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

Status Update, December 2015
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.

Three Actions Companies Can Take Today

**Identify**
- Inventory influences, risks and opportunities with internal and external experts
- Legitimacy...with policymakers...with investors...with stakeholders
- Opportunity...to inform...to influence...to benefit

**Align**
- Complete internal audit to ensure consistent positions, strategies, investments
- Consistency...with science...with positions...with strategies
- Accountability...to shareholders...to customers...to society

**Report**
- Disclose positions, actions, and outcomes
- Transparency...for positions...for influences...for outcomes

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

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
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.