



# Responsible Corporate Engagement in Climate Policy – over 100 companies committed to action

*Status Update, December 2015*



Caring for Climate



THE CLIMATE GROUP

**Engagement by the private sector that is collaborative, serious and solutions-oriented is vital and can help ensure widespread support for climate action.** Business leaders are in a unique position to inform and advance effective responses to climate change.

The 2015 Accenture-UN Global Compact CEO study highlights ‘providing proactive, constructive input for governments to create effective climate policies’ as one of five leadership behaviors. **55% of CEOs** surveyed see that **commitment to responsible corporate engagement** as one of the most important climate leadership behaviors for companies to adopt.

When corporate leadership engage with decision makers and trade associations to effect incentives, mechanisms and policies, this engagement needs to be aligned with their sustainable business goals and with the ultimate objective of transitioning towards a low-carbon society. Through the core elements of legitimacy, opportunity, consistency, accountability and transparency, businesses can connect the dots between their sustainability commitments and their corporate policy positions. With corporate input and endorsement, decision makers can deliver bold and meaningful climate policies that are consistent with climate-oriented strategies of the business sector.

The *Guide for Responsible Corporate Engagement in Climate Policy* established three priority actions, reflecting five core elements for positive lobbying. These actions—informed by consultation with business, government and civil society leaders—are now embraced by companies across the world.



## Two years after the launch of the Guide for Responsible Corporate Engagement in Climate Policy at COP19 over 100 companies from more than 20 countries have made a notable commitment to implement actions on responsible policy engagement in their company.

These companies have agreed, by making a public commitment through We Mean Business, CDP and the UN Global Compact, to implement the actions in Section 3 of the Guide to "Identify–Align–Report":

1. setting up processes to internally audit all activities that a company takes part in that influences climate policy;
2. working to ensure that all of this activity is consistent; and
3. communicating on progress.

Companies are continuing to sign up to this commitment. As of 29 November 2015 there were 106 companies:

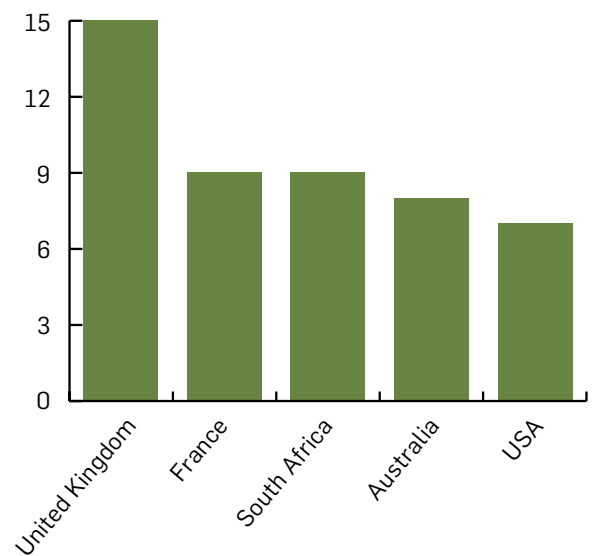
Acciona S.A	Compañía Española de Petróleos, S.A.U. CEPSA	Konica Minolta, Inc.	salesforce.com
Acer Inc.	Compagnie Ivoirienne d'Electricite	Koninklijke KPN NV (Royal KPN)	Sasol Limited
AGL Energy	CTT - Correios de Portugal SA	KPMG UK	Schneider Electric
Air France - KLM	Danone	Land Securities	Senior Plc
Akçansa Çimento Sanayi ve Ticaret A.Ş.	Delta Electronics, Inc.	LafargeHolcim	Sindicatum
Allied Electronics Corporation Ltd (Altron)	Econet	Link Real Estate Investment Trust	Singtel Optus
Arçelik A.Ş.	Enagás	Morgan Sindall Group plc	SSE
ASE Group	EnBW Energie Baden-Württemberg AG	National Australia Bank	StarHub
Atos SE	Exxaro Resources Ltd	Natura Cosmeticos SA	Suez Environnement
Australia and New Zealand Banking Group (ANZ)	Ferrovial	Nestlé	Symrise AG
Autodesk	Fiat Chrysler Automobiles (FCA)	NRG Energy Inc	Telefonica
AXA Group	FirstRand Limited	Obrascon Huarte Lain (OHL)	Tesco
BanColombia SA	Gas Natural SDG SA	Origin Energy	Terna
Bank Australia	GlaxoSmithKline	Pick 'n Pay Stores Ltd	Thales
Bouygues	Grupo Financiero Banorte SAB de CV	Pirelli	Tiger Brands
Broad Group	H&M Hennes & Mauritz AB	Prologis	Tonga Hulett Ltd
BT Group	Honda Motor Company	PTT	Travis Perkins
Caesars Entertainment	Iberdrola SA	PTT Exploration & Production Public Company Limited	TSKB
Cathay Financial Holdings	IKEA	RELX Group	TUI Group
China Rilin Industrial Group Co. Ltd.	Infigen Energy	Renault	Unilever plc
China Steel Corporation	Johnson Controls	Ricoh Co., Ltd.	Unite Students
CLP Holdings Limited	KAO Corporation	Royal Bafokeng Platinum	Veolia
CNH Industrial NV	Kellogg Company	Royal BAM Group	Verizon Communications Inc.
Coca-Cola HBC AG	Kering	Royal DSM	Vodacom Group
Commerzbank AG	Kingfisher	Royal Philips	Vodafone Group
Commonwealth Bank of Australia	Kintetsu Corporation	RSA Insurance Group	Westpac Banking Corporation
		Safaricom Limited	Wipro

2015 has seen a significant increase in investor activities on the climate policy engagement of investee companies.

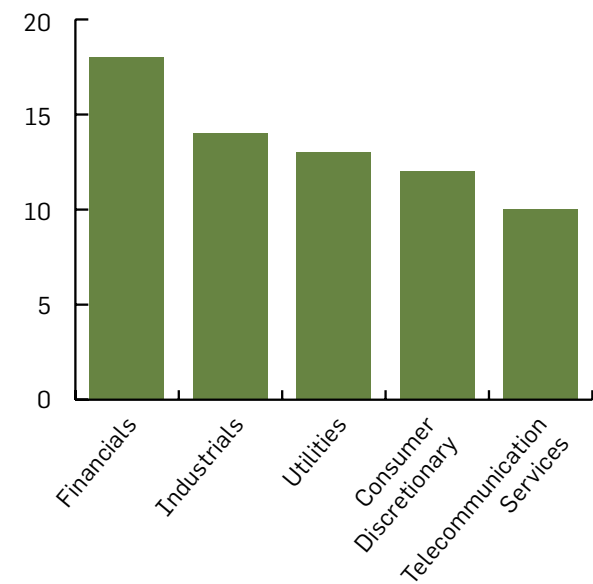
More than **60 investors globally**, with around **US\$ 4.2 trillion** in assets under management have endorsed a public statement of **INVESTOR EXPECTATIONS ON CORPORATE CLIMATE LOBBYING**.

The statement – developed by the UN-supported Principles for Responsible Investment (PRI) – is aligned with the Caring for Climate Guide to Responsible Engagement in Climate Policy and sets out clearly the disclosure and governance that investors expect of their investee companies when engaging with policymakers. A coalition of investors, coordinated by the Principles for Responsible Investment (PRI) in Australia and North America and the Institutional Investors Group on Climate Change (IIGCC) in Europe, is engaging companies to advocate for improvements in practice and disclosure as set out in the public statement.

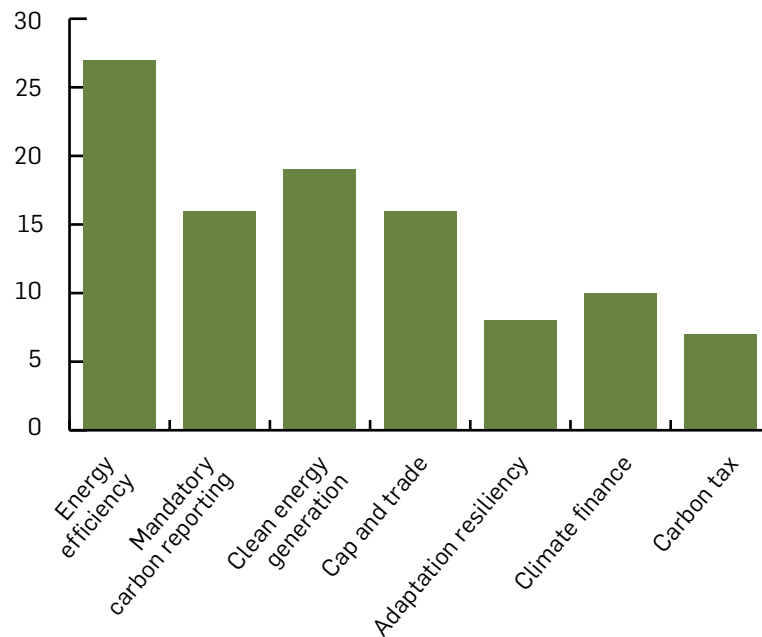
Top five countries where companies committing to responsible corporate engagement are headquartered



Top five industries companies committing to responsible corporate engagement

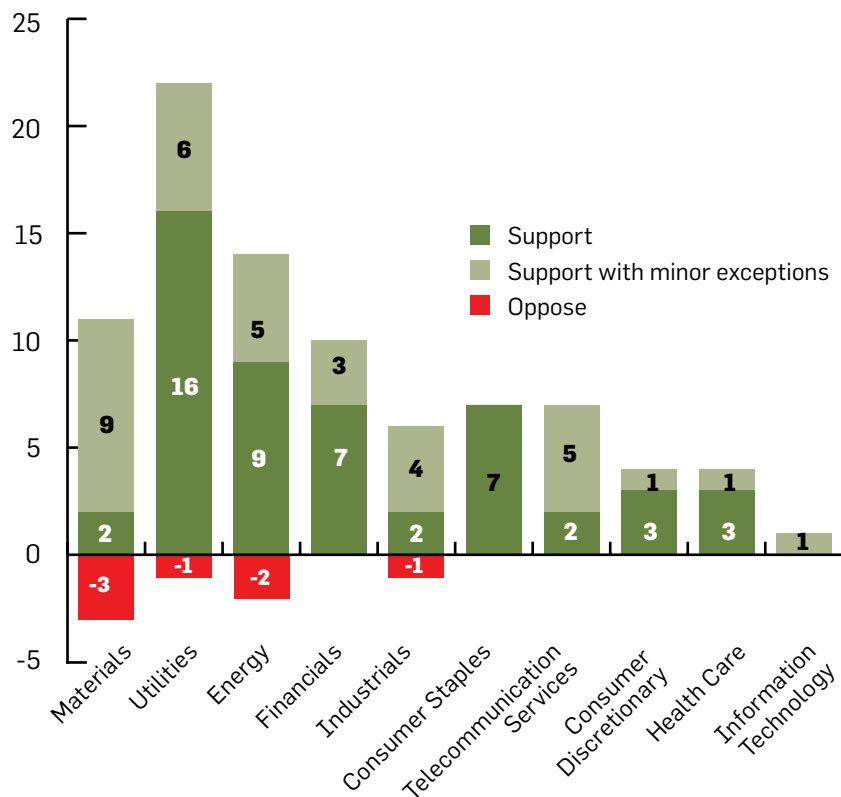


Just like in 2014, in 2015 there is only one topic—energy efficiency—where more than 20% of responding Global 500 companies are engaging policymakers. Where else can your company be more engaged?



Source: Global 500 corporate climate disclosures to CDP in 2015

Global 500 by industry support for legislation that would put a price on carbon (carbon tax, cap and trade or carbon pricing)



Source: Global 500 corporate climate disclosures to CDP in 2015

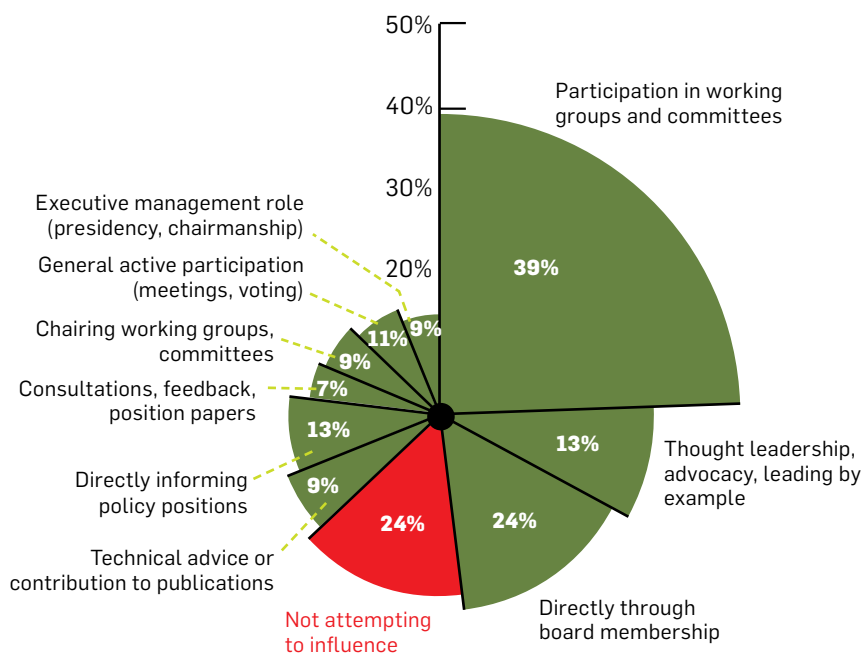
## ALIGNING INFLUENCES ON THE COMPANY'S BEHALF?

A company's voice on climate policy is not just that of its CEO or even its own lobbyists. In many cases, others are influencing policies and claiming to represent a large number of companies or an entire industry. Similarly, companies can be influential indirectly, constructively or not, with the funds they provide to research organizations. Misalignment, between words and actions or public and private messages, present some of the most significant challenges for companies.

Forty-six companies reported to CDP in 2015 that they are board members of a trade association with climate positions inconsistent with their own. More companies are reporting discrepancies with trade associations than in 2014, even when they are not also reporting an associated action. Inconsistency has historically been under-reported, so this indicates that companies are acting on the Guide for Responsible Corporate Engagement in Climate Policy by increasing awareness and transparency.

**This chart shows the various steps these companies took to influence their trade associations' climate policy positions.**

1. The majority of reported company engagement takes place through dialogue at Board level or in working groups/committees;
2. Some companies report an inconsistency but do not report any action to resolve it;
3. There is much more room for active engagement, and many companies are not yet reporting on this issue at all.



Source: Global 500 corporate climate disclosures to CDP in 2015



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## TRADE ASSOCIATIONS: MANAGING INDIRECT INFLUENCES

Many companies struggle with (real and perceived) inconsistencies when trade associations take defensive or obstructive positions on climate policy. Interviews with several companies and other stakeholders raised this as one of the most important—and most challenging—issues for responsible engagement on climate change.

Among the challenges noted:

- A trade association may take positions that only represent those fiercely opposed to a climate policy.
- A trade association may be more politically powerful than a single company.
- In some countries, membership in a trade association is mandatory or strategically important to a company for other reasons.
- It can be difficult to track the politics of an issue and the influences of various trade associations, especially when a company is a member of multiple groups.
- Some companies do not want to push policy actions too far beyond the industry position.

In light of these challenges, a few of the options suggested for companies to demonstrate consistency on climate policy include:

- Review the climate policy positions and influences of trade associations.
  - Publicly clarify the company's position relative to that taken by a trade association.
  - Work within a trade association to make the case for constructive engagement.
  - Discontinue membership in trade associations that oppose or obstruct climate change policies.
  - Form or join proactive, influential coalitions to advocate climate change policies.
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