



InfluenceMap

Does Corporate Australia Support Paris-Aligned Climate Policy?

An InfluenceMap Report

September 2021

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How the 50 largest companies in Australia are lobbying on climate change

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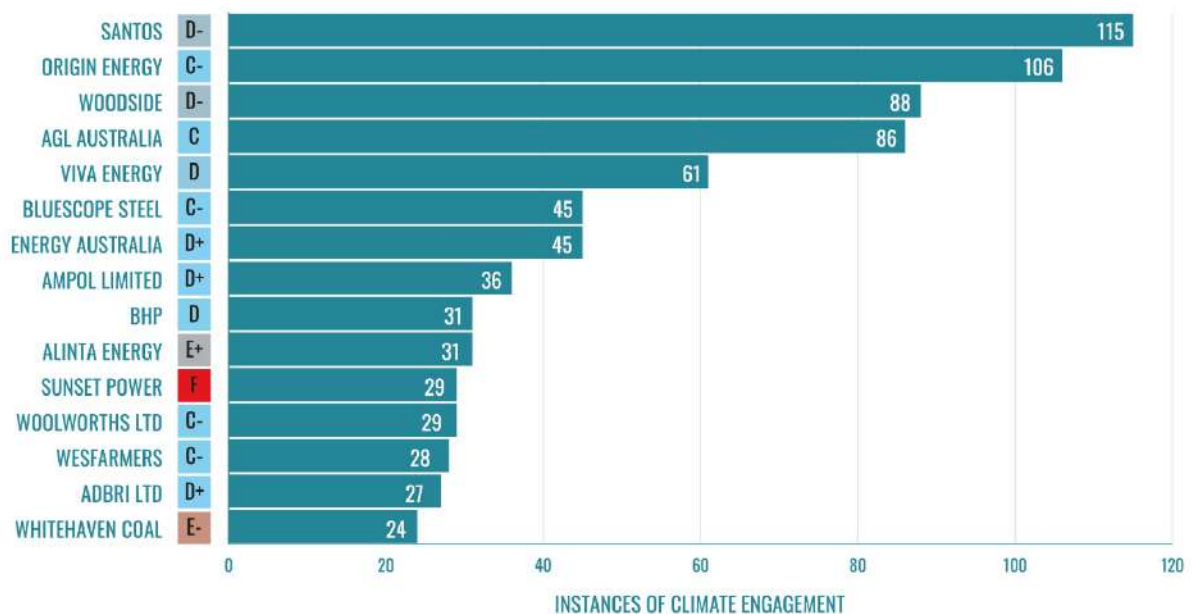
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Executive Summary

- InfluenceMap's research looked at the 50 most economically significant companies in Australia in relation to climate change and their potential to influence climate policy. The research found that none are strategically supporting Australian climate policy in line with the goals of the Paris Agreement. In contrast, nearly half of the companies assessed hold policy positions that are misaligned from the goals of Paris Agreement. Full details are on *InfluenceMap's interactive platform*.
- This lack of corporate support for climate regulations in Australia, combined with strategic opposition by the fossil fuel sector, contributes to the continuing failure of the country to implement policy measures aligned with the Paris Agreement. This differs significantly from Europe, for example, where there has been a groundswell of lobbying support for ambitious climate policy in recent years, notably from the European utility sector.
- The five most oppositional companies to Paris-aligned climate policy in order are *Sunset Power International* (traded as Delta Electricity) (F), *Peabody* (F), *Whitehaven Coal* (E-), *Yancoal* (E+), and *Chevron* (E+). All of these companies represent the fossil fuel value chain. In contrast, the most positively engaged company is *Apple* (B), which was included in this analysis due to its large economic presence in the region. While Apple has a relative high engagement intensity with climate policy globally (US, Japan, Europe), InfluenceMap did not find any evidence of engagement with climate policy in Australia by the world's *most valuable publicly traded company*.
- Many companies headquartered in Australia have made positive top-line statements about climate change and the need for climate action, such as support for a net zero by 2050 target. These include companies such as *Macquarie Group*, *Westpac Banking Corporation*, and *Wesfarmers*. According to the *Intergovernmental Panel on Climate Change* and the International Energy Agency's *Net Zero by 2050 report*, reaching net zero by 2050 requires the immediate implementation of ambitious regulations from governments globally. This research found, however, that many of the companies with positive top-line statements are absent when it comes to engaging on the details of climate policies.
- While companies with more positive positions remain quiet on climate policy, Australia's fossil fuel sector is highly engaged and oppositional to Paris-aligned stances. The four companies with the highest engagement on climate in Australia all represent coal, oil, or gas. In order, these companies are *Santos*, *Origin Energy*, *Woodside*, *AGL Australia*. All of these companies have lobbied for the continued use of fossil fuels in 2020-2021, despite having publicly supported net zero by 2050.

The 15 Most Engaged Companies on Climate in Australia since 2018

(According to number of publicly available evidence items found by InfluenceMap)



- The interests of the fossil fuel sector are also represented by Australia's most engaged industry associations on climate. The research found the 20 companies having the greatest impact on climate policy through third-party industry associations are all having a negative impact, with 16 of the 20 companies from the fossil fuel sector. The top 5 companies having the most negative impact through third-party industry associations are *BHP*, *Rio Tinto*, *Santos*, *Glencore*, and *Yancoal*.
- Many of these companies have committed to reviewing the positions of their industry associations in line with the goals of the Paris Agreement, following investor pressure. Industry associations reviewed include the *Minerals Council of Australia*, the *Australian Petroleum Production and Exploration Association*, and the *Business Council of Australia*. InfluenceMap has found evidence of some progress in these industry association's climate positions, with most moving up one grade between 2017 and 2021. However, the majority of these industry associations continue to lobby against Paris-Aligned climate policy.
- The fossil fuel sector's monopolization of climate lobbying is clearly delaying Australian climate policy. InfluenceMap has produced *additional analysis* on how individual policies are/were being lobbied by corporate Australia, using 14 significant climate policies as case studies. For 10 of the 14 policies, the most frequent lobbying position from the companies and industry associations was one of opposition or trying to weaken the policy in question. Six of these policies were then repealed, weakened or stalled

from further ambition. These policies and a breakdown of the lobbying can be viewed on the accompanying platform.

- One policy with overall supportive lobbying from Corporate Australia was Independent MP Zali Steggall's *Climate Change Bill (2020)*. Despite this, progress has stalled on the bill. Support for this bill, however, is in conflict with the government's 'gas-fired recovery' according to the science of the IPCC. 20 of the 50 companies had directly lobbied for the continued use of fossil gas in 2020-2021, 12 of which have public net zero by 2050 commitments. Further, 44 out of 50 companies retained memberships to industry associations lobbying in favor of fossil gas.

Lobbying for Net Zero by 2050 and Fossil Fuels by the 50 companies



* 20 companies support a continued role for fossil gas, 12 of which also have publicly supported net zero by 2050

- According to the science of the IPCC and the IEA's new Net Zero by 2050 report, supporting new investments into fossil gas beyond those already committed to in 2021, is incompatible with reaching net zero by 2050. The support of Corporate Australia for an increased role for gas has contributed to a political scenario where the chances of a net zero by 2050 target in alignment with the goals of the Paris Agreement are increasingly slim.

Introduction

Australia's Climate Policy Record

In 2021, the International Energy Agency (IEA) released its *Net Zero by 2050 report*, echoing many of the core findings from the Intergovernmental Panel on Climate Change's *2018 Special Report* on limiting global warming to 1.5C. Both reports have called for a drastic decline in the use of fossil fuels. The IEA stated that beyond those projects already committed to in 2021, there should be no further investments into new oil and gas fields. Both reports also highlighted the lack of ambitious climate policy from governments globally as a key barrier to addressing climate change.

Despite these clear warnings from the world's leading scientists, following the release of the IEA's Net Zero report in May 2021, the Australian Resources Minister Keith Pitt stated: "*Coal, oil and gas will continue to be a big part of Australia's energy mix.*" The *2021 Sustainable Development Report*, co-authored by Professor Jeffrey Sachs, a world-leading economist, and the UN-backed *Sustainable Development Solutions Network*, ranked Australia as last out of 193 UN member countries on climate action, a demotion from the country's ranking of second last in 2020. This reflects Australia's high reliance on fossil fuels domestically, as well as its role as one of the largest exporters globally of fossil fuels.

Australia also continues to fall out of step with its key trading partners on long-term climate ambition. According to the *World Bank*, Australia is the *13th largest economy* in the world. Of the top twelve economies, eight have net zero by 2050 targets, including the UK, US, and Japan, while two countries (China and Brazil) have net zero by 2060 targets. Despite pressure both domestically and internationally, Australia's current government has continued to resist calls for a net zero by 2050 emissions target.

Australian Industry Associations and Climate Lobbying

InfluenceMap's previous studies have highlighted many of Australia's industry associations to be particularly obstructive to climate policy. In InfluenceMap's 2019 analysis of the most influential industry associations worldwide (*'Industry Groups and their Carbon Footprint'*), Australian industry associations featured heavily. The *Minerals Council of Australia* ranked within the top 10 most obstructive climate lobbyists globally and was one of only two groups in the top 10 from outside the United States. In addition, the *Australian Petroleum Production & Exploration Association* and the *Business Council of Australia* ranked within the top 20 and the *Australian Industry Group* featured at 30. Based on these findings, InfluenceMap analyzed the 20 Australian industry associations most engaged on Australian climate policy (*'Australian Industry Associations and their Carbon Policy Footprint'*), and found 75% of them were acting to undermine, weaken, or block climate policy in Australia.

InfluenceMap works closely with investors globally and has been assessing Australian corporate lobbying in detail since the 2015 Paris Agreement. Since 2015, there has been a growing consensus in the investor community that industry associations have contributed to the political impasse on climate and energy policy in Australia, and negative climate policy engagement has become a mainstream investor concern.

Starting in 2017, a vanguard group of investors initiated engagement processes with companies including Rio Tinto and BHP on their direct and indirect policy engagement, while organizations such as the *Australasia Centre for Corporate Responsibility* (ACCR) started filing resolutions on corporate lobbying. This effort has increased in the years following, both in the number of resolutions filed and the ask of the investors, which in 2019 included asking BHP to *suspend its membership* to industry associations with lobbying activities inconsistent with the goals of the Paris Agreement. Since 2017, there have been 15 lobbying-related shareholder resolutions filed at Australian companies (of which 5 were withdrawn before the AGM), including at *Origin Energy*, *Woodside*, and *Santos*. There has been a clear uptick in voter support for these resolutions, with the most recent passing with management support at Rio Tinto in 2021.

The Need for Positive Climate Policy Engagement in Corporate Australia

InfluenceMap's global database on corporate climate policy engagement has captured a growing body of evidence to show that positive climate policy engagement by companies and industry associations can be an effective enabler of science-based policy. For example, in the EU, US and Japan, positive lobbying by corporations has been successful in driving and sustaining more ambitious climate policy in 2021:

- In the EU, companies from the utility sector with an increasing focus on renewables, including Iberdrola and Enel, have *lobbied* the EU to uphold its stringent criteria for determining green economic activities against significant pressure from the gas sector to weaken the criteria. Although this contentious issue is still under debate, thus far the Commission has maintained this threshold.
- In Japan, in April 2021, over 200 blue-chip corporations from sectors including retail, finance, construction, and tech called for the government to revise its Nationally Determined Contribution (NDC) and implement a more ambitious target, with *the Japan Climate Initiative* calling for an emissions reduction target of 50% by 2030?. Following sustained support for a higher target from many of Japan's top-performing companies, the Japanese government updated its NDC in April 2021 from 26% by 2030 to 46%.
- Similarly, in the US, engagement from major companies has had a successful impact on implementing progressive climate policy at the state level, such as in California, where support from a coalition of *major retailers*, including Patagonia and Ben & Jerry's, aided in the adoption of a strengthened Advanced Clean Truck rule, which set the world's first zero-emission commercial truck requirement.

Companies can also play a positive role in pushing positive reform within their industry associations. More and more companies are agreeing to review the climate positions of their industry associations and their alignment with the Paris Agreement. For example, in Australia in 2019, *Telstra, BHP, Rio Tinto, and Westpac*, amongst others, agreed to review the climate advocacy of the Business Council of Australia (BCA). Following sustained internal pressure, BCA committed to *review* its climate change policies in February 2020, which included a shift in position to *support* net zero by 2050. While this internal pressure led to a nominal shift in top-line support for 2050 targets, it has not resulted in any significant changes to BCA's overall position on climate policy. In 2017, BCA's InfluenceMap grade was D-, indicating opposition to Paris-Aligned climate policy. In 2021, BCA's InfluenceMap grade is a D, indicating only minor improvement in its detailed lobbying positions. Without significant reform to Australia's industry associations' positions on climate, positive statements of support by Corporate Australia will continue to be undermined.

This research will look at the role played by the 50 largest companies operating in Australia in influencing climate policy directly and indirectly, identifying both the corporate players holding back climate policy and which companies are – or could be – a positive force for climate action.

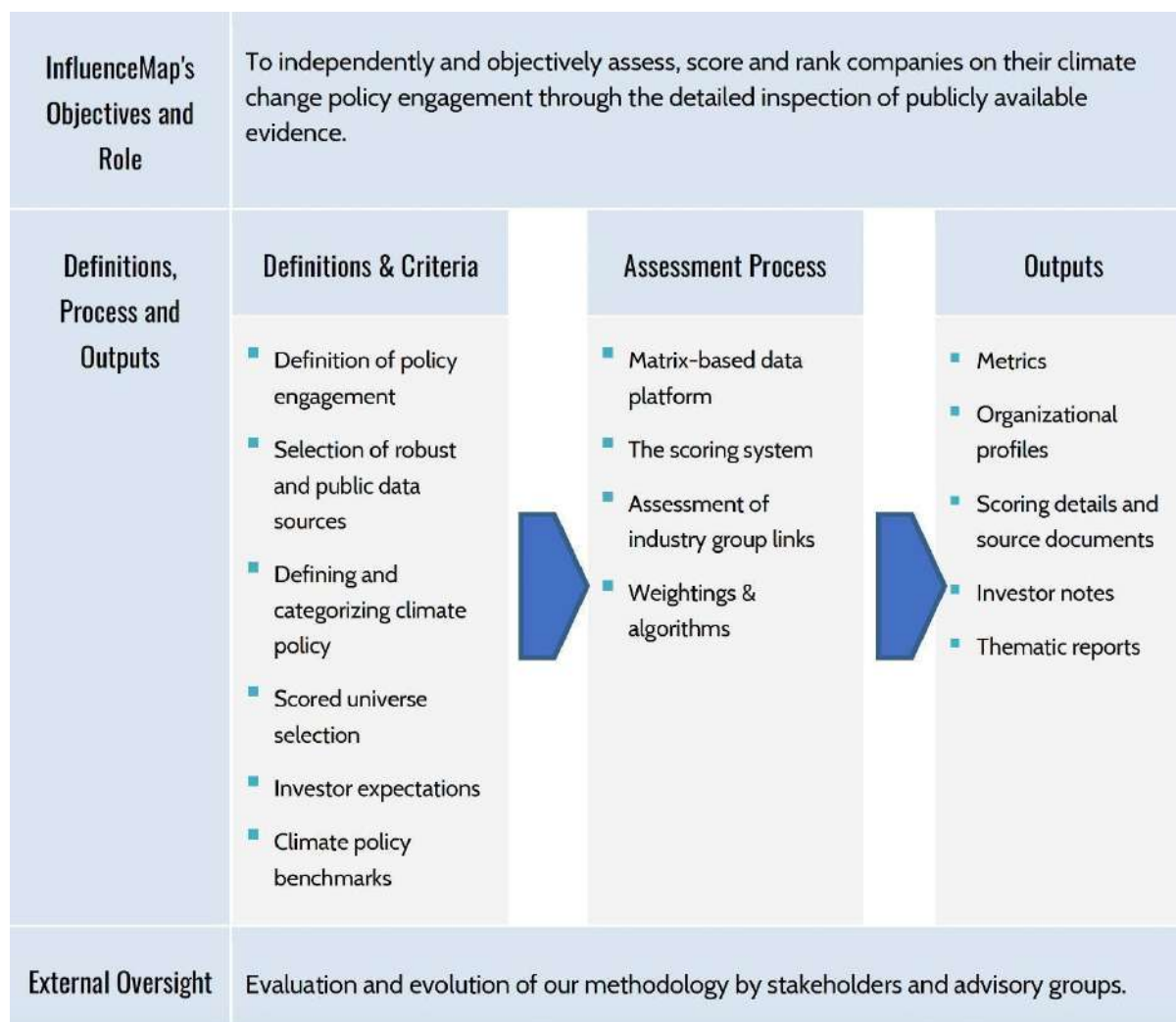
Methodology

Global methodology for assessing corporate climate lobbying

InfluenceMap has developed a process for scoring and ranking companies and industry associations on their activities to influence climate change policy. Full details of the methodology are [provided in the page linked here](#). Listed below are some of its key features and resulting outputs.

- InfluenceMap's system adheres to key features of sound corporate assessment metrics: objectivity, transparency, ease of comprehension and use, and allows for like-for-like comparisons across and within sectors.
- InfluenceMap's system does not judge climate policy itself but instead measures corporate positions against Paris Agreement-aligned benchmarks of governmental policy and Science-Based Policy (SBP) benchmarks based on analysis of IPCC statements.
- InfluenceMap defines "policy engagement" based on the UN [Guide for Responsible Corporate Engagement in Climate Policy](#) (2013), which defines a range of corporate activities as engagement, such as advertising, social media, public relations, sponsoring research, and direct contact with regulators and elected officials.
- InfluenceMap relies on a range of data sources that are publicly accessible and are reliable representations of corporate policy engagement. These include organizational websites, top management statements, regulatory consultation comments, financial disclosures, and reliable media reporting.

InfluenceMap's system is updated continuously as new information becomes available, which is then assessed and added to the InfluenceMap.org online database. These results are freely available and in the public domain. The results are provided in the form of metrics and analysis on individual organizations (see, for [example, Unilever's online InfluenceMap profile](#)), and [company ranking tables](#).



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Selecting Companies Operating in Australia

The aim of this research is to cover the lobbying of the corporate entities most relevant to climate change in Australia. This list will be progressively expanded to offer an increasingly complete analysis of Corporate Australia.

The universe of 50 companies included in this research was selected by two processes:

- Firstly, we selected the 10 Australian Carbon Majors as identified by *research* by the University of New South Wales, which incorporates the companies' global scope 3 emissions. These companies are BHP, Glencore, Yancoal, Peabody, Anglo American, Chevron, Whitehaven, Woodside, ExxonMobil, and Santos.

- Secondly, we selected 40 more companies by taking the 100 largest emitters of carbon dioxide (based on Scope 1 and 2 emissions from 2017-2018) in Australia and the 100 largest companies by revenue (using Australian tax data from 2017-2018). These values were normalized by linearly mapping each onto a 0-100 scale and then combined to create an overall ‘importance score’, weighting emissions to revenue by 3:1. State-owned companies and joint ventures were excluded from this research.

Climate Policy Coverage

The *UN Framework Convention on Climate Change* (UNFCCC) process (including *Intergovernmental Panel on Climate Change* guidance) has triggered climate motivated policy and regulatory processes from government regulators globally. The Paris Agreement commits signatories to produce Nationally Determined Contributions (NDCs), whereby nations outline their implementation plans to meet its goals. InfluenceMap’s system considers existing, evolving, and proposed policy measures issued by mandated bodies. “Mandated bodies” are defined here as various levels of government or government-authorized bodies that are tasked either with implementing or otherwise considering Paris-related climate commitments. This covers bodies functioning at different regional levels (e.g. state, national, and international).

InfluenceMap’s system organizes climate policy into a range of distinct categories, covering high-level statements of intent through to detailed and prescriptive legislation, including setting targets and implementing standards, fiscal interventions, and other binding regulatory requirements. Climate considerations also increasingly impact non-climate motivated policy streams such as building codes, land use and fiscal regulations. The climate components of these policies fall under InfluenceMap’s definition of climate policy. Regarding Australia, this coverage therefore includes:

- Key federal level consultations covering climate and/or energy issues; for example, the Independent MP Zali Steggall’s Climate Change Bill (2020).
- Key state-level consultations covering specific climate initiatives such as GHG emissions targets or renewable energy targets; for example, the Independent Expert Panel on Interim Emissions Reduction Targets for Victoria (2021-2030).
- Key consultations which are not specifically related to climate and/or energy issues, but which impact on climate change through affecting planning or fiscal regulations, for example, the Review of the Environmental Protection and Biodiversity Conservation Act 1999.

InfluenceMap’s scoring of lobbying on these policy strands is neutral. It does not assess the quality of governmental policy implementing the Paris Agreement, but rather the positions of companies and

industry associations relative to this policy. The statements and ambitions of bodies mandated either to implement or advise on the implementation of Paris-aligned policy are used as benchmarks to make this assessment. In instances of policy advocacy on broader issues (e.g. the energy mix) not directly associated with particular regulations, InfluenceMap relies on a second set of 'science-based' policy benchmarks derived from the recommendations and advice of the International Panel on Climate Change, further details of which [can be found here](#).

Assessing Companies' Engagement with Climate Policy

InfluenceMap's analysis of corporate climate policy influence produces two key metrics:

- The **Total Score** expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement, incorporating an analysis of its trade association links. This score correlates to a **Performance Band**, which runs from A+ to F. A score above 75 indicates support for climate policy in alignment with the goals of the Paris Agreement (Paris-Aligned climate policy), while a score of 50 (D) or below indicates opposition to Paris-Aligned climate policy.



- The **Engagement Intensity** (0-100) expresses the intensity of this activity, whether positive or negative. An Engagement Intensity above 25 represents highly active or strategic engagement, while a score of 12 or below indicates low engagement. Scores between 12 and 25 represent active engagement. This score reflects the companies' global engagement intensity.

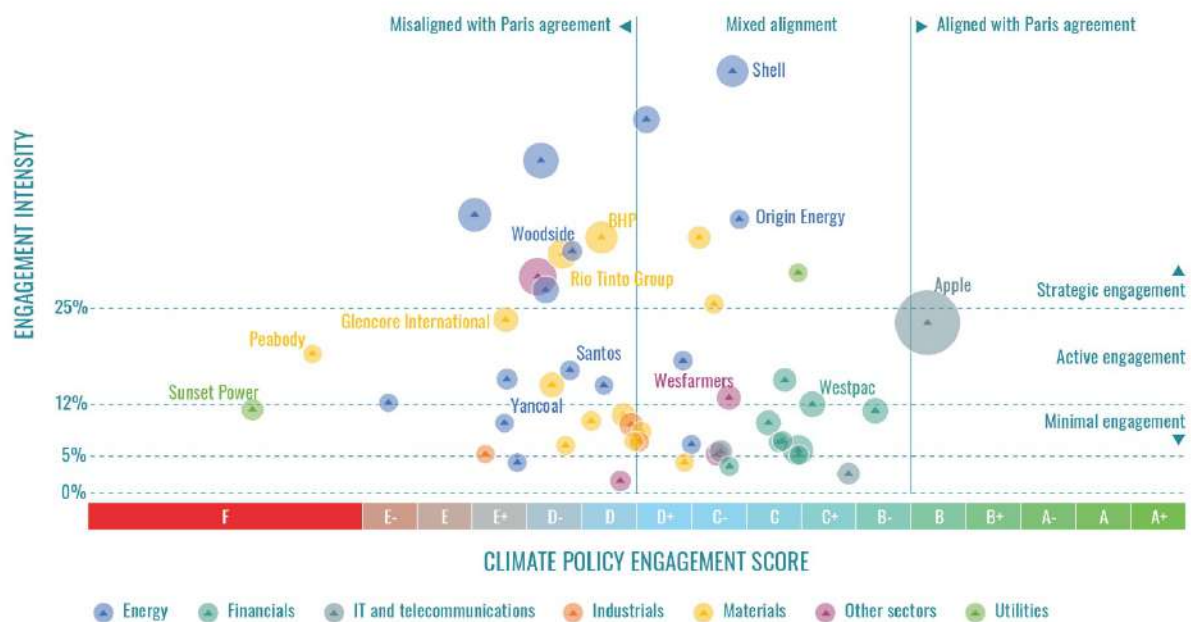
A company with a low Total Score and a high Engagement Intensity is actively opposing climate policy, while companies with a high Total Score and a high Engagement Intensity are actively supporting climate policy. Companies with a low Engagement Intensity are not strategically engaging with climate policy.

Results

Australia's Corporate Landscape

The diagrams below contain the main results of the analysis. The first diagram shows how the 50 companies included in this research are engaging with climate policy globally. The Total Score expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement, incorporating an analysis of its trade association links. The Engagement Intensity (0-100) expresses the intensity of this activity, whether positive or negative. Companies with Engagement Intensity scores of less than 5 indicate InfluenceMap was not able to find enough publicly available evidence of engagement with climate and energy policies from the company to be able to calculate an Organization or Total Score. These companies, therefore, are not included in the below diagram. On the below diagram, each bubble represents a company. The size of the bubble reflects the market value of the companies, and the color indicates what sector the company belongs to.

The Largest Corporations in Australia Compared on Climate Lobbying



Company	Sector(s)	Performance Band	Engagement Intensity (Global)
<i>Apple</i>	Information Technology	B	23
<i>National Australia Bank</i>	Financials	B-	11
<i>Singapore Telecommunications Limited (Singtel)</i>	Telecommunications	C+	<5
<i>Westpac Banking Corporation</i>	Financials	C+	12
<i>AMP</i>	Financials	C	5
<i>AGL Australia</i>	Utilities	C	29
<i>Commonwealth Bank of Australia</i>	Financials	C	5
<i>Macquarie Group</i>	Financials	C	15
<i>Insurance Australia Group</i>	Financials	C	7
<i>Suncorp</i>	Financials	C	6
<i>Australian and New Zealand Banking Group</i>	Financials	C	9
<i>Origin Energy</i>	Energy	C-	37
<i>Royal Dutch Shell</i>	Energy	C-	57
<i>Lendlease</i>	Financials	C-	<5
<i>Wesfarmers</i>	Retailing	C-	12
<i>Telstra</i>	Telecommunications	C-	5
<i>Woolworths Group</i>	Consumer Staples	C-	5
<i>Bluescope Steel</i>	Materials	C-	25
<i>Holcim</i>	Materials	C-	34

<i>Ampol Limited (formerly Caltex)</i>	Energy	D+	6
<i>Adbri (formerly Adelaide Brighton)</i>	Materials	D+	<5
<i>EnergyAustralia</i>	Utilities	D+	17
<i>BP</i>	Energy	D+	50
<i>Alcoa</i>	Materials	D+	8
<i>Qantas Airways</i>	Industrials	D+	6
<i>Boral Limited</i>	Materials	D	7
<i>Mitsubishi Corporation</i>	Industrials	D	9
<i>Fortescue Metals Group</i>	Materials	D	10
<i>Coles Group</i>	Consumer Staples	D	<5
<i>Viva Energy</i>	Energy	D	14
<i>BHP</i>	Materials	D	34
<i>South32</i>	Materials	D	9
<i>Woodside</i>	Energy	D-	32
<i>Santos</i>	Energy	D-	16
<i>Orica Ltd</i>	Materials	D-	6
<i>Rio Tinto Group</i>	Materials	D-	32
<i>Anglo American</i>	Materials	D-	14
<i>ConocoPhillips</i>	Energy	D-	27
<i>ExxonMobil</i>	Energy	D-	44
<i>Toyota Motor</i>	Automotive	D-	29

<i>Banpu</i>	Energy	E+	<5
<i>Alinta Energy</i>	Energy	E+	15
<i>Glencore</i>	Materials	E+	23
<i>Yancoal</i>	Energy	E+	9
<i>Virgin Australia</i>	Industrials	E+	5
<i>Chevron</i>	Energy	E+	37
<i>Whitehaven Coal</i>	Energy	E-	12
<i>Peabody</i>	Energy	F	18
<i>Sunset Power International (Delta Electricity)</i>	Utilities	F	11
<i>Metcash</i>	Consumer Staples	N/A	<5

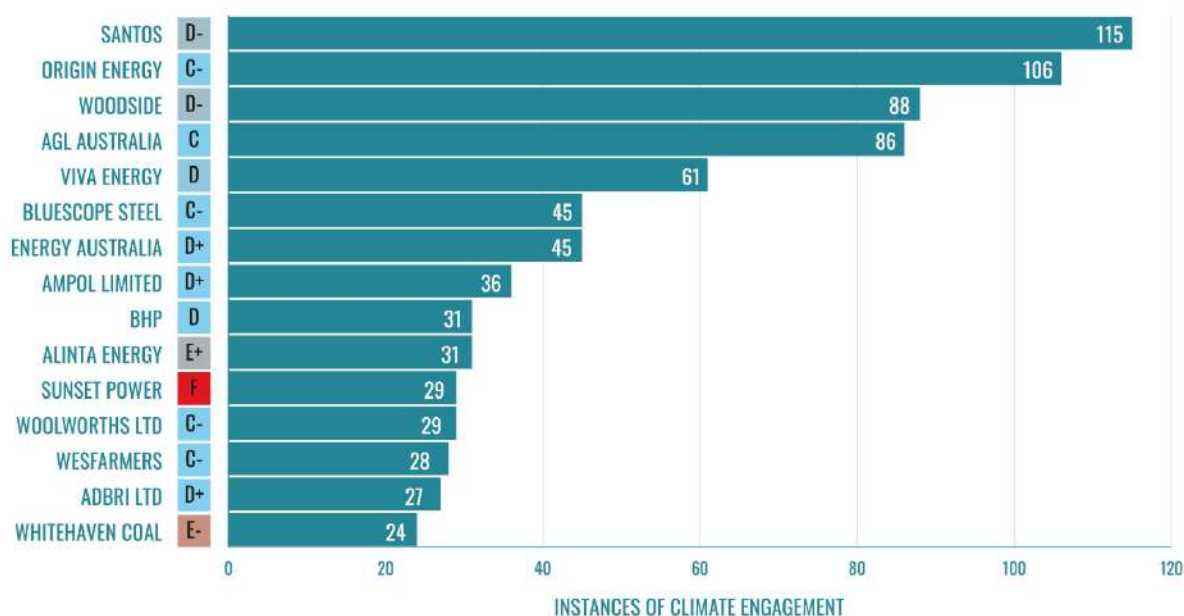
When analyzing corporate climate change lobbying, InfluenceMap looks to cover each entity's engagement with climate policies globally. As many of the companies covered in the study are multinational, the scores plotted above reflect these companies' global climate policy footprints.

However, while some companies are found to engage heavily on climate policy globally, they have low engagement in Australia specifically. For example, of the 50 companies covered in this platform, Shell has the highest global Engagement Intensity score but also one of the lowest levels of engagement with climate policy in Australia.

To determine which companies are the most engaged within Australia, InfluenceMap analyzed how many Australian-specific engagements each company had. The diagram below shows the top 15 companies most engaged with climate change and climate policy in Australia.

The 15 Most Engaged Companies on Climate in Australia since 2018

(According to number of publicly available evidence items found by InfluenceMap for the 50 companies)



- No company covered in the analysis is strategically supporting Australian climate policy with positions aligned with the goals of the Paris Agreement. However, nearly half of the companies assessed hold policy positions that are misaligned from Paris-Aligned climate policy, with the remaining companies engaging with mixed positions.
- The group opposing climate policy largely consists of energy and mining companies. Meanwhile, the group with mixed positions is more diverse in its makeup, but the entities with the highest organization scores largely come from the financial sector, including *Westpac Banking Corporation* and *Australian and New Zealand Banking Group*.
- The group with mixed positions also contains *AGL Australia*, and *Origin Energy*. These entities are supportive of general action on climate change and have more positively scoring top-line statements, such as around support for net zero by 2050. However, the companies' Total Scores fall due to their advocacy for a continued role for gas in the energy mix.
- The research finds much higher engagement from vested fossil fuel interests both globally and in Australia, compared to other sectors. In Australia, 12 of the 15 most engaged entities are involved in the

production of coal, oil, or gas, including LPG and LNG. 10 of them have advocated for the continued use of gas in the energy mix in 2020-2021, including the top 4 most engaged entities: *Santos*, *Origin Energy*, *Woodside*, and *AGL Australia*.

- In contrast, those entities with more positive Total Scores, such as the financial companies, have significantly lower levels of engagement. No companies from the financial sector ranked in the 15 most engaged companies on climate and climate policy in Australia.
- Overall, the result is an overwhelmingly negative position on climate policy from Corporate Australia. The research found that only one company - *Apple* - was supportive of Paris-aligned climate policy, scoring a B overall. However, InfluenceMap could not find any evidence of engagement with Australian climate policy from Apple. The remaining companies are evenly split between those that are opposing Paris-aligned climate policy (24 companies scored a D or lower), and those that have mixed positions on Paris-aligned climate policy (24 companies scored between a D and a B). 1 company, Metcash, had an engagement intensity below 5 and no links to the 20 industry associations included in the research. As such, InfluenceMap was not able to generate a Performance Band for the company.
- It is also notable that of the 50 companies, many of those headquartered in Australia have very low levels of engagement. 6 companies have an engagement intensity of lower than five, 4 of which are headquartered in Australia. A further 25 companies had engagement intensities below twelve, which indicates minimal and non-strategic engagement. 22 of these companies are also headquartered in Australia.

Indirect Carbon Policy Footprint in Australia

This imbalance between vested fossil fuel interests and more positive players is amplified when the use of industry associations is taken into account. In September 2020, InfluenceMap analyzed the lobbying of the 20 most engaged Industry associations on Australian climate policy. 75% of these industry associations were found to be having a negative consequence on Australian climate policy. The full list and current Performance Band/Engagement Intensity of the 20 industry associations can be found in Appendix A.

Many of the most engaged industry associations directly represent the fossil fuel sector, including the *Minerals Council of Australia*, the *Australian Petroleum Production & Exploration Association*, and the *Queensland Resources Council*. Also, amongst this group, however, are large cross sector groups including the *Business Council of Australia* (BCA), and the *Australian Chamber of Commerce & Industry* (ACCI), which also contain members from the financial and retail sector. The climate position of some of these large cross-sector groups, namely ACCI and BCA, appears to have been captured by fossil fuel interests. As a

result, vested fossil fuel interests are doubly represented, both through the greater engagement of fossil fuel energy and mining companies, as well as indirectly through their industry associations.

This research further sought to shed light on the companies having the most significant impact on Australian climate policy through their links to these industry associations. To make this assessment, InfluenceMap used the **Relationship Strength**¹ and the Policy Footprints calculated in the September 2020 report to produce the Indirect Policy Footprint for each company. This is defined as a *measure of the relative impact a company is having on climate policy via its industry associations*. This metric runs from -100 (highly negative indirect impact on climate policy) to +100 (highly positive indirect impact on climate policy).

The table below highlights the 20 companies having the greatest indirect impact on Australian climate policy in 2021 via their links to the 20 Australia industry associations analyzed by InfluenceMap.² Of the 20 companies, the vast majority represent fossil fuel interests, and all are having a negative indirect impact.

Indirect Policy Footprint	Company
-63	<i>BHP*</i>
-62	<i>Rio Tinto Group*</i>
-58	<i>Santos</i>
-55	<i>Glencore International*</i>
-49	<i>Yancoal</i>
-46	<i>Peabody</i>
-46	<i>Whitehaven Coal</i>

¹ The **Relationship Strength** assesses the strength of the link between a company and an industry group out of 10 where, for example, representation on an industry group's board indicates a strong relationship. The relationship strength between a company and an industry group is reduced if the company has publicly and clearly stated a disagreement on climate policy positions. More details can be found on InfluenceMap's [methodology](#) page.

² The indirect carbon policy footprint analysis only takes into consideration relationships with those industry associations that make their membership public. Ai group, for example, does not provide its membership data, and therefore, relationships to Ai Group could not be included in the calculation unless disclosed by the company itself.

-46	<i>Chevron*</i>
-45	<i>Woodside*</i>
-45	<i>Royal Dutch Shell*</i>
-35	<i>South32*</i>
-34	<i>Fortescue Metals Group</i>
-33	<i>Orica Ltd</i>
-32	<i>Anglo American*</i>
-31	<i>Ampol Limited</i>
-31	<i>ConocoPhillips</i>
-29	<i>ExxonMobil</i>
-27	<i>Woolworths</i>
-27	<i>Bluescope Steel</i>
-26	<i>BP*</i>

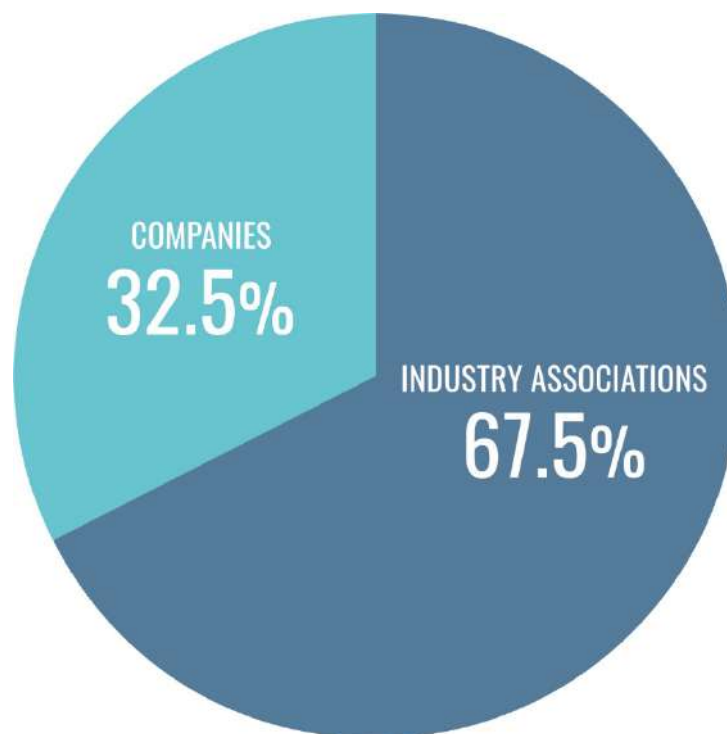
* Has committed to or undertaken a review of industry association memberships

Reforming Industry Associations

Australia's industry associations are significantly more engaged with climate change regulation than their member companies. The graph below compares the level of engagement from the 20 industry associations most engaged on Australia climate policy with the level of engagement by all 50 companies included in this research.

Proportion of Climate Lobbying in Australia Carried Out by Companies vs. Industry Associations since 2018

(According to number of publicly available evidence found by InfluenceMap for the 50 companies and 20 industry associations included in this research)



The pie chart highlights the high engagement industry associations are having with climate policy in Australia – 75% of which were found to be having a negative impact on Australian climate policy – Australia's current climate policy landscape at state and federal level. In order to bring about progressive action on climate in Australia, Australia's industry associations need urgent reform to support Paris-aligned climate policy.

9 of the 20 companies with the largest negative indirect policy footprint have committed to lobbying reviews following pressure from the investor community, including Climate Action 100+ (CA100+). The central ask of investors has been to audit and publish reviews of their industry associations' climate change

lobbying and alignment. As of May 2021, 13 of the 50 companies in-scope have published a review, starting with *BHP* in 2017. InfluenceMap is tracking and assessing these industry association reviews on an on-going basis to feed into active investor engagements, which can be found on our [CA100+ webpage](#).

Across the 13 companies, 9 Australian industry associations have been identified as being at least partially misaligned with the companies' climate policy positions. In the vast majority of these instances, the companies chose to remain "inside the tent" and progress the industry associations' climate change policy positions internally.

The table below compares the 9 industry associations' positions in 2017 and 2021. There have been slight improvements in many of the industry associations' positions, with 8 of the industry associations improving by one grade, while 1 industry association appears to have become more oppositional to Paris-Aligned climate policy - the Australian Institute of Petroleum. That said, the Performance Bands of the majority of these groups show that they continue to obstruct Paris-aligned climate policy in Australia, and significant improvements in detailed lobbying positions are needed to bring these industry associations' lobbying into alignment with the goals of the Paris Agreement.

INDUSTRY ASSOCIATION:	2017	2021
QUEENSLAND RESOURCES COUNCIL	F	E-
MINERALS COUNCIL OF AUSTRALIA	E	D-
SOUTH AUSTRALIA CHAMBER OF MINES AND ENERGY	D-	D
AUSTRALIAN INDUSTRY GREENHOUSE NETWORK	D-	D
BUSINESS COUNCIL OF AUSTRALIA	D-	D
AUSTRALIAN PETROLEUM PRODUCTION & EXPLORATION ASSOCIATION	E	E+
NSW MINERALS COUNCIL	F	E-
CHAMBER OF MINERALS AND ENERGY WA	E-	E
AUSTRALIAN INSTITUTE OF PETROLEUM	E+	E

In 2020 and 2021, a handful of companies have decided to suspend or terminate their membership to obstructive industry associations. This includes *AGL Australia* leaving *Queensland Resources Council* (QRC) in 2020, and *Equinor* leaving *Australian Petroleum Production & Exploration Association* in 2021. *BHP* and *Origin Energy* suspended their membership to QRC in 2020, but Origin has since rejoined in 2021. With more reviews expected in 2021, there will be increased investor scrutiny on corporate links to obstructive industry associations.

Australian Climate Policy Progress

In generating Organization and Total scores, InfluenceMap considers all relevant policies according to the process described in the methodology. In addition to this, InfluenceMap has produced analysis looking at how individual policies are lobbied on by Corporate Australia, using 14 policies as case studies.

The 14 policies selected represent the 10 policies with the highest level of public engagement from companies and industry associations according to InfluenceMap's database (5 selected from federal level and 5 selected from state level). The remaining 4 policies were deemed to be either historically or currently very significant. These include the Independent MP Zali Steggall's 2020 Climate Change Bill, the Environmental Protection and Biodiversity Act (which was open to consultation on the inclusion of a 'climate trigger' at the time of doing this research), the use of Kyoto credits to meet Australia's NDC, and the 2011 Clean Energy Act (known as the 'carbon tax') as a policy of historical significance. This is not intended to provide a conclusive list of policies and more will be added in the future.

The results thus far have demonstrated the imbalance in lobbying between more positive and negative corporate forces. This has had significant consequences for Australian climate policy:

- For 10 out of the 14 policies, the most frequent lobbying position from Corporate Australia was 'Not Supporting' or 'Opposing'. This reflects the higher level of engagement from vested fossil fuel companies and their industry associations.
- 6 of these 10 policies were then weakened, repealed, or stalled from ambitious reform following sustained negative lobbying campaigns from the corporate sector, demonstrating the successful and negative impact this lobbying has on climate policy in Australia.

Case Study: Negative Lobbying & Western Australian Environmental Protection Authority's Greenhouse Gas Assessment Guidelines

Western Australia's Environmental Protection Authority (EPA) published its greenhouse gas assessment guidance in March 2019. The guidance allowed the EPA to request credible estimates of scope 1,2 and 3 emissions over the life of a proposed project with scope 1 emissions of more than 100,000 tonnes CO₂ equivalent per year. The guidance also allowed the EPA to request measures to avoid, reduce and offset emissions, including all Scope 1 and 2 residual emissions. InfluenceMap found 33 individual engagements on the guidance, 95% of which were Not Supporting or Opposing. This opposition came from entities including *BP*, *Woodside*, the *Australian Petroleum Production & Exploration Association* (APPEA), and the *Business Council of Australia*. InfluenceMap found one case of support for the guidance from the *Macquarie Group* in 2019. Western Australia's Greenhouse Gas Assessment Guidance was withdrawn in March 2019, one week after it was announced, amid concern from industry around the lack of opportunity to provide input. A *revised version* was released in April 2020 with significantly less stringent requirements for assessments. More detail on the corporate sector's lobbying on this policy can be found [here](#).

One policy was strengthened following a positive change in position from many of Australia's industry associations, including the *Business Council of Australia*. This shows how positive lobbying can influence policy.

Case Study: Positive Lobbying & Kyoto Carry-Over Credits

Kyoto carry-over credits are a carbon accounting measure, by which nations count historical emissions reductions that exceeded previous international goals towards its current targets. The use of Kyoto credits to meet national greenhouse gas emissions targets is contentious as they undermine climate ambition by allowing targets to be met with 'emissions reductions' that have already happened. At COP25 in 2019, it was reported that Australia was the only country in the world explicitly planning to use Kyoto carry-over credits. From 2015 to 2020, the Australian Government consistently supported the use of Kyoto credits to meet its 2030 federal target. This reflected the positions of Australia's most powerful industry associations and companies, including the *Minerals Council of Australia*, the *Australian Petroleum Production & Exploration Association*, the *Business Council of Australia* (BCA) and *BHP*.

However, in 2020, following sustained investor pressure, previously oppositional groups, including BHP and BCA changed their position and from 2020 began to lobby against the use of Kyoto credits. Without support from the corporate sector, the government has become more susceptible to international pressure calling for the Australian government to commit to not using the credits. In December 2020, while the government still did not explicitly commit to not use Kyoto credits, Prime Minister Scott Morrison stated publicly, that he was "very confident" that Australia would not need to use them to meet its 2030 targets. While this may not be a decisive victory for climate policy, it does indicate a significant shift in the government's position and demonstrates how gains in climate policy can be made through positive lobbying from the corporate sector. More detail on the corporate sector's lobbying on this policy can be found [here](#).

'Net Zero' and the 'Gas-Fired' Recovery

One policy that has been lobbied on positively overall is Independent MP Zali Steggall's *Climate Change Bill*, which would legislate a net zero by 2050 emissions target in line with the long-term targets recommended by the *Intergovernmental Panel on Climate Change (IPCC)*. This policy gained support from numerous companies and industry associations including *Origin Energy*, *Rio Tinto*, the *Business Council of Australia* and the *Clean Energy Council* among others. Despite strong support from Corporate Australia, however, the *House Environment and Energy Committee* rejected the bill. Instead, the Government continues to pursue its *gas-fired recovery*.

According to the IPCC's 2018 *Special Report on 1.5C*, there needs to be a rapid and significant transition from fossil fuels to renewable energy, particularly in electricity generation, in order to limit global temperature rise to 1.5C degrees. While there are pathways which allow for an increase in the use of gas,

these are heavily reliant on carbon capture and storage (CCS) – a technology that is costly to develop and not yet proven to be effective at scale. As such, this is a riskier and more costly pathway compared to developing renewable energy. This position has recently been reaffirmed by the *International Energy Agency* (IEA) in its recent analysis on reaching net zero by 2050. In a clear statement, Fatih Birol, the IEA's executive Director, stated: "*If governments are serious about the climate crisis, there can be no new investments in oil, gas and coal, from now – from this year*". As such, supporting both net zero by 2050 and a gas-fired recovery is contradictory according to the science.

Increased investment into gas is also unnecessary, according to the Australian Energy Market Operator (AEMO). In 2020, the Australian Energy Market Operator released its *2020 Integrated System Plan*, a 20-year roadmap for developing the 'least-cost and least-regret' national energy market. It advocated for a transition away from a centralized, coal-fired generation system to one that includes a highly diverse portfolio of renewable energy resources. The AEMO's plan for the least-cost and least-regret energy mix did not require the expansion of gas-fired power. Additionally, in July 2021, the AEMO's new head stated he wants Australia's energy grids to be "capable of running at *100 per cent* instantaneous penetration of renewable energy" by 2025.

InfluenceMap has noted the increasingly popular tactic of offering top-line support for net zero by 2050 while continuing to push the role of fossil fuels, either directly or through third-party industry associations.

- Of the 50 companies included in this research, 20 had directly lobbied in 2020-2021 for the continued or increased use of gas in the energy mix, including *BHP, AGL Australia, Origin Energy, and Santos*.³ Additionally, 44 out of 50 companies were members of industry association's promoting the use of gas. This is despite nearly half the companies (23) having publicly supported net zero by 2050.
- Companies which have offered public support for net zero by 2050, while at the same time directly lobbying for the continued or increased use of gas, include *AGL Australia, Origin Energy, Santos, and Woodside Petroleum*.
- Companies which have offered public support for net zero by 2050, while retaining membership to Industry associations pushing for a greater role for gas in the energy mix include *Australian and New Zealand Banking Group, Telstra, and Wesfarmers*.

³ In addition to the 20 companies supporting gas, 9 companies supported an ongoing role for coal, including Yancoal, Whitehaven Coal, and Peabody Energy.

Lobbying for Net Zero by 2050 and Fossil Fuels by the 50 companies



* 20 companies support a continued role for fossil gas, 12 of which also have publicly supported net zero by 2050

The Influence of the Gas Lobby

Moreover, the gas lobby has been successful in securing several big wins from the Australian government:

- Pro-gas lobby groups including *Australian Petroleum Production & Exploration Association (APPEA)*, *Gas Energy Australia (GEA)* and *Queensland Resources Council* have actively supported a "gas-fired recovery" from COVID-19. As part of this, the government has backed the development of a *new gas power plant* in the Hunter Valley to replace the Liddell coal-fired power station. Furthermore, in May 2021, the government released the *National Gas Infrastructure Plan: Interim Report*, which will be used to identify priority gas projects for government subsidies.
- Pro-gas lobby groups including the *Australian Petroleum Production & Exploration Association (APPEA)*, *Business Council of Australia*, and *Gas Energy Australia (GEA)* have lobbied to expand the mandate of the Australian Renewable Energy Agency (ARENA) and the Clean Energy

Finance Corporation (CEFC) beyond investment in renewables. In May 2021, the Australian government *confirmed* it would extend the mandate of ARENA and CEFC to include funding for CCS (which facilitates the continued use of fossil fuels) as well as hydrogen made from fossil fuels. The Government's first attempt to introduce the new regulations was rejected following a narrowly *successful disallowance motion*. The Government, however, attempted to reform the ARENA and CEFC mandates a second time, and on the 4th August 2021, the Green's disallowance motion *failed*, having ended in a tie. Consequently, the changes to the mandates now stand.

Australia's climate policy battles continue, with further debates including reforms to the *Environment Protection and Biodiversity Conservation Act*, the Government's gas grants program, and setting a net zero emissions target by 2050. This research, and the *associated platform*, can be used to track corporate lobbying on climate policy, and highlight which companies are lobbying against climate policy, which are lobbying for it, and which companies are sitting on the sidelines.

Appendix

Appendix A: Industry Association Organization Scores

Industry Associations	Sector(s)	Performance Band	Engagement Intensity
<i>Energy Efficiency Council</i>	Energy	A-	25
<i>Clean Energy Council</i>	Energy	B+	36
<i>Carbon Market Institute</i>	All Sectors	B	39
<i>Australian Energy Council</i>	Energy	C	31
<i>Energy Networks Australia</i>	Energy	C	21
<i>Australian Industry Group (Ai Group)</i>	All Sectors	C	47
<i>Australian Pipelines and Gas Association</i>	Energy	D+	17
<i>Gas Energy Australia</i>	Energy	D+	19
<i>Energy Users Association of Australia</i>	Energy	D	24
<i>South Australian Chamber of Mines and Energy</i>	Materials	D	18
<i>Australian Industry Greenhouse Network</i>	Energy	D	20
<i>Business Council of Australia</i>	All Sectors	D	44
<i>Minerals Council of Australia</i>	Materials	D-	41
<i>Australian Petroleum Production & Exploration Association</i>	Energy	E+	34
<i>Australian Chamber of Commerce & Industry</i>	All Sectors	E	25
<i>Australian Institute of Petroleum</i>	Energy	E	11
<i>Chamber of Minerals and Energy of Western Australia</i>	Materials	E	21
<i>NSW Minerals Council</i>	Materials	E-	24

<i>Queensland Resources Council (QRC)</i>	Materials	E-	17
<i>Association of Mining and Exploration Companies</i>	Materials	F	16