

2019 industry association review: Second update

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BHP published its 2019 industry association review in December 2019. A key outcome of this review was that BHP would review its membership of three associations – the Mining Association of Canada (**MAC**), the United States Chamber of Commerce (**the Chamber**) and the American Petroleum Institute (**API**) – no later than 31 August 2020. The results of this review are outlined below.

Mining Association of Canada

The 2019 industry association review identified one material difference with the MAC, relating to the association not having an articulated position on the Paris Agreement.

In June 2020, the Board of Directors of MAC approved an update to the association's position on climate change. This update provides explicit support for the Paris Agreement and its goals¹. Accordingly, BHP has determined to remain a member of the MAC.

United States Chamber of Commerce

The 2019 industry association review process found that the US Chamber had developed a formal position in favour of the Paris Agreement, and we noted this positive development as such in our review.

The 2019 industry association review also identified two material differences with the Chamber, relating to the fact that the Chamber has previously opposed specific emissions reduction targets and a price on carbon. Accordingly BHP asked that the Chamber refrain from advocacy that would have the effect of opposing policy in these areas. Based on a review of the Chamber's public statements on climate and energy policy since December 2019, BHP has determined that the Chamber has refrained from such advocacy.

It is also clear that the Chamber has taken additional steps to enhance its broader advocacy on climate change. This has included:

- Promoting the actions companies are taking to address climate change² and take advantage of the opportunities presented by the transition to a low carbon economy³; and

- Articulating its policy priorities (e.g. helping companies 'develop and adopt commercially viable clean energy technologies') and

legislative priorities (e.g. the Clean Industrial Technology Act) on climate change⁴.

Given these findings, BHP has determined to remain a member of the Chamber. In doing so, BHP will continue to use its position in the Chamber's Task Force on Climate Action to push for the adoption of policies that address the identified differences relating to emissions reduction targets and price on carbon, and reflect BHP's Global Climate Policy Standards.

American Petroleum Institute

The 2019 industry association review identified two material differences with the API, relating to the Paris Agreement and emissions reductions targets.

In our assessment of API since the release of the 2019 review we have made three key findings regarding the API's advocacy and broader activities.

First, the API has progressed in addressing the identified difference relating to the Paris Agreement. This difference was based on the API not having an articulated position on the Agreement. Since December 2019, the API has expressed support for 'global action that drives greenhouse gas emissions reductions and economic development'⁵ and the 'ambitions of the 2015 agreement, including global action that reduces emissions and alleviates poverty around the world'⁶.

Second, the API has not addressed the identified difference relating to emissions reduction targets. This difference was based on the API's advocacy in favour of a draft rule from the United States Environmental Protection Agency (EPA) that aimed to remove methane requirements for the oil and gas sector⁷. Since December 2019, the API has continued to advocate in favour of this rule⁸ while BHP and several other members publicly opposed the EPA's proposed approach⁹. The rule was finalised by the EPA in August 2020.

Benefits of membership and progress on climate policy.

We have confirmed in our assessment that BHP continues to derive significant benefits from the broader activities of the API. The association plays a sector-leading role in driving ongoing progress towards operational safety and environmental performance. The API has achieved this through:

The development of industry standards – this year alone, the API's Global Industry Services division has published 44 new or revised industry standards, many of which have been cited by state, federal and international regulators; and

Its flagship initiatives, the Environmental Partnership and Centre for Offshore Safety – both of which aim to highlight industry innovation and share best practice.

The API has also taken recent steps to strengthen sector capacity in a number of important areas. For instance,

The API has developed a Performance Management Framework, aimed at standardising safety procedures and environmental performance among members. The Framework will become ‘live’ in November 2020, and conformity with core elements of the Framework will become a key expectation of API membership by 2024.

The API recently established a Climate Committee, aimed at enhancing the association’s approach to climate change. This committee recently led the development of API’s new position on climate change and the policy principles it uses to guide its engagement with local, state and federal governments¹⁰.

Position on API

Based on the above, BHP has determined at this time to remain of member of the API. BHP will keep its membership of the API under review and continue to monitor the association’s progress on climate policy advocacy. BHP will:

encourage the API to publish its new position on the Paris Agreement more visibly on the API website, and to take further steps to embed this position in the association’s broader advocacy.

actively participate in the API Climate Committee to support the development of future API positions on climate policy reflecting BHP’s Global Climate Policy Standards. BHP will communicate its expectation to the API for more ambitious climate policy principles to be developed and for these to be actively advocated.

continue to support the direct regulation of methane and the setting of methane-specific standards for the oil and gas industry and its facilities. BHP will work with other like-minded companies to encourage the API to develop a position on methane regulation that is more closely aligned with the views of major members.

BHP notes the recent disclosures of Shell¹¹ and BP¹² in relation to API, and their respective decisions to engage with the API to strengthen its position on methane regulation while remaining members of the association.

Looking forward, the policy environment in the United States appears to be conducive to greater ambition on climate change. This should give the API greater scope to engage constructively in climate policy debates, and push for outcomes that are aligned with the goals of the Paris Agreement. We believe it is appropriate that BHP remain engaged with API over this period.

Footnotes

1 MAC (2020), 'Climate Change', available at: <https://mining.ca/our-focus/climate-change/>.

2 The Chamber (2020), 'Conquering carbon: How businesses are leading the charge on climate change', 7 August, available at: <https://www.uschamber.com/report/conquering-carbon-how-businesses-are-leading-the-charge-climate-change>.

3 Global Energy Institute (2020), 'Energy innovates', available at: <https://www.globalenergyinstitute.org/energy-innovates>.

4 The Chamber (2020), 'Climate change: The path forward', available at: <https://www.uschamber.com/addressing-climate-change>.

5 API (2019), 'Climate change', available at: <https://www.api.org/news-policy-and-issues/climate-change>.

6 Amy Harder (2019), 'Big Oil lobby showing subtle shifts on climate change', *Axios*, 11 December, available at: <https://www.axios.com/big-oil-lobby-shifts-climate-change-8cc97db8-a51d-4d33-a719-07c82c3ccdbc.html>.

7 API (2019), 'API: Industry Leadership Combined With Smart Regulations Will Continue To Drive Methane Emissions Reductions', 29 August, available at: <https://www.api.org/news-policy-and-issues/news/2019/08/28/nsps-revision-proposal-2019>.

8 API (2020), 'Modified EPA Methane Rules Support Further Emissions Reductions', 13 August, available at: <https://www.api.org/news-policy-and-issues/news/2020/08/13/epa-methane-rule-2020>.

9 BHP (2019), *Comments of BHP in response to a Notice of Proposed Rulemaking*, 25 November.

10 API (2019), 'Climate change', available at: <https://www.api.org/news-policy-and-issues/climate-change>.

11 Shell (2020), 'Industry associations climate review update', available at:

https://www.shell.com/promos/sustainability/industry-association-update-april-2020/_jcr_content.stream/1586971582111/96afdef2ff0a78fc9f2106b9239655bd07beeca6/industry-associations-climate-review-update.pdf .

12 BP (2020), 'BP releases trade associations report', available at:

<https://www.bp.com/en/global/corporate/news-and-insights/bp-magazine/bp-releases-trade-associations-report.html>.