

The company you keep

How the Business Council of Australia trails behind its member companies on climate

Many BCA member companies are taking action towards 100% renewables and emission reduction in their own company operations. This contrasts with BCA claims that strong climate action is 'economy wrecking'. Companies taking such action should contest the BCA's fossil fuel dominated climate committee and urge BCA to retract such claims, or reconsider their membership.

Discussion paper

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Summary

The Business Council of Australia (BCA) represents large companies operating in Australia. The Council claims to support the Paris climate agreement, yet has described an emissions reduction target of 45% by 2030 in the power sector as “economy wrecking”. To be in line with Paris, Australia must reduce emissions by at least 45% by 2030 across the economy.

The BCA’s opposition to emissions reduction beyond existing targets is contradicted by the actions of many of its members. BCA member companies have adopted ambitious targets and policies on renewable energy, emissions reduction and other initiatives.

At least 14 current BCA members have adopted renewable energy targets of 100%, eight by 2020 and the others before 2030. Some of these are IT companies that run large server centres that require significant amounts of power, such as Google, Microsoft and SAP. Others are financial services companies, such as Commonwealth Bank, Goldman Sachs and Citigroup. Non-BCA members have made similar commitments, such as Carlton United Breweries.

Other BCA members with substantial renewables commitments or purchases include BlueScope Steel, Snowy Hydro, AGL, Sydney Airport (75% wind) and Coca Cola Amatil (60% target by 2020). Former BCA member, Onesteel, has announced plans for 1GW of dispatchable renewable energy.

Seven BCA members have climate targets accredited as being in line with the Paris Agreement by the Science Based Targets Initiative (SBTI). All of their emissions reduction targets are well in excess of those proposed by Australia’s Government or Federal Opposition, including News Corp, McDonalds and Philip Morris.

Beyond SBTi, at least 56 major companies across Australia and New Zealand had set emissions reduction targets for their operations, including BCA members such as Amcor, ING and Orica. Some BCA member finance companies have committed to not fund emissions intensive projects, including NAB, ING, HSBC, and JP Morgan Chase.

BCA members are part of the *Climate Action 100+* (CA100+), a coalition of 310 investors with more than USD \$32 trillion in assets under management calling for companies to assess and disclose carbon risk from policies in line with the Paris Agreement, set emission reduction targets “consistent” with the Paris Agreement, and ensure lobby group activities do not undermine the goals of the Paris Agreement.

BCA members in CA100+ include AMP Capital, BNP Paribas Asset Management and UBS Asset Management. CA100+ also includes major Australian superannuation funds including AustralianSuper, HESTA, Unisuper and Local Government Super.

Other BCA members are involved in other 'Investor Governance Networks' advocating on climate change ambition. These networks have issued statements of expectations for companies, stating that companies should pressure lobbying groups to stop undermining the Paris Agreement, or leave. Between these IGNs and CA100+, at least seven BCA members have backed public commitments of the sort.

BCA members include research and education organisations that have written extensively on climate, in particular the CSIRO, as well as the Business Schools at Melbourne University, USYD, UTS and QUT.

In the last year, several companies with strong climate credentials have left the BCA. This includes Unilever, a global corporate leader on climate change, Engie, following the closure of the Hazelwood coal fired power station, and IAG and Goldman Sachs, both of which claim to have achieved carbon neutrality.

The BCA's problematic position on climate appears to be driven by its Climate and Energy Committee. This committee is dominated by fossil fuel producers and other high emitters such as BHP, Origin, Santos, EnergyAustralia, Chevron, ExxonMobil, BP and Shell. BCA's climate leaders are conspicuously absent from this committee.

The BCA is internally conflicted on climate change. While some members are taking strong climate action, others, particularly its Climate and Energy Committee, are obstructing higher ambition.

BCA members taking action within their own operations should consider whether their interests are well served by BCA's advocacy against climate ambition. They should seek to reconcile this contradiction. They could seek to join the Climate and Energy Committee and steer BCA's public position towards supporting ambition, or principled neutrality, a position it has previously held. Alternatively, they could leave the BCA.

Introduction

Australia's current climate target is a 26% emissions reduction on 2005 levels by 2030. This is our pledge towards the Paris Agreement on climate change, which aims to limit emission to 'well below' two degrees of global warming.

Government projections show current policy will see Australia miss this target. Moreover, the target is not adequate. In the Paris Agreement Australia agreed that the current targets are inadequate and committed along with all other countries to review and look to increase our targets in the future.

According to the Climate Change Authority, an independent government advisory body, Australia's targets would need to be increased to between 45% and 65% below 2005 levels by 2030, to be in line with the Paris Agreement.

Unfortunately, many who claim to support the Paris Agreement at the same time reject an increase in Australia's targets.

The Business Council of Australia (BCA) is a lobby group representing the CEO's of large companies operating in Australia. The BCA claims to support the Paris Agreement. Yet the BCA rejects a 45% emissions reduction target in the power sector alone, saying it would be "economy wrecking".¹ The BCA says there is no analysis of such a target. The Coalition government now cites the BCA's claim in support of its attacks on proposals to increase ambition.

The BCA's opposition to increase ambition is contradicted not merely by ample economic research, but also by the actions of many of its own members.

This report outlines actions being taken by BCA members towards 100% renewable energy and reduced emissions. Such action stands in contrast with the fossil fuel dominated committee that determines BCA positions on climate change.

The BCA members who are companies taking action on climate change should recognise their like-minded BCA colleagues, find their collective voice, and prevent the BCA from undermining their actions. Alternatively, they could follow the example of a number of corporate climate change leaders that have recently left the BCA.

¹ Prominently in a tweet, BCA (2018) *Tweet*,
<https://twitter.com/BCAcomau/status/1011414577702031361>

Renewable Energy

The falling cost of renewable energy generation and the rising recognition of the need to reduce emissions has seen large companies around the world set ambitious targets for meeting their energy requirements from renewable energy and reduce their emissions.

Companies can buy renewable energy directly, including through Power Purchase Agreements (PPAs). Globally, company PPAs for renewables in 2018 more than doubled on the year before, leading to 13.4GW of new installed capacity in that year alone, mostly in America.² This is nearly double the wind and grid connected solar connected to Australia's National Electricity Market.³

100% RENEWABLE ENERGY

Some companies are setting targets to get *all* of their energy needs from renewable energy. This includes many members of the BCA.

RE100 is a voluntary initiative in which companies publicly commit to a target of supplying all of their power from renewable sources by a given date. RE100 currently has 162 members, including some of the biggest companies on the planet.⁴

14 companies on the RE100 list are also BCA members. These are listed in Table 1 below.

² Hill (2019) *Corporate clean energy purchasing reached record 13.4 GW in 2018*, <https://reneweconomy.com.au/corporate-clean-energy-purchasing-reached-record-13-4-gw-in-2018/>

³ AER (2019) *Registered capacity in regions by fuel source*, <https://www.aer.gov.au/wholesale-markets/wholesale-statistics/registered-capacity-in-regions-by-fuel-source>

⁴ RE100 (2019) *Companies*, <http://there100.org/companies>

Table 1: BCA members with 100% renewable energy commitments

Company	Activity	Renewables target	Target year
Bank of America Merrill Lynch	Financial	100%	2020
Citigroup	Financial	100%	2020
Commonwealth Bank	Financial	100%	2030
Goldman Sachs⁵	Financial	100%	2020
Google	IT Services	100%	2017
HSBC	Financial	100%	2030
Infosys	IT Services	100% (now at 44%)	?
ING	Financial	100%	2020
JP Morgan	Financial	100%	2020
McKinsey and Company	Professional	100% (now at 95%)	2025
Microsoft	IT Services	100%	Now via certificates; 60% direct in ~2020s
Morgan Stanley	Financial	100%	2022
PwC	Professional	100%	2022
SAP	Software	100%	now
UBS	Financial	100%	2020

Source: selected from RE100 (2019) *Companies* <http://there100.org/companies>, details from sustainability reports or websites

Another way of looking at the information in Table 1 is that one in ten BCA members has committed to get all of their power from renewable energy.

Most of the BCA members signed up to RE100 have their main headquarters overseas. Most of these are based in the US. One is based in India. Commonwealth Bank was the first Australian company to sign up to this initiative.

Commonwealth Bank has committed to source 100% of its electricity by 2030.⁶ HSBC is also going 100 per cent renewables by 2030.⁷ Some BCA members are planning to get there even sooner. **Morgan Stanley** aims to achieve carbon neutrality by 2022.⁸ **ING**

⁵ As discussed below, Goldman Sachs left the BCA in 2018.

⁶ RE100 (2018) *Commonwealth Bank of Australia becomes first company to join global business push for renewable electricity*, <http://there100.org/news/14283376>

⁷ RE100 (n.d) *HSBC*, <http://there100.org/hsbc>

⁸ Renew.biz (2017) *Morgan Stanley sets green goal*, <https://renew.biz/35390/morgan-stanley-sets-green-goal/>

has committed to source 100% of its electricity from renewable electricity by 2020 for all its building worldwide.⁹

Many of the BCA members committed to 100% renewables are IT companies that run large server centres that require significant amounts of power. Most of the others are financial services or professional services companies.

Other Australian companies outside the BCA have also made a commitment to 100% renewables. This includes **Carlton United Breweries**. CUB has signed a long-term PPA for solar power, which will bring it to 100% renewable and reduce costs.¹⁰

OTHER BCA RENEWABLES PLANS

Beyond those committing to 100% renewables, many Australian companies have recently made substantial purchases of renewable energy. This includes large industrial companies, including members of the BCA.

BCA member **BlueScope Steel** has signed a power purchase agreement for its Port Kembla Steelworks. This is expected to supply 20% of BlueScope's Australian electricity purchases, while at the same time significantly reducing its costs and provide price certainty.¹¹

BCA member **Snowy Hydro** recently announced it would purchase 888MW of solar and wind, generating roughly 1% of current annual NEM demand, which it can 'firm' with existing assets to provide dispatchable power at \$70/MWh.¹²

BCA member **AGL** has implemented a \$2-3 billion Powering Australian Renewables Fund, to finance large scale renewables.¹³ AGL has consistently resisted government pressure to extend the life of Liddell coal fired power station. It has said that coal

⁹ ING (2015) *ING commits to renewable electricity for all buildings worldwide*, <https://www.ing.com/Newsroom/All-news/ING-commits-to-renewable-electricity-for-all-buildings-worldwide-.htm>

¹⁰ CUB (2018) *Carlton & United Breweries moves towards 100 per cent renewable energy*, <https://cub.com.au/carlton-united-breweries-moves-towards-100-per-cent-renewable-energy/>

¹¹ Parkinson (2018) *Steel giant BlueScope turns to solar with major PPA deal*, <https://reneweconomy.com.au/steel-giant-bluescope-turns-to-solar-with-major-ppa-deal-37396/>

¹² Snowy Hydro (2018) *Snowy Hydro signs game-changing deals*, https://www.snowyhydro.com.au/news/shl_deals/

¹³ AGL (2019) *The Powering Australian Renewables Fund (PARF)* <https://www.agl.com.au/about-agl/sustainability/powering-australian-renewables-fund>

cannot compete with renewables in the long term¹⁴ and plans to replace it with a mixture of renewables, demand management, gas and converting the Liddell site to pumped hydro and use it as synchronous condensers to provide grid ancillary services.¹⁵

Sydney Airport has announced a deal with BCA member Origin and Grassroots Renewable Energy to deliver 75% of energy from wind.¹⁶ **Telstra** and **Woolworths** have also purchased new renewables.

Coca Cola, the US company, has signed up to RE100; BCA member **Coca Cola Amatil**, the Australian company and BCA member, has a 'renewable or low-carbon energy' target of 60% by 2020. It is unclear what 'low-carbon' means in this context.¹⁷

BCA member **TATA Consultancy Services** has a 20% target by 2020.¹⁸ Its parent company TATA Group also owns TATA Motors, which is a RE100 company.

BCA members formerly included **Onesteel**, owner of the steelworks in Whyalla, South Australia. This steelworks was said by some to be at risk of 'wipe out' from carbon pricing.

Onesteel was originally part of BHP, spun off in 2000 and renamed Arrium in 2012. By 2017 it was in administration, however it was purchased by British billionaire Sanjeev Gupta, whose company now owns the 'Liberty OneSteel' steelworks.

Following his company's Green Steel vision, Mr Gupta's clean energy companies have subsequently announced plants for 1GW of dispatchable renewable energy in the area. Solar farms, including on the steelworks site, pumped hydro, grid scale battery storage and demand response, will reduce costs for the state, including the steelworks.¹⁹

¹⁴ Vesey (2017) *Coal can't compete with renewables in long term*,

<https://thehub.agl.com.au/articles/2017/06/coal-cant-compete-with-renewables-in-long-term>

¹⁵ AGL (2017) *AGL announced plans for Liddell Power Station*, <https://www.agl.com.au/about-agl/media-centre/asx-and-media-releases/2017/december/agl-announces-plans-for-liddell-power-station>

¹⁶ Wiggins (2018) *Sydney Airport to source power from wind farms as interim profit rises 4pc*
<https://www.afr.com/business/infrastructure/airports/sydney-airport-to-source-power-from-wind-farms-as-interim-profit-rises-4pc-20180821-h1492e>

¹⁷ Coca Cola Amatil (2018) *Environment*, <https://www.ccamatil.com/en/sustainability/our-environment>

¹⁸ TATA (2016) *Corporate Sustainability Report 2016-2017*,
<https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/corporate-sustainability/GRI-Sustainability-Report-2016-2017.pdf>

¹⁹ ABC (2017) *Whyalla steelworks owner Sanjeev Gupta makes \$700m power play in SA*,
<https://www.abc.net.au/news/2017-10-31/sanjeev-gupta-joins-sa-power-race/9103020>, PV Magazine (2018) *1 GW renewable energy program launched in South Australia*, <https://www.pv-magazine-australia.com/2018/08/15/1-gw-renewable-energy-program-launched-in-south-australia/>

Emissions targets

Beyond renewable energy targets, some companies set emission reduction targets. These voluntary targets generally go beyond what is required by policy. In Australia, currently there is virtually no policy requiring any business to reduce its emissions.

SCIENCE BASED TARGETS INITIATIVE

Some companies wish to set 'science based targets' (SBT), which they can show are aligned with the goals of the Paris Agreement.

One way to do this is through the *Science Based Targets Initiative* (SBTI). Currently 169 have already lodged their targets with SBTi and had them accredited.²⁰ This again includes some of the biggest companies in the world.

There are many ways to set a SBT. For example they can be sector specific or not, absolute or intensity based. Care is needed comparing targets and assessing the level of effort a company is making; required abatement will vary by company and sector.

BCA members that have set targets accredited by SBTi are shown in

Table 2.

Table 2: BCA members with a Science Based Target for emissions reduction

Company	Activity	Target
Accenture	Consulting	Already 52% below 2007, another 11% on 2016 by 2025
Cisco	IT Hardware	60% reduction by 2022 from 2007 (absolute scope 1 and 2)
McDonalds	Restaurants	36% by 2030 from a 2015 base year
News Corp	Media	Already 42% below 2006 levels, further reduction equivalent to 50% by 2025
Origin	Energy	50% reduction by 2032 on 2017 levels (scope 1 and 2) - <i>NB: see discussion below</i>
Philip Morris	Tobacco	40% reduction from 2010 to 2030, 60% by 2040 (absolute scope 1 and 2), 40% across supply chain
SAP	Software	40% reduction by 2025 on 2016 (scope 1-3)

Source: SBTi (2019) *Companies taking action* <https://sciencebasedtargets.org/companies-taking-action/>, company websites

²⁰ SBTi (2019) *Companies taking action*, <https://sciencebasedtargets.org/companies-taking-action/>

These companies, mostly US based, come from IT, fast food, media, energy, tobacco and professional services.

News Corp, the US company, owns BCA member **News Corp Australia**. News Corp has achieved sustained reductions in emissions over the past decade. In 2017 News Corp had already reduced its emission by 42% on 2006 levels, in part by using 19% less energy.²¹

News Corp has now set a SBT: 25% reduction of power and fuel emissions on 2014 levels by 2025, and a 20% reduction of supply chain emissions by on 2016 levels by 2030. Rebasing the 2025 target to a reduction from 2006 levels, it is equivalent to roughly 50% reductions on 2006 levels by 2025.

While News Corp publications are not known for their advocacy of strong action on climate change, News Corp appears to see commercial reasons to reduce its emissions, possibly including savings and reputational impacts, for example in hiring.

Consumer product company **Unilever** has set an SBT. It was a BCA member in 2017 but left at some point in 2018, as discussed below.

Origin Energy is the only Australian based BCA company with a SBT, which is a 50% reduction in its power business by 2032 on 2017 levels.²² Unfortunately, SBTi has accredited Origin with a 'point in time' target.²³ It will meet that target, after increasing its emissions, simply by shutting down its Eraring coal fired power station on schedule. If this is the case, Origin should be required to submit a new target based on cumulative reductions. Interestingly, Origin appears to have backflipped on a previous commitment to go 100% renewables under RE100.²⁴

The other Australian company that has an accredited SBT is Edge Environment Pty Ltd; it is smaller and not a BCA member. Other Australian companies that have committed to set a SBT, although have not yet done so, are

²¹ News Corp (2018) *News Corp's Carbon Footprint-FY2017*,
https://newscorpcom.files.wordpress.com/2018/04/newscorp_carbonfootprintfy17.pdf

²² Origin (2017) *Origin to halve emissions in line with Paris target*,
<https://www.originenergy.com.au/blog/big-picture/origin-to-halve-emissions-in-line-with-paris-target.html/>

²³ Personal communication with SBTi

²⁴ We Mean Business (2019) *Origin*,
<https://www.wemeanbusinesscoalition.org/companies/#searchValue=Origin>

- Australian Ethical Investment
- Bank Australia
- Dexus
- Frasers Property Australia
- Infigen Energy
- Investa
- Mahindra Automotive Australia
- Teachers Mutual Bank
- **Westpac Banking Corporation**

Westpac, the largest company on this list and a BCA member, is also on the SBTi advisory group helping to develop the methodology for ‘financed’ emissions. These are by far the largest impact of bank lending activity.

OTHER BCA EMISSIONS POLICIES

Beyond SBTi, many other companies have set emission reduction targets for their operations. In 2017, at least 56 major companies across Australia and New Zealand had set emissions reduction targets for their operations.²⁵ BCA members have also set emissions targets beyond SBTi, including some that are quite ambitious. Selected examples are shown in Table 3.

FINANCING POLICIES

For finance sector companies, most of the climate impact is in the activities they finance. Most of the banks committed to 100% renewable energy in their operations also have policies regarding limiting funding to high carbon industries and increasing funding to renewables and energy efficiency. Numerous BCA members have commitments not to fund thermal coal mine projects and/or power plants, including **Westpac, NAB, Bank of America, ING, HSBC, JP Morgan Chase** and **BNP Paribas**.²⁶ BNP Paribas recently announced its fund arm will be divesting from coal.²⁷

²⁵ CDP (2017) *Australia & New Zealand Report 2017*, page 7, <https://6fefcbb86e61af1b2fc4-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/002/861/original/Australia-New-Zealand-edition-climate-change-report-2017.pdf?1511429742>,

²⁶ BankTrack (2019) *List of Banks that ended direct finance for new coal mines/plants*, https://www.banktrack.org/page/list_of_banks_that_ended_direct_finance_for_new_coal_minesplants

²⁷ Thompson (2019) *BNP Paribas fund arm plans €1bn coal divestment* <https://www.ft.com/content/57d71893-5ae6-3a14-80ae-b82fd9bd1729>

Table 3: Selected BCA members with emission reduction targets

Company	Activity	Target
Amcor	Packaging	60% intensity reduction by 2030 on 2006 (scope 1-3)
ANZ	Finance	35% by 2030 on 2015 (scope 1 and 2)
Bank of America Merrill Lynch	Finance	50% reduction 'location based' emissions by 2020 on 2010
BNP Paribas	Finance	25% reduction / FTE by 2020 on 2012
Brambles	Commercial Services	20% by 2020 on 2015 (output intensity, scope 1 and 2)
Citigroup	Finance	35% by 2020, 80% by 2050
Coca-Cola Amatil	Beverages	by 2020 "reduce the carbon footprint of the 'drink in your hand' by 25 per cent (compared to 2010)"
CommBank	Finance	2tCO ₂ e/FTE by 2020
Infosys	IT Services	carbon neutral 2019-20
ING	Finance	50% by 2030, already carbon neutral through offsets
McKinsey and Company	Management Consulting	60% by 2030, already carbon neutral through offsets
Microsoft	IT	75% reduction by 2030
Mirvac	Property	100% by 2030
Morgan Stanley	Finance	Carbon neutral by 2022
Orica	Mining services	Will set a five year target
Stockland	Property	60% carbon intensity reduction by 2006 on 2025 for retail, workplace, and business park assets ²⁸
TATA Consultancy Services	IT Consulting	2008 levels CO ₂ /capita by 2020 (scope 1, 2)
UBS	Finance	75% by 2020 on 2004

Source: selected from BCA membership, including top rating companies in CDP (2017) *Australia & New Zealand Report 2017*, details from company websites and sustainability reports.

²⁸ Scope unclear, but apparently scope 2 i.e. operational not construction.

Investor initiatives

One reason companies are setting targets for their own emission reduction is that investors are increasingly calling for such targets. Indeed BCA members are part of the numerous initiatives through which major funds have expressed their desire for the companies in which they own a major stake to set ambitious climate targets.

CLIMATE ACTION 100+

The *Climate Action 100+* (CA100+) is an investor coalition of 310 investors with more than USD \$32 trillion in assets under management ‘engaging’ with companies to urge increased ambition on climate change.²⁹

CA100+ is calling for companies to assess and disclose carbon risk from policy in line with the Paris Agreement, set emission reduction targets “consistent” with Paris, and ensure lobby group activities do not undermine goals of the Paris Agreement.

BCA members who are members of CA100+ include

- **AMP Capital**
- **BNP Paribas Asset Management**
- **UBS Asset Management**
- **HSBC Global Asset Management**
- Colonial First State Global Asset Management (owned by **Commbank**)
- BT Financial Group (owned by **Westpac**)

Other Australian investors and advisors that are part of the initiative include³⁰

- Australian Ethical Investment
- AustralianSuper
- Cbus
- Christian Super
- First State Super
- HESTA
- IFM Investors
- Local Government Super
- Plato Investment Management Limited

²⁹ CA100 (2019) *Climate Action 100*, <http://www.climateaction100.org/>

³⁰ CA100 (2019) *Investors*, <https://climateaction100.wordpress.com/investors/>

- QSuper
- Regnan – Governance Research & Engagement
- Statewide Super
- UniSuper
- VicSuper
- Vision Super Pty Ltd

Note the list includes AustralianSuper and IFM Investors the majority owners of BCA member **Ausgrid**.

Membership also includes the *New Zealand Superannuation Fund*, New Zealand's equivalent of the Future Fund.

Through CA100+ these investors are targeting many BCA members, including:³¹

- | | | |
|--------------------------|---------------------------|----------------------------|
| • AGL Energy | • Chevron | • Royal Dutch Shell |
| • BHP Billiton | • Exxon Mobil | • Santos |
| • Bluescope Steel | • General Electric | • Siemens AG |
| • Boeing | • Origin Energy | • Wesfarmers |
| • Boral | • Qantas Airways | • Woodside |
| • BP | • Rio Tinto | • Petroleum |
| | | • Woolworths |

CA100+ has recently claimed a number of achievements. Glencore, currently Australia's largest coal mining company, has committed to cap its coal production. Shell and BP have committed to emissions target setting and greater disclosure around carbon risks. Shell will link executive rewards to emissions targets.

OTHER INVESTOR INITIATIVES

There are many other initiatives in which BCA members are involve, such as 'investor governance networks' (IGNs). IGNs are ways for large investors to share knowledge and exert influence over the companies they own.

The *Institutional Investor's Group on Climate Change*, a major international IGN, includes BCA members **BNP Paribas**, **HSBC**, **JP Morgan** and **UBS**.³²

³¹ Climate Action 100 (2019) *Companies*, <https://climateaction100.wordpress.com/companies/>

³² IIGCC (2019) *IIGCC Membership List January 2019*, http://www.iigcc.org/files/uploaded-files/IIGCC_Membership_List_January_2019.pdf

The *Investor Group on Climate Change*, the main Australian IGN, includes BCA members **AMP Capital**, **ANZ**, Colonial First State (owned by **CommBank**), BT Financial Group (owned by **Westpac**), **Citi**, **Mirvac**, **Norton Rose Fulbright**, **Perpetual**, **Lendlease**, **Stockland** and **QBE**.³³

These groups have issued numerous statements on ‘Investor Expectations’ on climate change, including around setting targets and showing how assets are “consistent” with a two degree decarbonisation trajectory.³⁴

IIGCC has recently issued a statement of ‘expectations’ about lobby group activity:

As long-term institutional investors we expect those companies that engage with policy makers directly or indirectly through trade associations, lobbying organisation or think-tanks taking positions on climate change related issues to:

i. Lobby Positively in Line with the Paris Agreement

Support and lobby for effective measures across all areas of public policy that aim to mitigate climate change risks and limit temperature rise to well below 2 degrees Celsius. ...

iii. Act When Unaligned

Act in situations where policy engagement is not aligned with company policy, or with the

- goals of the Paris Agreement. For engagement undertaken on the company’s behalf or with
- its financial support by third party organisations, actions could include:
- Making clear public statements where there is a material difference between the
- company and third-party organisation’s position;
- Working with the organisation to make the case for constructive engagement;

³³ IGCC (2019) *Our Members*, <https://igcc.org.au/our-members/>

³⁴ IIGCC (2016) *IIGCC Utilities Investor Expectations*, http://www.iigcc.org/files/publication-files/IIGCC_2016_Utillities_Investor_Expectations_report_v25_WEB_high_res.pdf

- **Requiring the organisation to stop lobbying on issues where there is not alignment amongst all members;**
- **Discontinuing membership or support for the organisation;** and
- **Forming proactive coalitions to counter the organisation's lobbying.**³⁵

Note in particular this statement, on behalf of numerous BCA members, expects companies part of lobby groups obstructing progress on climate change to either push the lobby group to stop lobbying on issues where the group's members are divided on the issue, or to leave the lobby group.

A similar statement has been signed in the past by BCA member **HSBC** and major Australian superfunds, like Cbus, HESTA, VicSuper and Local Government Super.³⁶

³⁵ Bold added, IIGCC (2018) *Investor expectations on corporate lobbying*

<https://www.iigcc.org/resource/investor-expectations-on-corporate-lobbying/>

³⁶ Investors (nd.) *Investor Expectations on Corporate Climate Lobbying* https://institutional.union-investment.de/dam/jcr:c87ce95d-c58b-4d14-8e07-2f4566b4c61f/Investor-Expectations-on-Corporate-Climate-Lobbying_en-GB.pdf

Research from BCA Members

BCA members are not just CEOs of big business, but include a number of research and education organisations: the **CSIRO**, and the Business Schools at **Melbourne University, USYD, UTS** and **QUT**.

It is unclear why these organisations are members of the lobby group for large business in Australia and why they are tolerating its inaccurate claims about climate change. CSIRO and the universities at large have conducted considerable research into the need for greater emissions reductions and how they could be achieved.

CSIRO's recent *GenCost* report found “new-build renewable generation to be least cost, including when we add the cost of two or six hours of energy storage to wind and solar”.³⁷

In 2017 the **CSIRO** published an *Electricity Network Transformation Roadmap* examining how policies to support smart grid technologies, storage and electric vehicles could accelerate the shift to renewables. The report found policies to support this change would lead to far greater emissions reductions and lower power prices for consumers.³⁸ CSIRO partnered with Energy Networks Australia (ENA), the peak group for grid companies; the largest ENA member is **AusGrid**, also a BCA member.

The universities whose business schools are BCA members publish important research into climate change and emission reductions. The **UTS** Institute of Sustainable Futures conducted energy systems modelling to show how Australia could move towards 100% renewable energy in power, transport and industry.³⁹

Ausgrid and UTS were both key partners in the major 2010 research project *Smart grid, smart city*, which demonstrated *in situ* with 3,200 participants key smart technologies that will be required in a clean energy grid.⁴⁰

³⁷ CSIRO (2019) *Annual update finds renewables are cheapest new-build power*, <https://www.csiro.au/en/News/News-releases/2018/Annual-update-finds-renewables-are-cheapest-new-build-power>

³⁸ CSIRO (2019) *Electricity Network Transformation Roadmap*, <https://www.csiro.au/en/Research/EF/Areas/Electricity-grids-and-systems/Economic-modelling/NTR>

³⁹ UTS ISF (2016) *100% Renewable Energy For Australia: Decarbonising Australia's Energy Sector Within One Generation*, <https://www.uts.edu.au/research-and-teaching/our-research/institute-sustainable-futures/our-research/energy-and-climate-5>

⁴⁰ UTS (2014) *Smart grid, smart city*, <https://www.uts.edu.au/research-and-teaching/our-research/institute-sustainable-futures/news/smart-grid-smart-city>

The business schools themselves research business sustainability, including on climate. Professor of Organisational Studies Christopher Wright at **USYD Business School** researches corporate responses to climate risk. He writes: “as we continue to shamble towards a tipping point from which any meaningful return will be utterly impossible, a familiar message rings out from the corporate world: “business as usual”. ”⁴¹

⁴¹ Wright and Nyberg (2015) *Climate change and corporate capitalism*,
<https://www.cambridge.org/core/books/climate-change-capitalism-and-corporations/climate-change-and-corporate-capitalism/ED74833F274C24DBEEC6FC590B9248FE>

Climate credibility leaving the BCA

The BCA loses and gains members each year. This occurs for a range of reasons, not typically disclosed. Over 2018 the BCA experienced membership turnover of roughly 10%.

At least thirteen companies were BCA members at the end of 2017 but had left by the beginning of 2019.⁴² This included a lot of companies with climate credentials.

- **Unilever** is a multinational consumer goods conglomerate that already sources 100% of its electricity from renewables in Europe and the US. The company has a target for 100% renewable power worldwide by 2020 and 100% of all energy from renewables by 2030.⁴³ Unilever was a BCA member, but left in 2018.
- **IAG** is an insurance company that has been carbon neutral since 2012 and have cut their emissions by 25 per cent since 2015.⁴⁴ IAG advocates strongly for action on climate change and increasing use of renewable energy. IAG was a BCA member, but left in 2018.
- **Goldman Sachs** is carbon neutral, will hit 100% renewables by 2020 and have a target to double investment in clean energy to \$150bn by 2025.⁴⁵ Goldman Sachs was a BCA member, but left in 2018.
- **Australia Post** is on track to reduce emissions by 25% by 2020 on 2000 levels, including by installing on-roof solar systems that broke Southern Hemisphere records.⁴⁶ Australia Post was a BCA member, but left in 2018.
- **Aberdeen Standard Investments** conduct extensive research into climate opportunities and risk. It was a BCA member, but left in 2018.

While it is unclear why these companies left the BCA, it might be concluded based on clear differences in approaches that these companies do not share the BCA's climate position.

⁴² BCA (2017) *Our Members*, <https://web.archive.org/web/20171230164945/http://bca.com.au/about-us/our-members>

⁴³ Unilever (n.d) *Global Climate Action*, <https://www.unilever.com/sustainable-living/reducing-environmental-impact/greenhouse-gases/how-were-becoming-carbon-positive-in-our-operations/global-climate-action/>

⁴⁴ IAG (n.d) *Climate Action Plan*, <https://www.iag.com.au/safer-communities/iag-climate-action-plan>

⁴⁵ Goldman Sachs (2018) *Environmental Policy Framework*, <https://www.goldmansachs.com/s/environmental-policy-framework/index.html>

⁴⁶ Auspost (2018) *Annual Report 2018*, https://auspost.com.au/content/dam/auspost_corp/media/documents/annual-report-2018.pdf

BCA's Climate and Energy Committee

With so many BCA members keen to take action on climate change, why is the BCA trying to slow action down?

The BCA's Climate and Energy Committee presumably has significant influence on the BCA's statements on climate and energy. This Committee is dominated by fossil fuel and other high emitting interests.

Table 4: BCA Climate and Energy Committee

Company	Fossil fuels?	Involvement
APA Group	Main activity	Gas pipelines
BP Australasia	Main activity	Oil and gas production
Caltex Australia	Main activity	Fuel refinery and petroleum sales
Chevron Australia	Main activity	Oil and gas production
EnergyAustralia	Main activity	Retailer, thermal generation, coal mining
ExxonMobil Australia	Main activity	Oil and gas production
Orica	Main activity	Chemicals and explosives for mining, oil and gas
Origin Energy	Main activity	Power retailer and generator, gas production
Quadrant Energy	Main activity	Gas production
Santos	Main activity	Gas production
Shell Australia	Main activity	Oil and gas production
BHP	Major activity	Diversified mining, including coal, oil and gas
Downer EDI	Major activity	Engineering and project operation, esp mining
Boral	Some activity	Cement, construction, has coal power plant
BlueScope	Some activity	Steel (heavy use of met coal)
Incitec Pivot	Some activity	Chemicals, fertilisers and explosives
Siemens	Some activity	Technology, including thermal generation
Snowy Hydro	Some activity	Hydro generation, retail power, some gas power
Tata Consultancy	Some activity	IT, including to oil and gas
BNP Paribas	Minor activity	Bank - but no new coal policy, emissions targets
Allens	Minor activity	Law firm working across many sectors
Ausgrid	Nil	Transmission and distribution
JBS Australia	Nil	Meat
BCA	N/A	

Source: BCA membership, company websites

The majority of the companies represented on this Committee are from companies either exclusively or substantially involved in extracting, transporting or selling fossil fuels, whether directly or through supplier arrangements. The remaining companies provide services to these industries, or are from high emitting industries like meat, cement and chemicals.

There is very little representation from finance, manufacturing, professional services and consumer goods, and no representation from IT or media.

Most of the fossil fuel companies on this list have an interest in gas rather than coal mining.

Climate change credentials are sparse among these companies. Indeed the Committee includes companies with notorious histories of promoting climate denial and obstructing climate policy, including through systematic public relations campaigns designed to confuse and disrupt scientific urgency.

Some of these companies have emissions targets, for example **BHP** and **BP**; these are typically intensity targets that total emissions increase and exclude emissions embedded in their energy commodities.

Three of the Committee members -- **Origin**, **EnergyAustralia** and **SnowyHydro** – are ‘gentailers’ operating both fossil fuel and renewable generation. While these companies may wish to invest in more renewables, Origin and EnergyAustralia in particular have coal-fired power stations threatened by effective climate policy. Notably absent on this committee is AGL, which has previously left other lobby groups with climate policies it deems inconsistent with its own.

Origin has a science based target under SBTi, but as discussed above, this is based on shutting down a large old coal power station just before the target deadline. Other members have emissions plans for their own operations, but not including emissions in their fossil fuel projects. **Shell** has committed to include scope 3 emissions in a future target, and have signalled intent to diversify into renewable energy provision. **Rio Tinto** has left thermal coal. **Ausgrid** is majority owned by AustralianSuper and IFM Investors, which are CA100+ signatories.

Overall, however, the Committee responsible for the BCA’s policy advocacy on climate change have commercial interests in delaying action on climate change.

While 11 BCA members are part of the *Investor Group on Climate Change*, none of these are members of the BCA’s Climate and Energy Committee.

A notable exception to this trend is **BNP Paribas**. This bank

- has investment policies of no new coal power stations or mines, and divestment from coal,
- will fund only companies that are reducing coal power use,
- dramatically increased clean energy investment,
- committed to the Montreal Portfolio Decarbonisation pledge,
- and an emissions reduction target for its own operations.

Another exception is Tata Consultancy, which has a 20% reduction target by 2020.

It is also notable that two members of the Committee, which seeks to influence government policy, are state owned: **SnowyHydro** is wholly Commonwealth owned and **Ausgrid** is minority NSW Government owned. It is doubtful this is appropriate.

Conclusion

The BCA is internally conflicted on climate change. Its Climate and Energy Committee is dominated by fossil fuel companies, and other high emitting industries. This seems to be a major reason why the BCA is attempting to obstruct more ambitious action in line with policy goals. In spite of this, many of its own members, like many other major companies across Australia and the world, are getting on with climate action in their own companies.

Many BCA members have already set 100% renewable energy targets or 'science based targets' for reducing emissions aligned with global emission reduction goals. Even more BCA companies are buying large amounts of renewable energy or have emissions reduction targets.

BCA members are increasing renewables investment and blocking investment in coal. Some BCA members are part of programs applying pressure on other BCA members, calling on them to align their activities with emission reduction goals.

The BCA membership also includes research organisations whose research shows both the need for stronger action and how it can be achieved at modest cost.

BCA members taking action within their own operations should consider whether their interests are well served by BCA's policy advocacy.

Leading companies that remain BCA members should consider whether their interests are better served by leaving the BCA. Many companies have recently left the BCA, including members with credible claims to climate leadership.

Leading companies that remain BCA members should insist that BCA cease to undermine their activities by obstructing policy ambition on climate change. They should join the Climate and Energy Committee and prevent it from setting an agenda that stymies action. A number of BCA members are already behind a statement to this effect.

In the past the BCA has declined to hold a public position on climate change, stating that its members are too conflicted for it to have a policy. It would be in Australia's national interest for the BCA to return to such a position and stop putting the interest of one narrow section of its membership over the actions of others.