AP7

Theme Report
Climate Lobbying

Our work on the Corporate Climate Lobbying Theme 2017–2019

Contents

AP7 in brief. AP7 is a public agency tasked with managing premium pension funds for the Swedish population. Approximately five million Swedes currently invest their premium pension in AP7 Såfa. The total value of assets is approximately SEK 600 billion, making management a major responsibility. AP7's asset management is exclusively aimed at securing the interests of the pension savers, both current and those in the future.

AP7 is a universal owner. With investments in 3000 companies around the world, we can act as owners on a broad front and over a long term, with the entire market's interests in mind. By being an active universal owner, AP7 is securing the financial interests of both current and future savers.

AP7's corporate governance is primarily aimed at ensuring a positive effect on the long-term return for the entire market rather than for individual companies.

Value of managed assets: approx. SEK 600 billion
Number of savers: approx. 5 million
Investment portfolio: 3000 companies around the world

Foreword
Climate lobbying – a global problem

One clear conclusion we can draw from our work on the Corporate Climate Lobbying theme 2017–2019 is that lobbying that counteracts the Paris Agreement is a widespread problem. The aim of this report is to increase awareness about the problem of climate lobbying, and to encourage more investors to engage with the issue.

Our primary objective as investor and universal owner is that companies will transparently report on their direct and indirect lobbying in the area of climate policy, and show that the lobbying does not conflict with the Paris Agreement.

In these three years, we have been working on climate lobbying together with other active owners, particularly the Church of England and BNP Paribas. Much has been achieved on driving the issue forward and encouraging companies to take greater responsibility. The importance of climate lobbying has become firmly established as a new norm on the sustainability agenda, but there is still much to do before negative climate lobbying is brought to an end. More companies must acknowledge their responsibility for ensuring that their interest organisations conduct activities in line with the Paris Agreement.

Stockholm, October 2020

> **Negative climate lobbying by interest organisations that influences political decisions is a widespread problem, despite companies officially declaring their support for the Paris Agreement.**

Background to the Corporate Climate Lobbying theme

Interview with Charlotta Dawidowski Sydstrand and Johan Florén

Why did AP7 decide to start a theme on corporate climate lobbying?

Johan: Despite decades of international concern about the climate, we can see that many large business organisations are still working against legislative implementation of the Paris Agreement goals. The organisations are financed by companies that have declared to their investors that they have a much more positive attitude to both emission restrictions and climate work. Corporate lobbying activities regarding the climate are aimed at defending companies' existing business models. We therefore decided to investigate the reason why the business community is not rethinking its lobbying sufficiently quickly.

What methods have you found to be most successful in influencing the business community?

Charlotta: We've worked from a number of clear expectations that we investors have regarding companies, and we've informed the company managements about these expectations. Our standpoint has been that companies must declare to their shareholders the advantages they gain from lobbying, how differences between the respective positions of the companies and their organisations are weighed against each other, and what the companies are doing about these differences. We then used a process by which our engagement can be escalated when necessary. Initially, talking and engaging is a suitable approach, that is to say conduct dialogue with the companies. If the companies are not responsive to our demands, dialogue is followed up with more resolute measures, such as shareholder resolutions at general meetings.

Which investors have you collaborated with?

Charlotta: We've been part of a core group that has driven the issue, but always ensured that we have support from a broad group of investors internationally. Together with the Church of England Pensions Board and BNP Paribas Asset Management, we drew up a document of expectations that we sent to the companies in Europe with the greatest environmental impact. The dialogue with the companies is then conducted in collaboration with investors in Climate Action 100+. Because Transition Pathway Initiative now includes lobbying as indicators in its analysis, the issue has quickly become a natural part of investors' climate dialogues with companies.

In what way has the initiative helped to engage companies?

Charlotta: We aimed the initiative at the boards in the companies with the greatest environmental impact, to make clear that the responsibility for responsible climate lobbying ultimately lies with them. At the end of 2019, seven of the 55 European companies with greatest impact on climate had undertaken to carry out a transparent review of their business organisations in terms of climate lobbying. In dialogues with companies, we've noticed a generally increased awareness of the issue.

How has the work on climate lobbying differed from your earlier themes?

Johan: It was less explored than other issues we have engaged ourselves in, and also has a political dimension. Naturally, companies and business organisations must put forward their views, and have the floor on matters that concern their activities, but they need to explain how their lobbying accords with the owners' long-term interests.

Charlotta Dawidowski Sydstrand
Sustainability Strategist
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Johan Florén
Head of Communications and ESG

> "The aim of this report is to increase awareness about the problem of corporate climate lobbying, and to serve as a catalyst to engage more investors in the issue.

Our themes

Since 2014, AP7 has been supplementing its corporate governance work with themed activities. Working in specific themes deepens and interlinks AP7's current working methods in selected key areas. Focusing on a few themes at a time enables in-depth examination and reflection in a complex area relevant to our investments. Every year, a new theme is launched that runs over three years. Some key selection criteria are applied when choosing a theme: the theme must be relevant in terms of AP7's holdings and asset classes, AP7 must be able to make a reasonable difference in a resource-effective way, and there must be suitable expert partners for collaboration.

A theme guides AP7's prioritisations in many ways during its duration, and this has consequences for the work with engagement dialogues and general meetings. It also brings greater collaboration with other actors on influencing standards and norms within the area.

What we learn from the themes is compiled (in Swedish) on the web page www.ap7.se/hallbarhet/temaarbete.

- Private Equity 2014–2016
- Climate 2015–2017
- Fresh Water 2016–2018
- **Corporate Climate Lobbying 2017–2019**
- Working Conditions in Food Supply Chains 2018–2020
- Sustainable Impact Measurement 2019–2021

AP7's corporate governance

In order to conduct sustainable and responsible asset management, each year AP7 conducts a dialogue with approximately 300 companies, votes at 3000 general meetings, files its own shareholder resolutions, and uses blacklisting and legal processes. Our corporate governance is based on the international conventions that Sweden has signed with regard to the environment, human rights, labour rights, and corruption.

Corporate Climate Lobbying 2017–2019 From a non-issue to a standard

During this theme, we have collaborated with the Church of England and BNP Paribas, exerting pressure on companies to transparently report their lobbying on climate policy. In particular, they must show that their lobbying does not conflict with the Paris Agreement.

FINANCIAL TIMES

Companies asked to come clean on climate lobbying

Public stance on green policies can clash with that of their industry trade groups

The Guardian

Top oil firms spending millions lobbying to block climate change policies, says report

Ad campaigns hide investment in a huge expansion of oil and gas extraction, says InfluenceMap

FINANCIAL TIMES

Investors challenge 55 companies over commitment to climate change

Together with other investors, we have called upon companies to declare their memberships in interest organisations and their positions on the climate issue. These demands have brought results, and many companies have responded.

As an effect of the collaboration on climate lobbying, several international groups whose production has a big impact on climate have increased their transparency and left business organisations that are working against the Paris Agreement. Rio Tinto has made clear to its interest organisations that the company will leave if the organisations make declarations in conflict with the Paris Agreement. Both BP and Shell have decided to withdraw from American interest organisations, after reviewing their memberships and concluding that the companies and the interest organisations hold different positions on the climate issue. Both Anglo American and BHP, two of the world's largest mining companies, have undertaken to clearly report their memberships in interest organisations and the positions on which the companies and the interest organisations have different views.

The Guardian

Rio Tinto ready to quit Minerals Council if it doesn't support Paris climate targets

Miner expects industry associations to argue against coal subsidies

FINANCIAL TIMES

Shell to quit US oil lobby group over climate change clash

Energy sector under pressure to align lobbying with green goals

FINANCIAL TIMES

Anglo American seeks to ease fears over fossil fuel lobby groups

Miner agrees commitments that will align it more closely with with Paris climate accord

FINANCIAL TIMES

BHP reviews membership of lobby groups over climate change views

Investors pressure miner to leave associations holding positions not aligned with Paris accord

FINANCIAL TIMES

BP cuts membership ties with three US industry lobby groups

Oil major says the lobby group's climate policies do not align with the company's own

In 2017, AP7 decided to initiate a three-year theme focusing on corporate lobbying against climate legislation. Three years later, climate lobbying has gone from being a non-issue for sustainable investors to becoming a natural part of the analysis of whether companies are taking responsibility. Many of the world's large companies are now making clearer demands that their interest organisations conduct themselves in line with the Paris Agreement.

In connection with our earlier theme, Climate 2015–2017, we asked ourselves how the equity market, through corporate governance, can help to bring the lobbying issue to the agenda, and ensure that companies take clearer responsibility for their positions. In collaboration with several other equity owners, our work was then developed through five phases.

Effects of the Corporate Climate Lobbying theme

By spring 2020, 12 of the 55 European companies with the greatest impact on climate had undertaken to carry out an analysis of the sector organisations they finance. During 2019 and 2020, seven of these 12 companies published the results of their analyses in Industry Association Reviews.

The issue of corporate climate lobbying is now on the sustainability agendas of an increasing number of investors. For example, the Transition Pathway Initiative, TPI, now includes climate lobbying in its company analyses, and the area has high priority in Climate Action 100+.

A shift in attitude is becoming noticeable in companies in which climate lobbying is seen as a part of the company's climate work, and where a lack of governance and control of business organisations can entail large risks.

A standard and framework for responsible lobbying will be developed by the London School of Economics together with AP7, the Church of England, and BNP Paribas. This will be a framework for assessing corporate governance, control, and reporting of membership in business organisations.

Lobbying – a climate problem

In order to reach the climate goals, the world needs to reduce carbon dioxide emissions faster than we previously thought. Despite this, there is global opposition from companies and organisations that are actively slowing the process.

Identification of the basic issue

If we cannot stop climate change, this will have enormous consequences for the world's economies, due to extreme weather events, rising sea levels, and migration. An effective climate policy is required, to slow climate change and temperature increases, but a prerequisite is that the Paris Agreement is implemented in national and regional legislation and regulations.

The work on the Climate theme, 2015-2017, showed clearly that corporate influence over political decisions in climate issues can be greater than the companies' own direct climate impact.

Companies affect the climate through their direct emissions, but companies also have a large indirect effect on climate and energy policy through the influence of business organisations and interest associations on legislation and policies. The agenda of the interest organisations is not always aligned with the climate goals, and in certain cases contribute to delaying the political measures that are needed to mitigate climate change.

Climate lobbying is thereby a tangible barrier to our ability to mitigate the climate crisis.

Mapping the issue

When we started the theme, a number of reports and studies indicated that lobbying by business organisations could be slowing the global work on climate.

Caring for Climate

Attention was drawn to the problem in 2013 by the UN together with several important sustainability bodies within the framework of the Caring for Climate initiative.[1] Through PRI, AP7 worked with a number of other investors to formulate expectations of companies regarding lobbying: that companies are expected to support the policy that favours a transition to a more climate-smart economy, or at least do not counteract necessary climate regulations.[2]

The Caring for Climate report, Guide for Responsible Corporate Engagement in Climate Policy, from the UN Secretariat Global Compact increased awareness of corporate engagement in climate policy, and presented guidelines on responsible actions regarding influence on climate policy. The report, which was developed by a broad coalition of non-governmental actors, was published in 2012.

Policy Studies Institute research on the role of business organisations

A report from the Policy Studies Institute (PSI) at the University of Westminster in 2015 drew attention to the way European business organisations were influencing the EU's climate policy.[3] The report considered how this influence aligns with the climate commitments made by the member companies, as many large companies in the world have taken a positive stand on the Paris Agreement at an overarching level.

> **I'm getting resistance from some fossil fuel interests who want to protect the outdated status quo. When you start seeing massive lobbying efforts backed by fossil fuel interests or conservative thinktanks or the Koch brothers, pushing for new laws to roll back renewable energy standards or prevent new clean energy businesses from succeeding, that's a problem.**
>
> Barack Obama, 44th President of the US, 2015

[1] UN Global Compact "Guide for Responsible Corporate Engegement Climate Policy" https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Guide_Responsible_Corporate_Engagement_Climate_Policy.pdf

[2] Principles for Responsible Investment (PRI), "Investor Expectations on Corporate Climate Lobbying" https://www.unpri.org/Uploads/i/k/t/Investor-Expectations-on-Corporate-Climate-Lobbying_en-GB.pdf

[3] University of Westminster – lobbying by trade associations on EU Climate Policy, https://westminsterresearch.westminster.ac.uk/download/1200a7d445a3b4dba89778a0d7c488e2f999c2739c2d7bb586907e178cc4bc70/2829224/PSI_Climatepolicy_finalreport_2015.pdf

The research from PSI found broad consensus that interest organisations can be influential lobbyists on climate policy. Of all the tools available to companies wanting to exert influence on climate policy, interest organisations are the most commonly used. The study found that 61 percent of all companies that responded to CDP, and 77 percent of the 500 largest companies in the world, stated that they use interest organisations to influence climate policy.

PSI found consensus among the interviewees that business organisations can be very influential lobbyists when it comes to climate policy. Even if it can be difficult to distinguish between the influence of interest organisations and other influences, the report drew the conclusion that European business organisations have influenced the 2030 framework for climate and energy policy, the structure of the new European Commission, and EU regulations on carbon leakage.

InfluenceMap survey of climate lobbying by the largest companies

A study by the analysis organisation, InfluenceMap,[4] shows that the lobbying by 44 of the 50 most influential lobby organisations in the world opposes various climate regulations. These include broad organisations covering sizeable sections of the business community, such as the US Chamber of Commerce and Business Europe.

In 2017, InfluenceMap published its first analysis, Corporate Carbon Policy Footprint. The analysis, which assesses the total climate impact of companies, and whose method is based on research from institutions such as the Harvard Business School, presupposes that the companies' impact on climate change encompasses both their own carbon dioxide emissions and political influence through statements, activities, and financing of business organisations and think-tanks. The report also analyses the companies' direct and indirect support for climate regulations, and has comprised an important discussion document in AP7's dialogue with the companies.

The analysis in 2017 showed that 50 of the world's 250 largest companies were active on climate issues, and had great influence over climate policy. Of these 50 companies, 35 engaged in active lobbying against climate and emission policies. Only 15 were positive to legislation on climate and emissions. In 2019, the pattern was largely unchanged. The 33 companies that, in 2019, were still actively opposing climate regulations were dominated by oil and gas companies, certain energy-intensive industrial companies, and power companies with a large proportion of coal power. They also included a number of companies that drive demand for products that entail large carbon dioxide emissions, such as car manufacturers.

The analysis also shows that companies that have declared high levels of ambitions regarding the climate support some of the most influential business organisations, such as the US Chamber of Commerce, which strongly oppose climate regulations.

Theme on Corporate Climate Lobbying

Our primary objective was to raise the issue on the agenda, because corporate governance is most effective when conducted in collaboration with other actors that share the same values. Our collective requirement is that companies set up procedures for governance, control, and reporting of their direct and indirect lobbying via business organisations.

Source: InfluenceMap

4 https://influencemap.org/site/data/000/306/Trade_Association_Report_Dec_17.pdf

ExxonMobil: Speaks with a forked tongue

According to the Carbon Disclosure Project, the American oil giant, ExxonMobil, was listed as the fifth highest emitter of greenhouse gases among the world's fossil fuel producers. The company's emissions amounted to two percent of the world's greenhouse gas emissions. However, by financing the American oil lobby, ExxonMobil has indirectly contributed to considerably higher emissions.

Since the Paris Agreement in 2015, the giants in the oil and gas sector, including ExxonMobil, have publicly declared themselves positive to climate goals, and advocated a transition to more climate smart energy solutions. The companies have started several initiatives aimed at promoting voluntary carbon dioxide restrictions. At the same time, many of their business organisations have strongly opposed emission limits for carbon dioxide. For example, in the US, business organisations have used protracted small claims in courts to prevent climate regulations such as the Clean Power Plan, which was launched in 2015 by the Environmental Protection Agency. ExxonMobil is one of the biggest financiers of several of these business organisations.

Over the years, shareholders in the US have filed proposals at Exxon's general meetings, calling on the company to disclose the cost of the company's lobbying activities. In 2016 and 2017, AP7 and American investors filed shareholder resolutions at the company's general meeting, and called for greater transparency on both direct and indirect lobbying activities via interest organisations of which ExxonMobil is a member. AP7 also filed resolution at the general meeting, calling on ExxonMobil to adopt quantitative goals to reduce its emissions and thereby its actual climate impact. ExxonMobil has opposed the resolutions, and recommended that the general meetings vote against them, which is what happened.

ExxonMobil was blacklisted and the shares were sold when AP7 introduced the Paris Agreement as one of the international norms the fund assessed its holdings against. AP7's assessment is that the company, through its actions, was actively opposing implementation of the US's commitment in the Paris Agreement and a necessary climate policy in the US. When challenged directly about the issue, ExxonMobil was unable to refute the criticism. On its website, Exxon declares that the company supports a transition to energy systems with low carbon dioxide emissions. Despite this, the company has not distanced itself from organisations that deny climate change, and has not withdrawn from business organisations that oppose climate regulations.

Top oil firms spending millions lobbying to block climate change policies, says report

Ad campaigns hide investment in a huge expansion of oil and gas extraction, says InfluenceMap

▲ ExxonMobil leads the oil firms in spending on branding campaigns suggesting they support action against climate change. Photograph: Matt Slocum/AP

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The Guardian, March 2019

https://www.theguardian.com/business/2019/mar/22/top-oil-firms-spending-millions-lobbying-to-block-climate-change-policies-says-report

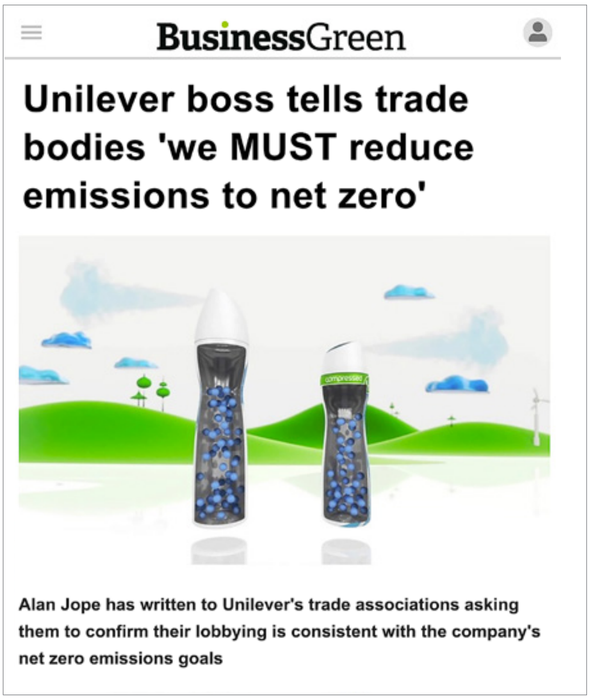
Positive climate lobbying

The InfluenceMap analysis of the 50 most influential companies in climate policy also revealed companies that are conducting positive lobbying in the climate issue.

Apple left the US Chamber of Commerce in 2009 because of a difference in position. Unlike the US Chamber of Commerce, the company acknowledged that greenhouse gas emissions should be regulated.[5] Since 2017, the Australian mining company BHP has published an exemplary report on its positions and participation in interest organisations. The report showed that BHP and the interest organisation Minerals Council of Australia (MCA) took different positions regarding the climate, which resulted in MCA updating its policy and position in 2018.

Unilever was among the first global groups to support and take action in accordance with Global Compact's Responsible Corporate Engagement in Climate Policy when it was adopted in 2013. The following year, Unilever left the business organisation, Business Europe, after the organisation opposed all types of emission limits within the EU. Unilever has become a strong advocate of the Paris Agreement, and drives in many areas the issue of how the economy will be transformed to manage the ongoing climate change. For example, Unilever has declared an ambition to make its own business operation climate positive by 2030, by only using renewable energy and by investing in and developing technology so that surplus energy can be sold.

In the summer of 2019, Unilever's CEO sent an open letter to all its trade and interest organisations in which he expressed his concern about climate change.[6] He emphasised the need for a rapid transition of business activities to more climate-friendly production methods. All trade and interest organisations were asked to confirm that they would, from then on, conduct political lobbying on climate policy in line with the content of the Paris Agreement.


BusinessGreen

Unilever boss tells trade bodies 'we MUST reduce emissions to net zero'

Alan Jope has written to Unilever's trade associations asking them to confirm their lobbying is consistent with the company's net zero emissions goals

BusinessGreen, June 2019

https://www.businessgreen.com/news/3076830/unilever-ceo-backs-transformational-change-to-tackle-the-climate-crisis

"Unilever has declared an ambition to make its own business operation climate positive by 2030, by only using renewable energy and by investing in and developing technology so that surplus energy can be sold.

5 https://green.blogs.nytimes.com/2009/10/05/apple-resignes-from-chamber-over-climate/

6 https://www.unilever.com/Images/letter-to-trade-associations-on-climate-5-june-2019_tcm244-537495_en.pdf

"Time's up for climate change denial lobbyists"

Fiona Reynolds, CEO of PRI, Principles for Responsible Investment, drew attention to the problem of negative climate lobbying in September 2019.

https://www.unpri.org/pri-blog/times-up-for-climate-change-denial-lobbyists/4892.article

... In addition to asking ourselves what actions we are going to take for the future, we must also reflect on why we find ourselves in this position, with the pace of our climate change response so far out of kilter with the urgency. While the answer to this is multifaceted, one factor in the slow response from policy makers has been the anti-climate lobbying machine. Fossil fuel money has influenced governments towards inertia and funded scare campaigns in the community.

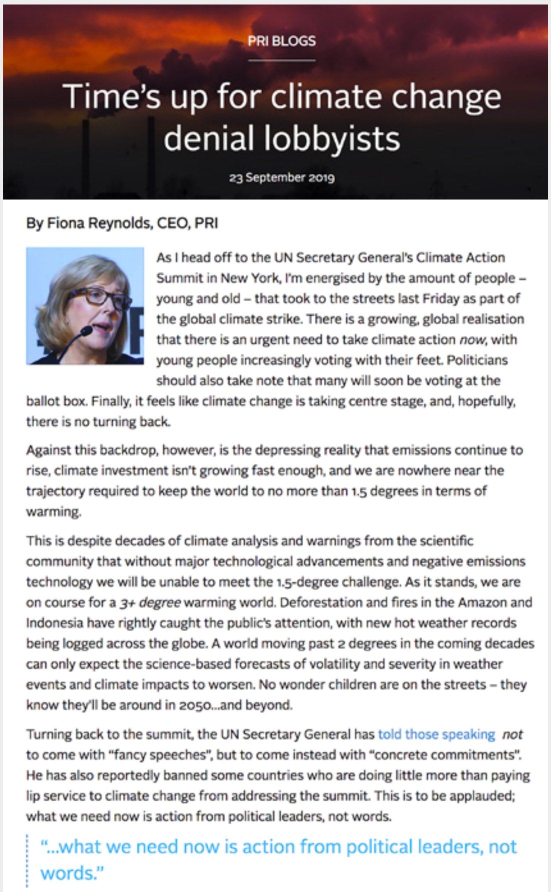
... Considerable effort has gone into asking companies about their lobbying efforts and member associations. After all, shareholder money is used to fund climate denier lobbying efforts, and investors understand that in some cases their money is being used in ways that are not aligned with their long-term interests.

... A new study of the climate performance of the energy sector from the USD 15 trillion investor-backed Transition Pathway Initiative finds that "climate progress in the energy sector is inching rather than accelerating towards a low-carbon future."

The research also found that:

- just two oil and gas majors are aligned with Paris Agreement pledges.
- only 31 of the top 109 energy companies (28 percent) are aligned with the emission reduction pledges made by national governments in the Paris Agreement (and just two, Royal Dutch Shell and Repsol, are oil and gas companies).
- 29 energy companies (22 percent) rank in the bottom two tiers for climate risk governance – they don't have a policy commitment on climate action and/or don't recognise climate change as a relevant risk. Of these, nine are electric utilities, six are oil and gas, and 14 are coal miners.
- on lobbying, 94 percent of oil companies "do not ensure consistency between their own climate position and [their] trade associations."

... We need to redouble our efforts in addressing negative corporate climate lobbying. The children who voted with their feet last Friday called for stronger climate action; they want to live their lives in a world committed to limiting warming. The least we can do as investors is vote with our shares against those who seek to thwart them.



PRI BLOGS

Time's up for climate change denial lobbyists

23 September 2019

By Fiona Reynolds, CEO, PRI

As I head off to the UN Secretary General's Climate Action Summit in New York, I'm energised by the amount of people – young and old – that took to the streets last Friday as part of the global climate strike. There is a growing, global realisation that there is an urgent need to take climate action *now*, with young people increasingly voting with their feet. Politicians should also take note that many will soon be voting at the ballot box. Finally, it feels like climate change is taking centre stage, and, hopefully, there is no turning back.

Against this backdrop, however, is the depressing reality that emissions continue to rise, climate investment isn't growing fast enough, and we are nowhere near the trajectory required to keep the world to no more than 1.5 degrees in terms of warming.

This is despite decades of climate analysis and warnings from the scientific community that without major technological advancements and negative emissions technology we will be unable to meet the 1.5-degree challenge. As it stands, we are on course for a *3+ degree* warming world. Deforestation and fires in the Amazon and Indonesia have rightly caught the public's attention, with new hot weather records being logged across the globe. A world moving past 2 degrees in the coming decades can only expect the science-based forecasts of volatility and severity in weather events and climate impacts to worsen. No wonder children are on the streets – they know they'll be around in 2050...and beyond.

Turning back to the summit, the UN Secretary General has told those speaking *not* to come with "fancy speeches", but to come instead with "concrete commitments". He has also reportedly banned some countries who are doing little more than paying lip service to climate change from addressing the summit. This is to be applauded; what we need now is action from political leaders, not words.

"...what we need now is action from political leaders, not words."

Collaboration the key to success

AP7's work builds on its own and other parties' experiences, and as universal owner we are always looking for collaborations that can generate greater impact. A shareholder resolution at Rio Tinto's general meeting in 2018 led to a European partnership in which we, together with the Church of England and BNP Paribas, and in close dialogue with the Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+ (CA100+), drew up the document European Expectations on Lobbying on Climate Change.

Rewarding collaborations in the US

During AP7's Climate theme, which started in 2015, we soon realised that corporate lobbying was holding back the global work on climate. The issue of the political role of business was new to us, so we needed to find knowledge partners and collaborations. In the US, there were investors with extensive experience of corporate lobbying, supported by the trade union movement, such as AFSCME with the coordinator John Keenan, and the environmental organisation Ceres.

We contacted Tim Smith, a pioneer in sustainable investments and with long experience of active ownership. As Director of ESG Shareowner Engagement at Boston Trust Walden Asset Management, he became engaged in increasing transparency on the issue of corporate political lobbying. With the help of Tim Smith and other American investors, AP7 began to prepare for filing shareholder resolutions at general meetings in the US.

Shareholder resolutions a tradition in the US

In the US, the issue of corporate financing of various interest organisations and political parties has been on the investors' agenda longer than in Europe. In the US, there are also good opportunities for, and a longer tradition of, filing shareholder resolutions at general meetings.

During the 2016 season, AP7 filed its first shareholder resolutions at general meetings together with three American investors. The resolutions, filed at the general meetings of the three largest American oil companies, Exxon, Chevron, and ConocoPhillips, called for greater transparency regarding lobbying activities.

The resolutions at the American general meetings were not limited to lobbying on climate issues – they included all types of lobbying. In the US, it is the Securities and Exchange Commission, SEC, that approves all shareholder resolutions to general meetings, and because they had already approved shareholder resolutions on lobbying, there was no possibility to also file resolutions specifically aimed at climate lobbying.

Laws and traditions differ greatly from country to country, as do corporate governance practices. In the US, shareholder resolutions are filed relatively often, but there is generally less consensus between shareholders and management, and it is hard to get a resolution passed. In Europe, where there is a tradition of greater consensus between board and shareholders, it is less common for shareholders to file resolutions.

Years of shareholder resolutions at many companies

For some time, Boston Trust Walden had been engaging in dialogue with ConocoPhillips about greater transparency on its memberships and donations to lobbyists. AP7 filed the resolution at the general meetings of ConocoPhillips in both 2016 and 2017. In both years, just over 25 percent voted in favour of the resolution, which was not sufficient to make the resolution binding for the company. But it did show that a significant proportion of the owners realised the importance of the issue. This opened for a negotiation, which led to ConocoPhillips improving its transparency, and so the resolution was withdrawn ahead of the general meeting in 2018. The case is an example of how dialogue in combination with a possible shareholder resolution is an effective corporate governance tool.

For the ExxonMobil general meeting, we collaborated with the trade union, the United Steelworkers Association. The resolution in 2016 was repeated in 2017, and was supported by just over a quarter of the votes at the general meeting. However, after we incorporated the Paris Agreement in our blacklisting model, AP7 blacklisted Exxon when it became clear that the company, through its lobbying, continued to oppose an effective implementation of the Paris Agreement. As a blacklisting means that we sell our holdings in the company, we can no longer drive the issue at the general meeting.

However, the dialogue with Exxon has continued, and the hope is that the company will change its conduct so that we can cancel the blacklisting and start investing in the company again.

> **During AP7's Climate theme, which started in 2015, we soon realised that corporate lobbying was holding back the global work on tackling climate change.**

The shareholder resolutions at the Chevron general meeting have been filed in collaboration with the City of Philadelphia's Pension Fund. AP7 has been filing the resolution at the general meeting every year since 2016, linked to Climate Action 100+ in recent years.

Every year, the three US oil companies have opposed our resolutions on greater transparency in climate lobbying, and recommended that the annual meetings vote against them. Because many owners vote in line with the management's recommendations, the resolutions did not pass. However, the fact that they received over a quarter of the votes shows that a significant proportion of the owners felt the proposals were so important that they were willing to vote against the company managements. Since the international investor collaboration within Climate Action 100+ began increasing pressure at general meetings on the issue of climate lobbying, it is probable that more investors will be voting in favour of climate resolutions in the future.

FINANCIAL TIMES

BHP reviews membership of lobby groups over climate change views

Investors pressure miner to leave associations holding positions not aligned with Paris accord

BHP, the world's biggest mining company, could end its membership of powerful lobby groups, including the Minerals Council of Australia, if they are found to have differing views on climate change.

Financial Times, September 2019

https://www.ft.com/content/51b96ee4-cfc3-11e9-99a4-b5ded7a7fe3f

Success in Australia at BHP

In 2017, the local NGO, ACCR, filed a resolution at the general meeting of the world's largest mining company, BHP. The resolution resulted in BHP increasing its transparency and publishing, in 2017, a report on its membership in lobby organisations. It became clear that BHP's policy and the positions of the interest organisations differed on a number of points, which led to BHP terminating its membership in one of the organisations, the World Coal Association. The year after, ACCR together with AP7, the Church of England, and Local Government Super in Australia filed a similar resolution at Rio Tinto's general meeting (see page 20).

European collaboration initiated

The resolutions in Australia led to the initiation of a European coalition led by the Church of England, with a focus on the European companies with the biggest impact on climate. We took what we had learnt from Rio Tinto's general meeting to Europe, and a European partnership was formed comprising AP7, the Church of England, and BNP Paribas in close collaboration with the Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ (CA100+) and InfluenceMap (see page 22).

Global collaborations a powerful force

In the work that led to the Paris Agreement, it became clear that, even if business was a constructive force, there were other forces at work that were holding back the climate negotiations. Together with a number of other investors in PRI, AP7 took the initiative to spotlight the issue and to show in practical terms how investors should relate to the phenomenon of climate lobbying. The work resulted in the PRI, in 2015, publishing an expectations document: Investor Expectations on Corporate Climate Lobbying. Through a collaboration between PRI and IIGCC, the document was signed by 74 investors with managed assets totalling more than USD 4.5 trillion.

In recent years, the collaboration between investors has increased and become formalised. Examples of this are the European investor organisation, IIGCC, and the global initiative CA100+, where investors collectively try to put pressure on listed companies to phase out their use of fossil fuels.

> **The dialogue with Exxon has continued, and the hope is that the company will change its conduct so that we can end the blacklisting and start investing in the company again.**

Collaboration constellations and knowledge partners

There are a number of collaboration constellations that are coordinating and engaging the institutional capital ownership on the climate issue. The following are a few examples of collaboration constellations and knowledge partners that contribute to AP7's work on corporate climate lobbying.

Institutional Investors Group on Climate Change (IIGCC)

The Institutional Investors Group on Climate Change (IIGCC) is a member organisation for institutional investors that maintains a forum for collaboration on climate issues. IIGCC contributed to the preparation of the Investor Expectations statement on corporate climate lobbying, and coordinates activities linked to investor engagement in the area. AP7 is an engaged member in IIGCC's working groups on company dialogues and shareholder resolutions.

Climate Action 100+

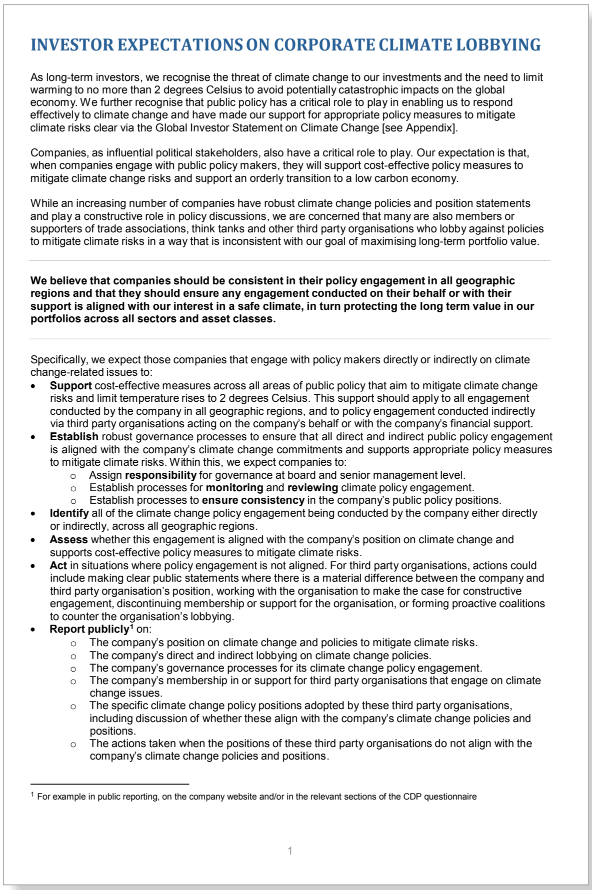
Climate Action is a network of investors led by PRI. This five-year collaboration engagement is aimed at the 100 listed companies identified as having the biggest emissions globally of greenhouse gases. The initiative aims to ensure that the investors' engagement in relation to these companies on climate issues is consistent, and the objectives are that the companies:

1. Implement strong governance that clearly formulates the board's responsibility and monitoring of climate change risks and opportunities.
2. Take measures to reduce greenhouse gas emissions throughout their value chain, in line with the Paris Agreement's goal to limit the global temperature increase to below 2°C.
3. Increase transparency in accordance with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

AP7 is participating in Climate Action 100+ and is leading the dialogue with the company, Norilsk Nickel.

InfluenceMap

InfluenceMap is an NGO with the explicit task "to enable a world where crucial decisions are legitimately influenced and objectively made". InfluenceMap maintains a platform that maps, analyses, and assesses the extent to which companies and business organisations are exerting positive or negative influence on climate policy. Its report has been a valuable resource in the preparation of this report.



INVESTOR EXPECTATIONS ON CORPORATE CLIMATE LOBBYING

As long-term investors, we recognise the threat of climate change to our investments and the need to limit warming to no more than 2 degrees Celsius to avoid potentially catastrophic impacts on the global economy. We further recognise that public policy has a critical role to play in enabling us to respond effectively to climate change and have made our support for appropriate policy measures to mitigate climate risks clear via the Global Investor Statement on Climate Change [see Appendix].

Companies, as influential political stakeholders, also have a critical role to play. Our expectation is that, when companies engage with public policy makers, they will support cost-effective policy measures to mitigate climate change risks and support an orderly transition to a low carbon economy.

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.

Specifically, we expect those companies that engage with policy makers directly or indirectly on climate change-related issues to:

- **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. This support should apply to all engagement conducted by the company in all geographic regions, and to policy engagement conducted indirectly via third party organisations acting on the company's behalf or with the company's financial support.
- **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, we expect companies 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**[1] 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.

[1] For example in public reporting, on the company website and/or in the relevant sections of the CDP questionnaire

1

Investor Expectations on Corporate Climate Lobbying. Through a collaboration between PRI and the Institutional Investors Group on Climate Change (IIGCC), the document was signed by 74 investors with managed assets totalling more than USD 4.5 trillion.

Principles for Responsible Investment (PRI)

Under the auspices of PRI, in 2015 AP7 contributed to the document Investor Expectations on Corporate Climate Lobbying. In 2018, PRI in collaboration with partners such as AP7 produced the guide Converging on Climate Lobbying, intended for investors who want to engage in the issue of corporate climate lobbying.

Transition Pathway Initative (TPI)

The Transition Pathway Initiative (TPI) is a global, asset owner-led initiative that analyses and assesses companies' preparedness for the transition to a low-carbon economy. The TPI tool enables investors to determine whether a company's business activity is being developed in line with the Paris Agreement's 2°C target. After the publication of European Expectations on Corporate Lobbying on Climate Change, TPI started to include indicators on lobbying in its analysis model.

Australasian Centre for Corporate Responsibility (ACCR)

The Australasian Centre for Corporate Responsibility (ACCR) is a member-based organisation that works for more democratic corporate governance. ACCR develops strategies for improving the Australian listed companies' performance on ESG. ACCR has worked against the influential lobby organisation for the coal industry in Australia, and was the first to initiate shareholder resolutions at the general meetings of coal companies. AP7 collaborated with ACCR in connection with Rio Tinto's general meeting in 2018.

Hållbar motor

Biljättar struntar i miljöfrågor från investerare

Fem av elva europeiska bilföretag struntar i frågor från investerare om hur bolagen sköter sin lobbying.
– Vi kan inte låta bakåtsträvande bolag motverka klimatåtgärder, säger Charlotta Dawidowski Sydstrand, hållbarhetsstrateg på Sjunde AP-fonden.

Sandra Johansson
Publicerad 2016-02-19

Följ skribent

Foto: Pontus Lundahl/TT

Svenska Dagbladet, February 2016

https://www.svd.se/biljattar-struntar-i-miljofragor-fran-investerare

Share Action

Share Action is an NGO focused on responsible investments. After the Volkswagen emissions scandal, AP7 started collaborating with Share Action in 2015, and held eleven large car companies accountable for their positions and lobbying in the EU and US on the issue of emissions requirements.

Client Earth

Client Earth is an NGO specialising in environmental law and law. AP7 was given legal advice by Client Earth in connection with shareholder resolutions at the general meetings of the German car companies in 2019.

Ceres

Ceres is an NGO working with sustainability and investors' corporate governance. Ceres coordinates resolutions at general meetings in the US.

Aiming for A

Aiming for A is a coalition of institutional investors led by Helen Wildsmith at Church Commissioners. They have been addressing the lobbying issue in large, listed companies in the UK for many years. The coalition has now been revived in the IIGCC Shareholder Resolutions Sub-Group. AP7 worked together with Aiming for A in 2016, when they were the first in Europe to file shareholder resolutions at the UK general meetings of three mining companies: Rio Tinto, Glencore and Anglo American. The resolutions, which related to transparency regarding the companies' climate adaptation, were passed.

CDP

CDP (previously the Carbon Disclosure Project) is an NGO that runs a global database where companies, cities, countries, and regions can report on their climate impact. The information is gathered primarily for use by the financial sector and large procurement organisations for managing supply chains. Through their annual collection of company information, CDP has systematically gathered information about indirect and direct engagement activities aimed at influencing climate policy. The companies are asked to provide details about their engagement in business organisations and about every business organisations' positions on climate legislation.

50 years of shareholder activism in the US

Conversation with Tim Smith

Tim Smith has worked with corporate engagement for 50 years. He was one of the founders of the ICCR organisation, and for the past 20 years he has worked for Boston Trust Walden. His experiences from the US of addressing negative corporate lobbying has been an important source of knowledge for the work in Europe. Charlotta Dawidowski Sydstrand chatted with Tim Smith about what these years have taught him.

Growth of the lobbying issue in the US

Charlotta Dawidowski Sydstrand: How has the issue of climate lobbying developed in the US in recent years?

"In the US, the lobbying issue has grown out of the wider issue of companies' political spending. Companies are free to give, to affect elections. For over a decade, the issue of lobbying has been an important issue to raise with companies. Hundreds of companies have agreed to disclose their political spending. You might remember the Center for Political Accountability (CPA) and their Zicklin Index? They grade companies on their disclosure on political spending. And that apparently has quite an effect, because companies want to know how they compare with their peers and others. This has laid the foundations for greater transparency. It's not like it's impossible to do, the companies have all this information available, it's just the willingness to disclose it. It's much more of an uphill climb."

The investors' roll – important, but not alone

How do you see the investors' role? How important are they for getting the transparency we want on climate lobbying and for moving the issue forward?

"I'd say there are two things that mesh together. One, I think the role of investors is central and crucial. We're owners, we're bringing specific asks and requests to companies, and we know how to have dialogue and negotiate with companies, right?

"Climate Action 100+ has embraced climate lobbying as one of their priorities, and that's a real success. Now you have all these investors with USD40 trillion around the world saying climate lobbying is important.

"But investors can't work in isolation to bring about change – broad coalitions are needed. This is where other parties, such as politicians and NGOs, come into the picture as important actors. You may have heard of a senator from Rhode Island, Senator Whitehouse? He champions this issue of climate lobbying and has spoken about it a lot. He has actually written to one company, Marathon, to criticize their climate lobbying. So, here's an important political voice and there are more."

Parallel efforts bring about change

Apart from the politicians, Tim Smith lifts other actors who are driving the issues. He feels that the fact that the debate on climate lobbying is taking place in different arenas has increased legitimacy. These arenas have sometimes been collaborations, and sometimes things are done in parallel.

"The debate in the United States has moved from financial disclosure, and has widened to include climate lobbying. Last September, we sent a letter asking 47 companies to basically align their lobbying with Paris, like you did in Europe.

"Then there are NGOs. A group of environmental organisations put a full-page ad in the New York Times supporting climate lobbying disclosure. Court cases have driven the issue forward too, including New York State versus Exxon – that, too, mentions things like climate lobbying.

"Climate lobbying is much more credible today in the public domain, because the debate is taking place in many different arenas. Sometimes the investor collaborations involve formal coalitions, and sometimes we do the same things but in parallel.

"I mean, Senator Whitehouse is hardly likely to call us and say, 'I'm about to say this, what do you think?' He just goes ahead and does it. And the impact is real. And the environmental community didn't do a lot of communicating with investors before taking action, but they did the same thing.

"Do you know the group in America called the Union of Concerned Scientists? It's an environmental group that's science-based. They produce specific reports on companies like ConocoPhillips and Exxon, about their climate lobbying. They're an important actor, because it's difficult to get access to research and they create the academic rigour and legitimacy to fall back on."

Milestones and successes

What are the most important milestones or successes regarding climate lobbying, in your opinion?

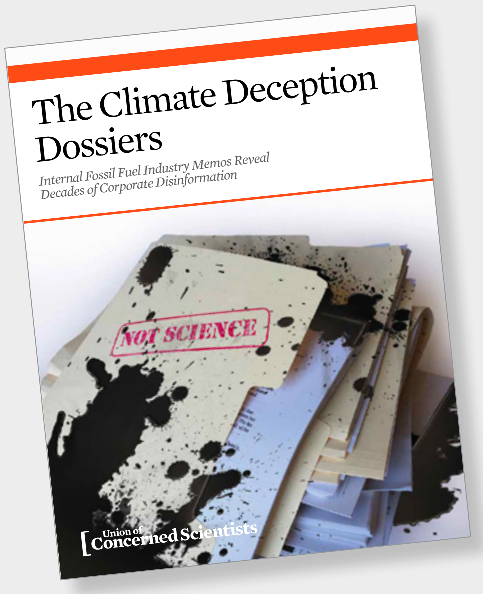
"Milestones is a good word, because they are things that have happened that make things more effective and credible without having resulted in companies changing. We've been doing this for over a decade. Every year we've drawn up 40–50 resolutions on lobbying activities, so we have to count successes in small incremental steps taken by companies."

Tim Smith cites the example of the effect of shareholder engagement on companies' lobbying activities.

"We've been challenging one organisation for many years, the American Legislative Exchange Council (ALEC). ALEC is a very conservative, right-wing group with terrible positions on everything from climate change to opening up the country too early in response to Covid-19. And we investors, but lots of other groups too, have been successful in putting pressure on companies to rethink their funding of and participation in ALEC.

"Investor input has been important. Other member companies in ALEC have recognised they have a responsibility, as a participant and a funder. Some of them support ALEC, but others have tried to lean on ALEC to change its climate policy. This is well over 100 companies, big companies like Coca Cola, Walmart, Pepsi, and General Motors."

> **Our campaigning is based on drawing attention to the companies' responsibility, because their money is supporting trade associations**



Take responsibility or leave

Tim Smith emphasises that the goal is not to get companies to leave the business organisations, but that this is an example of change. Companies like Apple have left the US Chamber of Commerce. BP and Shell have withdrawn from American business organisations after pressure from investors.

"Our campaigning is based on drawing attention to the companies' responsibility, because their money is supporting trade associations. We tell them they either have to say they're going to pull out, like Shell has put some trade associations on a watch list, or work vigorously with other companies to change the trade association's policy. Ten years ago, they would have said, 'we're a member of this trade association, they speak for themselves, they don't represent us on this.' And we say, 'yeah, but it's still your money.'

"But we do say, just like you do, that they need to evaluate their own values, positions on climate, and what the trade associations are doing with their money. It's important that the investors have a clear message to the companies, 'What effects is your money really having through trade associations?'

"The US Chamber of Commerce is actually changing its positions somewhat on climate because of lobbying by companies. They acknowledged the science, acknowledged the urgency of the issue, and called for the government to act. Having a powerful trade association acknowledge the science and the need for action is a big deal when you have so many climate deniers in the White House."

Collaboration the key to impact

One of the most important things Tim Smith has learnt after working for so long with the issue of corporate climate lobbying is that you do not need to be a big owner to bring about change. It is the collaboration between investors that is the key to making an impact. At the same time, he stresses that it need not be a burden to participate in resolutions, as investors can make their voices heard by joining other owners' resolutions.

What advice would you give to investors who want to start engaging on the issue of climate lobbying?

"I think one of the most important lessons is that there's room to participate without hiring new staff and taking on a major burden. One of the things that would be obvious for me to say is to highlight the fact that AP7 has co-filed US resolutions for a number of years – you are rather unusual in Europe in that few investors have been filing resolutions in US companies."

Charlotta Sydstrand Dawidowski describes a similar picture for AP7: "No, AP7's work input when joining resolutions in the US has not been excessive. Personally, I remember when we joined forces with the United Steelworkers union to put pressure on Exxon. I don't think they'd expected a European pension fund to support their case in that way. But it was thanks to you and the network you introduced us to," says Charlotta.

Climate challenges are global

Because AP7 invests globally, the work on climate lobbying has relied on international collaboration and finding similar-minded investors. But Tim Smith emphasises that many investors are primarily concerned with their local area.

"Even if some European investors say that they prioritise being active owners in European companies, they should also say they're global investors, and therefore have global responsibilities for the climate and on public policy. Nor should it be forgotten, of course, that some of these companies also lobby in Europe too."

Many strategies to bring about change

Do you have any more advice for investors who want to engage in the climate lobbying issue?

"There are other strategies, like writing open letters and statements, voting proxies, engaging in the debate, so you can be proactive without being a champion at filing resolutions."

One key lesson Tim Smith emphasises is that politics is important, regardless of whether it is at local, national, or international level.

"Finally, one action that we're taking here in the US, which I'm sure you do in Europe, is that it's logical for investors not just to talk to companies, but to write open letters to regulators or lobby legislators. Another lesson is that public policy is so important, whether it's at the local level, the state level, or the national level, because public policy is going to guide where we go on climate, right?"

Tim Smith is pleased that the work on climate lobbying is moving forward, but wants more investors to become active.

"The time has come for investors to be proactive or, at least, active on climate lobbying. The votes in favour of resolutions are growing steadily, and companies are reviewing their responsibility. Those are signs of steady progress, but it's not going fast enough."

> **I think one of the most important lessons is that there's room to participate without hiring new staff and taking on a major burden. One of the things that would be obvious for me to say is to highlight the fact that AP7 has co-filed US resolutions for a number of years – you are rather unusual in Europe in that few investors have been filing resolutions in US companies.**

Driving change

Based on what we had learnt from the US and Australia in 2016 and 2017, the work continued by calling for greater corporate transparency. The collaborations were developed in Australia, and a European partnership with the Church of England and BNP Paribas was set up to drive engagement in relation to the companies in Europe with the greatest impact on climate.

Together with the Church of England and BNP Paribas, we drew up the document *European Investor Expectations on Corporate Lobbying on Climate Change.* With the expectations document behind us, we contacted the companies in Europe with the biggest impact on climate, and called for increased governance, control, and openness regarding climate lobbying.

Rio Tinto – a successful defeat

Ahead of the Australian general meeting of Rio Tinto in May 2018, AP7 together with ACCR, Local Government Super, and the Church of England filed a shareholder resolution concerning the company's direct and indirect climate lobbying through business organisations. The proposal for better governance and transparency drew international attention, and led to Rio Tinto taking certain steps to improve its reporting. The resolution had even greater effect on the rest of the mining industry, where transparency increased when voting advisors started to demand it.

The resolution had been preceded by dialogue between ACCR and Rio Tinto regarding the lack of transparency about membership of lobbying organisations, but this dialogue had not led to any improvements. ACCR contacted AP7 and provided documentation to support a resolution.

The resolution was highly relevant. Rio Tinto was a member in several big mining organisations that had conducted lobbying for an abolition of Australia's tax on carbon dioxide emissions to favour subsidised mining of brown coal.

The resolution was based on the requirements that ACCR had earlier placed on the mining company, BHP, and led to BHP's *Industry Association Review,* which was an exemplary document.

Investor expectations on corporate lobbying on climate change

Summary of the content in "*European Investor Expectations on Corporate Lobbying on Climate Change*"

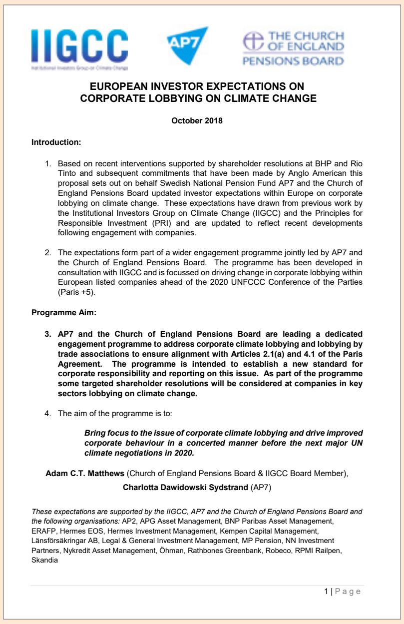
The company should work in favour of the Paris Agreement and support regulations that aim to mitigate climate change risks. This applies to both the company's direct activities and indirect engagement via organisations that either represent or are financed by the company.

The company should demonstrate clear internal governance that ensures that all direct and indirect lobbying supports the company's official climate policy. There should be regular reviews, and a defined action plan drawn up in the event of deviation.

The company is expected to take action when direct or indirect lobbying is not aligned with the company's climate policy, by:

- Making clear public statements where there is a material difference between the company's and third-party organisation's position.
- Calling upon the organisation to stop lobbying on the issue.
- Leave the organisation.

The company is expected to transparently disclose the above, its climate change policy, its direct and indirect lobbying on climate change policies, its membership in, or support for, third-party organisations that engage in lobbying on climate change policies (including political organisations), and their policy positions in the climate issue.



EUROPEAN INVESTOR EXPECTATIONS ON CORPORATE LOBBYING ON CLIMATE CHANGE

October 2018

Introduction:

1. Based on recent interventions supported by shareholder resolutions at BHP and Rio Tinto and subsequent commitments that have been made by Anglo American this proposal sets out on behalf Swedish National Pension Fund AP7 and the Church of England Pensions Board updated investor expectations within Europe on corporate lobbying on climate change. These expectations have drawn from previous work by the Institutional Investors Group on Climate Change (IIGCC) and the Principles for Responsible Investment (PRI) and are updated to reflect recent developments following engagement with companies.
2. The expectations form part of a wider engagement programme jointly led by AP7 and the Church of England Pensions Board. The programme has been developed in consultation with IIGCC and is focussed on driving change in corporate lobbying within European listed companies ahead of the 2020 UNFCCC Conference of the Parties (Paris +5).

Programme Aim:

3. **AP7 and the Church of England Pensions Board are leading a dedicated engagement programme to address corporate climate lobbying and lobbying by trade associations to ensure alignment with Articles 2.1(a) and 4.1 of the Paris Agreement. The programme is intended to establish a new standard for corporate responsibility and reporting on this issue. As part of the programme some targeted shareholder resolutions will be considered at companies in key sectors lobbying on climate change.**
4. The aim of the programme is to:

   Bring focus to the issue of corporate climate lobbying and drive improved corporate behaviour in a concerted manner before the next major UN climate negotiations in 2020.

Adam C.T. Matthews (Church of England Pensions Board & IIGCC Board Member),

Charlotta Dawidowski Sydstrand (AP7)

These expectations are supported by the IIGCC, AP7 and the Church of England Pensions Board and the following organisations: AP2, APG Asset Management, BNP Paribas Asset Management, ERAFP, Hermes EOS, Hermes Investment Management, Kempen Capital Management, Länsförsäkringar AB, Legal & General Investment Management, MP Pension, NN Investment Partners, Nykredit Asset Management, Öhman, Rathbones Greenbank, Robeco, RPMI Railpen, Skandia

1 | Page

https://www.ap7.se/app/uploads/2018/10/investor_expectations_climate_lobbying_oct_2018.pdf

The resolution called on Rio Tinto to do the following:

- The board should order a review and analysis of the company's involvement in climate lobbying, directly and indirectly via business organisations.
- Disclose whether the political lobbying is in line with Rio Tinto's own climate policies and in line with the Paris Agreement's 2°C target.
- Report on financing of lobbying.
- Transparently report the result of the analysis.

Rio Tinto opposed the resolution, stating that such a review would not be in the shareholders' interests, and recommended voting against it. Despite the resolution being supported by several large asset owners, it was rejected by the general meeting. Later the same year, when a similar resolution was filed at the general meeting of the Australian energy company Origin, the voting advisors recommended voting in favour, and the resolution was passed. In the wake of Rio Tinto's general meeting, we also saw how the mining company Anglo American voluntarily made a commitment to carry out a review of lobbying. The process resulted in Rio Tinto eventually publishing a report of its memberships in 2019.

The example shows that, even if a resolution at a general meeting is not accepted, it can have positive side-effects several years later. By focusing on a specific company, a resolution can generate waves that spread over an entire market.

The Guardian
International edition

Rio Tinto

Rio Tinto ready to quit Minerals Council if it doesn't support Paris climate targets

Miner expects industry associations to argue against coal subsidies

Lisa Cox

Fri 12 Apr 2019 04.55 BST

Rio Tinto has signalled it is prepared to quit its membership of industry associations, including the Minerals Council, if it makes public statements inconsistent with Australia's Paris climate agreement commitment.

The company published a global statement on Thursday night setting out its expectations of the industry bodies it belongs to about commentary they make on climate policy.

The Guardian
Article fom April 2019.

> **We really want to praise Rio Tinto for revising its strategy and for showing willingness to engage with the lobby groups that are opposing progressive developments to mitigate climate change.**

Brynn O'Brien, Australasian Centre for Corporate Responsibility 2019 when Rio Tinto presented its own position in the climate issue.

The European companies with the greatest impact on climate

After Rio Tinto's general meeting in 2018, AP7, the Church of England, and BNP Paribas Asset Management decided to continue work on involving and engaging with European companies on the issue of climate change lobbying.

As a basis for the collaboration, the investor group compiled its expectations for companies regarding their lobbying activities on the climate issue. The expectations were formulated within the framework of the investor association IIGCC, and resulted in a number of demands that, in autumn 2018, were sent to the chairmen of the boards of 55 European companies with the greatest impact on climate. The aim of the initiative was to encourage companies to review their lobbying activities and the actions of their business organisations on the climate issue, in view of the companies' declared support for the Paris Agreement.

The investor group encouraged companies to be more open regarding climate lobbying, and to carry out a review of their business organisations' actions regarding climate change and energy issues. In the cases where actions were not aligned with the ambition of the Paris Agreement, the company was encouraged to ensure that the organisations changed their position.

The investors referred to the company's position in the InfluenceMap survey. In conclusion, the investors stated that they were considering filing resolutions on climate lobbying at forthcoming general meetings, if there was no clear indication about the action the company would take to rectify differences between its own positions and those of the business organisations. The demands were signed by the investor group and the investor association IIGCC, with the support of a further 15 European investors with total managed assets worth USD 2 trillion.

55 companies with a major impact on climate

Together with the Church of England, AP7 contacted a total of 55 European companies with a large impact on climate, to clarify our expectations that they adapt their climate lobbying to align with the goals of the Paris Agreement.


FINANCIAL TIMES

Investors challenge 55 companies over commitment to climate change

A
Air France-KLM, Air Liquide, Airbus Group, Anglo American, ArcelorMittal

B
BASF, Bayer, BMW Group, BP

C
Centrica, CEZ, CRH plc

D
Daimler, Danone

E
E.ON, EDF, Enel, Engie, Eni, Equinor

F
Fiat Chrysler Automobiles, Fortum

G
Gazprom, Glencore International, Groupe PSA, HeidelbergCement, Iberdrola

L
LafargeHolcim, Lukoil, LyondellBasell Industries,

M
MMC Norilsk Nickel, Moller Maersk Group

N
National Grid, Naturgy (Gas Natural Fenosa), Nestlé

O
OMV

P
PGE Group, Philips

R
Renault, Repsol, Rio Tinto Group, Rolls-Royce, Rosneft, Royal Dutch Shell, RWE

S
Saint-Gobain, Severstal, Siemens, SSAB, SSE

T
ThyssenKrupp AG, Total

U
Unilever

V
Volkswagen, Volvo

Escalating dialogue process

Of the 55 companies in Europe that were contacted, 17 companies stood out in the InfluenceMap analysis as being the most actively opposed to implementation of the Paris Agreement.

After communicating their expectations in the letter to the 55 European companies with the greatest impact on climate, the investor group comprising AP7, the Church of England, and BNP Paribas chose to particularly focus on one market. All German companies had responded to the letter, but without addressing their role in relation to the business organisations' lobbying. The measures were therefore directed towards Germany and the car companies Daimler, BMW Group and Volkswagen, the chemical group BASF, the coal power producer RWE, and the construction material company HeidelbergCement.

The dialogue with HeidelbergCement got under way fastest, followed by dialogues with BASF and RWE. The discussions took place in parallel with the investor group's preparations to file shareholder resolutions about transparent lobbying at the general meetings in 2019. The dialogues resulted in all three companies committing themselves to reviewing their financing of the business organisations, and conducting a review and increasing their demands on the organisations. This made HeidelbergCement, BASF and RWE pioneers in their sectors in recognising lobbying as part of their impact on climate.

The discussions with the three German car manufacturers progressed more slowly. The investor group therefore decided to file shareholder resolutions about climate lobbying at the three companies' general meetings in 2019. However, the resolutions never reached the agenda of the general meetings. All three companies stopped the resolutions by referring to a regulation that resolutions cannot be filed if the general meeting lacks the competence to make an assessment. However, the issue of direct and indirect climate lobbying was raised by investors and discussed at the car companies' general meetings.

"HeidelbergCement, BASF and RWE are pioneers in their sectors in recognising lobbying as part of their impact on climate.

Lobbying – a challenge and opportunity

Adam Matthews, Director of Ethics and Engagement, Church of England Pensions Board

The Church of England Pensions Board together with AP7 led a collation of investors with $2tn AUM during the autumn of 2018. Together they called for increased transparency from the 55 heaviest CO_2-emitters in Europe, demanding them to review the positions adopted by the trade associations and organizations of which they are members.

Why is corporate climate lobbying an important issue?

“If you speak to any government minister, government negotiator or senior UN official working on climate change they acknowledge the role that lobbying plays in shaping the outcomes of national, regional and international processes. Two quotes make the case very clearly for me:”

> “There is a serious group of companies that have a voice that is much louder, that is better funded, that operates much more in unison and that is still stuck in the technologies and the fuels of yesterday.”
> *Christina Figueres, executive secretary of the UNFCCC, 2011*

> “I’m getting resistance from some fossil fuel interests who want to protect the outdated status quo. When you start seeing massive lobbying efforts backed by fossil fuel interests or conservative thinktanks or the Koch brothers, pushing for new laws to roll back renewable energy standards or prevent new clean energy businesses from succeeding, that’s a problem.”
> *Barack Obama, 44th President of the United States of America, 2015*

AP7 have been far ahead of many other investors in identifying the impact of lobbying on climate change policy and international processes. The joint initiative we launched in 2018, to which we were also happy to welcome BNP Paribas Asset Management, is intended to join the dots between the statements of support that companies have made for the goals of the Paris Climate Agreement and the lobbying that occurs with their support.

What effects have you seen?

Since launching the initiative we have focused on 55 companies in Europe. We have seen significant responses, for example from Royal Dutch Shell publishing a review of 19 of its major industry associations in 2019. This resulted in Shell leaving one major US association and placing nine others under review. Those under review are being engaged with by Shell and they have outlined that they would consider

> **The joint initiative is intended to join the dots between the statements of support that companies have made for the goals of the Paris Climate Agreement and the lobbying that occurs with their support.**
> *Adam Matthews*

leaving them were they not to change their approach, and they have made a commitment to report annually on progress in this area.

Importantly, Shell along with a number of other oil and gas companies broke ranks with the position of one major industry body, The American Petroleum Institute (API), and called for greater regulation of methane emissions in the US. This was the first time that companies had publicly broken ranks with the API. One of the key expectations that we make of companies is that they make it clear and speak out when there isn't alignment between their own climate policies and the activities of their trade association.

In other sectors we have seen commitments from Anglo American, who went on to publish their own review, as well as further development by the likes of BP and Rio Tinto of the criteria they have developed for assessing industry association alignment on climate change.

It was also great to see the first cement company acknowledge they needed to review their industry association memberships when Heidelberg Cement committed in its 2018 Annual Review to do so – we look forward to seeing the results of that review in print. Lastly, in the auto sector we have seen the first challenge of one of the main industry associations by VW, and some notable activity by auto companies in the north American context.

What is the next step?

We are continuing to engage with companies across a range of sectors and encourage them to undertake the reviews of their industry associations as well as learn from the emerging best practice from other companies. There is growing interest and support from institutional investors for this initiative, as well as interest from IIGCC members in filing shareholder resolutions at the general meetings of companies where there is no or slow progress. Together with AP7 and BNP Paribas Asset Management we are also working with Chronos Sustainability to develop a framework identifying the hallmarks of responsible lobbying. This important next step should be ready by the turn of 2021.

Ultimately, what we want to see is good governance within the company of these issues as well as transparency in their reporting to shareholders so that we can assess the effectiveness of the company approaches. Ultimately, if the power and influence that many trade associations exert on public policy could be directed to supporting the goals of the Paris Agreement and not towards delaying action then I believe we will be injecting a positive force for change that will raise ambition.

FINANCIAL TIMES

Environment + Add to myFT

Shell to quit US oil lobby group over climate change clash

Energy sector under pressure to align lobbying with green goals

© Bloomberg

Royal Dutch Shell is leaving one of the largest US oil industry groups because of differences over climate policy, underlining the pressure big energy companies face from investors to ensure any lobbying matches their goals on carbon emissions.

From next year Shell will not renew its membership of American Fuel & Petrochemical Manufacturers, a trade association that

Financial Times, April 2019

Shell decided to leave US industry organisations due to climate lobbying.

> It was also great to see the first cement company acknowledge they needed to review their industry association memberships when Heidelberg Cement committed in its 2018 Annual Review to do so.
>
> *Adam Matthews*

Roundtable discussion in London with investors and European fossil fuel companies

In spring 2019, IIGCC, BNP Paribas, the Church of England and AP7 held a roundtable discussion in London with a large number of investors and representatives of companies from the mining and oil industries, all with the ambition to address the lobbying issue. Academics from the London School of Economics and NGOs such as InfluenceMap contributed to the discussion. In an open and informative forum, the focus was on sharing experiences and discussing the value when companies also manage their indirect lobbying.

The seminar began with presentations from IIGCC, BNP Paribas, the Church of England, and AP7, in which they gave their views on the importance of addressing the issue of climate lobbying. The overall message from investors was that the companies need to gain better control over the lobbying activities that they finance.

In the subsequent panel discussion with BHP, Anglo American and Shell, the companies shared their experiences of discussing climate lobbying internally. They also presented the difficulties and opportunities they saw in carrying out the type of review and publish the type of report the investors were calling for. At the same time, the companies described how their reviews of lobbying activities had been beneficial and helped them define their positions in various political issues. Shell shared its recently published review of membership in business organisations, and described how the task of producing the report had contributed to the internal work and given the company new insights.

Dylan Tanner of the NGO and analysis organisation InfluenceMap presented tools for evaluating and ranking companies' lobbying. One of the aims of the seminar was to present and gain support for the idea of developing an academic framework for how companies and investors can work on the issue of climate lobbying. Together with Dr Rory Sullivan and Richard Perkins from the London School of Economics, the basis was laid for the design of such a framework.

Financial Times

Article from May 2019.

The roundtable discussion clearly showed that, through their business organisations, the companies were playing an important role in shaping the political processes. It also made clear that companies and investors, together with civil society and researchers, can mobilise this force into something positive in the work to mitigate climate change.

> **We have asked Shell to assess their memberships and take into account misalignments. This is the best practice in the oil and gas industry at the moment, other companies are certainly looking at what's been done here. We expect more to come.**
>
> Carola van Lamoen, Head of Active Ownership at Robeco, to the Financial Times

> **Far too often, the companies' own positions on the Paris Agreement do not align with the position taken by the business organisations on climate change. Since investors drew attention to the issue, Shell has set up a new norm for how companies should address the lobbying issue. With its review, Shell has set the bar for best practice, not just in the oil and gas sector, but in all industries.**
>
> Adam Matthews, Church of England Pension Fund, in 2019 after Shell's review of its lobbying activities.

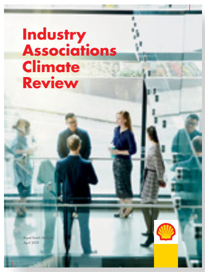
Engagement brings results

In 2019 and 2020, many European companies have committed to undertaking reviews of their organisations' position on the climate issue, and transparently reporting the results.

In recent years, greater awareness in companies has in many cases resulted in public undertakings regarding climate lobbying, and a recognition that the issue is intimately linked to the company's governance. Investor engagement in the issue has also increased, and new norms have been set up for climate lobbying. Today, the issue is driven in parallel by many investor groupings, based on new norms that have evolved from the collaboration between AP7, the Church of England, and BNP Paribas.

Investor engagement increasing

Ahead of the 2019 general meeting season, climate lobbying was included for the first time on the proxy advisors' voting criteria, and investors took up the issue of climate lobbying at many of the general meetings of European companies.



More and more companies are reviewing their interest organisations.

Many companies have taken action in response to investor pressure to carry out a transparent review of their interest organisations. They are now reporting on how their lobbying aligns with the Paris Agreement.

Anglo American (Mining): Their first review of their business organisations was published in April 2019. However, the report had shortcomings regarding the company's governance. In December 2019, the company undertook to publish an improved review in April 2020. This had not been published by the start of May, when the general meeting was held.

BASF (Chemicals): Published a review in November 2019.

BHP (Mining): Published its second review in December 2019 as a result of a shareholder resolution.

BP (Oil and gas): Promised in May 2019 to carry out a review, which was published in March 2020.

Eni (Oil and gas): Published a review in March 2020.

Equinor (Oil and gas): Promised in April 2019 to carry out a review, which was published in March 2020.

Glencore (Mining): Published a statement in February 2019 in collaboration with CA100+, and published a review of its business organisations in the second quarter, 2019.

Rio Tinto (Mining): Published its second review in March 2020, which included new aspects regarding the company's climate lobbying.

RWE (Utilities): Published a review of business organisations in April 2020.

Shell (Oil and gas): Published a first review of its engagement with business organisations in April 2019. An update was published in April 2020 that, for the first time, included information on financing of organisations.

Total (Oil and gas): Published a review of its link to interest organisations in November 2019 as a part of a broader publication on climate.

Companies that have undertaken to publish reports:

ArcelorMittal (Mining): In May 2019, the company undertook to publish a review during the first quarter of 2020. However, this has been delayed because of Covid-19.

HeidelbergCement (Mining): The first report is expected to be published during 2020.

Repsol (Oil and gas): Promised in November 2019 to deliver a review, as a part of an agreement with CA100+.

Many other companies have undertaken to review their interest organisations, but these have been delayed in connection with Covid-19 and postponed general meetings.

Many American investors have been inspired by the investor collaboration on climate lobbying in Europe, and are now driving the issue in a corresponding way in the US companies. AP7 filed resolutions on climate lobbying at the American general meetings of Ford and General Motors.

The global initiative Climate Action 100+, set up in 2017, is supported by 370 investors, with total managed assets of USD 35 trillion, in the work to reduce emissions of greenhouse gases in the world's biggest companies. Since 2019, the initiative has been reviewing the companies' impact on greenhouse gases on the basis of how well their direct and indirect climate lobbying aligns with the Paris Agreement's two-degree target. In the 2019 report from Climate Action 100+, companies in different sectors were assessed in relation to the requirements on climate lobbying that AP7, the Church of England, and BNP Paribas sent to European companies in 2018. One of the coalition's focus issues during 2020 is to ensure that companies increase their transparency regarding lobbying activities.

Transition Pathway Initiative (TPI) is an investor initiative set up in 2017 with the aim to assess companies' preparedness to adapt to low levels of carbon dioxide emissions. Since 2019, companies' management of their direct and indirect lobbying has been incorporated in TPI's method for measuring companies' climate adaptation.

Repsol

When the investor collaboration Climate Action 100+ was initiated in December 2017, the 100 companies in the world with the highest direct and indirect emissions of greenhouse gases were listed. This included the Spanish oil and gas company. Since then the company has positioned itself in support of the Paris Agreement, and has adopted an ambitious programme to reduce its carbon dioxide emissions. Repsol has also published a specific policy for the company's climate lobbying.[7]

The policy stipulates that Repsol will:

1. Conduct lobbying activities that support the climate goals in the Paris Agreement.
2. Ensure internal governance so that all the company's activities correspond with the company's climate-related undertakings.
3. Apply an action plan for managing situations where organisations that are financed by Repsol act in conflict with the company's climate policy.
4. Be transparent regarding climate lobbying and membership in interest organisations that engage in climate issues. Implement internal governance and management of incidents in accordance with point 3.

The Spanish energy company Repsol is backing the Paris Agreement, and has adopted a plan to reduce its high levels of carbon dioxide emissions. The company has also published a policy on climate lobbying.

[7] www.repsol.com/en/shareholders-and-investors/socially-responsible-investors/public-policy-engagement-on-climate-change/index.cshtml

> **BNP Paribas Asset Management welcomes Repsol's positive response to our call for greater coherence and transparency on climate-related corporate lobbying and ensuring activity is in line with the goals of the Paris Agreement. Repsol has today taken an important step in publicly committing to positive lobbying in favour of the climate goals in a fully transparent and accountable way, as well as taking action on misalignment where needed across the organisations of which they are members or support financially.**
>
> Helena Viñes Fiestas, Global Head of Stewardship and Policy at BNP Paribas Asset Management.

Next step: Developing a norm

The work on climate lobbying has entered a new phase. The focus now is on developing the norm for responsible climate lobbying. In autumn 2020, BNP Paribas, the Church of England, and AP7, together with Chronos Sustainability, are drawing up a framework to define the pillars of responsible climate lobbying.

The framework will enable investors, in a relevant and systematic way, to assess whether, and to what extent, corporate lobbying is aligned with the Paris Agreement. The objective is to provide a tool through which companies, investors and other stakeholders can ensure that all political engagement is conducted in a way that supports the Paris Agreement. This is regardless of whether the engagement is direct, by the companies, or indirect, via the companies' business organisations.

The project will identify the ways in which companies and their lobbying organisations exert influence on climate policy processes, and define how these activities are to be managed and governed by the companies. The project will also identify gaps in current work, and develop a way to analyse, assess, and compare corporate lobbying.

The framework will be drawn up on the basis of input from a broad spectrum of stakeholders. It will be formulated in line with recommendations according to the Transition Pathway Initiative (TPI) and other broadly anchored processes.

In autumn 2020, a consultation process is gathering views and feedback on the conclusions that the project has drawn so far. Opinions are being collected from a broad base of global stakeholders, companies, business organisations, politicians/decision-makers, investors, academics, civil society organisations, journalists, and private individuals with experience of lobbying.

The framework will enable investors to identify which companies are engaging in line with the Paris Agreement. This means companies with robust governance and control over their lobbying, and that take action when their business organisations are lobbying in a way that conflicts with the company's own positions regarding climate change.

As shareholders, we expect that when companies engage with public policymakers, they will support cost-effective policy measures to mitigate climate change risks and support an orderly transition to a carbon-neutral economy by 2050 at the latest.

In recent months, BNPP AM has engaged with companies, and filed resolutions, to request greater transparency on their lobbying practices and to be consistent with the goals of the Paris Agreement. This project will help us further refine our dialogue with companies, as how they influence policymaking can help avoid catastrophic consequences – not least financial.

Helena Viñes Fiestas,
BNP Paribas Asset Management

Findings and key messages

After our work on corporate climate lobbying, we have identified a number of findings and key messages that we would like to communicate to other investors who wish to engage in corporate climate lobbying.

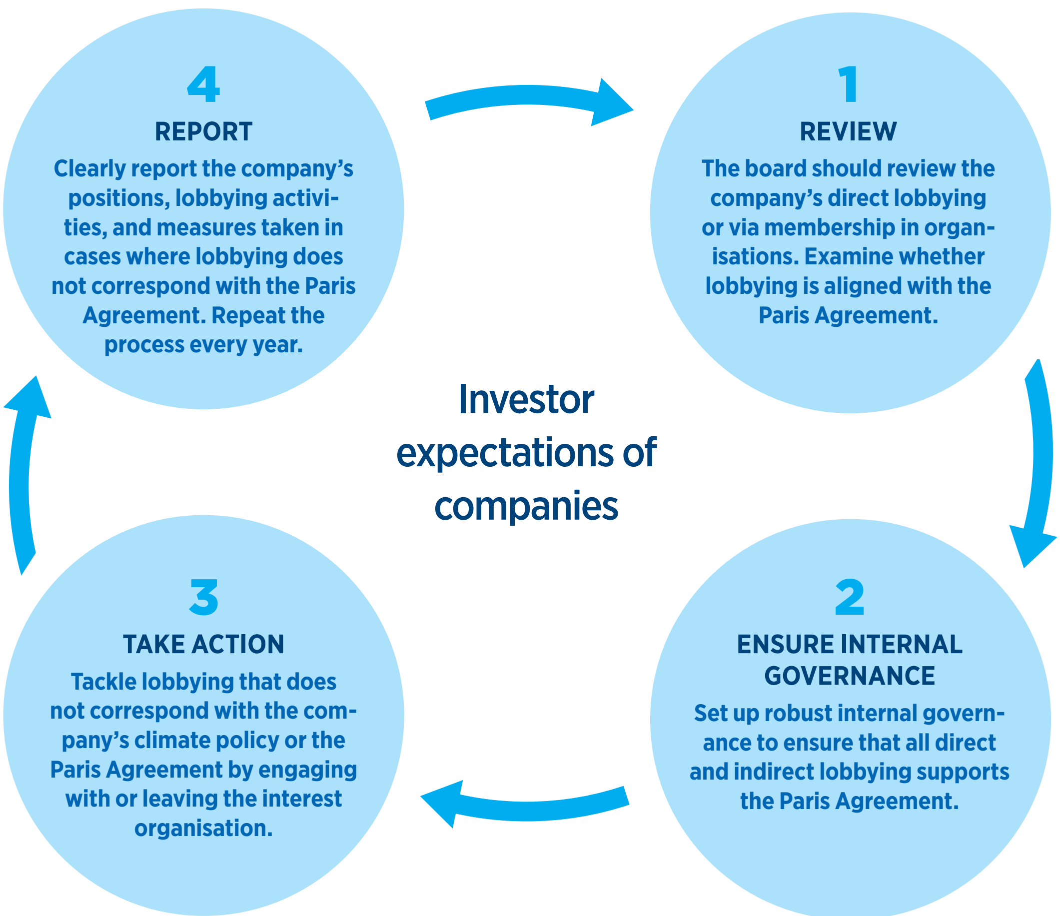
Companies should take responsibility for the agendas of business organisations

The issue of climate lobbying by interest organisations concerns the political responsibility of companies. This is because they exert influence over the legislative process through their membership in lobbying organisations. Companies should take responsibility for this influence, and examine which climate issues their member organisations are driving in relation to decision-makers, and how they align with their own positions.

Investors should demand transparency

Investors should demand that companies control their direct and indirect lobbying, and transparently report their positions, memberships, and activities. A demand for transparency on policies and positions may be interpreted as vague, but this is necessary for smooth-running governance, collaboration, and trust.

Greater transparency forces the company to reflect over and anchor its positions, often all the way up to board level. It gives the company an overview of their interest organisations and how well the organisations' positions on climate correspond with the company's own. The reflection and review form the basis for further steps in line with the Paris Agreement, and enable the companies to use their memberships to engage with the interest organisations to ensure alignment.



Place requirements on the internal responsibility within the companies

The ultimate responsibility for climate lobbying lies with the board of directors. The boards should therefore set up a regular review, and have a clear action plan for those cases where the respective positions of the company and organisation on climate issues do not align. Investor dialogues on lobbying must therefore be held with the company's executive management. Other departments in the companies than those that investors usually have contact with on sustainability issues may need to be involved in the dialogue on lobbying issues.

Use several tools

Be prepared to use several corporate governance tools. Use your vote at general meetings, and support investor resolutions on climate issues and on lobbying. Dialogue alone with companies is not always sufficient. In certain European countries, there are legal barriers to investors filing resolutions at general meetings. We have encountered obstacles in Germany, the Netherlands and France. Being prepared to continue with, for example, a resolution at the general meeting can be an effective tool to bring about change. Participating in resolutions as owner need not be a burden, as owners can make their voices heard by joining other owners' resolutions.

Learn from methods and approaches from other markets

Some of the forms of corporate governance that AP7 has used in the climate lobbying issue are based on experiences from our engagement work in the US. There, investors' shareholder resolutions are often used to initiate a discussion. Certain resolutions are stopped and do not even reach the agenda, but contribute to a public engagement through which the demands often reach the companies via other channels. Our work with the European companies has, for example, also had effects on companies in the US and Australia.

Good collaborations are crucial

You do not need to be a big owner to bring about change. An important way to make an impact with companies has been collaboration with other investors. One success factor in our project has been that the collaboration has involved both small and large groups. A small, driven investor group has brought about powerful action and decision-making in a short time. But broad support within IIGCC and CA100+ has been necessary to create a strong legitimacy. Establishing the issue in a broader arena generates momentum. Start a vanguard of investors who are willing to drive the issue further, but do not forget to build up broad support. Wider collaborations involving, for example, public actors, NGOs, commercial organisations, and researchers contribute to credibility and legitimacy.

Use each other's strengths

Identify your organisation's driving forces and strengths that can contribute to collaboration with other complementary actors. Investors can contribute in different ways through, for example, local market awareness, a large sum of managed assets, and good networks. Expert organisations and researchers can contribute knowledge from different disciplines. Learn from each other and be inspired by those that have come a long way.

Sources and recommended reading

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https://www.accr.org.au

Carbon Disclosure Project (CDP)
https://www.cdp.net

Ceres
https://www.ceres.org

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https://www.ceres.org/resources/reports/blueprint-responsible-policy-engagement-climate-change

Client Earth
https://www.clientearth.org/

Climate Action 100+
http://www.climateaction100.org/

InfluenceMap
https://influencemap.org/

"Trade Associations and their Climate Policy Footprint"

https://influencemap.org/site/data/000/306/Trade_Association_Report_Dec_17.pdf

Institutional Investors Group on Climate Change (IIGCC)
https://www.iigcc.org

"Investor expectations on corporate lobbying"

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

Policy Studies Institute (PSI) at the University of Westminster
"Lobbying by Trade Associations on EU Climate Policy"

http://www.psi.org.uk/pdf/2015/PSI%20Report_Lobbying%20by%20Trade%20Associations%20on%20EU%20Climate%20Policy.pdf

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Share Action
https://shareaction.org/

TPI
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"State of Transition Report 2020"

https://www.transitionpathwayinitiative.org/tpi/publications/50.pdf

UN Global Compact
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"Guide for Responsible Corporate Engagement Climate Policy"

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Union of Concerned Scientists
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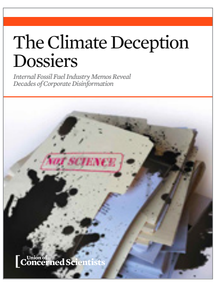
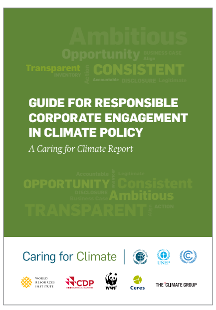
"The Climate Deception Dossiers"

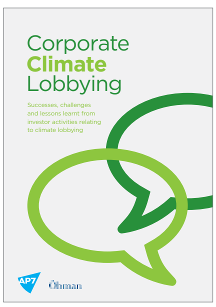
https://www.ucsusa.org/sites/default/files/attach/2015/07/The-Climate-Deception-Dossiers.pdf

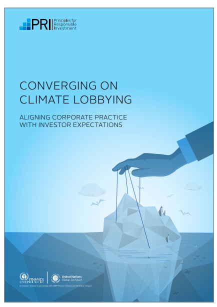
Öhman and AP7
"Corporate Climate Lobbying – successes, challenges and lessons learnt from investor activities relating to climate lobbying"

https://www.ap7.se/app/uploads/2019/02/190126_original_corporate-climate-lobbying.pdf



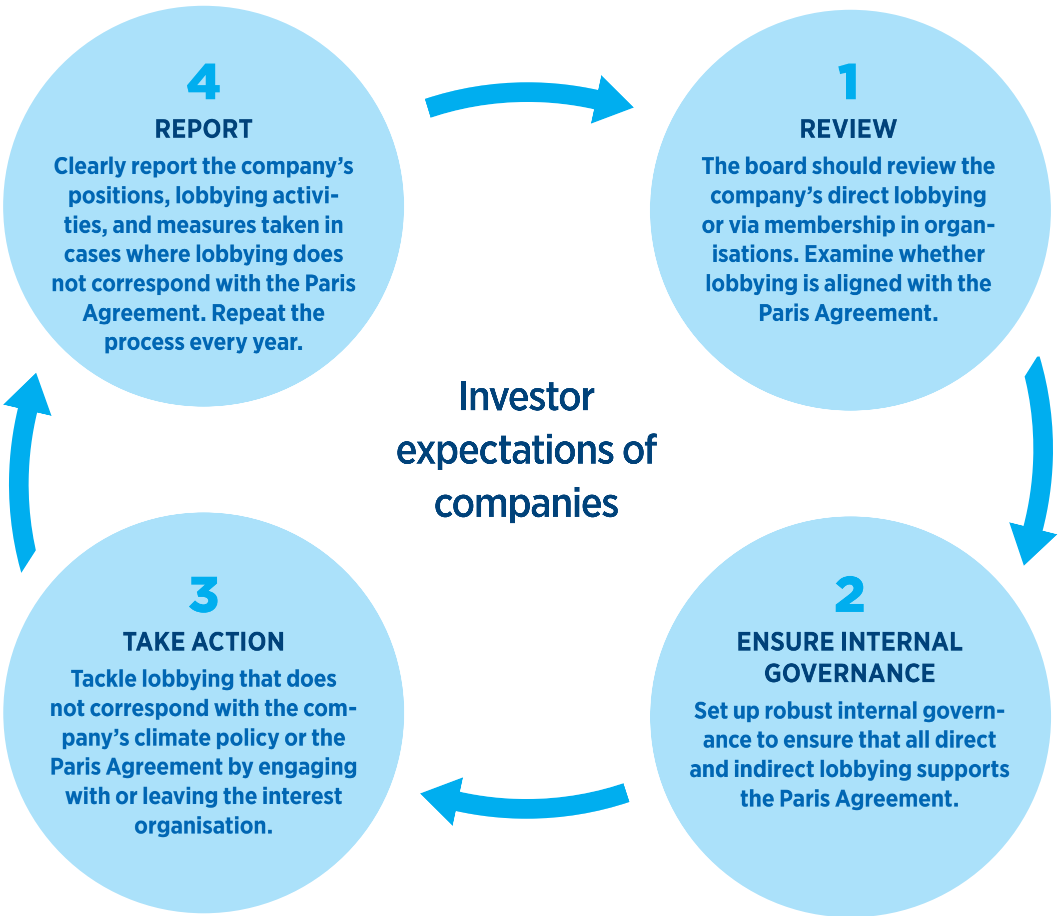






In these three years, we have been working on climate lobbying together with other active owners, particularly the Church of England and BNP Paribas. Much has been achieved on driving the issue forward and encouraging companies to take greater responsibility. The importance of climate lobbying has become firmly established as a new norm on the sustainability agenda, but there is still much to do before negative climate lobbying is brought to an end. More companies must acknowledge their responsibility for ensuring that their interest organisations conduct activities in line with the Paris Agreement.

Charlotta Dawidowski Sydstrand
and Johan Florén, AP7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REPORT
Clearly report the company's positions, lobbying activities, and measures taken in cases where lobbying does not correspond with the Paris Agreement. Repeat the process every year.
1
REVIEW
The board should review the company's direct lobbying or via membership in organisations. Examine whether lobbying is aligned with the Paris Agreement.
Investor expectations of companies
3
TAKE ACTION
Tackle lobbying that does not correspond with the company's climate policy or the Paris Agreement by engaging with or leaving the interest organisation.
2
ENSURE INTERNAL GOVERNANCE
Set up robust internal governance to ensure that all direct and indirect lobbying supports the Paris Agreement.

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AP7 Theme Report

Corporate Climate Lobbying

Our work on the Corporate Climate
Lobbying Theme 2017–2019