

# Corporate **Climate** Lobbying

Successes, challenges  
and lessons learnt from  
investor activities relating  
to climate lobbying



Öhman

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## Öhman

Öhman is a family-owned company that has a history of over 100 years. Öhman offers fund management and discretionary portfolio management to institutions, insurance companies and private individuals. Today we have been entrusted by our clients to manage assets worth 90 billion SEK focusing on equities, fixed-income and corporate bonds. Öhman is a responsible investor and advocates high levels of environmental and social standards and good ethics in the companies in which we invest. By integrating sustainability aspects into the investment process we identify new investment opportunities. We also see an increased desire from customers that sustainability aspect should be a natural and integrated part of the investment process. To act effectively as responsible owner and achieve our goals, we have delimited our engagements into three focus areas. By focusing on these areas we work more efficiently and have better conditions for achieving results and measuring development. Since 2018 corporate policy lobbying is one of our focus areas.

## AP 7 The Seventh Swedish National Pension Fund (AP7)

is the default alternative in the Swedish premium pension system. AP7 manages approximately 450 billion SEK for more than 4 million retirement savers. AP7 is managing a global portfolio comprised mainly of equities and to a smaller extent fixed income instruments. Owning shares in over 3000 companies, AP7's approach to responsible investments takes off from the concept of universal active ownership. The starting point of all our corporate governance activities is the universally accepted norms and conventions on human rights, labour rights, environmental issues and anti-corruption. In order to focus and deepen our governance activities, we are focusing on a few material sustainability issues at a time. Each year AP7 launches a new sustainability theme that runs for three years. The selected themes guide our ownership activities. In 2017 we introduced Corporate Lobbying as a theme.

# Introduction

Since the creation of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992, policies and programmes for climate action have continued to develop across the globe with ever-increasing corporate requirements. These developments are targeted by a variety of organisations either lobbying to support or hinder this progress.<sup>1</sup>



Charlotta Dawidowski  
Sydstrand  
ESG Manager  
AP7

Corporate engagement on climate policy is a double-edged sword. It can play a critical role in helping governments create practical climate policy solutions but negative and resistant corporate interest, can hinder policy action that aims to mitigate the impacts of climate change.

After the failure to reach a global agreement to address climate change at the UNFCCC Conference of Parties in Copenhagen in 2009, the influence of corporations in public policy development was identified as a factor hindering development of an agreement. In some cases, the publicly communicated position of a corporation on climate change policy was not aligned with the position the corporation was advocating in lobbying activities, directly or indirectly.

Investor expectations have since been defined and communicated through a series of reports and statements, in particular the Investor Expectations on Corporate Climate Lobbying, and transparency began to be systematically requested from corporations through the CDP climate change questionnaire.



Fredric Nyström  
Head of responsible  
investments  
Öhman

With the success in reaching a global climate agreement in 2015, the Paris Agreement, a framework to strengthen the global response to the threat of climate change was achieved. As policymakers worldwide work to implement national ambitions and commitments, the role of corporations in supporting or hindering this work is therefore more relevant than ever.

Corporate disclosure of lobbying activities has improved in recent years and there are best practice examples to draw upon. But there remain a significant number of organisations that are not transparent on the subject. In addition, the reporting quality varies and by the nature of lobbying, it is not easy to identify lobbying as specifically 'negative' or 'positive' from a climate change perspective in many cases.

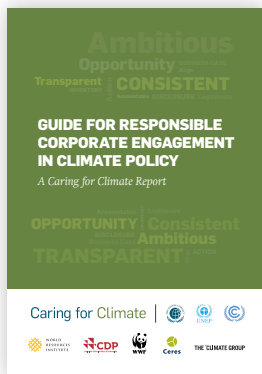
This report, commissioned by The Seventh Swedish National Pension Fund (AP7) and Öhman, aiming to summarise the successes, challenges and lessons learnt from the Investor Expectations on Corporate Climate Lobbying and other investor activities relating to climate lobbying.

<sup>1</sup> PRI "Converging on Climate Lobbying" 2018 <https://www.unpri.org/climate-change/converging-on-climate-lobbying-aligning-corporate-practice-with-investor-expectations-/3174.article>

## INITIATIVES ON CORPORATE CLIMATE LOBBYING

# Mainstreaming of climate lobbying as an investor issue

“There is a serious group of companies that have a voice that is much louder, that is better funded, and that operates much more in unison and that is still stuck in the technologies and the fuels of yesterday... From our perspective what we really need from visionary companies such as all of you is to have a very active engagement with the policymakers who decide the policy at home and the international policy”.



Christiana Figueres, Executive Secretary of the United Nations Framework Convention on Climate Change, stated in 2011 while addressing a business audience<sup>2</sup>. Corporate climate lobbying has gained increasing attention in recent years through the persistent work of a variety of institutions. Some of the key actors and their actions are described below.

### Guide for Responsible Corporate Engagement in Climate Policy

The report<sup>3</sup> by United Nations Global Compact Caring for Climate developed by a broad coalition of non-state actors and published in 2012 raised awareness for the issue of corporate engagement in climate policy and provided guidelines for corporations on responsible actions.

### The Investor expectations document on corporate climate lobbying

The document Investor Expectations on Corporate Climate Lobbying was issued in 2015 and signed by 74 investors representing more than US \$4.5 trillion in assets under management<sup>4</sup>. The statement was the result of a collaboration between the Institutional Investors Group on Climate Change (IIGCC) and the United Nations-supported Principles for Responsible Investment (PRI) Initiative.

*“While an increasing number of companies have robust climate change policies and position statements and play a constructive role in policy discussions, we are concerned that many are also members or supporters of trade associations, think tanks and other third-party organisations who lobby against policies to mitigate climate risks in a way that is inconsistent with our goal of maximising long-term portfolio value.”*

*“We believe that companies should be consistent in their policy engagement in all geographic regions and that they should ensure any engagement conducted on their behalf or with their support is aligned with our interest in a safe climate, in turn protecting the long-term value in our portfolios across all sectors and asset classes.”*

<sup>2</sup> Figueres, C. (2011). Address at the CDP Global Forum. New York. 14th September 2011.

<sup>3</sup> [https://www.unglobalcompact.org/docs/issues\\_doc/Environment/climate/Guide\\_Responsible\\_Corporate\\_Engagement\\_Climate\\_Policy.pdf](https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Guide_Responsible_Corporate_Engagement_Climate_Policy.pdf)

<sup>4</sup> [https://www.unpri.org/Uploads/i/k/t/Investor-Expectations-on-Corporate-Climate-Lobbying\\_en-GB.pdf](https://www.unpri.org/Uploads/i/k/t/Investor-Expectations-on-Corporate-Climate-Lobbying_en-GB.pdf)

### Mainstreaming of climate lobbying as an investor issue

The expectations provide specific recommendations for corporations, these include:

- Support cost-effective measures across all areas of public policy that aim to mitigate climate change risks and limit temperature rises to 2 degrees Celsius.
- Establish robust governance processes to ensure that all direct and indirect public policy engagement is aligned with the company's climate change commitments and supports appropriate policy measures to mitigate climate risks. Within this, companies are expected to:
  - Assign responsibility for governance at board and senior management level.
  - Establish processes for monitoring and reviewing climate policy engagement.
  - Establish processes to ensure consistency in the company's public policy positions.
- Identify all of the climate change policy engagement being conducted by the company either directly or indirectly, across all geographic regions.
- Assess whether this engagement is aligned with the company's position on climate change and supports cost-effective policy measures to mitigate climate risks.
- Act in situations where policy engagement is not aligned. For 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, discontinuing membership or support for the organisation, or forming proactive coalitions to counter the organisation's lobbying.
- Report publicly on:
  - The company's position on climate change and policies to mitigate climate risks.
  - The company's direct and indirect lobbying on climate change policies.
  - The company's governance processes for its climate change policy engagement.
  - The company's membership in or support for third party organisations that engage on climate change issues.
  - The specific climate change policy positions adopted by these third-party organisations, including discussion of whether these align with the company's climate change policies and positions.
  - The actions taken when the positions of these third-party organisations do not align with the company's climate change policies and positions.

### Policy Studies Institute on the role of industry associations

Research from the Policy Studies Institute (PSI) found that, of all the mechanisms available to them to influence climate policy, businesses most frequently use trade associations and that there is wide consensus that trade associations can be impactful lobbyist on climate policy. The study found that 61% of all companies responding to CDP, and 77% of the largest 500 companies in the world, said that they utilised trade associations to lobby on climate policy<sup>5</sup>.

<sup>5</sup> Policy Studies Institute, University of Westminster, 2015 [http://www.psi.org.uk/pdf/2015/PSI%20Report\\_Lobbyingby%20Trade%20Associations%20on%20EU%20Climate%20Policy.pdf](http://www.psi.org.uk/pdf/2015/PSI%20Report_Lobbyingby%20Trade%20Associations%20on%20EU%20Climate%20Policy.pdf)

### Mainstreaming of climate lobbying as an investor issue

The PSI found that there was a consensus amongst the interviewees that trade associations can be very impactful lobbyists on climate policy, and whilst it can be difficult to disentangle the impact of trade associations from other actions and considerations, the reports concluded that European trade associations appeared to have influenced included the 2030 framework for climate and energy policies, the structure of the new European Commission and the EU Carbon leakage provisions.

### InfluenceMap scoring corporations and industry associations

InfluenceMap is a non-profit with the stated mission “to enable a world where crucial decisions are legitimately influenced and objectively made”<sup>6</sup>. InfluenceMap provides a platform that maps, analyses, and scores the extent to which corporations and trade associations are influencing climate change policy positively or negatively. The reports have been a valuable resource in the development of this report.

### IIGCC engaging on corporate lobbying

The Institutional Investors Group on Climate Change (IIGCC) is a membership organisation for institutional investors providing a forum to collaborate on climate change issues. The IIGCC contributed to the development of the Investor Expectations corporate climate lobbying statement and coordinates investor engagement activities on the topic.

### Aiming for A

This coalition of institutional investors has been raising the question of lobbying with major UK-listed companies for many years. The coalition has now become incorporated into the IIGCC under as the IIGCC Shareholder Resolutions Sub-Group<sup>7</sup>.

### CDP climate change questionnaire

CDP (formerly Carbon Disclosure Project) is a non-profit running a global disclosure system that enables companies, cities, states and regions to report their environmental impacts. Data is primarily collected for the use of the financial sector, directly and indirectly, and large purchasing organisations, for supply chain management.

Through the annual climate change questionnaire, CDP has been systematically requesting companies to provide information from corporations on indirect and direct activities to influence public policy on climate change. Companies are asked to provide details of involvement in trade associations and each associations’ positions on climate change legislation. There are also questions regarding the funding of research.

To the best of our knowledge this is the only frameworks for companies to follow on transparency on public policy activities<sup>8</sup>.

5 Policy Studies Institute, University of Westminster, 2015 [http://www.psi.org.uk/pdf/2015/PSI%20Report\\_Lobbyingby%20Trade%20Associations%20on%20EU%20Climate%20Policy.pdf](http://www.psi.org.uk/pdf/2015/PSI%20Report_Lobbyingby%20Trade%20Associations%20on%20EU%20Climate%20Policy.pdf)

6 <https://influencemap.org/>

7 [http://www.iigcc.org/files/publication-files/About\\_IIGCC\\_Shareholder\\_Resolutions\\_Sub\\_Group\\_FINAL.pdf](http://www.iigcc.org/files/publication-files/About_IIGCC_Shareholder_Resolutions_Sub_Group_FINAL.pdf)

8 The GRI G4 Sustainability Reporting Guidelines G4-SO6 recommends companies to report on the total value of political contributions by country and recipient/beneficiary including in-kind political contributions made directly and indirectly.

Mainstreaming  
of climate  
lobbying as an  
investor issue

**Climate Action 100+**

This 5-year collaborative engagement targets the 100 listed companies identified to have the highest GHG emissions globally<sup>9</sup>. The initiative aims to ensure that investor engagement with these companies on climate change issues is consistent and has the goal that company achieves the following:

1. Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk and opportunities.
2. Take action to reduce greenhouse gas emissions across their value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2-degrees Celsius above pre-industrial levels.
3. Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Lobbying is addressed through questions on:

- Assignment of responsibility for the company's activity on climate-related policy issues
- Whether the company has a monitoring process to ensure consistency between its political activities (including those of trade associations it belongs too) and implementation of the objectives of the Paris Agreement at global, regional, national and sub-national levels.

<sup>9</sup> <http://www.climateaction100.org/>



# Evidence of progress and success

Whilst quantifiable results on progress towards more responsible and consistent climate lobbying are sparse, the following sections describe some of the positive actions that have occurred in recent years.

## 150 private sector Carbon Pricing Leadership Coalition partners

A growing number of companies have decided to be a constructive public voice in support for carbon pricing. Many of them have collaborated under the umbrella of the Carbon Pricing Leadership Coalition. It may have started with “green-biz” companies, however, is increasingly becoming a mainstream force. Many supporting companies are acknowledging that there are significant carbon challenges to their current business model, but overall the opportunities and risk management lead them to support introduction of a quick and powerful carbon price.

## ALEC defections

The American Legislative Exchange Council, ALEC, is a powerful business supported lobby hub, widely criticised for its aggressive stance against progressive climate change legislation.

*“Climate change is a historical phenomenon and the debate will continue on the significance of natural and anthropogenic contributions. ALEC will continue to monitor the issue and support the use of sound science to guide policy, but ALEC will also incorporate economic and political realism. Unilateral efforts by the United States or regions within the United States will not significantly decrease carbon emissions globally, and international efforts to decrease emissions have proven politically infeasible and unenforceable. Policymakers in most cases are not willing to inflict economic harm on their citizens with no real benefit. ALEC discourages impractical visionary goals that ignore economic reality, and that will not be met without serious consequences for worldwide standard of living.”<sup>10</sup>*

Several corporations have announced that their affiliations with ALEC will be allowed to lapse over disagreement with the group’s opposition to action on climate change. These include Ford Motor Company, British Petroleum, Microsoft, Google<sup>11</sup> and Royal Dutch Shell. A statement by Shell said: *“its stance on climate change is clearly inconsistent with our own... We have long recognized both the importance of the climate challenge and the critical role energy has in determining quality of life for people across the world.”<sup>12</sup>*

Without admitting a strategic mistake, ALEC has since become a less vocal opponent of climate regulation.

<sup>10</sup> <https://www.alec.org/public-affair/position-statement-on-renewables-and-climate-change/>

<sup>11</sup> <https://www.theguardian.com/environment/2014/sep/23/google-to-cut-ties-with-rightwing-lobby-group-over-climate-change-lies>

<sup>12</sup> <https://www.theguardian.com/business/2015/aug/07/royal-dutch-shell-alec-climate-change-denial>



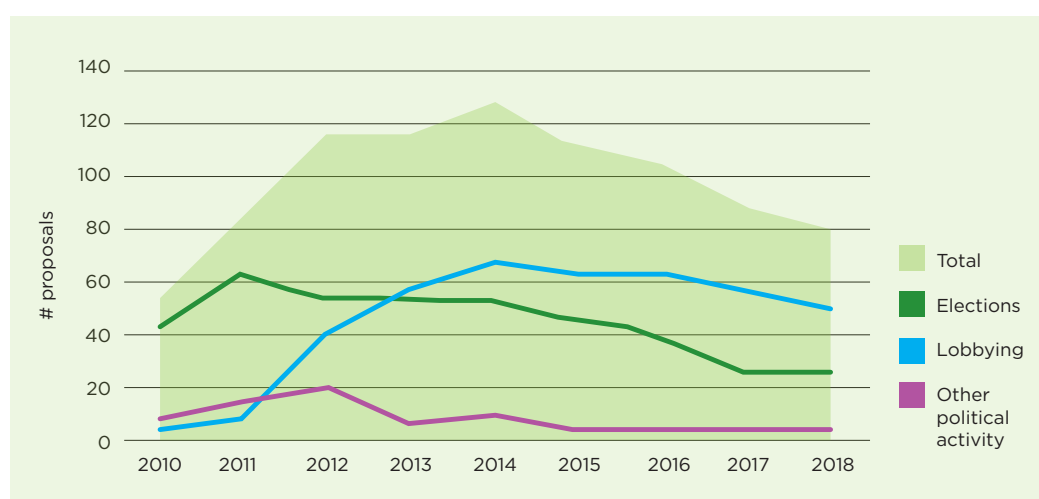
## Evidence of progress and success

Similarly, to the ALEC defections, there has been wave of organisations taking the decision to leave the US Chamber of Commerce<sup>13</sup>.

### Shareholder resolutions in the US

In the US, corporate lobbying to influence regulation on issues from climate change and drug prices to financial regulation, immigration and workers' rights has a cost of over \$4 billion annually. US trade associations spend over \$100 million annually lobbying indirectly on behalf of companies<sup>14</sup>.

A review of ESG-related shareholder resolutions in the US by Proxy Preview<sup>15</sup> found that 21% of ESG resolutions filed in 2017 were on the topic of political activities. Over 70 resolutions are likely to be put to the vote in 2018. Historically, the number of resolutions relating to lobbying (not only on climate change) has risen from very low levels in 2010 to correspond to over 60% of all resolutions relating to political activity in 2018 (blue line).



**Figure 1** Proxy Preview's analysis of political activity proposals in the US since 2010 (note this analysis covers more than climate-related lobbying)<sup>15</sup>

In terms of the level of support for these resolutions, the average overall support for ESG resolutions in 2017 was 21.5 percent, slightly higher than in the two preceding years<sup>16</sup>.

The content and approach to drafting ESG-related shareholder resolutions has developed significantly in the last decade. Climate resolutions have moved from the domain primarily of activists, drafting resolutions with relatively extreme demands, with little chance of a majority support. Resolutions are now often crafted slowly and carefully, accompanied by dialogue with the company board in order to try to find a resolution that aims to be 'supporting but stretching'.

<sup>13</sup> <https://www.theguardian.com/business/2009/sep/29/us-chamber-commerce-climate-change>

<sup>14</sup> Proxy Preview <https://www.proxypreview.org/proxy-preview-2018/social-issues/lobbying-disclosure-campaign/>

<sup>15</sup> Proxy Preview '2017 Proxy Season Review' <https://www.proxypreview.org/proxy-preview-2018/2017-proxy-season-review>

<sup>16</sup> Proxy Preview '2017 Proxy Season Review' <https://www.proxypreview.org/proxy-preview-2018/2017-proxy-season-review>

## Evidence of progress and success

### **BHP Billiton publishes industry association review**

A significant “upping of the stakes” came in December 2017 when the world’s largest miner, BHP, published an “Industry Association Review”<sup>17</sup>. The company made a commitment to publish the review under pressure from an AGM resolution<sup>18</sup> on the issue which was tabled for AGMs in October and November 2017.

Transparency improved and several instances of incompatibility of BHP policies with memberships became evident, in one case resulting in the termination of membership (World Coal Association).

This year a similar resolution was directed towards Rio Tinto. Rio Tinto’s response was less constructive than BHP. Shareholders anyway gave fairly strong support to the resolution (20% of votes excluding abstentions). At minimum, BHP now has shown the way and raised the bar for company lobbying disclosure.

### **Mutual funds challenged on proxy voting activities**

In recent years the responsibility of major mutual funds in proxy voting actions has come under scrutiny, for example in voting on a shareholder resolution to ExxonMobil in 2016, when several major mutual funds were criticised for not supporting a resolution to report on how its business model would be affected by efforts to curb the effects of climate change<sup>19</sup>. The following year a similar vote achieved a majority and was backed for the first time by many of these mutual funds.

In 2017, the most significant vote was the 62 percent result for a climate risk proposal at ExxonMobil’s May 31 annual meeting – which occurred after the mutual fund giants BlackRock, Vanguard, and Fidelity decided for the first time to lend their support. Exxon has considered shareholder resolutions for many years and has been a high-profile target for shareholders but the highest vote until now was 38.1 percent for a climate strategy resolution in 2016.

17 <https://www.bhp.com/media-and-insights/news-releases/2017/12/bhp-releases-industry-association-review>

18 Submitted by Australasian Centre for Corporate Responsibility (ACCR) to the BHP Billiton AGMs in the UK and Australia in 2017

19 Asset Owners Disclosure Project 2016 <http://aodproject.net/hypocritical-investors-breached-responsible-investment-commitments-to-help-exxon-defeat-climate-risk-campaign/>

# Corporate best practice in lobbying transparency and alignment

## BHP Industry Association Review

### Description

BHP published<sup>20</sup> a report relating to its membership of industry associations which hold an active position on climate and energy policy. The report sets out:

- a list of the material differences between the positions BHP holds on climate and energy policy and the advocacy positions on climate and energy policy taken by industry associations to which BHP belongs; and
- the outcomes of BHP's current review of those industry associations.



The report sets out:

- the principles which guide the Company's membership of, and participation in, industry associations, and the methodology employed to identify material differences;
- describes considerations and possible courses of action for BHP where a material difference is identified. Considerations include the likely impact of the material difference on policy debate and the benefits BHP derives from the broader activities of the association, including in areas such as health, safety and environment.

### Results and actions

Twenty-one industry associations were assessed as holding an active position on climate and energy policy and were included within the scope of the review. The review focused on 10 climate and energy policies identified as being of key importance to BHP.

Seven material differences in position were identified across three associations:

- The Minerals Council of Australia (MCA)
- The United States Chamber of Commerce;
- The World Coal Association (WCA).

Based on the review BHP stated its intention to:

- Remain a member of the MCA, given the high level of benefit BHP derives from membership. However, BHP will formally communicate the identified material differences to the board of the MCA, request that the MCA refrain from policy activity or advocacy in these areas, maintain a register of material differences, and will review its membership of the MCA if it has not refrained from such policy activity or advocacy within a reasonable period (being not more than 12 months).
- In March 2018 MCA updated its Energy and Climate Policy Position. The updated position is aligned with BHP's approach to climate and energy policy and specifically addresses the two aspects detailed in the BHP review. BHP will work with the MCA and its members in relation to reflecting the updated position in the MCA's public advocacy.

<sup>20</sup> <https://www.bhp.com/media-and-insights/news-releases/2017/12/bhp-releases-industry-association-review>

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best practice  
in lobbying  
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- Formally communicate the identified material differences to the board of the US Chamber of Commerce, seek additional information about the nature of the differences that have been identified, and consider its future membership of the Chamber prior to making a final determination on or before 31 March 2018; and
  - In March 2018 BHP communicated its decision to remain a member of the US Chamber of Commerce referencing the Chamber's willingness to engage further on climate and energy issues and that BHP had been given the opportunity to join the Chamber's Energy and Environment Committee.
- Advise the WCA that BHP has reached a preliminary view to exit the WCA, in light of the identified difference and the narrower activities of benefit to BHP from membership.

The BHP Industry Association Review can be described as best practice, as signified by the key aspects:

1. Transparency – publicly available through the BHP website;
2. Governance – a clear description is provided of the company governance of the report, which is approved by the Chief Executive office and endorsed by the BHP Board;
3. Clear description of material differences – material differences clearly described, with references, for each industry association, leaving little scope for misinterpretation;
4. Actions – Decisions, actions and timelines clearly expressed for each material difference;
5. Influencing – The company states its intention to pursue dialogue with the industry associations where material differences are identified.

The company comments on the review include<sup>21</sup>:

Chief External Affairs Officer, Geoff Healy, said while no industry association represents the views of any single member, they are important for sharing best practice, the development of technical standards and policy and to bring together technical expertise and experience.

*"This review makes clear the principles for our ongoing participation in industry bodies. While we won't always agree with our industry associations, we will continue to call out material differences where they exist, and we will take action where necessary, as we have done today."*

*"Importantly, we will also continue to communicate our own views directly to investors, governments and civil society and we will redouble our efforts to engage, clearly and constructively, with our industry associations to positively influence the position they take on matters important to our Company."*

<sup>21</sup> <https://www.bhp.com/media-and-insights/news-releases/2017/12/bhp-releases-industry-association-review>

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best practice  
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and alignment

### CDP disclosure on policy

Among the 2 235 corporations responding to the CDP climate change program in 2017, 89 percent provided information on engagement with policymakers on climate issues to encourage mitigation or adaptation<sup>22</sup>. For many companies, the CDP report is the only communication that a company makes on this topic and it therefore has been an important driver for transparency.

In this disclosure very few companies identify any cases where the company position on climate change differs from the policy position of an industry association of which the company is a member.

### Other corporate examples of good practice

#### SSAB/Vattenfall/LKAB

The collaboration between SSAB, LKAB and Vattenfall on a long-term project to find a solution to the high carbon dioxide emissions in steel production provides positive momentum towards lower emissions steel and provides policymakers with an example of a company in a high-emission sector looking for ambitious emission reductions.



#### IKEA and H&M

IKEA and H&M collaborated with WWF on a seminar for Members of the European Parliament (MEPs) in Brussels in support of higher policy ambition on Energy Efficiency and Renewable Energy<sup>23</sup>.

#### Apple quits the US Chamber of Commerce

*"Apple supports regulating greenhouse gas emissions, and it's frustrating to find the chamber at odds with us in this effort. We would prefer that the chamber take a more progressive stance on this critical issue."*

Catherine Novelli, Apple's vice president for worldwide government affairs, wrote in a letter to the US Chamber of Commerce in 2009<sup>24</sup>.

#### Engie (and other Carbon Pricing Leadership Coalition members)

Engie engaged very actively in development of supporting documents on carbon pricing ahead of COP 21 in Paris<sup>25</sup>.

<sup>22</sup> Data provided by CDP upon request, 2018.

<sup>23</sup> Source WWF, email communication 2018

<sup>24</sup> <http://blogs.reuters.com/mediafile/2009/10/06/in-latest-green-move-apple-quits-us-chamber/>

<sup>25</sup> <https://www.engie.com/en/news/final-carbon-price-report-canfin-mestrallet-royal/>

# Challenges and lessons learnt

These factors are barriers to implementation of good practice in corporate climate lobbying:

1. Lack of transparency from companies on membership of industry associations. There are still many corporations that do not publish information on their membership in industry associations.
2. Interpretation of company disclosure can be challenging. A full evaluation of a company's direct and indirect actions to influence policy makers is a big task and results can rapidly become outdated. The work of InfluenceMap has been extremely valuable in providing thorough analysis of the topic, and by developing and implementing a scoring methodology. Very few companies or industry associations openly state that the company opposes the implementation of the Paris agreement, so it can be difficult to confront companies on their actions, or to label a company or association's action as 'anti-Paris'. For example companies can make statements such as "We support carbon pricing..... however, we believe our industry should be excluded from the current legislation because...." And "We support carbon pricing but only when it is applied globally."
3. Dissonance between a parent organisation's position on climate change, and that of its subsidiary e.g. a coal subsidiary. Subsidiaries within a parent company can have different perspectives on climate change policy.
4. Membership in trade associations serve several purposes for companies; it can be hard to quit. As BHP articulates it "Active participation within industry associations is an opportunity for a company to improve its own performance and to support the industry as a whole in making a positive contribution."
5. Business models for many corporations continue to rely heavily on operations with high GHG emissions. For this reason, there are many corporations for which strong public policy in support of the Paris Agreement threatens the business' profitability and, in some cases, existence.
6. There remains massive corporate backing of industry associations which are strongly opposing measures to implement the Paris Agreement. Many of the most influential corporations have most to lose from strong actions to align with the Paris agreement.

# Challenges and lessons learnt



This list summarises reflections from GES based on observations and research for this report and also from GES engagements with corporations on climate-related lobbying:

1. It remains challenging to engage with corporations regarding their activities to influence public policy, directly or indirectly. Nonetheless, there is greater understanding within corporations now of the relevance of the topic for investors and it is possible to work with the topic in engagement dialogue.
2. It is possible to achieve changes in corporate activities on the topic over time as evidenced by the actions of BHP and by decisions from many corporations to leave some of the most controversial industry associations.
3. Change on this topic is often achieved through a slow process of attrition, with persistent pressure over an extended period of time, for example through long-term dialogue or a persistently campaigning non-profit.
4. Collaborations increase the likelihood of success.
5. Public campaigns with media support have achieved some significant progress in particular with regards to consumer-facing brands, for example the campaigns targeting ALEC and US Chamber of Commerce members.
6. There is now relatively small risk of being perceived to be political activist when addressing the topic of lobbying in dialogue with corporations. There is broad acceptance that it is a material and relevant issue for investors.
7. The actions of first mover companies are powerful in convincing other companies to consider taking similar steps, for example such as the BHP Industry Association Review.
8. Putting the spotlight on discrepancies between company and industry association policy positions has proven to be a trigger for change both at the corporation and at the industry association.



Corporate Climate Lobbying

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**Öhman**