

CONVERGING ON CLIMATE LOBBYING

ALIGNING CORPORATE PRACTICE
WITH INVESTOR EXPECTATIONS



THE SIX PRINCIPLES

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As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

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- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.

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The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

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INTRODUCTION

Investors are increasingly scrutinising corporate engagement on climate policy as it plays a critical role in helping governments create practical climate policy solutions. However, corporate engagement on climate policy is a double-edged sword. Negative and resistant corporate interest, often represented by third-party organisations, can hinder policy action that aims to mitigate the impacts of climate change. This can cause a number of issues for investors including legal and reputational risks, and long-term portfolio volatility.

In response to this, the PRI launched a collaborative engagement and an investor expectations statement in 2015, focusing on the direct and indirect policy engagement practices of companies on climate issues. The aim of the engagement was to:

- understand how companies communicate their own policy positions on climate;
- understand how companies monitor the associated policy positions of their third-party organisations;
- understand what actions are taken when the positions of these third-party organisations do not align with the company's climate change policies and positions; and
- communicate investor expectations outlined in the statement.

[Appendix A](#) provides an overview of the findings from the engagement.

This document serves as a guide for investors when engaging with investee companies on climate policy lobbying. It explains why investors should engage on this topic, suggests questions to ask investee companies and provides examples of corporate practice and PRI signatory case studies that showcase investor action (see [Appendix B](#)).

Please contact climate.change@unpri.org with any questions.

CORPORATE POLICY ENGAGEMENT ON CLIMATE ISSUES: THE INVESTOR PERSPECTIVE

RESPONSIBLE ENGAGEMENT ON CLIMATE POLICY

Public policy plays a critical role in regulating and framing the relationship between companies and their investors and, in turn, the relationship between companies, investors and wider society. Policy sets the rules of the game; it defines roles, responsibilities and accountabilities, it creates risks and opportunities, and it mediates between competing interests.

In the context of climate policy, investors, companies and governments need to work together on ambitious solutions to achieve the [Paris Agreement](#). Governments need the insights and support of companies to understand the economic costs and benefits of policy options, as well as influence others within their industry, supply chain or customer base. Companies need clarity and certainty from governments to invest and act on risks and opportunities in current and future markets.

There are a number of ways in which companies can impact the outcome and pace of emerging efforts by governments to shape policy in response to climate change. In 2013, the UN Global Compact published a [Guide for responsible corporate engagement in climate policy](#)¹ which describes corporate influence on policy as entailing a range of direct and indirect activities. Some examples are outlined below.

DIRECT INFLUENCE	INDIRECT INFLUENCE
■ Providing testimony, endorsements or participating in government agency working groups ■ Political contributions ■ Participating in public-private partnerships ■ Participating in national or international forums on trade and technologies ■ Engaging government officials	■ Information and PR campaigns targeting customers, suppliers and the public ■ Contributions to external, non-governmental organisations ■ Funding of NGOs, research institutes and academia ■ Membership in or links to trade associations and business groups ■ Former employees taking jobs as government officials or the corporate hiring of former government officials ■ Engagement in international or national business alliances or initiatives ■ Calls to action and example setting with customers, suppliers, competitors and the public ■ Participation in research activities

¹ UN Global Compact (2013) Guide for Responsible Corporate Engagement in Climate Policy – A Caring for Climate Report.

WHY CLIMATE LOBBYING MATTERS

Since the creation of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992, policies and programmes for climate action have continued to develop across the globe with ever-increasing corporate requirements. The rate at which policy and legislation is implemented across nations remains varied. These developments are targeted by a variety of organisations either lobbying to support or halt this progress.

The think tank InfluenceMap² notes that very few of the largest and most politically influential corporations are positively engaging on climate policy globally, with most being neutral and negative influencers outweighing supportive ones by around three to one. Companies opposed to climate lobbying are, unsurprisingly, concentrated in the fossil fuel and energy intensive sectors (energy, utilities, chemicals, automotive), while a smaller but growing group of supportive firms are generally from the utilities, consumer goods and technology sectors.

The impact of negative climate lobbying is stark. Only 10% of global greenhouse gas emissions are covered by any binding carbon pricing scheme (a carbon tax or carbon market) and those that are suffer from woefully low effective prices³. For example, the EU emissions trading system (ETS), currently the world's largest carbon pricing scheme, failed to exhibit an effective price above US\$10/tonne between 2011 and 2017 and, at the time of writing, hovers around US\$13/tonne. This is despite the [High-Level Commission on Carbon Prices](#) conclusion that a price level of US\$40-US\$80/tonne is needed by 2020 to achieve goals in line with the Paris Agreement. Intense lobbying by steel and chemical interests in the EU to water down the effectiveness of the EU ETS has been well documented.⁴

Similarly, in the US, the Environmental Protection Agency's Clean Power Plan, which was issued in 2015 to help reduce carbon pollution from power plants, was held up by corporate lawsuits. In Japan, the powerful cross-sector industry federation, Keidanren, has historically opposed binding climate policy, and with its steel, electric power and engineering sector members, it appears to have supported Japan's ongoing use of coal power generation⁵. Similar situations have played out in other countries including Australia, South Africa and Canada.

THE ROLE OF TRADE ASSOCIATIONS

Trade associations can play a critical role in public policy debates by engaging policy makers on a range of business-relevant issues, and, in turn, encouraging a more supportive regulatory environment for corporate profitability. Companies often benefit from belonging to trade associations because they offer a cost-effective way to pool resources and engage on issues of importance to the industry. Equally, a trade group stating that it represents a broad segment of the economy may be a more compelling influencing force compared to a single company.

However, in the context of climate policy, investor concern arises where such associations act for short-term gain at the cost of long-term risk to shareholder value.

Climate policy lobbying is often carried out by powerful trade associations, industry bodies and think tanks funded by member companies with various interests in the course of climate action (and ultimately shareholder capital). However, recent research⁶ found that the majority of trade groups active in climate policy engagement are opposed to positive regulatory climate action. Of the 50 most powerful trade groups, organisations opposing climate policy outnumber those supporting it by seven to one. This research shows that a range of powerful groups like the US Chamber of Commerce, BusinessEurope and Japan's Keidanren have opposed binding climate policy in line with the Paris Agreement in their respective jurisdictions. They are countered on the supportive side by a much less influential and smaller group of trade associations representing the clean energy sectors.

The reason why corporate climate lobbying is often seen as obstructive may be because companies often only lobby strategically where issues seem material to them. Furthermore, trade associations tend to adopt positions of the most vocal members or largest financial contributors on a given topic. So while trade groups representing the fossil fuel economy might be expected to lobby against climate policy, powerful cross-sector trade groups like the US Chamber of Commerce are also part of this opposition group. Companies that deem these issues as less relevant to their operations often remain silent.

The result is that the groups which actively lobby for pro-climate policies can often be outweighed by those opposing such policies.

2 InfluenceMap (September 2017) [Corporate Carbon Policy Footprint](#).

3 Carbon Market Watch (September 2017) [Pricing carbon to achieve the Paris goals](#).

4 For example, [Europe's emissions trading scheme: taxpayers versus the industry lobby](#), Ralf Martin et al, 2010.

5 InfluenceMap (September 2017) [Japan's Energy Choices to 2020](#).

6 InfluenceMap (December 2017) [Trade Associations and their Climate Policy Footprint](#).

With a perceived lack of progress by governments to implement a meaningful policy framework for a low-carbon energy transition, recent shifts in attitudes suggest a more positive story. For example:

- 129 companies⁷ have signed up to commitments stipulated by the UN Global Compact guide.
- The [Corporate Carbon Policy Footprint](#) research noted above identifies a recent trend in that utilities like ENEL, Iberdrola, SSE and National Grid are pushing strategically for more ambitious climate policy. Companies like Apple, Amazon, Google and Microsoft are also becoming more active by committing to procuring renewable energy for their increasing power needs globally. These companies are now valued at many times the aggregate value of the entire fossil fuel production sectors and continue to grow their operations and investments. This represents significant political clout which, if directed towards low-carbon energy policy, could likely outweigh the negative lobbying influence of the fossil fuel economy. Indeed, InfluenceMap's ongoing analysis shows that strategic and positive lobbying by these and other users of renewable energy has increased significantly since the Paris Agreement.
- Investors, concerned by the trends described above, are now becoming more active on climate lobbying. As demonstrated by initiatives such as the [Investor expectations on corporate climate lobbying](#) statement, [The 50/50 Climate Project](#), the PRI's collaborative engagement (as well as others mentioned in [Appendix C](#)), investors are motivated by associated company and portfolio risk issues.

INVESTOR EXPECTATIONS ON CORPORATE CLIMATE LOBBYING

Developed by the PRI with IIGCC and members of the PRI's collaborative engagement on corporate climate lobbying practices, the [Investor expectations on corporate climate lobbying](#) statement has been signed by 74 investors with more than US\$4.5 trillion in assets under management.

It stipulates that as signatory investors:

"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."

⁷ [We Mean Business](#), 2018.

CORPORATE POLICY ENGAGEMENT AS A POSITIVE FORCE

It is important to note that a number of companies across sectors already take positive action, using their influence to engage with policy makers on strengthening and driving climate-related legislation.

For example, Ceres' [Business for Innovative Climate and Energy Policy \(BICEP\) network](#) (of over 45 companies in the US including Unilever, Nike and eBay) continues to advocate for stronger climate and clean energy policies at the state and federal level (and beyond). As outlined by the [Ceres 2018 Policy Outlook](#), the network has established areas of focus including:

- engagement on the US Environmental Protection Agency's ideas to repeal and replace its Clean Power Plan; and
- continuing to engage with policy makers at the state level to influence legislation across areas including renewable energy and infrastructure, carbon reduction regulations and grid modernisation.

Another interesting example of tactical and climate-supportive policy engagement is the establishment and growth of the trade group [Advanced Energy Economy](#), set up in California and now active in many states, as well as at the US Federal level. Its members are a coalition of companies that want to decarbonise their energy procurement (Apple, Microsoft, Google) as well as renewable energy and efficiency technology providers. Rather than operating on the NGO level, it acts as a trade association established to fill a gap in the area of lobbying for policy, enabling a pathway to decarbonising the energy system. As a key tactic, the group avoids specifically messaging about climate change for political reasons but is clearly supportive of ambitious climate goals at the heart of its members' strategies.

More examples are provided in the section titled [Exploring good practice](#).

THE CASE FOR SHAREHOLDER CONCERN

HARMFUL CLIMATE LOBBYING AS A MAINSTREAM INVESTOR RISK

Corporate lobbying activities acting against the progression of climate policies present risk to mainstream investing through the following examples:

RISK	EXAMPLES
■ Encouraging short-termism within individual companies and/or sectors: Corporate influence that delays the inevitable introduction of more robust climate policy may delay the low-carbon transition for an individual company or sector, which may impact its viability and risk-return profile in the long term. Corporate spending on negative climate policy (ultimately using shareholder capital) could also result in missing out on financially viable innovations and investment opportunities associated with alternative and low-carbon energy production.	■ In Germany between 2010 and 2015, where the financial performance of utility incumbents E.ON and RWE was negatively impacted as a result of changes brought about Energiewende (Energy Transition) policy since it was first introduced in 2000. The companies had been attempting to preserve their business models by lobbying to control the pace and ambition of the implementation of the policy. As public sentiment shifted, the companies were no longer able to do this and their financial performance was affected. Investors may have been able to predict this by comparing the intensity of RWE and E.ON's lobbying and positions, as compared to the ambitions of the climate-motivated Energy Transition policy.
■ Reputational risk: Companies may face backlash from their consumers, investors or other stakeholders if there is a clear direct or indirect link to blocking climate policy.	■ Companies including Microsoft, Google and Shell have had to respond to public campaigns in the US due to past association with the American Legislative Exchange Council (ALEC), a group widely known for disseminating climate denial and disinformation to undermine effective US climate policy.
■ The universal owner's portfolio: Strategic and negative climate lobbying by a minority of companies in a portfolio holds back the implementation of the Paris Agreement and an orderly solution to climate change, increasingly regarded as a key existential challenge to global society. This presents systemic long-term risks, including uncertainty and volatility, to the portfolio and its beneficiaries, in whose interest trustees have a fiduciary duty to act.	■ The Government Pension Fund Global of Norway adopted criteria in late 2015 allowing it "to exclude companies whose conduct to an unacceptable degree entail greenhouse gas emissions", which includes climate lobbying. ■ In June 2017, the AP7 pension fund of Sweden announced it was divesting from six companies for violation of the Paris Agreement, including Exxon and Southern Company, for climate lobbying.⁸ (See the AP7 case study in Appendix B.)
■ Legal risks: Discrepancy of corporate public statements related to climate and associated lobbying practices, as well as climate-related litigation risks are outlined in "understanding the legal risk" below.	■ Recent lawsuits filed in California and New York rely on the alleged activities of trade associations in promoting climate science denial and claim this amounts to fraud.⁹
■ As an indicator of mainstream business risk: As "emerging" climate regulations become ratified, strategically opposed or misaligned climate lobbying could be a red flag for lack of readiness or even non-compliance. Sectors where climate-motivated regulations are now in force and key drivers for business are established include the automotive and utilities sectors, with numerous strands of policy radically altering the business landscape globally.	■ Automaker VW cheated on NOx testing as it was unable to meet both US climate-motivated efficiency and NOx rules simultaneously. In retrospect, a study of its lobbying on these regulatory strands may have signalled to investors contradictory behaviour. ■ A study of lobbying behaviour by the utilities sector reveals which companies are behind a low-carbon transition (ENEL, Iberdrola), which have been playing both sides (E.ON, NextEra Energy) and which companies have been lobbying to maintain their business model (Southern Co, RWE).

⁸ Swedish pension fund sells out of six firms it says breach Paris climate deal, Reuters, June 2017.

⁹ City of New York against BP Plc.; Chevron Corporation; ConocoPhillips, Exxon Mobil Corporation; and Royal Dutch Shell Plc. (2018). (Case No. 18 cv 182). Available online: <http://www1.nyc.gov> [accessed 10 April 2018].

UNDERSTANDING THE LEGAL RISK

PRODUCED BY CLIENTEARTH

An under-appreciated area in the context of corporate climate lobbying activities is that of legal risks to companies and their investors.

With the link between industry associations and governments being crucial to the implementation of ambitious climate policies, a lack of industry buy-in will often guarantee defeat for regulatory reform¹⁰. In relation to climate policy, industry groups can often take positions that are inconsistent with or misaligned to those of their membership base. Although, conversely, a specific trade association on coal or oil, for example, may do a good job of protecting their members' interests and views. It is not surprising that this should sometimes be the case, as of course there will always be a divergence of views on an area of public policy within sectors. However, where positions are severely misaligned, this may give rise to legal risks, ultimately translating into financial risk for companies and their investors. Two areas of potential litigation risk are discussed below.

SHAREHOLDER/CONSUMER CLAIMS

The implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations is likely to mean an increase in climate-related disclosure in the market, providing investors with more information about their existing emissions footprint, and their preparedness for the transition to a low-carbon future. However, where such information is contradicted by the positions or activities of industry groups of which the company is a member, this could lead to questions regarding the veracity of the company's climate-related disclosures.

Where information disclosed in periodic or ad hoc disclosures is false, misleading or incomplete, companies may face claims brought on behalf of regulators, investors and third parties arising under statute, contract law, in tort or potentially even under laws regulating consumer rights.¹¹

Investigations brought by the New York State Attorney-General under the Martin Act demonstrate the real risks associated with evidence coming to light indicating that a company has different internal and external positions on climate risk and policy.¹² Recently filed litigation by local government in California, Colorado, the City of New York and Washington relies heavily on allegations of fraud by certain defendants, allegedly arising from contradictory internal and external positions on climate-related policies and activities, as well as the activities of trade associations¹³.

Information from external sources (such as that provided to a lawmaker regarding the impact of a regulation on its business) that differs from formal disclosures could indicate that a company may be presenting a misleading picture to investors. Whilst the law will usually not find companies or directors liable where a statement has been made in good faith, is based on reasonable assumptions and is appropriately qualified, it does carry risks in scenarios where directors or companies cherry pick scenarios or hold contradictory information that is not disclosed to the market.¹⁴ In most markets, including the US and the UK, where the information contained in annual filings is false or misleading or contains misrepresentations, investors may have specific statutory rights to recover any subsequent losses from the company.¹⁵ Additionally, consumer claims may arise from suggestions of fraud or misleading conduct in the course of commerce.¹⁶

Claims brought by regulators and third parties pose financial and reputational risks to companies (and their investors). Claims brought by other shareholders (assisted by class action lawyers in the US) could also have financial implications for those investors who may not participate in such claims, due to the costs of defence and consequent damage to reputation and share price.

¹⁰ Such as in the case of Australia's Clean Energy Target, the recommendation of its chief scientist to solve the "energy trilemma" of affordability, reliability and emissions reductions. It is understood that industry associations played a role in convincing certain Australian politicians to block support of the target. Jamie Smyth (17 Oct 2017) Australia to abandon clean energy target, Financial Times. Available online at <https://www.ft.com> [accessed 10 April 2018].

¹¹ Such as under the New York Martin Act or under the Australian Consumer Law.

¹² Kurtz, Lauren (6 May 2016) Increasing Number of Investigations into Fossil Fuel Industry's 'Disinformation Campaign' Sabin Centre for Climate Change Law. Available online at: <http://blogs.law.columbia.edu> [accessed 10 April 2018].

¹³ See footnote 9. See also Romany Webb (18 July 2017), Local governments in California file common law claims against largest fossil fuel companies Sabin Centre for Climate Change Law. Available at <http://blogs.law.columbia.edu> [accessed 9 May 2018]; and Holland and Hart LLP [20 April 2018] Colorado Energy Companies Sued for Climate Change Impacts Lexology. Available at <https://www.lexology.com> [accessed 9 May 2018] and Business & Human Rights Resource Centre (May 2018) USA: Washington county files lawsuit against fossil fuel companies over climate change. Available at <https://www.business-humanrights.org> [accessed 18 May 2018].

¹⁴ Commonwealth Climate and Law Initiative (September 2017) Concerns Misplaced: Will compliance with the TCFD Recommendations really expose companies and directors to liability risk. Available online at <https://ccli.ouce.ox.ac.uk> [accessed 10 April 2018].

¹⁵ Such as under section 90A of the Financial Services and Markets Act 2000 (UK) or under Rule 10b-5 of the Securities and Exchange Act of 1934 (US).

¹⁶ Such as under the Australian Consumer Law.

TORT CLAIMS ARISING FROM INDUSTRY MEMBERSHIPS

Significantly, in late 2017 and early 2018, a wave of climate change litigation against several large primary energy companies was filed in the US. At the time of writing, 13 separate counties and cities (in California, Colorado, New York and Washington) have filed complaints against groups of companies. The plaintiffs believe that the companies should be made liable for part of the costs of adapting to climate change.¹⁷ Although these claims all rest on different legal bases, they share a common element. They allege that the companies operated through industry bodies that perpetrated a fraud regarding climate change on consumers by downplaying the risks and impacts of climate change and funding climate denial. In the suit filed by New York City, the filings appear to allege that the American Petroleum Institute acted as an agent for the companies.¹⁸ This demonstrates the risks arising from continued associations with industry groups that undertake activities that arguably mislead consumers, contradict or advocate against scientific consensus or stated corporate policy.

SHAREHOLDER APPROVAL OF POLITICAL DONATIONS BY UK COMPANIES

In the UK, Part 14 of the Companies Act requires companies to have prior shareholder approval of political donations made by companies to, and political expenditure incurred by, companies in relation to political parties, political organisations and independent election candidates. As the definition of political organisations and political expenditure is quite broad, many listed companies pass “precautionary resolutions” although they may not give money to political parties directly. Many companies request shareholder approval of these resolutions in the event that payments to trade associations, think tanks, and political donations made by these organisations, are caught by the section. Unfortunately, companies do not usually provide any details of the payments that they are ostensibly asking shareholders to approve.¹⁹

DISCLAIMER

ClientEarth is a non-profit environmental law organisation based in London, Brussels and Warsaw. We are activist lawyers working at the interface of law, science and policy. Using the power of the law, we develop legal strategies and tools to address major environmental issues. For more information, visit: www.clientearth.org.

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This means that shareholders already have a vote to approve company support for various trade associations and think tanks. However, these resolutions are usually approved without full transparency of the recipient organisations and without any assurances to shareholders regarding the alignment of the views expressed by those organisations with those of the company and/or its shareholders.

Investors should therefore consider the following actions:

- asking for greater transparency regarding payments that could be caught by the provision, including how such payments benefit the company and governance processes for managing such payments;
- abstaining/voting against the resolution until this information is provided; or
- simply voting against the resolution, particularly where a company's stated climate position is severely misaligned with its industry bodies.

¹⁷ Dana Drugmand (23 January 2018) Richmond Becomes Latest California City to File Climate Lawsuit Vs. Big Oil Climate Liability News. Available online at <https://www.climate-liability-news.org/2018/01/23/richmond-california-climate-lawsuit-chevron/> [accessed 10 April 2018].

¹⁸ See filing cited at footnote 9.

¹⁹ For example, Rio Tinto's 2018 Notice of AGM notes that “the definition of political organisations may extend to bodies such as those concerned with policy review, law reform, the representation of the business, community and special interest groups such those concerned with the environment.”

HOW TO ENGAGE

STAGE 1: IDENTIFYING POTENTIAL RED FLAGS

Before engaging with a company on its climate lobbying practices, several signs will help indicate the likelihood of direct or indirect obstructive climate lobbying practices:

- no transparency or a negative public stance on climate science;
- no reporting on money spent on national or subnational lobbying; and
- limited or no transparency on engagement on climate change policy and with policy makers.

Even if a company has disclosed a positive stance on climate science, significant risk of misalignment with indirect lobbying practices may be highlighted through:

- no transparency on memberships of trade associations or other industry-backed and tax-exempt organisations (especially those with a reputation of having a negative stance on climate change); and
- no disclosure of level of funding to these organisations.

STAGE 2: ASKING THE RIGHT QUESTIONS

Beyond identifying initial red flags, a deeper dive on corporate lobbying practices provides insight into current performance and establishes a baseline for engagement.

A number of questions have been highlighted to engage companies on their lobbying practices across four key areas:

- governance;
- corporate climate position and direct lobbying practices;
- indirect lobbying through association; and
- managing alignment.

The questions below have been adapted from the following resources which can be used to develop engagement further:

- [InfluenceMap](#)
- [CDP Questionnaire 2018](#)
- [50/50 Climate Project: Spending Against Change](#)
- [UN Global Compact: Guide for Responsible Corporate Engagement in Climate Policy](#)
- [PRI investor expectations on corporate climate lobbying](#)

[Appendix C](#) provides additional resources.

GOVERNANCE

The following questions help to establish the involvement of the board on climate and lobbying-related issues:

- Is there board-level oversight of climate-related issues relevant to the company?
- Is there any representation on the board with expertise or experience on climate change/environmental management?
- Is there board-level oversight of lobbying activity undertaken by the company (and the organisations it is a member of)?
- Does the company have a publicly disclosed policy for lobbying activities related to climate, or is this content incorporated into another publicly available corporate policy?
- If a policy for climate lobbying is available, does it assign responsibility at the board or senior management level?

CLIMATE POSITION AND DIRECT LOBBYING PRACTICES

The following questions help to identify the company's climate position and its direct influences on policy makers:

- What was the level of spending on lobbying activities in the last year?
 - What proportion of this was spent on national and subnational lobbying?
- What is the company's position on the Paris Agreement?
 - What general policies are supported to ensure the goals of the agreement are met?
 - Are these positions publicly disclosed and updated?
- Has the company engaged directly with policy makers on climate-related issues?
 - If so, in which jurisdictions?
 - What specific issues have been addressed?
- Does the company disclose its positions on, and engagement activities with, specific climate change policy and related regulation that impacts, or may impact, its operations?

INDIRECT LOBBYING

The following questions help to establish the company's awareness of indirect lobbying practices:

- Does the company maintain a full list of trade associations and other similar tax-exempt organisations it is a member of?
 - Does this include details of payments or funding provided?
 - Does accounting cover the portion of these payments that are used for lobbying?
- Does the company disclose its membership in or support for third-party organisations that engage on climate change issues?
- Is the company aware of the climate positions of the trade associations it is a member of?
 - Does it disclose an account of any activities the company has undertaken to influence these positions?
- Is the company represented on the board of any trade associations or does it provide funding beyond membership? Are there any other links between the company and the trade association that do not constitute direct membership?

MANAGING ALIGNMENT

The following questions help to establish the company's ability to identify misalignment between its own climate position and the lobbying practices undertaken through the organisations it is a member or funder of:

- What processes are in place to ensure that all direct and indirect activities that influence policy across all geographies are consistent with the company's overall climate change strategy, and corporate financial and reputational interests?
 - Is a policy available to capture this?
- Are there adequate governance processes and policies in place to identify the climate change positions of third-party organisations that the company is a member of across all geographies?
 - Do such processes and policies take into account credible media reporting regarding the activities of third-party associations?
 - Is there board oversight of the governance process and policy, and management accountability in respect of its implementation?
- Does the company disclose actions taken when the positions of third-party organisations do not align with the company's climate change policies and positions?
- Are there processes in place to review and proactively manage membership of third-party organisations where their positions do not align with the company's climate policies and positions? Do these processes include engagement and escalation strategies (such as termination of membership), should misalignment be identified?

In cases where misalignment is identified, [Appendix D](#) provides a letter template from ClientEarth which can be used by investors to encourage alignment of statements and practices, and internal review of policies.

ISSUES FOR CONSIDERATION

During the engagement process on corporate climate lobbying practices, there are a number of considerations for investors. Some examples are highlighted below.

COMMON COMPANY CONCERNS

A range of attitudes can be encountered towards the recognition of climate change and associated lobbying practices as a risk. As such, responses could include:

"Our indirect lobbying practices are immaterial to our profitability."

"It's not our place to engage with policy makers on climate-related matters."

"We are busy considering our own re-positioning for a low-carbon transition and prefer to focus on this first before focusing on our lobbying objectives."

Options as a shareholder include:

- highlight the risks associated with lobbying practices that obstruct climate policy development and the material impacts that can impact the company (in terms of fiscal risks from climate change impacts, legal risks as well as reputational risks); and
- emphasise identifying and establishing alignment of own climate position with industry bodies early in the process to avoid legal implications from publicly disclosed information.

During engagement with a company, it may be apparent that climate change and lobbying practices are recognised as a risk, but there are constraints to act on this issue:

"We are uncomfortable speaking out publicly alone about our stance on the association."

"We can't afford to have a negative relationship with this trade association/body. We get a lot of legitimate business value on a range of issues unrelated to climate change or environmental issues. We expect a hostile response even if we attempted to negotiate on their lobbying activities."

Suggested options:

- encourage the company to consider publicly disassociating themselves from an association's position (or in the case of litigation, a lawsuit);
- emphasise that engagement with the association can take place discretely, but highlight the risk of not separating from an association's position or lawsuit (reputational, legal etc.); and
- encourage the company to consider reaching out to other member organisations of an association (either directly or at association meetings) to encourage others to consider these issues, rather than speaking out alone. This could result in creating a public statement as a group (ensuring that all those that sign are confident that any public positions remain consistent with their own).

ASSESSING THE ROBUSTNESS OF RESPONSES TO QUESTIONS

Company responses will vary significantly based on the extent to which lobbying practices are effectively captured and monitored by the portfolio company.

The boxes below run through the key features of responses that might be received from a portfolio company following initial engagement. To assess the level of information that has been provided and to consider engaging on the issue further, the following characteristics of answers can be considered.

Basic response (no evidence of awareness or management of climate lobbying practices)

- No knowledge of climate position of trade associations or industry bodies
- No indication of board oversight of climate-related issues

Adequate response (developing climate lobbying practices)

- Limited knowledge of position of trade associations
- Evidence of policies and systems being implemented
- Evidence of monitoring engagement activities with a clear disclosure process

Good response (established climate lobbying practices)

- Evidence of engagement with trade associations on their lobbying activities
- Evidence of positive direct lobbying with policy makers
- Evidence of oversight or monitoring of aligning climate policy and lobbying practices
- Case studies and examples

EXPLORING GOOD PRACTICE

To support the ongoing engagement process, this section provides examples of existing good practice.

AUDITING, DISCLOSURE AND ENGAGEMENT

The [We Mean Business Coalition](#), whose remit is to “work with the world’s most influential businesses to take action on climate change” [recommends](#) that companies audit, disclose and improve their climate policy engagement activities. When assessing companies on this topic, there are two distinct issues for investors and other stakeholders to consider when identifying good practice.

- **Policy engagement governance:** Is there a process for assessing all engagement activities within the company and ensuring alignment? Is there a process for assessing the climate lobbying positions of all third-party groups the company is a member of and is pursuing external alignment with? Are there clear stakeholder disclosure processes associated with this?
- **Climate policy positions:** What are the company’s positions or lobbying activities on international, regional and national climate-related policy streams internally and within its key trade groups? How are these aligned with benchmarks such as the implementation of the Paris Agreement?

It is clear that these are separate issues. A company can be highly transparent about its lobbying practices in relation to climate, ensuring alignment with its industry associations, but such positions may not necessarily be positive. Similarly, climate-friendly policy positions may not be well communicated. Companies should demonstrate good practice through policy engagement governance, including full auditing and disclosure of lobbying. As part of policy engagement governance, companies should clearly specify what corrective actions they will take, should this auditing process reveal at any point engagement activities or trade association memberships that do not align with their own climate values.

BENCHMARKING

Assessing the company's climate positions and related activities requires an external benchmark, such as alignment with implementation of the Paris Agreement and various national policy streams motivated by it. As such, undertaking this on a sector basis may be an effective approach. For example, comparing the climate policy advocacy positions of Tesla with those of Royal Dutch Shell may be interesting, but not particularly useful for investors in understanding corporate behavioural trends. It is far more revealing to understand Shell's positions as compared to its peer group of oil majors which all face the same regulatory risks and opportunities.

InfluenceMap's platform assesses climate policy engagement governance and relative positions (benchmarked against support for Paris-aligned policy) of the 300 largest industrial companies globally, looking at the company and its trade group links. The assessments are based on publicly available organisational disclosures and showcase good and inferior practice.

EXAMPLES FROM INFLUENCEMAP

A range of good and poor practice identified by InfluenceMap across sectors for policy engagement governance and lobbying positions are provided below.

SECTOR	POLICY ENGAGEMENT GOVERNANCE	CLIMATE LOBBYING POSITIONS
Energy materials	✓ In December 2017, BHP released a robust audit of its links with key lobby groups with an action plan to remedy any alignment issues.	✓ Norway's Equinor (previously Statoil) has positions on climate policy that are among the most positive in its sector. In 2017, the company defended the Paris Agreement, and supported carbon pricing policy in Canada as well as emission standards for electricity generation in Europe.
	✗ A number of oil and gas majors, such as Shell and BP, appear misaligned from their trade associations on climate. For example, Shell communicates a positive message to investors around moving the global energy system towards low-carbon energy, yet maintains a network of lobby groups opposing measures pushing this transition, including WSPA and NAM in the US, BusinessEurope and FuelsEurope in the EU, and APPEA and BCA in Australia.	✗ Glencore appears strategically opposed to climate policy in regions key to its operations. In 2017-2018, it has continued to advocate the use of coal in the global energy mix and, in August 2017, head of Glencore's global coal assets Peter Freyberg appears to have publicly opposed the implementation of Australia's national climate programme in line with UNFCCC timelines. Glencore appears closely aligned with a number of its trade associations, such as the Minerals Council of Australia, which it has board-level membership of.
Utilities	✓ ENEL offers a clear account of its climate and energy positions, lobbying links and its desired path, which is prominent on its homepage.	✓ Iberdrola displays strategic and positive support for climate policy in Spain, the EU and in the US, including more ambitious EU renewable targets and emission standards to ensure the phase out of high GHG-emitting fuels from the electricity market.
	✗ Despite broadly supporting action on GHG emission reductions and the decarbonisation of the energy sector, in 2015, EDF lobbied for the development of a new coal mine in the UK.	✗ The second largest US utility, Southern Company, has a recent history of activity that suggests active opposition to US climate-motivated policy, including the US Clean Power Plan and other renewables policy.
Consumer goods	✓ Unilever has communicated a strategic programme to push for various Paris-aligned climate policies that has been consistently driven through public interventions from CEO Paul Pollman.	✓ IKEA is active in its support for climate change policies worldwide, including more ambitious EU renewable energy targets and strengthened US fuel economy standards for vehicles.
	✗ Despite facing significant climate-related risks, Phillip Morris does not appear to have disclosed in detail to investors what legislative measures it is supporting or would be prepared to support to mitigate these risks.	✗ Procter & Gamble appears to not strategically and publicly engage across a range of climate policies, despite a similar business footprint to Unilever.

SECTOR	POLICY ENGAGEMENT GOVERNANCE	CLIMATE LOBBYING POSITIONS
Technology	✓ Intel's climate policy statement clearly sets out its positions on various strands of climate change policy.	✓ Apple has a strategic and positive programme of climate policy support, particularly those that facilitate renewable energy globally. For example, in 2017, Apple, along with IKEA and Microsoft, advocated for stronger renewable energy policy in Japan.
	✗ While Facebook appears to have highly positive positions on climate-related policy, it provides little information on its policy engagement processes and does not disclose to CDP.	✗ In 2014, Intel appears to have been involved in industry opposition to the US Clean Power Plan. The company has since become increasingly positive on climate, including calling on President Trump to support the UN Climate Treaty and low-carbon policies in the US in 2017.
Chemicals	✓ Dutch firm DSM has communicated its support for ambitious climate policy. This is aligned with its strategic policy engagements as well as the public interventions of its CEO.	✓ AkzoNobel participates in strategic interventions in various climate policy debates globally, such as supporting greater ambition in policy covering the UK housing sector in 2018 and pushing on the shipping sector to keep pace with the UNFCCC on climate ambition in 2016-2017.
	✗ Although former CEO of Dow Chemical (now DowDupont) Andrew Liveris signed letters in 2017 urging support for the Paris Agreement and the US Clean Power Plan , he has also been publicly critical of “burdensome” US climate regulation. Dow further retained high-level memberships of the US Chamber of Commerce and the National Association of Manufacturers that actively oppose US climate policy such as the Clean Power Plan.	✗ BASF appears broadly opposed to European climate policy leadership, stressing concerns about industrial competition to policy makers. Since 2016, BASF has engaged negatively on policy including the EU Energy Directive , the UK carbon price floor and German energy transition policy– opposing measures resulting in a “ hasty ” exit from coal.

RECOMMENDATIONS FOR FUTURE ENGAGEMENT

The following recommendations highlight key areas for driving climate lobbying practice performance further:

1

GREATER FOCUS ON IMPROVED GOVERNANCE MEASURES

GREATER FOCUS ON IMPROVED GOVERNANCE MEASURES

Investors should seek to understand from companies how, and the extent to which, climate risk, climate lobbying and relevant spending are overseen by boards of directors. To this end, companies should formalise any such procedures into governance practices.

This should include director nomination processes, ensuring that decisions on strategy, risk management, executive compensation, capital allocation, political and lobbying expenditures and climate risk disclosure are made with sufficient understanding and knowledge of climate change and its actual and potential impacts on the business.

EVIDENCE OF SUPPORTING PUBLIC POLICY TO LIMIT TEMPERATURE RISE TO 2 DEGREES CELSIUS

Investors should seek consistency in company policy engagement to support cost-effective measures to mitigate contribution and exposure to climate risk, especially in relation to the TCFD recommendations and the Paris Agreement.

2

EVIDENCE OF SUPPORTING PUBLIC POLICY TO LIMIT TEMPERATURE RISE TO 2 DEGREES CELSIUS

INCREASED TRANSPARENCY

Investors should encourage further disclosure on all activities related to lobbying practices, as outlined in the investor expectations on corporate climate lobbying statement and including:

- all direct and indirect policy influences across geographies;
- interactions between companies and relevant industry bodies;
- business implications of climate risk: information on alignment between corporate public statements and political spending including actions taken to manage exposure to such risks (especially in relation to TCFD recommendations and the Paris Agreement);
- the company's position on climate change and policies to mitigate climate risks;
- the company's governance processes to oversee 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 they align with the company's climate change policies and positions; and
- the actions taken when the positions of third-party organisations do not align with the company's climate change policies and positions.

ESTABLISHING AND CONTROLLING MISALIGNMENT RISK

Investors should seek evidence from companies on procedures in place to monitor climate policy engagement, assignment of responsibility at the board/senior level and overview of alignment of direct company activities or those of industry associations. Investors should request clarification from companies whose positions appear to be misaligned and inquire about the companies' actions in response to this, if any. (See [Appendix D](#) for a letter template from ClientEarth which investors can use to encourage alignment of statements and practices and internal review of policies.)

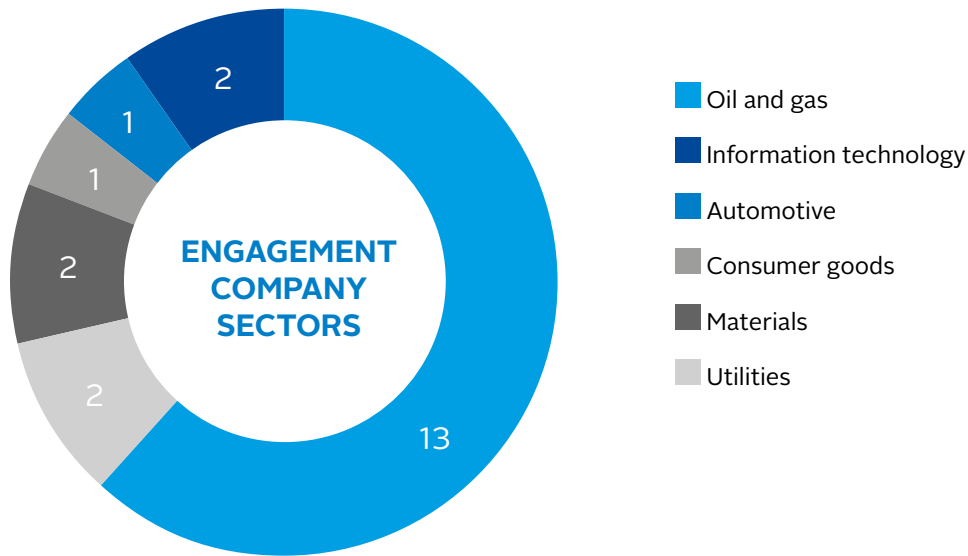
3

INCREASED TRANSPARENCY

APPENDIX A: OUTCOMES OF THE PRI-COORDINATED COLLABORATIVE ENGAGEMENT

Launched in 2015, 35 investors with AUM of US\$2 trillion joined the PRI's collaborative engagement on corporate climate lobbying practices, targeting 21 companies across the following sectors.

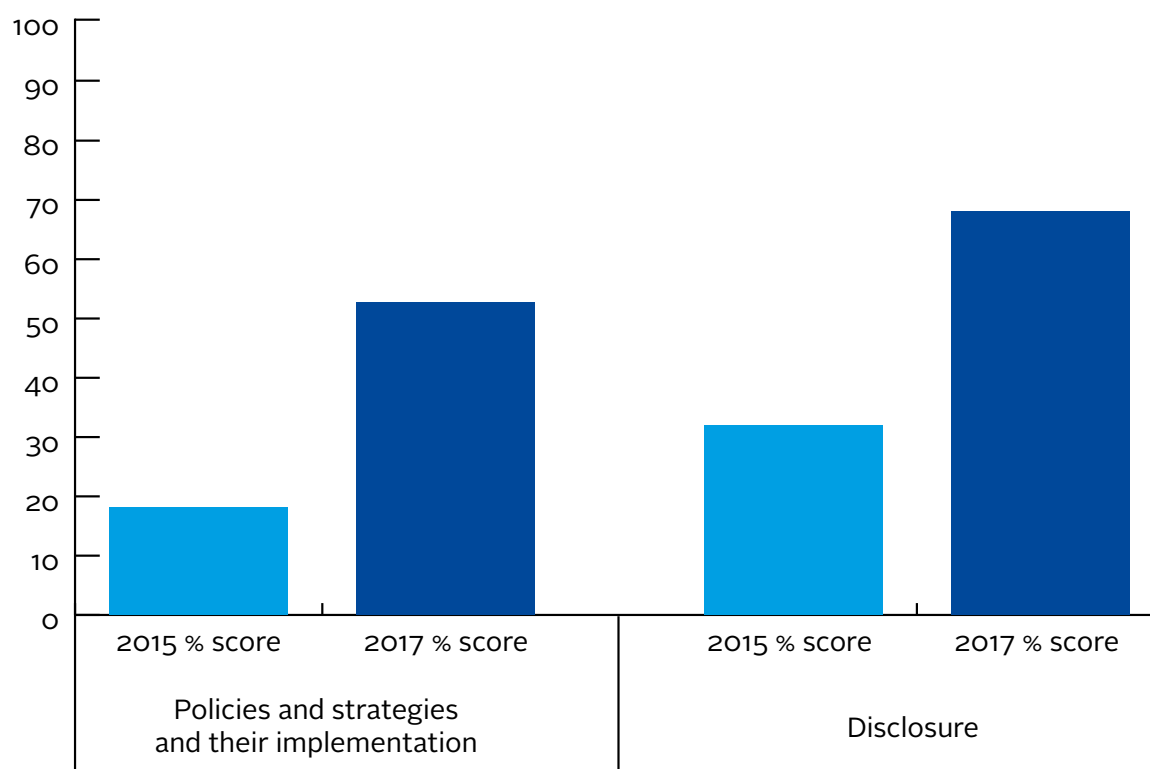
Figure 1. Engagement company sectors. Source: PRI.



The engagement with companies focused on the following areas:

- awareness and acknowledgement of direct and indirect climate lobbying practices;
- associated policies and strategies and their implementation; and
- relevant disclosure.

Figure 2. Average percentage score by category. Source: PRI



Company responses, publicly disclosed information and data provided by InfluenceMap were used to score the companies in 2015 at the beginning of the engagement and again in 2017 at its conclusion. Results and observations are discussed below.

KEY FINDINGS

- More companies have a policy covering lobbying; however, the majority do not specifically include climate-related policy engagement.
- Where policies do exist, few assign responsibility at board or senior management level. Similarly, there is little commentary about the processes for identifying and addressing any inconsistencies between company views and those of third parties of which they are a member.
- There is greater public disclosure from companies on their commitment to support a reduction in GHG emissions in line with the Paris Agreement. Furthermore, there is increased transparency on direct policy engagement relating to carbon taxes and trading, low carbon and renewable energy and greenhouse gas emission targets.
- There is increased reporting of membership of third-party organisations that engage on climate issues, which has been seen through responses to CDP's Climate Change 2017 questionnaire. This has resulted in greater transparency of third-party climate positions and the extent of alignment with the companies' own positions.
- However, even with improved disclosure, many companies still fail to disclose all of their memberships, particularly third-party organisations that are not industry associations. Reporting also tends to focus on industry associations with positive climate positions rather than those with a policy position inconsistent with that of the company.
- Three-quarters of the companies do not clarify the actions they take where positions of third-party organisations do not align with their own.

APPENDIX B: CASE STUDIES

EXXONMOBIL: PERSPECTIVE FROM WALDEN ASSET MANAGEMENT

Investor	Walden Asset Management/Boston Trust & Investment Management
HQ:	Boston, Massachusetts
Operations	Investment manager
USD AUM	\$8.4 billion (as at 31/03/18)
Asset mix	Multi-asset

ExxonMobil is the largest oil and gas company in the world by market capitalisation.

Headquartered in Dallas, Texas, and with a global reach from Russia to Indonesia and Canada, ExxonMobil is a central figure in the debate on climate change. As a result, the company has received numerous shareholder resolutions addressing the issue, including pleas to disclose its lobbying expenditures and initiatives. The oil industry's impact on public policy, including climate policy, is particularly important. This includes direct and indirect lobbying through trade associations where ExxonMobil is a prominent member.

ExxonMobil has not been singled out for this resolution; each year investors file similar lobbying disclosure resolutions with approximately 50 companies.

Due to its size, ExxonMobil's influence on public policy, including laws and regulations, is considered significant. Between 2010 and 2017, it spent over US\$94 million on federal lobbying, not including its lobbying in 33 states.

While a company's direct expenditures on federal lobbying are publicly disclosed to the Senate, significant lobbying is carried out through trade associations, and this information is secret. ExxonMobil is a member of associations like the US Chamber of Commerce, American Petroleum Institute and Business Roundtable, which do extensive lobbying. But their dues and payments to them are closely guarded secrets. The US Chamber of Commerce, of which ExxonMobil is an active and prominent member, vigorously attacked the Obama Administration's Clean Power Plan, the government programme to reduce greenhouse gas emissions. This included suing to block the plan. It argued it was unnecessary government intrusion in the markets, ignoring the urgency of the need to address climate change. Company dues helped finance that lobbying.

However, such associations lobby on a range of issues, including climate change and the environment. Thus, the shareholder resolution challenges the company to be transparent about its payments and to explain what steps it takes if a trade association takes a controversial position on a climate lobbying issue.

The shareholder resolution to ExxonMobil is voted on at its annual meeting in May. There are numerous co-sponsors of the resolution but this year it is led by the United Steelworkers.

Walden Asset Management has played a central role in challenging ExxonMobil to address aspects of climate public policy. These efforts have occurred in private investor meetings with the company and as a co-filer of the lobbying resolution.

The [resolution](#) presses the company to evaluate its positions on public policy through a climate lens. Raising these issues as an investor provides a counter to the inevitable energy industry pressure to support the status quo. Over the last decade, Walden representatives have met over a dozen times with ExxonMobil executives, and public policy is always on the agenda.

As we work diligently to support forward-looking public policies on climate, it is important to monitor company lobbying, hold it accountable for trying to hold the clock back on important forward-looking policies or to commend it for positive advocacy.

For example, ExxonMobil takes a position supporting a carbon tax which it raises in meetings with Congress. A carbon tax or putting a price on carbon is clearly a key tool in reducing the use of fossil fuels and it is vitally important that companies like ExxonMobil support it.

ExxonMobil does engage investors to discuss their lobbying and in certain circumstances it has actively opposed certain trade associations' actions. For example, in 2017 it attended a conference of ALEC (the American Legislative Exchange Council) and actively opposed a proposal against the Endangerment findings (a US finding that stipulates the dangers of greenhouse gas emissions). This intervention by ExxonMobil and other companies was crucial in blocking an attempt to undermine the scientific foundation supporting work to reduce greenhouse gases. The proposed ALEC bill, which acts as a model for conservative state legislators, would have promoted state action against climate science as an “end run” around federal action.

The initiative by investors pressing for more transparency around lobbying, particularly in relation to climate, is an important check and balance on the dollars and voice of major corporations in our legislative process.

Walden believes it is vitally important for investors to track company actions on public policy, support forward actions and challenge lobbying that blocks climate solutions.

CASE STUDY

EXXONMOBIL: PERSPECTIVE FROM AP7

Investor	The Seventh Swedish National Pension Fund (AP7)
HQ	Stockholm, Sweden
Operations	Asset owner
USD AUM	\$52 billion (as at 31/12/2017)
Asset mix	Global equities, private equity and fixed income

PUTTING THE SPOTLIGHT ON CORPORATE CLIMATE LOBBYING

AP7 recognises the threat of climate change to its investments and the need for appropriate national and global policy measures to mitigate climate-related risks. In the political process leading up to the Paris Climate Summit in 2015, it became increasingly apparent that the business community's influence over political decision making was significant.

While we are mindful of each company's right to participate in public and political debates, we also recognise the need for corporate support of policy measures to mitigate climate risks. We expect that the companies we own do not oppose or otherwise frustrate policies aimed at meeting national strategies to lower greenhouse gas emissions. Thus, to protect the long-term value of our investments, AP7 saw the need to engage on the issue of corporate climate lobbying.

Together with the PRI, AP7 participated in the drafting of the *Investor expectations on corporate climate lobbying* document in 2015. We then co-filed shareholder resolutions at the AGMs of a few oil majors in the US. AP7 and other investors co-filed resolutions for ExxonMobil's, ConocoPhillips' and Chevron's AGMs in 2016, asking for greater transparency on lobbying activities.

In the engagement with ExxonMobil, it became apparent that the company did not share our understanding on why this information was relevant to its shareholders. AP7, with the other co-filers, therefore geared up for further engagements and continued filing the resolution at the 2017 AGM.

POSSIBILITIES ENABLED BY THE PARIS AGREEMENT

As part of AP7's active ownership – to put pressure on companies to respect international norms on human rights and the environment – our holdings are regularly screened for norms-related breaches. When a breach of norms is verified and the company after dialogue with AP7 does not take a responsible course of action, AP7 publicly blacklists the company and sells the shares held. The signing of the Paris Agreement in 2015 enabled – for the first time – the UN Framework Convention of Climate Change (UNFCCC) to be included in AP7's norms-based screening. As of December 2016, AP7's holdings were screened for companies acting in conflict with the Paris Agreement.

By integrating the Paris Agreement and UNFCCC into the norms-based framework, AP7 contributes to the interpretation of the agreement in terms of corporate responsibility. The business community plays an important role as a positive and constructive force to reach the targets set in Paris. But companies within the business community can also hinder the successful implementation of this agreement. By analysing what constitutes a norms-related breach of the UNFCCC, AP7 attempts to pinpoint what is unacceptable corporate conduct. The analysis aims to define what would constitute a breach of the Paris Agreement. We see this as our contribution in helping to hold companies accountable for their actions with regards to international norms.

In the first analysis of AP7's holdings including a focus on the Paris Agreement, our assessment concluded that ExxonMobil fell short of aligning itself to the climate goals as agreed by the international community, the recommendations of the IPCC and the 2 degrees Celsius target. The assessment led to AP7 divesting from ExxonMobil in June 2017 and publicly blacklisting the company.

The decision was the result of a balanced assessment of information from various sources, such as the allegations raised by the Attorney General of both Massachusetts and New York that ExxonMobil misled investors on how it accounted for climate change, as well as information from several lawsuits in California.

All told, the analysis concluded that ExxonMobil has not demonstrated that its public policy advocacy and the activities of the industry associations of which it is a member are not in conflict with the goals of the Paris Agreement. Furthermore, it has not demonstrated how its business model will be affected by global efforts to limit the average rise in temperature to below 2 degrees Celsius.

HOPING TO BE A SHAREHOLDER AGAIN

For AP7, the idea is not for blacklisted companies to remain on the list forever. On the contrary; it is hoped that they will make improvements that will make it possible to invest in them again. AP7 welcomes cooperation with others on blacklisting, but always makes sure it is based on our assessments. Blacklisting is used to caution companies and prompt a change in their corporate conduct. This approach has served AP7 well in the past and we have good experience of companies assuming a responsible course of action after a norms-related breach and subsequent blacklisting, which, ultimately, has led to AP7 investing in them again.

We argue that the implementation of the Paris Agreement into AP7's norms-based methodology will help us to bring the issue of climate lobbying front and centre of public and corporate view. AP7 and ExxonMobil have engaged since the divestment, both in correspondence and meetings, providing our rationale for the divestment and what we expect ExxonMobil to do to be taken off the blacklist. AP7 continues to be hopeful that ExxonMobil will change its course of action regarding corporate climate lobbying and that we thereby can become a shareholder in the company again.

CASE STUDY

BANKING ON A LOW-CARBON FUTURE: ARE THE WORLD'S LARGEST BANKS STEPPING UP TO THE RISKS AND OPPORTUNITIES OF CLIMATE CHANGE?

Investor	Boston Common Asset Management (US)
HQ	Boston, Massachusetts
Operations	Asset manager
USD AUM	\$2.7 billion (as at 31/03/2018)
Asset mix	Global equities

Limiting global warming to less than 2 degrees Celsius is not only in the interest of the planet; it is also in the interest of banks and their shareholders and will require a major shift in the way we operate financially and economically. Progressive climate lobbying policies are essential to support the market mechanisms and regulations needed by the financial sector to accelerate the pace of financing needed to achieve this goal.

Since 2014, Boston Common Asset Management has led a collaborative engagement focused on assessing global banks' preparedness for the transition to a low-carbon economy, including public policy engagement. In 2017, our outreach to 59 global banks, including some of the world's largest institutions, was supported by over 100 investors with almost US\$2 trillion in assets under management. We have engaged this same group of banks that represent some of the largest lenders to carbon-intensive sectors over the last four years (pre-COP 21). Regional partners have supported our efforts throughout this engagement initiative, including Aqueo (Canada), Australian Ethical Investment (Australia), Church of Sweden (Sweden), Ethos (Switzerland), SHARE (Canada) and ShareAction (UK). Support from institutional investors and organisations such as CDP, Ceres, First Affirmative Financial Network, Hermes and ICCR was also integral to engagement success. Reports in 2015 and 2017 looked primarily at banks' climate policies, while the 2018 report focuses on implementation and action. Given rising investor expectations, we have progressively raised the bar with each call to action. Metrics over time demonstrate how banks perform relative to their peers in the following areas:

- Embedding climate strategy at the group level, focused on risks and opportunities
- Board-level oversight
- Explicit targets and metrics linked to compensation
- Industry collaboration
- Climate lobbying practices

"We expect banks to report on how they are engaging with policy makers, whether individually or collaboratively, to encourage legislation supportive of the low-carbon transition. This should include the bank's public policy positions to support the low-carbon transition and membership of trade associations, including how the bank is influencing those associations to take progressive positions on climate legislation. Finally, banks should disclose initiatives promoting collaboration and knowledge sharing on climate risks and solutions with other actors (e.g. peer banks, companies in other sectors, think tanks and academics)."

Excerpt from Boston Common Asset Management's 2018 Call to Action for Banks

Eighty percent of the banks – 47 out of 59 – responded to the letter or survey. Boston Common analysed the remaining 12 based on publicly available information to gauge progress since the first outreach in September 2014. The 2018 report looked at three key areas of climate-related disclosure by banks:

- Climate-relevant strategy and implementation (including public policy engagements);
- Climate-related risk assessments and management; and
- Opportunities for low-carbon banking products and services.

These areas align with the new standard framework for reporting by all companies and financial institutions set out by the G20-supported TCFD.

The report identified notable progress in many areas, from wider industry collaboration to higher levels of support for low-carbon products and services. One of the key areas of underperformance was the lack of promotion for more progressive climate public policies – either directly or indirectly through their lobbying activities. Banks' efforts to create the incentives and infrastructure the market requires to align with Paris Agreement commitments will be integral to limiting global warming to less than 2 degrees Celsius.

BANK SURVEY RESULTS

While not included in the TCFD guidance, in 2018 we explicitly called for policy engagement, including through trade associations and other collaborations.

Bank survey questions included:

1. Does the bank publicly disclose the extent to which it engages with policy makers on legislative and regulatory changes supportive of the low-carbon transition?
2. Does the bank ensure that the industry groups and trade associations of which it is a member take progressive positions on climate legislation?
3. Is the bank participating in industry initiatives and knowledge sharing on climate risks and solutions with other actors? If so, which?

We were disappointed to see that less than half (41%) of the banks surveyed ensured that the trade associations or industry groups of which they are members adopted progressive climate policies in line with their own.

In general, and particularly in Europe, banks have demonstrated a willingness to lobby governments for progressive climate policies. We were encouraged by the level of engagement with emerging market banks, such as those in China and Brazil. There has been significant focus by these banks on ensuring the right regulatory incentives and market environment to promote the low-carbon transition. Within developed Asia, Australian banks outperform their Japanese peers on policy and industry engagement. This should be of concern to investors given the Japanese government's continued support for coal and thus bank financing of coal. Boston Common has co-convened three investor dialogues to discuss public policy engagement opportunities in Boston, New York and, most recently, in Tokyo with Japanese and foreign investors.

During this reporting cycle, we saw banks participate in the public TCFD consultation through their trade associations – even in Japan – and endorsement of G20 public policy statements supporting the Paris Agreement. Several US banks – Bank of America, Citigroup, Goldman Sachs, JP Morgan Chase and Morgan Stanley – joined 30 other CEOs in signing an open letter in the Wall Street Journal encouraging the Trump Administration to stay in the Paris Agreement. Some banks supported the TCFD process through industry groups such as the Japanese Bankers Association and the Swedish Bankers Association. Other banks engaged policy makers as members of the Institutional Investors Group on Climate Change to promote robust and consistent reporting standards for energy-intensive sectors and financial institutions aligned with the TCFD's recommendations.

We saw banks fall short in encouraging trade associations and industry groups to advocate for progressive climate policies, at least in line with their own policies. By not actively engaging with their own trade associations, banks could undermine prospects for business opportunities linked to progressive market regulations and subsidies to support the low-carbon transition.

In the coming year, through follow up by Boston Common, our partners and supporting investors, we hope to raise the level of progressive climate lobbying by banks across the globe. We will aim to ensure alignment with banks' own climate policies and enable the market mechanisms and regulations to accelerate the much-needed transition to a low-carbon economy.

The information in this case study should not be considered a recommendation to buy or sell any security.

CASE STUDY

UNDERSTANDING LOBBYING PRACTICES AS PART OF CARBON RISK MANAGEMENT

Company	GES International
HQ	Stockholm, Sweden
Operations	Global engagement service provider
Investor clients	>100 representing €1.5 trillion AUM

THE ENGAGEMENT

A three-year collaborative investor engagement on carbon risk management will come to an end in 2018. A group of five European investors - AP7, NN Investment Partners, Folksam, The Church Pension Fund (Finland) and OP Wealth Management - has engaged with 20 of the world's largest power utilities in Europe, the US, Japan, China and India. GES International has coordinated and facilitated the engagement.

The aim of the engagement is to align the power utilities' long-term climate strategies with investor expectations and the Paris Agreement. This is achieved through focusing on improving the power utilities' climate positioning, transparency, targets and action plans, and, finally, risk and mitigation strategies.

Climate regulation has a strong impact on power utilities' financial conditions. It is natural to include the topic of lobbying in discussions on climate strategies with this sector, which is heavily regulated and has intense interactions with the political sphere on environmental issues.

Over the last 30 months, discussions have been held with the companies through in-person meetings, conference calls and emails, totalling over 140 significant interactions each year. Insights have been shared to inspire laggard companies to catch up with best practices observed in other markets. The topic of lobbying has been addressed primarily through discussing the companies' public positions on regulatory responses and participation in industry associations.

RESPONSE

Overall, responses from the power utilities have been constructive, and the sector is beginning to make a huge transition towards lower carbon intensity. The companies have generally been willing to discuss the topic of climate change and over the course of the dialogue have become fully aware of the financial materiality of the issue and changing investor expectations. Despite challenges ahead, the companies recognise the need to listen to investors' concerns on climate risks.

However, there is, naturally, tension between long-term ambitions and the short-term protection of current business models. During the course of the engagement, it was observed that the target companies became more transparent on their position on climate change and associated views on where the sector is heading. Such positions were found to not align with investor expectations as stipulated by broadly supported investor statements, such as the [PRI's statement on corporate climate lobbying](#) and the [Institutional Investors Group on Climate Change's \(IIGCC\) Investor Expectations of Electric Utilities Companies](#).

Corporate climate lobbying is largely executed via industry associations. There are valid reasons for power utilities to join industry associations, aside from their lobbying activities on climate regulation. The engagement has therefore focused on ensuring that the targeted power utility companies promote the same agenda on climate within the industry associations as they do towards their investors and other stakeholders.

As the engagement dialogue has progressed, expectations for real transparency and evidence of action has grown, including from the inner workings of industry associations. Investors now need concrete evidence from the power utilities that they are actively pressing industry associations for the same type of climate regulation for which investors have stated their support.

Therefore, all targeted companies have been asked to consider publishing an industry association review where potential policy differences are highlighted and addressed. This has already been tested in the mining industry. A typical outcome is that the industry association refrains from taking positions on climate-related issues or that the company withdraws its membership from the industry association.

RESULT

The engagement has resulted in companies setting more ambitious climate targets, developing better action plans and improving risk and mitigation strategies. The engagement has also led to greater transparency, including positions on climate change and associated policy responses. Some of the companies have more clearly described their reasons for not participating in lawsuits against climate regulation and for withdrawing from organisations promoting climate policies that divert from company climate policies. So far, no power utility has published a full industry association review. However, it is not unlikely that, in some form, this could become part of standard disclosure, in part to protect against future liability claims.

CASE STUDY

FOCUSING ON CLIMATE LOBBYING PRACTICES OF SWEDISH COMPANIES

Investor	Öhman
HQ	Stockholm, Sweden
AUM USD	\$9.6 billion (as at 31/03/2018)
Asset Mix	Global equities, fixed income

BACKGROUND

Swedish multinational companies are to a large extent actively working to support sustainable development. One way this has manifested is through active participation in the international arena. Several Swedish companies attended the Paris climate conference (COP21) in 2015, bringing the corporate view to the agreement. Some companies also took part in the discussions leading up to the launch of the SDGs.

Compared to efforts by companies to reduce the impact of their own operations, corporate political actions – like lobbying – can have a greater influence on climate change, and arguably represent the biggest impact a company can have on protecting the environment. Öhman is concerned that lobbying can cause reputational risks if it contradicts a company's publicly-stated positions, since a company's reputation is an important component of shareholder value.

ÖHMAN'S PERSPECTIVE

Our expectation is that companies will ensure that they do not lobby against positive climate positions. We therefore expect companies to disclose lobbying activities on:

- climate-related issues at the national and international level; and
- the processes to ensure consistency between their public position on climate change and those of the trade associations of which they are a member, and actions to ensure such consistency where there is a misalignment.

In 2015, Swedish media drew attention to corporate climate lobbying and the discrepancy between corporations' progressive climate profiles and their indirect impact on political processes, leading to a slower climate legislation development. As a result, one company discontinued its membership in a US-based industry association.

ÖHMAN'S ENGAGEMENT

Öhman subsequently assessed corporate climate lobbying in Swedish companies to understand the magnitude of the indirect impact companies have on political processes, and to ensure that shareholder money is used appropriately. As a long-term investor, it is important for us to consider how the companies we invest in act to reduce their negative impact on the environment. We are convinced that weaknesses in international climate legislation and implementation delays increase the risk of our investments.

Transparency among Swedish companies has improved in recent years. In 2016, 65 Swedish companies reported to the Climate Disclosure Project (CDP); 13 have set science-based targets and it is common practice to publish a sustainability report – often in line with the Global Reporting Initiative (GRI). With our project, we wanted to ascertain the extent to which companies were transparent regarding their memberships of industry associations, and how they identify and manage the alignment of their climate positions compared to those of industry associations with political influence.

SELECTING TARGET COMPANIES FOR THE ENGAGEMENT

Companies were chosen based on:

- research by InfluenceMap identifying the lowest performing industry networks according to their climate positions and interaction with policy makers on climate-related issues; and
- of these industry associations, the Swedish companies that were selected held active member roles (such as being part of the board, advisory committee or equivalent).

The outcomes from the selection process were:

- The identification of two business networks:
 - National Mining Association (NMA); and
 - National Association of Manufacturers (NAM).
- The identification of four Swedish large-cap companies that are members of the networks (two in each).

ACTION

A letter was sent to each of the four companies. The letter asked the companies to disclose lobbying activities on climate-related issues and the oversight processes used to ensure trade associations take consistent positions. Specifically, we asked the companies to answer:

- How does the company view the industry association's position on climate change?
- Is it in line with the company's views?
- Does the company use its membership to influence the industry association's position if it clashes with the company's own views?
- How will the company act if this misalignment remains?

OUTCOME

The key findings from the engagement were:

- Two companies responded promptly, with conference calls arranged swiftly. One company responded via email and the other did not respond at all.
- All four companies considered climate change as a reality and an issue that will have a material impact on their operations. They all referred to associated risks and opportunities and have set goals related to CO₂ emissions – in their own operations as well as in product development.
- All four companies report according to GRI and to CDP (even though two companies declined to respond to CDP the year after). All companies disclosed membership of organisations such as UN Global Compact, WWF Climate Saver and Swedish Leadership for Sustainable Development. However, they all omitted memberships that could be regarded as controversial. One company provided a list of 10-15 different memberships in its GRI report, but did not mention membership in the network Öhman identified.

- The three companies that responded said they used their membership to influence the relevant industry association but did not report on any subsequent outcomes.
- No companies were prepared to discontinue any memberships.
- The companies responding had all delegated the responsibility for membership to national or regional branches, meaning no board oversight is in place.
- In the annual sustainability report published after the engagement activity, no significant progress could be identified.

CONCLUSION

There is a clear discrepancy between all companies' public positions on climate change and the positions of the two industry associations. Unfortunately, this does not seem to be an issue for the companies, hence the reputational risk remains.

It is understandable that it can be difficult to leave an industry association since it often deals with several issues that are important to its members. Furthermore, clients of the companies can often be a member of these associations. It is therefore important for the companies to voice key discrepancies and seek cooperation with other companies to influence the association. Such activities should then be reported to shareholders.

NEXT STEPS

Going forward, Öhman will maintain dialogue with these companies to monitor any progress in managing alignment with industry associations, and will look to engage further if necessary.

CASE STUDY

RIO TINTO LTD SHAREHOLDER RESOLUTION 2018: SEEKING CLARITY ON THIRD-PARTY LOBBYING PRACTICES

Investor	Local Government Superannuation Scheme (LGS)
HQ	Sydney, Australia
Operations	Asset owner
AUM USD	8.3 billion (31/03/2018)

WHAT WAS ASKED OF RIO TINTO

Voted on at the AGM held on 2 May 2018, the resolution asked for Rio Tinto Ltd (RIO), listed on the Australian Securities Exchange (ASX),²⁰ to provide a report on the climate and energy advocacy position of third-party industry groups that RIO funds to see whether they differ from RIO's own stated and formal commitment to meeting the Paris Agreement. It was asked that the report includes the criteria that RIO would use to assess discontinuing membership of any industry group whose position is staunchly contrary to that of RIO.

The resolution was filed by the Australian Centre for Corporate Responsibility (ACCR), alongside the main co-filers: LGS, AP7 and the Church of England Pensions Board. Before the AGM, significant global investors with a combined AUM of approximately US\$3.5 trillion had publicly announced that they were supporting the resolution.

LGS' PERSPECTIVE

LGS chose to co-file on this resolution for the following reasons:

1. RIO has multiple acute high ESG risk issues to address and investors' previous engagements have not met expectations.

As such, the next step was to lodge a reasonable, governance-focused resolution at the 2018 AGM.

2. RIO's climate change disclosure has been inconsistent, incomplete and less than the standards of its industry peers.

LGS supported the Aiming for A shareholder resolution at RIO's 2016 AGM. However, from monitoring RIO's climate reporting since then we held concerns about its commitments to these strong reporting standards. For example, RIO's CDP report stated involvement in 11 industry groups, in its public report there were four and at its AGM it said it was involved in hundreds.

Additionally, there was no specific mention of adopting the Task Force for Climate-related Financial Disclosures (TCFD) framework or reporting on industry group association activities. RIO's main competitor, BHP Billiton, volunteered a similar reporting on lobby groups in 2017 following investor engagement.

3. LGS signed up to the PRI's 2015 statement entitled *Investor expectations on corporate climate lobbying*.

Payments to industry lobby groups may seem immaterial from RIO's P&L perspective; however, in line with this investor expectations statement, LGS believes that lobbying influence is pervasive in the transition to a low-carbon global economy under the Paris Agreement, to which RIO has a formal commitment. For example, in Australia, RIO provides significant funding to industry groups, such as the Minerals Council of Australia, whose strident pro-coal policy advocacy position has helped create the prolonged energy and climate policy stalemate in Australia.

As such, shareholder risk from RIO's membership can arise from:

- ineffective governance over the industry group activities, which can result in the accusation of greenwashing with negative reputation impact;
- contributing to the deterring of the much-needed investment in new energy generation across Australia (and globally); and
- the resulting political deadlock in turn has been associated with the recent strong increases in electricity prices.

²⁰ RIO is dual listed on the London Stock Exchange as Rio Tinto Plc.

More broadly is LGS' shareholder value concern as a long-term highly diversified investor. Over the last year we have witnessed a doubling of Australian wholesale electricity prices. This has created an additional cost on Australian business and industry of some \$4 billion per annum. This causes negative flow-on effects for Australian companies' profitability, debt servicing as well as our country's trade competitiveness and economic growth. Additionally, there is the cost for Australian households, the members on behalf of whom LGS invests. In total, Australians are paying \$6 billion more for electricity than they were a decade ago.

LGS' EXPECTATIONS GOING FORWARD

Following the AGM, it is now crucial to monitor RIO's reporting and governance of its industry groups, especially given that the company appeared to be close to agreeing to the request that the co-filers originally sought by the end of the AGM negotiation process. Going forward, LGS has encouraged RIO to adopt leading practices in climate change reporting which proactively and strategically responds to changing standards and expectations. With the strong representation of investors on this resolution, LGS is hopeful that RIO will better appreciate the shareholder concern around this area.

COMPANY RESPONSE AND OUTCOMES

The following was observed leading up to RIO's AGM:

- While the co-filers did get multiple meetings with the company's chair and executive, LGS found RIO's response to be drawn out and at times not fully cooperative. It was felt that RIO would not actually address the substance of the request and was underestimating the extent of the concerns around lobbying activities.
- RIO did not allow the resolution to be heard at the Rio Plc AGM (only the Rio Tinto Ltd AGM), causing disquiet among investors that they were not being treated equally.
- RIO drip fed commitments in reporting seemingly after feedback from selected investors. This was not viewed as good governance practice and the commitments fell well short of the original reasonable request. This galvanised the views of investors behind the resolution.

In the end, over \$4 billion of RIO's registry, or 20% of votes, supported the resolution. This was by far the most significant for vote for a non-board endorsed shareholder resolution in ASX history and it sent a strong signal to the RIO board.

CASE STUDY

RIO TINTO LTD SHAREHOLDER RESOLUTION 2018: LGIM'S PERSPECTIVE

Investor	Legal & General Investment Management (LGIM)
HQ	London, UK
Operations	Investment manager
USD AUM	\$1,330bn (as at 31/12/17)
Asset Mix	Global equities, fixed income, index, multi-asset, real assets

LGIM'S STANCE ON CLIMATE CHANGE

Climate change represents a material systemic risk for long-term investors. This is why LGIM welcomed the international Paris Agreement on climate change, whereby governments have agreed to pursue efforts to limit the global temperature rise to "well below" 2 degrees Celsius (compared to the pre-industrial era). The policy signal is clear: the world is embarking on a transition to a low-carbon economy and companies across all sectors must adapt their business models to be resilient in the face of this transition. As one of the world's largest asset managers, LGIM is using its scale to support and accelerate the transition to a sustainable future, being ranked second globally for the management of climate risk within our investments.²¹

THE CLIMATE IMPACT PLEDGE

Our belief that climate change represents a material risk is reflected in our voting and engagement activity with the companies in which we invest. To encourage companies to think strategically about the risks and opportunities presented by climate change, we launched our Climate Impact Pledge in 2016 – a systematic way of assessing, ranking and tracking companies' ability to withstand and benefit from the challenges of climate change.

The companies covered by the pledge include market leaders in the sectors which hold the key to a successful low-carbon transition, from resource mining to finance. Companies undergo a rigorous assessment process, which takes into account their public statements on climate change, their governance structures and business models, as well as their overall levels of transparency.

Importantly, we rely on independent data provider InfluenceMap which analyses the lobbying activity of companies. The data captures whether companies are supportive of climate action, and how intense their level of engagement with this issue is. This allows us to check what companies say about their commitment to climate change against what they do at the level of influencing government policy. The data is used not only in our engagements, but also as an input into one of our funds, the Future World Fund. The fund incorporates a climate "tilt" which gives investors greater exposure to companies that are likely to benefit from the transition to a low-carbon economy.

WHY WE SUPPORTED SHAREHOLDER RESOLUTION NO.20 AT THE COMPANY'S AGM

For several years now, we have been engaging with Rio Tinto on environmental issues. The company recognises "that climate change is occurring and is largely caused by human activities"²². We welcomed the disclosure of the trade associations and industry bodies Rio Tinto is collaborating with and the level of detail on the company's involvement with them; however, we expect to see detailed public clarification of the differing positions on climate and energy policy between Rio Tinto and the linked associations/bodies. This will assure investors that what Rio Tinto publicly states is not diluted or contradicted by the organisations it affiliates with. As such, LGIM voted in favour of resolution No. 20. This is in line with LGIM's record as a consistent supporter of climate change resolutions.²³

LGIM will continue to engage with the company around its lobbying and other climate-related activities.

²¹ Resolution No. 20, notice of meeting available here: http://www.riotinto.com/documents/RT_Ltd_2018_Notice_of_Meeting_Addendum.pdf

²² http://www.riotinto.com/documents/RT_Climate_change_report.pdf

²³ http://www.lgim.com/files/_document-library/capabilities/lgim-acts-on-climate-change.pdf

APPENDIX C: RESOURCES FOR ENGAGEMENT

EXAMPLES OF CLIMATE POLICY ENGAGEMENT INITIATIVES

A number of initiatives related to climate policy and associated lobbying practices for businesses and investors are provided below. This is not an exhaustive list and should be used in conjunction with other resources during engagement.

BUSINESS-FOCUSED INITIATIVES AND RESOURCES

- [Advanced Energy Economy](#)
- [Cambridge Institute of Sustainability Leadership's Corporate Leaders Group \(UK\)](#)
- [CDP Questionnaire 2018](#)
- [Ceres BICEP Network \(US\)](#) and [Ceres 2018 Policy Outlook](#)
- [Lobby Facts \(EU\)](#)
- [UN Guide for Responsible Corporate Engagement in Climate Policy, convened by the UN Global Compact](#)
- [We Mean Business – “Commit to responsible corporate engagement in climate policy”](#)

INVESTOR-FOCUSED INITIATIVES AND RESOURCES

- [50/50 Climate Project: Spending Against Change](#)
- [ACCR](#)-led shareholder resolutions at BHP and Rio Tinto
- [ICGN](#) (including [ICGN's political/lobbying guidelines](#))
- [IIGCC](#) (including [Investor Expectations of Electric Utilities Companies](#))
- [InfluenceMap](#) (including various [resources](#) on corporate climate policy engagement, such as [detailed templates](#) which investors may submit to companies)
- [ShareAction call on FTSE 100 companies to address regressive climate lobbying groups](#)
- The [PRI](#)

APPENDIX D: POTENTIAL ENGAGEMENT ESCALATION ACTION – LETTER TEMPLATE

This letter aims to put companies on notice about investor reliance on any misleading claims relating to climate change, and is designed to build on existing investor engagement activities.

Dear *[insert name of company contact]*,

We hold the following shareholdings in your company as at *[insert date]*, with a combined nominal value of [£X].

As members of the *[insert the name of investor organisations or coalitions]*, we consider that climate change is not only an existential threat to the planet and future generations, but is a material financial risk for investors and financial institutions today.

To meet the internationally agreed target of keeping the global average temperature rise since pre-industrial times below 2 degrees Celsius, patterns of investment will need to change considerably. This will include significant decreases in investment in fossil fuel extraction and conventional fossil fuel-based power generation, and significant increases in investment in low-carbon energy and energy efficiency.

Section A - This section will list the corporate policies, commitments and statements made by the company.

We applaud *[company]* on the statements it has made in support of strong action on climate change, including:

[list] [statements need to be as specific and actionable as possible]

Section B - State that investors are maintaining shareholding based on the above.

As institutional investors, we use the above information to assess corporate governance and inform our investment decisions. We also use this information to select those companies that will deliver long-term value for our members, and to compare performance between companies in the same sector.

Section C - Note contradictory activities through trade associations or in direct representations to government.

However, we also note that *[company]* is a member of *[insert]* organisation, which takes a position contrary to that of *[company]*, having stated *[insert]* in *[insert citation]*. We note that there appears to be misalignment between the position of this organisation and *[company]* public positions and statements.

Section D - Request that the company informs investors within three months if the statements in Section A are incorrect.

Given the above activities of *[trade association]*, we request that you inform us of within three months from the date of this letter whether any of the statements above *[at Section A]* are incorrect. In the event that we do not hear from you, we will assume those statements to correctly represent the company's position and intentions, and will maintain our holdings in the company in reliance on that information.

Yours Sincerely,

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The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org



The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org



United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: www.unglobalcompact.org

