be accompanied by a public statement setting out the basis of misalignment and Bayer's preferred position, together with a clear timeline for the review and a deadline for a decision on actions to be taken.

// **Further measures:** Pursue further measures to exert the influence on a policy change. The key point of assessment will be if the additional steps are successful in achieving policy change. If yes, the process ends here. If not, Bayer will move to ultimatum.

// **Ultimatum:** Before deciding to exit, Bayer will prepare an ultimatum and make it clear to the industry association that it intends to leave by a specified date unless the organization undertakes a policy review or changes its policy position.

// **Exit:** The final action as part of remediation for Bayer, would be to leave the industry association's membership and to agree an annual review for re-joining based on a future policy change.

# Ongoing Updates, Real World Impact from Lobbying

Global Public Affairs



## Overview of Our Policy Engagement Activities on *Climate Policy in 2023*

Besides our engagement in industry associations and multilateral organizations, Bayer is also directly engaged in selected climate change-related activities with a focus on carbon farming initiatives globally. This is why, among other, Bayer representatives were actively participating at the United Nations Climate Change Conference (COP28) in Dubai, United Arab Emirates. By engaging with governmental officials (e.g. the signature of an MOU with the Premier of Saskatchewan, Canada) and by advancing existing partnerships (e.g. LEAF coalition, USDA/IRRI) and forging new ones, we highlighted sustainable regenerative agriculture as an integral part of the solution and stressed the critical role of water in delivering climate adaption benefits; in this line, our participation at the Water and Climate Leaders (WCL) and the UNCCD/IDRA continue being key in the development and implementation of international public policy.

In Brazil, and as part of Bayer's COP28 engagement, we continued to work with Brazilian gov-

# Iberdrola Alignment Framework, and Clear Methodology

## Methodology to assess the alignment of climate positions of organizations connected with the Global Climate Agenda



- The Iberdrola group is committed to conducting a continuous **evaluation of the climate positioning** for the associations it collaborates with.<sup>1</sup> According to our commitment to transparency, this evaluation will be published annually.
- The evaluation process consists of two blocks: '**Climate ambition**' and '**Climate relevance**'. Each block is divided into specific indicators (refer to Table 1).

**Table 1.** Components of the climate positioning alignment assessment.

The indicators measure the association's **performance on a scale of 0 to 100**, and these scores are **averaged to get a final score** for each block. For the 'Climate ambition' block, based on the final score, each organization will be classified as: 'reluctant', 'not aligned', 'neutral', 'aligned' or 'leadership' (refer to Table 2).

Blocks	Climate ambition	Climate relevance
Indicators	<ul style="list-style-type: none"><li>• Engagement (or support) of the organization with the climate science ecosystem.</li><li>• Support for net zero emissions by 2050.</li><li>• 2030 targets aligned with 1.5°C scenario.</li><li>• Support for clean technologies, renewable energy, energy efficiency, green hydrogen...</li><li>• Support for just transition and green growth as an opportunity.</li></ul>	<ul style="list-style-type: none"><li>• Inclusion of Global Members.</li><li>• Participation in the international climate agenda.</li><li>• Leadership at COPs.</li><li>• Geographical scope of campaigns.</li><li>• Impact on media and governments.</li></ul>



## Clear Categories to Define Alignment, Misalignment

Rating	Final Score	Explanation
<b>Leadership</b>	Score equal to or above 85	<p>Explicit and robust support to policy frameworks fully aligned with 1,5°C (net zero target, intermediate targets...), active role in developing and spreading positive narratives on clean technologies and their impacts on society.</p> <p>Proactive engagement with the climate agenda at all levels (global, regional, local), with an intense range of activities in the key milestones (e.g. COPs).</p>
<b>Aligned</b>	Score equal to or greater than 60 and less than 85	<p>Explicit support to net zero targets and 1,5°C scenario, active role in deploying positive narratives and positions on green transition. Not very frequently they include a wide range of perspectives from different sector that in some contexts can weaken positions on key policy files or technologies perspectives assessments.</p>
<b>Neutral</b>	Score equal to or greater than 40 and less than 60	<p>Explicit or implicit support to net zero targets and 1.5°C scenario, active role in deploying positive narratives and positions on green transition. Very frequently they include a wide range of perspectives from different sector that in some contexts can weaken positions on key policy files or technologies perspectives assessments.</p>
<b>Not aligned</b>	Score equal to or greater than 20 and less than 40	<p>Show very general support to climate the agenda, but detailed positions are not aligned with 1.5°C.</p>
<b>Reluctant</b>	Score less than 20	<p>Positions contrary to the climate agenda and inconsistent with the 1.5°C scenario.</p>

# Strategies to Address Misalignment & Escalation



## Foreseen methodology to tackle climate position misalignments

- After conducting the previous assessment, if any 'reluctant' or 'not aligned' organizations have been identified, a follow-up plan will be activated.
- The **assessment** and **follow up plan** to tackle any potential misalignment is structured around the **following stages**:
  - **Identification** and qualitative **assessment** of the key **climate positions** developed by the organization.
    - Evaluation of the scale (relevance) of the misalignment.
  - **Detection** of the **area within the organization** where the climate position misalignment has occurred:
    - Technical working group level
    - Committee level
    - Board level
  - Once a **relevant and structural policy position misalignment<sup>4</sup>** and its origin have been identified, the company implements the following **sequence of actions**:
    - **Connection** with the **liaison delegate** of Iberdrola group in the organization.
    - **Reinforcement of the engagement** of Iberdrola's group representatives in the area where the misalignment has emerged. Some examples of engagement actions: coordination of policy papers, intensification of bilateral meetings with the members who supported non-aligned positions, increase the frequency of conversations with the secretariat of the organization, or creation of alliances with other members to encourage to counter the association's positions.
- If the **misaligned climate position** is **not sorted out** with the previous measures, a high-level representative from Iberdrola group will connect with a **peer** from the organization to encourage a reoriented approach.
- Should this high-level conversation not meet expectations, an **escalation process** may be initiated. This process would follow the next steps:
  - **Notification of dissatisfaction** with the association's response regarding its misalignment with the 1.5°C goal through Iberdrola's delegate in the association.
  - **Review** of the association's policies and guidelines regarding **membership termination** or resignation.
  - Formal notification to the association that an internal process to **assess membership termination** has been **initiated**.
  - Provide the opportunity for the association to have a **final conversation** with the appropriate person or committee within the association, such as the membership director, board representative, or designated contact person. If the association does not provide a clear and credible action plan to tackle the situation **within 12 months**, one or more of the following actions will be implemented:
    - **Suspension or discontinuation** of membership or support to the association.
    - Request for the association **to refrain from publicly engaging** on issues that demonstrate misalignment with 1.5°C.
    - Make a clear **public statement regarding the disagreement** on the policy misalignment in the section of Iberdrola's website where the evaluation of the climate positioning is located.

# Assessment Against Specific Climate Policies, Regulations



## Sustainability Policy Alignment

US Trade Associations  
January 2024

### Policy Alignment Spotlight



#### Inflation Reduction Act (IRA)

BRT opposed passage of the IRA despite supporting the climate provisions it contained.



#### Tax Incentives for carbon removal

BRT supports the use of federal tax incentives for carbon removal projects.

	Microsoft	United	BRT	C2ES	CEBA	Ceres	CLC	ITI	U.S. Chamber
Policy positions summary									
Policy scorecards									
Global and national targets									
Paris Agreement and US NDC	●	N/A	●	●	●	●	N/A	●	○
US net zero by 2050	●	●	●	●	●	●	N/A	●	●
Carbon abatement policies									
Inflation Reduction Act	●	●	○	●	●	●	N/A	●	○
Carbon reporting	●	N/A	○	●	●	●	N/A	●	○
SEC climate disclosure rule	●	N/A	○	●	●	●	N/A	●	○
FAR council rule	●	N/A	N/A	●	N/A	●	N/A	●	○
Carbon pricing									
Carbon tax	●	N/A	N/A	●	●	●	●	N/A	N/A
Carbon fee	●	N/A	N/A	●	N/A	●	●	N/A	N/A
Other	●	N/A	N/A	N/A	N/A	N/A	●	●	●
Carbon reduction	●	●	●	●	●	●	●	●	○
Carbon removal									
Tax Incentives	●	N/A	●	●	N/A	●	N/A	N/A	●

# Climate Briefs Outlining Company Position on Emerging Issues, Technologies

**Go to:**

[Climate innovation](#)

[Advocate for net zero](#)

[Climate action](#)

[Empower the workforce](#)



## Using our voice to advocate for net zero

Microsoft and the broader private sector have an important role to play in advocating for effective and innovative sustainability policies. We pledge to use our voice on public policy issues to help advance global decarbonization efforts.



### Advancing carbon and electricity policy

In 2022, we published briefs on carbon and electricity policy to share the priorities and principles that guide Microsoft's policy advocacy work around the world.

### Accelerating decarbonization and energy technology

Building on our 2022 electricity brief, we published a new policy brief that focuses on the role advanced nuclear and fusion energy technologies play

### Supporting entrepreneurial solutions

At COP26, LinkedIn announced it would be one of the founding partners on the US State Department's Connecting Climate Entrepreneurs initiative, through

### Preparing for a green transition

The LinkedIn 2022 Global Green Skills Report focused on the rise and proliferation of green skills through the labor market. According to the report, demand for green skills is on



# Climate Policy Priorities & Positions/Advocacy

Outcome	Description	Examples of BHP advocacy / action
Efficient carbon markets	Enable the trading of credible and high-quality offsets, domestically and internationally, in a manner that promotes sustainable development and ensures environmental integrity and transparency.	<ul style="list-style-type: none"> <li>Advocated for the development of Western Australian and national policy to support carbon removals through mineral carbonation<sup>10</sup>.</li> <li>Contributed as members to the Taskforce on Scaling Voluntary Carbon Markets.</li> </ul>

Outcome	Description	Examples of BHP advocacy / action
Paris-aligned targets	Set national targets (medium and long-term) that are consistent with the Paris Agreement and its long-term aim of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C.	<ul style="list-style-type: none"> <li>Supported the Australian Government's target of reducing GHG emissions by 43% on 2005 levels by 2030<sup>1</sup> and achieving net zero emissions by 2050<sup>2</sup>.</li> <li>Supported the goal of Chile's National Mining Policy to achieve net zero GHG emissions in the mining sector by 2040<sup>3</sup>.</li> </ul>
Reliable, affordable, zero GHG emissions power	Ensure the electricity sector is capable of meeting the electrification needs of other sectors, in terms of delivering sufficient supply of reliable, affordable and zero-GHG emissions power.	<ul style="list-style-type: none"> <li>Called for Australian governments to combine the proposed capacity mechanism for the National Electricity Market with an explicit goal to achieve a net zero electricity supply by 2035<sup>4</sup>.</li> <li>Signing power purchase agreements to increase the supply of renewable energy to our operations in Australia and Chile.</li> </ul>
Incentives for decarbonisation	Ensure businesses have sufficient incentives to decarbonise their operations, such as through the use of market-based approaches like carbon pricing.	<ul style="list-style-type: none"> <li>Advocated for the Australian Government to transform the Safeguard Mechanism into a baseline-and-credit scheme<sup>5</sup>, and engaged in consultations on proposed reforms to achieve this goal<sup>6</sup>.</li> <li>Published research on the potential for carbon pricing to support the decarbonisation of international shipping<sup>7</sup>.</li> </ul>
Technology development and deployment	Support the development and deployment of pre-commercial low GHG emissions technologies, such as through research and development funding, measures to reduce investment risk (e.g., concessional financing), performance standards, and investments in enabling infrastructure.	<ul style="list-style-type: none"> <li>Partnered with a Chinese automotive think tank, Automotive Data of China, to undertake research on the future electrification of transport in China, including consideration of the policy environment<sup>8</sup>.</li> <li>Advocated for the US Congress to include proposed investments in clean energy technologies in the Build Back Better agenda<sup>9</sup>.</li> <li>Supported the Australian Government's Technology Investment Roadmap.</li> </ul>

ce climate-related disclosure  
ments that are decision-useful,  
riately contextual and globally  
ent.

- Represented on the Task Force on Climate-related Financial Disclosures (TCFD) since its inception.
- Engaged with the US Securities and Exchange Commission (SEC) on its proposed introduction of a framework mandating climate-related disclosures by companies registered with the SEC<sup>11</sup>.
- Engaged with the International Sustainability Standards Board on its climate-related disclosures exposure draft.

t regional and community  
tion to the potential physical  
s of climate change through  
iation, regular planning and the  
on of reliable and consistent  
tion.

- Called on governments to undertake regular adaptation planning<sup>12</sup>.
- Supported community-led efforts to build climate change adaptability in the US and Trinidad and Tobago<sup>13</sup>.

t communities to prepare for and  
e structural adjustments  
ted with the transition to a net  
missions economy, including  
1 coordination, ensuring education  
ining systems are capable of  
g current and future skills needs,  
3 provision of tailored support to  
ble cohorts.

- Published our principles on equitable change and transitions<sup>14</sup>.
- Advocated for new programs to deliver skills training, and direct and indirect measures to encourage large-scale capital projects, in regional Australia<sup>15</sup>.

t the development of responsible  
on mineral value chains, including  
1 measures that help de-risk  
ition and investment in  
ream processing, and ensuring  
ing processes are effective at  
ng environmental, heritage and  
bjectives while delivering timely  
dictable outcomes.

- Adjusted our portfolio to include a greater focus on future facing commodities like copper and nickel.
- Partnered with customers on the use of blockchain to test and highlight the potential of traceability to underpin sustainable value chains.



**Granular Assessment by  
Industry Association,  
Including Deviation with  
Company Priorities**

## Canadian Chamber of Commerce


We have found there to be **some, non-material, misalignment** between the climate policy advocacy of the Canadian Chamber of Commerce (CCC) and BHP's August 2020 Global Climate Policy Standards.

While we welcome the CCC's focus on achieving net zero emissions by 2050, we believe there is room for the CCC to strengthen its position on mandatory Scope 3 reporting and low to zero GHG emissions hydrogen production, and ensure it provides appropriate context on the future role of fossil fuels.


On the whole, we believe we sufficiently benefit from our membership of the CCC to continue our membership at this point in time. In particular, we value the opportunities for sharing of best practice and supporting policy development presented through our involvement in the Net Zero Council established by the CCC.

Background		
Overview	2022 membership fee	Governance role
A national and multi-sector industry association. It has over 200,000 members.	Less than US\$100,000	None
Policy outcomes		
Global agreements	CCC has advocated for greater international cooperation on climate policy and commended the Canadian Government on its participation in COP26.	
Paris Agreement goals	CCC has described Canada's net zero by 2050 goal as a 'necessity' and established a Net Zero Council to support 'research and advocacy designed to advance Canada's pathway to net-zero'.	
Emissions reduction targets	CCC has recognised the important role governments play in setting targets and welcomed both the Canadian Net Zero Emissions Accountability Act and the 2030 Emissions Reduction Plan.	
Least cost abatement	CCC has advocated for an 'efficient and cost-effective approach to climate change'. This has included carbon pricing (and associated arrangements, such as border carbon adjustments) and a range of other fiscal and regulatory measures.	
Pre-commercial technology	CCC has advocated for the Canadian Government to 'accelerate Canada's net zero transformation through supporting innovation, propelling clean tech projects, and growing zero emission technology manufacturing'.	
Enabling the broader transition	CCC has advocated on the link between labour and decarbonisation, the economic potential presented by the circular economy, the need for a national adaptation strategy, measures to accelerate the electrification of the Canadian economy and the opportunity to expand Canada's critical mineral-related industries.	
	In January 2022, CCC advocated that the Canadian Securities Administrators should not integrate Scope 3 emissions 'into disclosure requirements at this time', on the basis that mandatory Scope 3 reporting is currently not practical for issuers. However, BHP is supportive of the concept of mandatory reporting of Scope 3 emissions, subject to any such requirement reflecting the inherent data limitations associated with calculating Scope 3 emissions.	

## Third Party Audit of Lobbying Activities, Absence of Position on Paris Equals Misalignment, Assessing Both Top-line Statements & Actual Advocacy



The only exception relates to the Paris Agreement. Given the centrality of the Paris Agreement to the global effort to address climate change, we consider the absence of a position on the Paris Agreement to represent a material misalignment.

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- We have expanded our disclosures. In previous reviews, we only provided information on association advocacy that was found to be materially different to our own. For this review, we have sought to provide a comprehensive overview of the climate policy advocacy of our material association memberships (taking into account both their 'top-line' statements and day-to-day advocacy).
  - We supplemented our normal data collection process by drawing on the advocacy examples provided by InfluenceMap in their ranking of industry associations (where such examples are of direct relevance to the mining sector).



- We commissioned an external party (KPMG) to collect publicly available information on the associations' advocacy (e.g., from association websites, government consultation processes, news reports and social media).
- We assessed the extent to which the advocacy aligned with our August 2020 Global Climate Policy Standards. This assessment considered both the formal position statements of industry associations and their day-to-day advocacy, and focused primarily on advocacy of direct relevance to the mining sector. In determining whether an identified misalignment was material or not, we considered:

## Key Takeaways

# What to Look For, What to Understand

### What Sectors Are A Focus for Climate Lobbying Alignment?

- All Sectors, Not Just Heavy Emitters
- All Geographies—Engagement Occurring on 5 Continents
- All Companies Will Be Impacted by Sudden or Large-scale Climate Policies

### How to Tell If Climate Lobbying Is Aligned?

- Companies Should Articulate Their Climate Policy Priorities/Needs
- Look at *Global Standard* and Leading Practice Indicators
- In First Assessment, if Everything is “ALIGNED,” Be Skeptical
- Companies Need to Assess Lobbying Action, NOT JUST Quotes or Association Statements, and Look Internally for Alignment
- Companies Should Have Sufficient Detail in WHAT They Assess, Methodology for HOW They Assess It, and Clear Qualitative and Quantitative Analysis on What Alignment Means
- It Is Not Sufficient for Companies to Say “We Share Our Views with Our Associations.” More Detail Is Needed to Understand If Escalation Strategies Exist, and If Company Is Taking Additional Steps to Address Misalignments

### Leading Practice Is Quickly Evolving

- Third-Party Audits of Lobbying Actions; Restricting Membership Dues
- More Detailed Association Analysis Coming Out; Shareholder Lawsuit and Votes Vs. Boards; Deeper Analysis of Direct Company Lobbying (Sasol)

## **Links to Key Reports:**

<https://reports.shell.com/climate-and-energy-transition-lobbying-report/2022/our-lobbying/global-policy-positions.html>

<https://www.shell.com/sustainability/transparency-and-sustainability-reporting/advocacy-and-political-activity/climate-and-energy-transition-advocacy-updates.html>

<https://www.bayer.com/sites/default/files/overview-of-our-engagement-activities-on-climate-policy-in-2023.pdf>

<https://www.bayer.com/sites/default/files/Bayer%20Climate%20Review%202023.pdf>

[https://www.bayer.com/sites/default/files/Bayer%20Industry%20Association%20Climate%20Review%202021\\_0.pdf](https://www.bayer.com/sites/default/files/Bayer%20Industry%20Association%20Climate%20Review%202021_0.pdf)

<https://www.iberdrola.com/documents/20125/3058798/Assessment+of+key+organizations.pdf>

<https://www.iberdrola.com/documents/20125/3058798/Alignment+assessment+and+misalignment+management+methodologies.pdf>

<https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RW1h4DT>

<https://www.microsoft.com/en-us/corporate-responsibility/public-policy-engagement>

[https://www.bhp.com/-/media/project/bhp1ip/bhp-com-en/documents/sustainability/climate-change/230525\\_climatepolicyprinciples.pdf](https://www.bhp.com/-/media/project/bhp1ip/bhp-com-en/documents/sustainability/climate-change/230525_climatepolicyprinciples.pdf)

[https://www.bhp.com/-/media/documents/ourapproach/operatingwithintegrity/industryassociations/230627\\_bhpindustryassociationreview2023.pdf](https://www.bhp.com/-/media/documents/ourapproach/operatingwithintegrity/industryassociations/230627_bhpindustryassociationreview2023.pdf)