

RESPONSIBLE CLIMATE CHANGE LOBBYING: CONSULTATION ON ASSESSMENT FRAMEWORK RESULTS

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BACKGROUND

In 2019 AP7, BNP Paribas Asset Management, the Church of England Pensions Board and Chronos Sustainability established a research project focused on responsible climate change lobbying.

The aim was to develop a framework that would allow investors and other stakeholders to assess whether and to what extent corporate lobbying is aligned with the goals of the Paris Agreement on Climate Change.

In 2021, we conducted an online consultation on the final assessment framework. This note describes the consultation and presents the final assessment framework.

THE ONLINE CONSULTATION



**RAN IN
APRIL/MAY 2021**

106 participants
from 18 countries
submitted responses



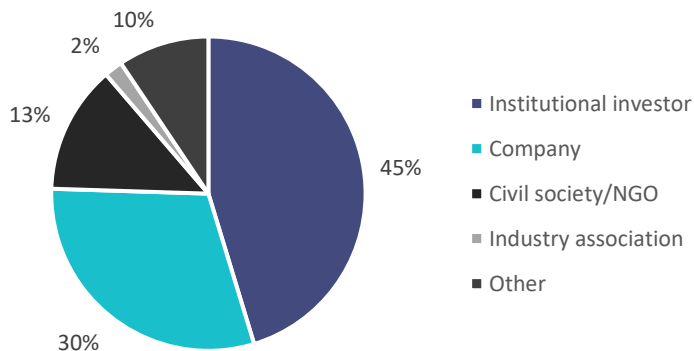
ABOUT THE CONSULTATION

We proposed a draft assessment framework, comprising 23 indicators grouped into four areas (policy, governance, action, reporting).

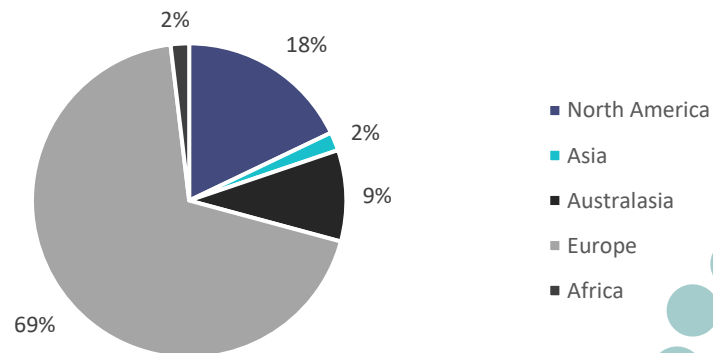
We asked for feedback on the specific indicators proposed, on whether any indicators should be added, removed or amended, and whether the application of the framework would provide a robust account of a company's approach to climate change lobbying.

106 respondents:

Organisation Type



Geographic Location



KEY FINDINGS

Strong support for the proposed indicators

71% of respondents supported the proposed policy and reporting indicators, 74% supported the proposed action indicators and 78% the proposed governance indicators.

There was strong support for the proposal that the framework use 1.5 degrees alignment as the reference framework.

There were some variations in views

Some respondents questioned:

- The framework's focus on positive lobbying as well as negative lobbying.
- The framework's focus on indirect as well as direct lobbying.
- The scope of the framework (e.g. whether advertising and other influencing strategies should be included).



THE RESPONSIBLE CLIMATE CHANGE LOBBYING ASSESSMENT FRAMEWORK



FINAL ASSESSMENT FRAMEWORK: INDICATORS 1-3

As investors, on a comply or explain basis, we expect each company to:

POLICY & COMMITMENT

1. Make a public commitment to align all of its climate change lobbying with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.
2. Apply the scope of this commitment to all of its subsidiaries and business areas, and all operational jurisdictions.
3. Publicly commit to taking steps to ensure that the associations, alliances and coalitions of which it is a member conduct their climate change lobbying in line with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.

The full indicator set plus supporting notes and definitions can be found at:

www.climate-lobbying.com/standard



FINAL ASSESSMENT FRAMEWORK: INDICATORS 4-8

As investors, on a comply or explain basis, we expect each company to:

GOVERNANCE

4. Assign responsibility at board level for oversight of its climate change lobbying approach and activities.
5. Assign responsibility at senior management level for day-to-day implementation of its climate change lobbying policies and practices.
6. Establish an annual monitoring and review process to ensure that all of its direct and indirect climate change lobbying activities across all geographies are consistent with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.
7. Establish a process for engaging with stakeholders related to setting and reviewing its climate change lobbying policies, positions and activities.
8. Establish a clear framework for addressing misalignments between the climate change lobbying positions adopted by the associations, alliances and coalitions of which it is a member and the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.



FINAL ASSESSMENT FRAMEWORK: INDICATORS 9-11

As investors, on a comply or explain basis, we expect each company to:

ACTION

- 9. Publish a detailed annual review covering the company's assessment and actions related to the 1.5°C-alignment of: (a) its own climate change lobbying activities; (b) the climate change lobbying activities of the associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support.
- 10. Recognise the existence of and report on action to address any misalignments between its climate change lobbying and/or the climate change lobbying activities of its trade associations, coalitions, alliances or funded thinktanks and the goal of limiting global temperature rise to 1.5 °C above pre-industrial levels.
- 11. Create or participate in coalitions that have the specific purpose of lobbying in support of the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.



FINAL ASSESSMENT FRAMEWORK: INDICATORS 12-14

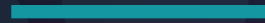
As investors, on a comply or explain basis, we expect each company to:

SPECIFIC DISCLOSURES

12. Publicly disclose, for all geographies, its membership of, support for and involvement in all associations, alliances and coalitions engaged in climate change-related lobbying.
13. Publicly disclose, for each of these organisations: (a) how much it pays to them on an annual basis; (b) those organisations where it sits on the board or plays an active role in committees or other activities related to climate change.
14. Publicly disclose its overall assessment of the influence that its climate lobbying has had on (a) supporting ambitious public climate change policy; (b) the company's ability to deliver its own corporate transition strategy.



RESPONSES IN DETAIL



SUMMARY

We proposed a total of 23 indicators in the consultation (referred to as Draft Indicators). Based on the feedback we have distilled these down to the 14 indicators presented in Slides 6-9 above.

In the following slides, we present each of the 23 indicators, we summarise the main point(s) of feedback received, we present our responses to the feedback and we explain how this feedback informed or shaped the final assessment framework.

- We note that we have made some text edits to the indicators to clarify their intent and have also prepared some guidance notes which respond to some of the issues raised here. These can be found at: www.climate-lobbying.com/standard



DRAFT INDICATOR NO. 1

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>(1) Has the company made a public commitment to align all of its climate change lobbying with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels?</p>	<p>Is the objective is Paris alignment or 1.5 degree alignment?</p>	<p>The goal of keeping global temperature rise to 1.5 degrees (and the related goal of net zero) has started to become a standard frame of reference for investors (see, for example, CA100+ and IEA NZE) roadmap. We, therefore, concluded that this and all subsequent indicators (where relevant) should delete reference to the Paris Agreement and simply refer to the goal of restricting global temperature rise to 1.5°C.</p>



DRAFT INDICATOR NO. 2

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>(2) Does the scope of the commitment apply to all of its subsidiaries and business areas, and all operational jurisdictions?</p>	<p>Is this question needed given that the universality of the policy is implicit in Indicator 1?</p>	<p>In practice, many companies are unclear about the coverage of their policies, and the intent of this question is for them to be explicit about the scope of their policies. We, therefore, decided not to make any changes to this indicator.</p>



DRAFT INDICATOR NO. 3

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>(3) Has the company publicly committed to ensure that the associations, alliances and coalitions of which it is a member lobby in line with the goals of the Paris Agreement with the stated aim of restricting global temperature rise to 1.5°C?</p>	<p>Is this indicator needed given that the scope of Indicator 1 implicitly refers to trade associations?</p> <p>Is 'ensure' a realistic explanation given that companies cannot be expected to exert over organisations that they do not own or have operational control over?</p>	<p>(As with Draft Indicator 2) In practice, many companies are unclear about the coverage of their policies, and the intent of this question is for them to be explicit about the scope of their policies.</p> <p>We acknowledge the issues around the word 'ensure' but took the view that (a) it is not unreasonable to have strong expectations in a policy, (b) we are not demanding that companies take a particular course of action.</p> <p>We, therefore, decided not to make any changes to this indicator in response to these comments.</p>



DRAFT INDICATOR NO. 4

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>(4) Is it objectively clear from the company's public communications that it is: (i) actively lobbying for limiting global temperature rise to 1.5°C, and that (ii) support for science-based climate policies is applied consistently in all operational geographies?</p>	<p>How is the indicator is to be assessed, and how are examples such as gas as a transition fuel and clean coal subsidies to be assessed?</p>	<p>We acknowledge the issues associated with assessing performance, and the ambiguity of 'science-based'.</p> <p>We, therefore, decided to remove this indicator and to extend the guidance on the new Indicator No. 9 (re conducting an annual review of the company's lobbying activities) to require companies to identify any misalignments between its lobbying and the goal of limiting global temperature rise to 1.5 degrees.</p>



DRAFT INDICATORS NO. 5 AND 6

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>(5) Has the company assigned responsibility at corporate board level for oversight of its lobbying approach and activities?</p> <p>(6) Has the company assigned responsibility at senior management level for day-to-day implementation of its lobbying policies and practices?</p>	<p>Can indicators 5 and 6 be combined?</p> <p>Can board responsibility be a committee responsibility not a named individual responsibility?</p>	<p>We disagree with the proposal to combine Draft Indicators 5 and 6 as they are capturing different aspects of responsibility (oversight responsibility and implementation responsibility). We, therefore, retained these as separate indicators.</p> <p>We acknowledge the issue around board committees and have provided guidance so that company's can meet the indicator through having a board committee with oversight for climate change lobbying as an explicit part of the committee's responsibility.</p>



DRAFT INDICATOR NO. 7

Draft Indicator	Main Points of Feedback	Our Responses and Actions
Has the company undertaken an assessment of the business risks and opportunities associated with climate lobbying?	Does the indicator provide insights into the decisions made or actions taken? Is the indicator already covered by the proposed indicators on policy and on monitoring?	We agree that the additional value of this indicator is unclear, given the other indicators in the framework. We, therefore, decided to delete this indicator.



DRAFT INDICATOR NO. 8

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>Has the company established monitoring and review processes to ensure that all of its direct and indirect lobbying activities are consistent across all geographies with the goals of the Paris Agreement and with the company's overall climate change strategy?</p>	<p>Is the indicator is too bureaucratic?</p> <p>Does the indicator duplicate other indicators (e.g. Indicator 7).</p>	<p>We think that these actions and processes are integral to effectively managing climate change lobbying-related activities. The removal of Draft Indicator 7 eliminates most of the duplication referred to by respondents. We, therefore, decided not to alter this indicator.</p>



DRAFT INDICATOR NO. 9

Draft Indicator	Main Points of Feedback	Our Responses and Actions
Has the company established a stakeholder engagement process related to setting and reviewing its climate lobbying policies, positions and activities?	Is this not something that companies already do as a matter of course?	The importance of stakeholder input to corporate climate change lobbying-related decisions emerged from our review of the academic literature on lobbying and was a key recommendation from the civil society respondents to our 2020 consultation on responsible lobbying (chronossustainability.com/responsible-lobbying). We, therefore, decided to retain this indicator.



DRAFT INDICATOR NO. 10

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>Has the company established a clear framework for addressing misalignments between the lobbying positions adopted by its trade associations and the goals of the Paris Agreement, in particular the stated aim of restricting global temperature rise to 1.5°C?</p>	<p>Does the scope should include coalitions and alliances?</p> <p>How does the indicator address lobbying positions on specific issues (e.g. subsidies for clean coal)?</p> <p>Does the question imply that companies need to automatically leave particular associations?</p>	<p>The scope, in line with earlier indicators, clearly includes coalitions and alliances. The accompanying indicator guidance clarifies this point.</p> <p>We note that the framework is as a global framework and so cannot deal with country-specific or issue-specific positions. The accompanying indicator guidance clarifies this point.</p> <p>The indicator does not require companies to take particular actions. The accompany guidance clarifies that companies needs to provide information on (a) criteria, (b) escalation strategies and when these are deployed, (c) timeframes for taking action and for escalation.</p>



DRAFT INDICATOR NO. 11

Draft Indicator	Main Points of Feedback	Our Responses and Actions
Has the company undertaken a review of its direct and indirect lobbying activities?	Is this already covered by Draft Indicator 8 (on monitoring and review processes)? Should the frequency of reviews should be specified?	We agree that the indicator duplicates Draft Indicator 8. We have, therefore, deleted this indicator and adjusted the wording of Draft Indicator 8 to clarify that reviews should be conducted annually.



DRAFT INDICATORS NO. 12-14 (INDICATORS)

Draft Indicator

(12) Has the company consistently taken action in situations where misalignment has been identified between the lobbying activities of its trade associations and the company's commitment to the goals of the Paris Agreement, with the stated aim of restricting global temperature rise to 1.5°C?

(13) Has the company made clear and timely public statements challenging its trade associations and other alliances in situations where these organisations have made statements or taken positions that differ materially from the company's commitments to the goals of the Paris Agreement, with the stated aim of restricting global temperature rise to 1.5°C?

(14) Has the company withdrawn its support or membership where there is a lack of alignment between the lobbying positions adopted by the trade association and the company's commitment to the goals of the Paris Agreement, with the stated aim of restricting global temperature rise to 1.5°C?



DRAFT INDICATORS NO. 12-14 (FEEDBACK AND RESPONSES)

Main Points of Feedback	Our Responses and Actions
<p>What is the difference is between Draft Indicators 12-14 and Draft Indicators 8 and 10 (process for review of industry associations, coalitions and alliances)?</p> <p>Can Draft Indicators 13 and 14 be made less prescriptive about the actions that are expected to be taken? Can these indicators account for (a) the timing of such actions, (b) the sequencing of these actions, (c) the effectiveness of these actions.</p> <p>Do Draft Indicators 12, 13 and 14 duplicate each other?</p>	<p>We agree that the indicators duplicate each others. We, therefore, have removed these indicators and replaced them with an indicator that requires companies to publish details of their reviews of trade associations, coalitions and alliances.</p> <p>We have also provided guidance on the information that is expected to be included in these disclosure, including: (i) confirmation that the review is conducted annually, (ii) details of how the review was conducted, (iii) the scope of the review, (iv) the key findings of the review, (v) the actions taken as a result of the review.</p>



DRAFT INDICATOR NO. 15

Draft Indicator	Main Points of Feedback	Our Responses and Actions
<p>Has the company created or participated in coalitions that lobby in support of the Paris Goals and act to counter third-parties' negative climate lobbying?</p>	<p>Is it appropriate to expect companies to lobby in this way?</p> <p>Can positive lobbying be seen as balancing out negative lobbying elsewhere?</p>	<p>Our view is that positive climate change lobbying is an important part of the climate policy debate: it provides a counter-weight to negative lobbying, it signals to policymakers that companies' views are not homogeneous, it is a practical way for companies to demonstrate their commitment to action on climate change. We have, therefore, retained the indicator although we have deleted second part of the question as it is the rationale for the question, rather than the indicator itself.</p>



DRAFT INDICATORS NO. 16-19 (INDICATORS)

Draft Indicator

(16) Has the company published a detailed and clearly referenced breakdown of its policy positions and commitments on climate change, and on climate change lobbying?

(17) Has the company published a detailed description of its lobbying activities – including those of its agents – related to climate change?

(18) Has the company published information on its access to and involvement with national and sub-national climate change policy-making processes?

(19) Has the company disclosed its membership of, support for and involvement in all third-party organisations, and indicated which of these it understands to be engaged in climate-related issues?



DRAFT INDICATORS NO. 20-23 (INDICATORS)

Draft Indicator

(20) Has the company disclosed, for all geographies, how much it pays to trade associations and other third parties that publish research, take positions or lobby on climate-related issues?

(21) Has the company published a list of any trade associations engaged in climate-related lobbying for which it has been on the board or committees, or to which it has provided funding beyond membership?

(22) Has the company published a review of the climate lobbying activities of its trade associations, and has it described the actions it has taken as a result of this assessment?

(23) Has the company published an overall assessment of the influence that its lobbying and the lobbying of its trade associations has had on public climate change policy?



DRAFT INDICATORS NO. 16-23 (FEEDBACK)

Draft Indicator

Do these indicators duplicate earlier indicators (given that many of the earlier questions rely on information being reported in order to make an assessment of whether or not the company meets the requirements of the indicator)?

Does the scope of these indicators include coalitions and alliances?

Should companies should be able to decide which third party organisations they report on?

Should companies be able to decide on which jurisdictions they cover in their reporting?

Is it reasonable to expect companies to report on the outcomes of their lobbying activities (noting the practical challenges associated with assessing the extent to which policy outcomes can be attributed to a individual company's climate change lobbying activities)?



DRAFT INDICATORS NO. 16-23 (RESPONSES)

Draft Indicator

We acknowledge the issues about indicator duplication and have therefore (a) removed indicators where a disclosure is required in order to assess one of the earlier indicators, (b) retained those indicators where the disclosures are not generated elsewhere in the indicator framework.

We have clarified, throughout the framework, that the scope of the assessment framework as a whole, and of individual indicators, includes coalitions and alliances, and all geographic regions.

We believe that companies should be required to report on all third party organisations and on all jurisdictions. We acknowledge the reporting burden for companies but see that such disclosures are an important part of corporate accountability.

We acknowledge the difficulties in assessing the extent to which policy outcomes can be attributed to a individual company's climate change lobbying activities. However, we think that companies should endeavour to make such an assessment. The indicator guidance provides some suggestions on how this might be conducted.



Acknowledgements

Thank you to the respondents who contributed their time to participate in this phase of the consultation, including*:

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** Note: Some respondents preferred not to be listed. No assumptions should be drawn between those listed & the aggregate views expressed in this document.*

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