BHP AGM 2022

Shareholder resolutions on accounts & audit and positive lobbying

With special guest Sue Harding, company reporting and governance expert

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ACCR

Agenda

- Introduction and housekeeping - Gemma Yeates
- ACCR's engagement with BHP - Harriet Kater
- The importance and drivers for reflecting climate change in accounts and audit - Sue Harding
- Accounts and audit resolution - Alex Hillman
- Positive climate lobbying resolution - Harriet Kater
- Q&A

Contact details

Have a question? Please reach out.

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ACCR's engagement with BHP

- ACCR first filed a shareholder resolution with BHP in 2017; BHP board endorsed our 2021 resolution
- This year we had multiple meetings to work through areas of concern. Discussions covered:
  - Strengthening of 2030 target / amendment post BHP Petroleum demerger
  - Lobbying approach and industry association membership, inc QRC 'suspension'
  - Views on steel decarbonisation, metallurgical coal mine expansions and methane management
  - Reflection of climate change in financial statements and audit
- The resolutions we filed: reasonable asks, with high probability of board support
- BHP sought that we withdraw the Accounts and Audit resolution
- Genuinely surprised by BHP's response in the Notice of Meeting

ACCOUNTING FOR CLIMATE CHANGE

An Investor Project to Promote Incorporation of Material Climate Change Risks into Financial Statements

Image credit: Prof. Ed Hawkins
www.showyourstripes.info

THE CLIMATE ACCOUNTING & AUDIT PROJECT

- CAAP is an informal team of accounting and finance experts drawn from the investor community.
- **Objective: Address the anomaly that financial statements appear to ignore climate risks.** As a result, they encourage investment in what must become 'stranded assets' in a sustainable world.
  - **Encourage compliance** with accounting and audit requirements to provide transparent information to investors on climate accounting;
  - **Address additional investor requests** in relation to financial statement information on use of assumptions consistent with no more than 1.5 degree C scenario – either directly in the accounting or via sensitivity analysis - and that this information addressed by the auditor.
- **Why accounting for climate Matters:**
  - **Accounting produces the measures of profits or losses, net assets etc**. which are the basis for financial models and decisions.
  - **Financials drive investment decisions** – by the company (approval of capex projects) and investors both across their stewardship activities (invest, engage, vote, etc.) and in assessing their own climate-related commitments.
  - **Financials in part drive certain financial policy outcomes** for: Remuneration, Dividends, Borrowing levels, etc.
- This focus on financial statements is **different from, but complementary to, action on other ESG reporting** including initiatives on climate disclosure outside of the financial statements. Consistency of how climate is reported across financial statement and other reporting also Matters – as inconsistencies can raise questions of whether there are misstatements in either aspect of reporting, greenwashing etc.

CURRENT ACCOUNTING AND AUDITING REQUIREMENTS ON CLIMATE RISK

It's the currently applicable accounting and audit requirements themselves that matter to published financial statements and audit reports – and the respective standard setters both in Australia and Internationally have been clear that their **existing standards already contain requirements in relation to climate risk**:

- **Australian Accounting Standards Board / Auditing and Assurance Standards Board (AASB/AUASB)** Joint Bulletin: Climate-related and other emerging risks disclosures: Assessing Financial Statement Materiality Using AASB/IASB Practice Statement 2 (Apr. 2019)
- **International Accounting Standards Board (IASB)** Educational Material: The effects of climate-related matters on financial statements prepared applying IFRS Standards (Nov. 2020)
- **International Auditing and Assurance Standards Board (IAASB)** Staff Audit Practice Alert: The Consideration of Climate-Related Risks in an Audit of Financial Statement (Oct. 2020)

IASB STANDARDS THAT COULD REQUIRE COMPANIES TO CONSIDER CLIMATE-RELATED MATTERS INCLUDE:

  - Presentation of Financial Statements – overarching requirements (IAS 1)
  - Inventories (IAS 2)
  - Income Taxes (IAS 12)
  - Property, Plant and Equipment and Intangible Assets (IAS 16, IAS 38) and Impairment of Assets (IAS 36)
  - Provisions, Contingent Liabilities, Contingent Assets; Levies (IAS 37, IFRIC 21)
  - Financial Instruments (IFRS 9) Disclosures (IFRS 7)
  - Fair Value Measurement (IFRS 13)
  - Insurance Contracts (IFRS 17)

- **Accounting adjustments** that may arise in considering climate include: impairment of PPE and intangibles including goodwill due to reduced prices/demand or increased costs; reduced remaining useful lives and/or residual values of assets and increased provisions for asset retirement obligations; changes in the fair valuation of assets; provisions and contingent liabilities arising from fines and penalties or contracts that become onerous; and changes in expected credit losses for loans and other financial assets.
- Many of these requirements **involve forward-looking judgements**, **some of which are interconnected**. For example in relation to impairment, this typically involves best estimates of future cash flows over the remaining lives of assets (which can be very long indeed – BHP's discloses remaining lives from 2 up to 104 years) or in perpetuity for assets with indefinite lives such as goodwill). Remaining asset life estimates may also be linked to the amount and timing of asset retirement obligations – earlier retirement may result in changes to estimated retirement costs or higher provisions if the estimated timing used to discount the obligation is brought forward significantly.
- **Disclosure may also be necessary under current requirements.**

DISCLOSURE PRINCIPLES: IAS 1: OVERARCHING REQUIREMENTS

In addition to disclosures required by other topical IFRS standards/interpretations, IAS 1 requires:

- **Fair presentation** (para. 17) and **Materiality and aggregation** (para. 31)
  - provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to **enable users to understand the impact of particular transactions, other events and conditions** on the entity's financial position and financial performance.
- **Accounting policy information** (para. 117)
  - disclose material accounting policy information - ie when considered together with other information included in an entity's financial statements, it **can reasonably be expected to influence decisions that the primary users of general purpose financial statements make** on the basis of those financial statements.
- **Judgements** (para. 122)
  - judgements that management has made in the process of applying the entity's accounting policies and **that have the most significant effect on the amounts recognised** in the financial statements.
- **Sources of estimation uncertainty** (para. 125, 129)
  - disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, **that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.** The nature and extent of the information provided vary according to the nature of the assumption and other circumstances.

DISCLOSURE OF MATERIAL INFORMATION – WHAT'S MATERIAL?

- Information is material if omitting, misstating or obscuring **it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make** on the basis of those financial statements, which provide financial information about a specific reporting entity.
- Materiality depends on the **nature or magnitude of information, or both**. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

- Climate is a material risk and topic for consideration in accounting, and disclosure:
  - Whether or not it has a quantitatively material adjustment impact on the financials in the period, Material information should be provided.

STRONG INVESTOR INTEREST IN CLIMATE (THE PRIMARY USERS)

- **Climate risk = business and financial risk** for many (as well as opportunity for some)
  - = **Investment risk**
  - May also represent **financial statement risk** (the risk of material misstatement)
- **Open letter**: PRI + other networks incl. IIGCC, IGCC, AIGCC (>US$103tr AUM)
  - Welcomed the IFRS guidance
  - Asked that auditors ensure it is applied and regulators enforce it
  - Additional request: financial statement assumptions to be Paris-aligned
- **IIGCC letters** to companies/AC chairs over several years
- **Company reporting analysis**
  - Climate Accounting & Audit Project (CAAP), Carbon Tracker Initiative (CTI)
  - ‘Flying blind: The glaring absence of climate risks in financial reporting (CTI)’ (Sep. 2021)
  - Very little evidence that climate risk is addressed in financial statements or audits.

STRONG INVESTOR INTEREST IN CLIMATE - FORMALISATION OF COMPANY ANALYSIS BY THE CA100+

- **Climate Action 100+ Net Zero Company Benchmark**
  - 5 investor networks: Asia Investor Group on Climate Change **(AIGCC)**, **Ceres**, Investor Group on Climate Change **(IGCC)**, Institutional Investors Group on Climate Change **(IIGCC)**, and Principles for Responsible Investment **(PRI)**.
  - 700 investors, US$68tr AUM.
  - **ALL companies reviewed are CA100+ focus companies** – the 166 global companies that are key to driving the global net zero emissions transition, selected by investors for engagement, and accounting for up to 80 percent of global corporate industrial greenhouse gas emissions.
- March 2022 Benchmark extended to include the specific consideration of Climate Accounting and Audit (a provisional assessment) – using a published methodology.
  - **Accounting** (financial statement reporting) and **Audit** (reporting in the auditor's report)
    - **grounded in the existing requirements** of the relevant accounting and audit standard setters
  - **Alignment** of financial statement assumptions with Net Zero by 2050 or sooner - based on the further request by investor groups.
  - 7 Metrics scored 'Y' or 'N'

CA100+ CLIMATE ACCOUNTING AND AUDIT ALIGNMENT ASSESSMENT

Sub-indicator 1 - Financial Statements

Do the audited financial statements and notes thereto incorporate material climate-related matters?

- **Metric 1a.** - demonstrate how material climate-related matters are incorporated.
- **Metric 1b.** - disclose the quantitative climate-related assumptions and estimates.
- **Metric 1c.** - are consistent with the company's other reporting.

Sub-indicator 2 – Audit report

Does the audit report demonstrate that the auditors considered the effects of material climate-related matters in their audit?

- **Metric 2a.** - identifies how the auditor has assessed the material impacts of climate-related matters.
- **Metric 2b.** - identifies (any significant) inconsistencies between the financial statements and 'other information'.

Sub-indicator 3 - Alignment with Net-Zero GHG emissions by 2050 (or sooner)

Did the audited financial statements incorporate the material impacts of the global drive to net-zero greenhouse gas (GHG) emissions by 2050 (or sooner) (and the goals of limiting global warming to no more than 1.5°C.)?

- **Metric 3a.** – company financial statements **use, or disclose a sensitivity to**, assumptions and estimates that are aligned
- **Metric 3b.** - audit report identifies that the assumptions and estimates used were aligned or provides a sensitivity analysis on the potential implications.

INVESTOR INTEREST IN CLIMATE – MAR 2022 CAAA

- Only 6 of 165 reports (4%) scored as 'Yes' for one or more Metric.
- 3 only due to 'Yes' scores for their auditor.
- None for Alignment.
- Reports for y/e Dec. 2020 – Sep. 2021.

Mar. 2022 'Yes' Results			Sub-indicator 1: Financial statements				Sub-indicator 2: Audit report			Sub-indicator 3: Alignment with net zero by 2050	
Company	Overall Assessment	Overall FS	Metric 1a Incorporate climate	Metric 1b Disclose quantitative assumptions	Metric 1c Consistency with other reporting	Overall Audit	Metric 2a Assesses climate matters	Metric 2b Consistency Check	Overall Aligned Assumptions	Metric 3a Financial statements -aligned assumptions	Metric 3b Auditor check - aligned assumptions
BHP	Partial	Partial	Yes	No	No	No	No	No	No	No	No
bp plc	Partial	Partial	Yes	No	No	Partial	Yes	No	No	No	No
Glencore plc	Partial	No	No	No	No	Partial	Yes	No	No	No	No
National Grid plc	Partial	Partial	No	Yes	No	Partial	Yes	No	No	No	No
Rio Tinto Group	Partial	No	No	No	No	Partial	No	Yes	No	No	No
Shell plc	Partial	No	No	No	No	Yes	Yes	Yes	No	No	No
% Yes/Partial	4%	2%	1%	1%	0%	3%	2%	1%	0%	0%	0%

Key			
Metric criteria	Met	Not Met	
Overall scores	Met - if all met	Not Met - if none met	Partial - scores mixed

INVESTOR INTEREST IN CLIMATE – OCT 2022 CAAA

- Only 8 of 134 reports (6%) scored as ‘Yes’ for one or more Metric.
- 1 only due to ‘Yes’ scores for their auditor.
- 3 scored as ‘Yes’ for Alignment.
- Reports for y/e Dec. 2021 – Mar. 2022.

Oct. 2022 'Yes' Results			Sub-indicator 1: Financial statements				Sub-indicator 2: Audit report			Sub-indicator 3: Alignment with net zero by 2050	
Company	Overall Assessment	Overall FS	Metric 1a Incorporate climate	Metric 1b Disclose quantitative assumptions	Metric 1c Consistency with other reporting	Overall Audit	Metric 2a Assesses climate matters	Metric 2b Consistency Check	Overall Aligned Assumptions	Metric 3a Financial statements -aligned assumptions	Metric 3b Auditor check - aligned assumptions
bp plc	Partial	Partial	Yes	No	No	Yes	Yes	Yes	No	No	No
Eni SpA	Partial	No	No	No	No	No	No	No	Yes	Yes	Yes
Equinor ASA	Partial	No	No	No	No	No	No	No	Yes	Yes	Yes
Glencore plc	Partial	No	No	No	No	Partial	Yes	No	Yes	Yes	Yes
National Grid plc	Partial	Partial	No	Yes	No	Partial	Yes	No	No	No	No
Rio Tinto Group	Partial	Partial	Yes	No	No	Partial	Yes	No	No	No	No
Rolls Royce Holdings	Partial	Partial	Yes	No	No	Partial	Yes	No	No	No	No
Shell plc	Partial	No	No	No	No	Partial	Yes	No	No	No	No
% Yes/Partial	6%	3%	2%	1%	0%	4%	4%	1%	2%	2%	2%

While the binary scores improved marginally, there was also progress made that isn’t fully reflected in this. For example, CTI reports that (58%) of companies that did not fully meet the criteria of Metric 1b disclosed at least some of the quantitative climate-related inputs that they used (an improvement from 25% in the previous analysis).

BHP 2022 REPORTING – NOTES

- **Results of CTI's analysis of June 2022 reporting not yet published. Progress is noted - but no change to binary metric scores is expected.**
- **Financial Statements:**
  - Information on policies and approaches, but not so much on actual assumptions and estimates. These are needed to understand the financial statements as reported.
  - Consistency of reporting: inconsistency acknowledged re Scope 3 targets not possible to estimate.
- **Audit Report:** limited detail on how climate was assessed.
- **Alignment to assumptions consistent with Net Zero / no greater than 1.5 degree C temperature rise:**
  - Aligned assumptions are not used. This would be expected, for example given the company's risk assessment 'Signposts do not yet indicate that the appropriate measures are in place to drive decarbonisation at the pace or scale required for the Group to assess achieving the aims of the Paris Agreement as the most likely future outcome.'
  - Re a sensitivity analysis of the financials to aligned assumptions: while the company concludes the impact would not be material, **disclosure of the alternative (aligned) assumptions made is needed** to understand the results - just as there is a need for disclosure of the assumptions that have been made in preparing the financial statements.
  - Additionally, the accounting standards which would be the basis for the sensitivity contain requirements for the grouping of assets being tested; they do not allow an overall portfolio approach to offsetting impairments on some assets with gains on other assets. As a result, some assets may be impaired even if the company believes there may be an expected net positive impact on the overall portfolio and business from accelerated decarbonisation.

Accounting and audit resolution

Including a climate sensitivity analysis in the audited notes to the financial statements

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ACCR

BHP Group resolution

ORDINARY RESOLUTION ON CLIMATE ACCOUNTING AND AUDIT

Shareholders request that from the 2023 financial year, the notes to our company’s audited financial statements include a climate sensitivity analysis that:

- includes a scenario aligned with limiting warming to 1.5°C,
- presents the quantitative estimates and judgements for all scenarios used, and
- covers all commodities.

Nothing in this resolution should be read as limiting the Board’s discretion to take decisions in the best interests of our company.

Origin Energy resolution

ORDINARY RESOLUTION ON CLIMATE ACCOUNTING AND AUDIT

Shareholders request that from the 2023 financial year, the notes to our company's audited financial statements include a climate sensitivity analysis that:

- includes a scenario aligned with limiting warming to 1.5°C
- presents the quantitative estimates and judgements for all scenarios used, and
- covers all business segments, including exploration assets in Integrated Gas

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company.

Climate risk is financial risk, it belongs in financial statements

Financial statements and auditors of them are ignoring transition and physical climate risks.

Climate change risk can have huge implications for company performance e.g. it is relevant to:

- asset valuations and impairments
- useful life of assets (and hence P&L via depreciation)
- provisions and liabilities

Investors need to know what assumptions companies are deploying for base case financial statements <u>and</u> how changes to those assumptions might affect financials via sensitivity analysis.

Whilst we are not on track, investors need to understand what effect a global move to 1.5°C would have on a company.

Regulators expect climate risk to be reflected in financial statements

Investor statements on the importance of climate-related risks to their decision-making will often render these risks 'material' to a company, requiring them to be reflected in financial statements.

AASB Practice Statement 2, April 2019

Investors expect climate risk to be reflected in financial statements

The exclusion of climate risks from a company's financial reporting and audit *"reduces an investor's ability to make investment, engagement and voting decisions"*

Carbon Tracker and PRI, September 2021

Climate Action 100+: Climate accounting and audit indicator

1. **Financial Statements**

The audited financial statements and notes thereto incorporate material climate-related matters.

A. They demonstrate how material climate-related matters are incorporated (BHP ✅)
B. They disclose the quantitative climate-related assumptions and estimates
C. They are consistent with the company's other reporting

2. **Audit Report**

The audit report demonstrates that the auditor considered the effects of material climate-related matters in its audit.

A. The audit report identifies how the auditor has assessed the material impacts of climate-related matters.
B. The audit report identifies inconsistencies between the financial statements and 'other information'.

Climate Action 100+: Climate accounting and audit indicator

3. Alignment with Net Zero indicator

The audited financial statements and notes thereto incorporate the material impacts of the global drive to net zero greenhouse gas (GHG) emissions by 2050 (or sooner) which for the purpose of this assessment is considered to be equivalent to achieving the Paris Agreement goal of limiting global warming to no more than 1.5°C.

A. The financial statements use, or disclose a sensitivity to, assumptions and estimates that are aligned with achieving net zero GHG emissions by 2050 (or sooner)

B. The audit report identifies that the assumptions and estimates that the company used were aligned with achieving net zero GHG emissions by 2050 (or sooner) or provides a sensitivity analysis on the potential implications.

Accounting and Audit resolution

Asking for a 1.5°C scenario sensitivity in FY23 financial statements. This is not 'Paris aligned accounts'.

Origin Energy

Origin made significant progress with 2022 financial statements, but did not quantify the APLNG impairment or assess exploration assets

Announced a "plan" to improve disclosure for FY23, with the exception of exploration assets

Exploration assets are now much less significant

ACCR has withdrawn its resolution

BHP

In 2021 and 2022, concluded that a 1.5°C sensitivity will have positive impact, so no impairment beyond the actual $1 billion coal impairment in 2021

Planning scenarios consistent with 2.5°C and 3°C

Metallurgical coal 1.5°C demand assumptions seem optimistic, but price assumptions have not been disclosed.

BHP does not support our resolution

BHP's responses

BHP does not support the resolution.

ACCR views their reasons as inconsistent and a wilful misrepresentation of the resolution

BHP reason	ACCR response
The resolution breaches accounting standards since it may require 'positive remeasurement'	Disclosing an impairment of zero for a sensitivity analysis, is common practice and would satisfy both the resolution and the accounting standards.
A 1.5°C scenario is speculative	BHP discussed a 1.5°C scenario in both its FY21 and FY22 financial statements.
A 1.5°C outcome does not reflect BHP's best estimate of the future	The resolution is not asking for any change in BHP's best estimate of the future; it is simply asking for a sensitivity to different assumptions.
Climate change is covered in other BHP publications	Climate change is financial risk. It belongs in financial statements.
BHP supports non-financial climate reporting standards	The standard that BHP refers to [IFRS S2], clearly states that it is intended to support rather than supplant the disclosures in financial statements.

Conclusion

- Climate risk is financial risk. It belongs in financial statements.
- Regulators and investors expect this. This is not radical.
- Disclosure of climate risk in financial statements, including low carbon scenarios, needs to be become standard across the ASX.
- BHP appears to understand the issues, but is not adequately disclosing assumptions.
- BHPs reasons to vote against the resolution are not coherent.

BHP’s opportunity for positive climate advocacy

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ACCR

BHP resolution

ORDINARY RESOLUTION ON CLIMATE-RELATED LOBBYING

Shareholders request that our company proactively advocate for Australian policy settings that are consistent with the Paris Agreement's objective of limiting global warming to 1.5°C.

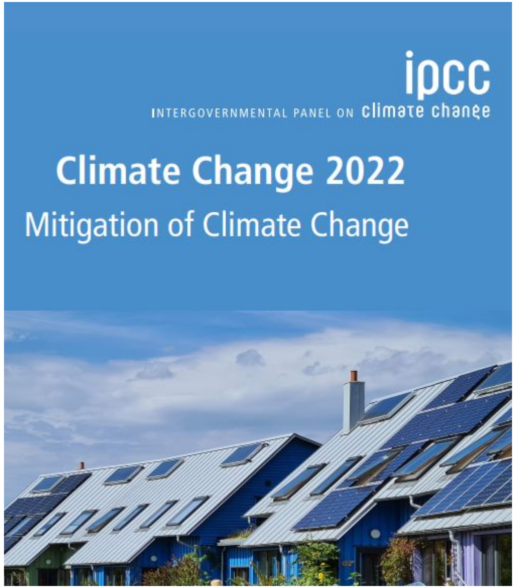
<u>Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company.</u>

IPCC 2022: The fossil fuel lobby is a major barrier to decarbonisation

“One factor limiting the ambition of climate policy has been the ability of **incumbent industries to shape government action** on climate change (Newell and Paterson 1998; Breetz et al. 2018; Jones and Levy 2009; Geels 2014).

Campaigns by oil and coal companies against climate action in the US and Australia are perhaps the most well-known and largely successful of these (Brulle et al. 2020; Stokes 2020; Mildenberger 2020)”

Chapter 1, 1.4.5 Political economy



Losers from decarbonisation have been too influential for too long
Winners from a fast transition must step up

Australia is a long-time laggard on climate policy, but a recent change in government means that there is an immediate opportunity to accelerate the decarbonisation of its economy.

The fossil fuel lobby remains the biggest impediment to Australia's transition.

Media Release: Oil and gas industry to work with government on safeguard mechanism

18 August 2022

Australia's oil and gas industry says it will work constructively with the Federal Government on its...

Media Release: Victorian roadmap is going in the wrong direction for consumers and emissions

02 July 2022

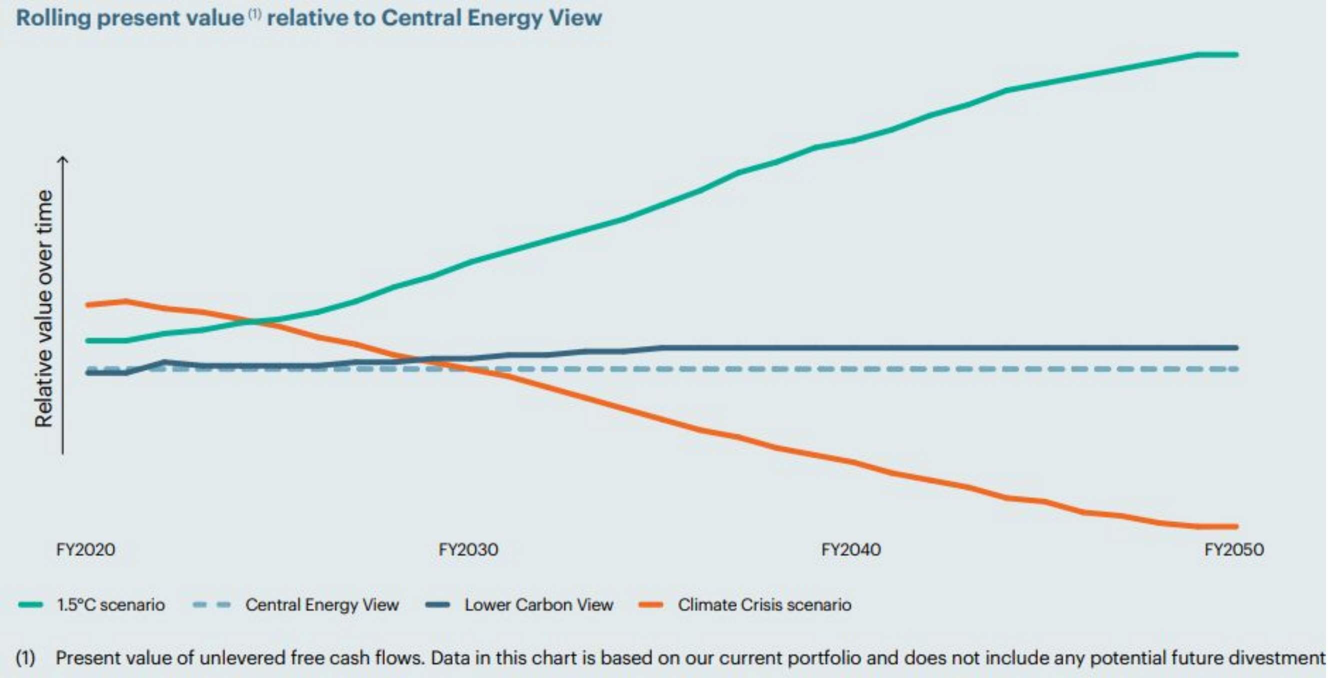
Today's Victorian Gas Substitution Roadmap will push consumers onto coal, ignores the cost imposts caused by...

Tania Constable, Chief Executive Officer | 03 December 2021

MCA supports maintaining international competitiveness as Australia heads towards net zero

Japan's Inpex calls for carve-outs from Labor's carbon policy

BHP is a winner: 1.5°C is best for the business



From BHP's climate report 2020

ACCR

BHP's potential to exert climate-positive policy influence in Australia

- BHP is Australia's largest company, one of the most politically powerful companies in the ASX

- BHP has a track record of lobbying strongly when it is seeking policy change or defending its interests
    - Scrapping the super profits tax, repealing carbon pricing, QLD coal royalties

BHP has proven it can get what it wants on policy, when it wants

How BHP Billiton, Rio Tinto felled WA Nationals leader Brendon Grylls

Julie-anne Sprague and Tess Ingram

Mar 17, 2017 – 11.00pm

Outgoing WA Nationals leader Brendon Grylls knew he was in for an almighty fight when he made a bold push to slap BHP Billiton and Rio Tinto with a tax hike that would cost the mining giants about $3 billion a year.

A snip at $22m to get rid of PM

By Mark Davis

February 2, 2011 — 3.00am

Queensland coal royalty increase will scare investors away: BHP

Mark Ludlow

Queensland bureau chief

BHP Minerals Australia president Edgar Basto has said the Palaszczuk government's coal royalties increase is a backward step that will damage future resource investments in Queensland.

Amid continuing anger over the new three tiers of coal royalties, which came into effect on July 1, miners have promised to campaign on the issue up to the 2024 state election.

BHP welcomes repeal of carbon tax

By Karlis Salna

July 17, 2014 — 1.37pm

Immediate opportunities for BHP to proactively advocate on climate policy

- Huge potential for long term shareholder value creation if BHP proactively advocates for 1.5°C-aligned policy.

- Opportunities for BHP to positively advocate in line with the 1.5°C goal:
  - Rapid renewable energy rollout and electrification policies
  - Best practice technologies to measure and manage methane fugitives from coal mining
  - Fuel tax rebate phase out for mining to incentivise shift from diesel and mine electrification

Current approach is mixed: Safeguard Mechanism submission

- Supported removal of overly generous baselines “headroom”
- Advocated for linkage with international offset markets - at odds with commitment to “mitigation hierarchy”
- Warned against imposing best practice emissions performance requirements on new facilities: *“most new investment in the next 5-10 years will be determined by technical and financial studies carried out in the previous 5-10 years”*

BHP’s response to the resolution: recommended against

BHP reason	ACCR response
BHP already advocates for climate policy that is consistent with the Paris Agreement’s objective of limiting warming to 1.5°C	If this is the company’s view and current advocacy position, then it could have supported this resolution
The resolution interferes with the Board’s discretion	The resolution text specifically states it should *not* be read as limiting the Board’s discretion.
The resolution is too broad and ambiguous	This resolution is principles-based but directed, and is appropriately non-prescriptive as to particular positions to be taken by BHP. Supporting statement provides further detail.

BHP’s response to the resolution

BHP reason	ACCR response
The resolution commits BHP to “forward-looking positive actions”, creating a greenwashing risk for the company	This is a non-binding, advisory resolution. Further, BHP states, as a matter of fact, in its opening response to the resolution, that it advocates in line with 1.5°C, so such a risk already exists for the company.
BHP is best able to support climate policy by meeting its own targets, goals and commitments and making the case for economic opportunities arising from the energy transition	BHP’s targets and goals are not yet aligned with 1.5°C, in contrast to the policy commitments of many of its shareholders. We encourage BHP to advocate for policy that enables Australian industry to align with scientifically credible decarbonisation pathways for decarbonisation, and for policy that expedites the energy transition.

ACCR

Ambitious climate policy is best for BHP shareholders

- Best for shareholders: BHP sees major opportunity for its commodities from rapid decarbonisation
- Positive change has been encumbered by fossil fuel industry lobbying for too long - BHP can help to change this
- BHP is one of the most politically powerful companies in Australia
- Trying to restrict pro fossil fuel lobby activities of industry associations is important but not enough - BHP itself must step up
- Rapid decarbonisation in Australia will have global consequences, we could show how this can be done in a fossil-heavy economy
- Policies that shift all companies towards a 1.5C pathway are good for BHP's business, regardless of whether 1.5C is ultimately achieved or not