The Church Commissioners for England

THE CHURCH OF ENGLAND PENSIONS BOARD

Church Commissioners / Church of England Pensions Board / Climate Change Lobbying

Media Coverage

8 March 2019

FINANCIAL TIMES

Investors challenge 55 companies over commitment to climate change

Attracta Mooney October 28, 2018

BMW, BP and steelmaker ArcelorMittal are being targeted by a $2tn group of big investors over concern that they back "behind the scenes" lobbying to undermine efforts to limit climate change while publicly backing carbon reduction.

The coalition of investors, led by the Church of England Pension Board and Swedish pension fund AP7, has written to 55 European corporations about their possibly hypocritical approach to climate lobbying.

The investors have called on the companies, which include seven automakers and 10 oil groups, to review the positions adopted by trade associations and organisations of which they are members. It has called for transparency.

The action comes weeks after the UN's Intergovernmental Panel on Climate Change warned that the world was on track to overshoot the targets of the Paris climate agreement and warm by 3C by the end of the century, a level that would disrupt life around the planet.

Adam Matthews, director of ethics and engagement at the Church of England Pension Board, which invests on behalf of Anglican clergy, said the concern was that large companies were publicly aligning themselves to the Paris agreement while acting differently behind the scenes, often through trade associations.

"We are keen to ensure that companies that are making a clear commitment to the Paris agreement are also taking that position across their lobbying," he said.

He said "misleading and misaligned corporate lobbying practices" undermined the ability of governments to act on climate change.

"The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policymaking on climate change," he said. "There is a lot of interventions from trade associations that attempt to delay, block or water down regulation aimed at tackling climate change."

The 55 companies were targeted after being assessed by InfluenceMap, a not-for-profit that monitors lobbying. The businesses were scored on their overall position on climate policy, the extent of their influence on policymakers and on whether publicly stated climate policies matched those of trade associations acting on their behalf.

This year, the Church of England Pension Board, AP7 and other investors filed a shareholder resolution at Rio Tinto about disclosure of lobbying practices. Mr Matthews said further resolutions could be filed at other companies.

Other signatories to the letter include Legal & General Investment Management, the UK's largest asset manager, and Robeco, the Dutch asset manager.

The letter said companies could face regulatory risks, as well as reputational and legal risks over their climate change lobbying. It also warned of systemic economic risks, where a delay in implementing the Paris agreement increased the physical risks of climate change and hurt economic stability. The investors said this could introduce uncertainty and volatility into their portfolios.

AP7's Charlotta Dawidowski Sydstrand said the Swedish pension fund believed that weaknesses in current climate policy globally "poses a risk to the long-term value growth" of its investment portfolios.

"At this point in time we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations.

"Lobbying on climate issues should be evaluated, managed and reported on transparently," she said.

BMW, BP and ArcelorMittal did not respond to a request for comment.

Bloomberg

Climate Changed

Pension Funds Point Finger at Lobbyists of Polluting Companies

By Anna Hirtenstein 29 October 2018 00:01 GMT

- Oil, industry giants called on to cut anti climate lobbying
- Investors pushing for consistency with Paris Agreement goals

A group of pension funds that control $2 trillion are pushing for 55 large European energy, mining and transportation companies to scale back their anti-climate lobbying.

Sweden's AP7, Legal & General Group Plc, the Church of England's pension fund and Robeco of the Netherlands wrote to the chairman of each company, asking them not to use organizations that try to ease governments' environmental rules and to be transparent about their own lobbying. The list of recipients includes 10 oil and gas companies such as

Royal Dutch Shell Plc and Total SA as well as Renault SA, Glencore Plc and Airbus SE.

“If these lobbying positions are inconsistent with the goals of the Paris Agreement, we would encourage you to ensure they adopt positions which are in line with these goals,” they said in the letter.

Lobbying by large companies and industry associations can have a significant impact on a government’s stance on an issue. A study by Drexel University showed that the oil and gas industry spent $2 billion between 2010 and 2016 to try to influence the U.S. government on climate legislation.

This is a significant barrier to governments delivering on their Paris agreement promises. In 2015, nearly 200 countries signed a landmark deal pledging to try to keep temperatures from rising more than 2 degrees Celsius (3.6 Fahrenheit) above pre-industrial levels.

“Long-term investors have a clear interest in the Paris Agreement being implemented to support the necessary transition to a low-carbon global economy,” said Stephanie Pfeiffer, chief executive officer of the Institutional Investors Group on Climate Change. “Shareholders should rightly expect companies in which they invest to advocate for the climate policy required for this to happen.”

Central banks are warning financial institutions that climate risk isn’t adequately priced in to asset valuations. Bank of England governor Mark Carney has previously said that this could result in a “climate Minsky moment,” a term for the sudden collapse of asset values. Two key issues are physical risk from extreme weather and transition risk, which could result in rapid repricing and stranded assets.

The letter identifies other risks:

Regulation -- delayed action may result in stronger regulatory action in the future, which could affect companies
Reputation -- companies could face backlash from their consumers, investors and stakeholders if they're seen to be blocking climate action
Legal -- companies that continue to invest in high-emitting projects or with misleading corporate disclosure could be exposed

"AP7 has identified that weaknesses in current climate policy globally pose a risk to the long-term value growth of our pension portfolios," said Charlotta Dawidowski, the environmental, social and governance manager at one of Sweden's largest pension funds. "At this point in time we find it unacceptable that companies counteract ambitious climate policy."

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AP7 wants to stop lobbying against the intentions of the Paris Agreement

Published: October 29, 2018, 1:35 pm Updated: October 30, 2018, 08:49

(Please note: Article translated from Swedish using Google Translate)

70 Pensions Managers who control investments worth 2 trillion USD has today challenged 55 of Europe's largest companies and demanded more efforts to reach the high-level goals of the Paris Agreement.

The initiator of the call is The Church of England Pensions Board and the Swedish pension fund AP7.

A number of other Swedish managers also participate. The 55 companies have not only been selected because of their size and their emissions, they have also been identified as leading in lobbying organizations that counteract the aims of the Paris Agreement.

The list is dominated by companies in the automotive industry, but here are also the largest companies in sectors such as aviation, energy and steel. Swedish companies on the list are Volvo and SSAB. In a letter to the top 55 companies, they are urged to influence the lobbying organizations where they participate and make them seriously change tracks.

According to the investors, the powerful influential network of the industry must simply stop working against the Paris agreement and instead work actively to create an industry that goes before and shows that it is possible to push the climate change in all parts of its operations.

The letter sets clear requirements for the 55 companies, including that they should adapt their activities and take advantage of the opportunities, instead of allocating resources to lobbying against the climate measures that are necessary to meet the two-degree objective.

The Telegraph

Pension funds challenge industry giants over links to climate lobby groups

Jon Yeomans, Assistant Business Editor

29 October 2018 • 12:01am

A group of major pension funds have challenged some of the world's biggest companies to rethink their funding of trade bodies that lobby in favour of high-polluting fossil fuels.

The Church of England Pensions Board, Legal & General Investment Management, Robeco and Swedish national pension fund AP7, which together manage £2 trillion in funds, have written to 55 multinationals asking them to review their association with groups whose "lobbying positions are inconsistent with the goals of the Paris Agreement".

FTSE 100 names BP, Shell, Rio Tinto, Glencore and Anglo American are among the extractive companies on the hit list drawn up by the pension funds, alongside car making giants BMW and Volkswagen and engineers Rolls-Royce and Airbus.

All 55 companies are either responsible for high greenhouse gas emissions or high energy use.

The pension funds warn that the companies' stated goals of tackling climate change according to the Paris accord of 2015 are at odds with their continued funding of lobbyists that defend the use of coal and diesel fuel.

Adam Matthews, of the Church of England Pensions Board, said: "Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement.

"The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change."

The Paris Agreement sets nations the goal of keeping global temperature rises this century well below 2 degrees Celsius above pre-industrial levels. The pension funds have been spurred to action by a recent UN report that warned the world was facing catastrophic temperature rises by as early as 2030.

Research conducted on behalf of the pension funds found that the chemicals, automotive and oil and gas sectors were the most misaligned on climate policy, with a clash between the "positive" messages sounded by management versus their actual lobbying practices.

The funds have written to the chairs of the 55 companies on the list asking for a response by Christmas. If companies do not address their concerns, the group may file shareholder resolutions later this year to force a wider debate among investors.

Stephanie Pfeiffer, of the Institutional Investors Group on Climate Change, said: "Long-term investors have a clear interest in the Paris Agreement being implemented to support the necessary transition to a low-carbon global economy. Shareholders should rightly expect companies in which they invest to advocate for the climate policy required for this to happen."

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Financial News

Church of England leads new campaign against CO2 polluters

Pension funds team up with LGIM and Robeco to discourage lobbying 'behind closed doors'

By David Ricketts Updated: October 30, 2018 9:50 a.m. GMT

The Church of England has teamed up with Sweden's state pension funds to pile pressure on some of Europe's biggest polluters, demanding they end their "behind closed doors" lobbying approach to climate change.

The influential pension funds, joined by Legal & General Investment Management and Robeco, the asset managers, have written to 55 companies asking them to review their relationships with external lobby groups, particularly those that do not support progressive climate policy.

This is to ensure companies are upholding their publicly stated policies supporting the implementation of the Paris Climate Agreement, the investors said. Government leaders signed the accords in 2015, aiming to keep global temperature rises below 2C above pre-industrial levels.

The letter to the chair of each company states: “We would ask you to review the lobbying positions being adopted by the organisations of which you are a member. If these lobbying positions are inconsistent with the goals of the Paris Agreement, we would encourage you to ensure they adopt positions which are in line with these goals.”

Fiat Chrysler, Volkswagen, Unilever, BP, Rolls Royce and Centrica are among the companies that have been sent the letter. They have been contacted due to their high greenhouse gas emissions and significant role in energy-intensive sectors, the investors said.

The letter sets out the funds’ stance that companies lobbying against the Paris accords are posing a “financial risk” to their shareholders, because delaying tactics today will only lead to higher costs later.

The letter continues: “Companies may face backlash from their consumers, investors or other stakeholders if they, or the organisations that they support, are seen to be delaying or blocking effective climate policy.”

It comes just weeks after a report by the Intergovernmental Panel on Climate Change predicted that the world is heading towards warming of 3C — double the preferred target.

Adam Matthews, director of ethics and engagement at the Church of England Pensions Board, said: “Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement.

“The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policymaking on climate change. As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us.

“It is therefore right that investors are challenging Europe’s most high-emitting companies to ensure consistency in their lobbying practices.”

Charlotta Dawidowski Sydstrand, corporate governance and sustainability strategist at AP7, one of Sweden's national pension funds, added: “At this point in time we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations.

“Lobbying on climate issues should be evaluated, managed and reported on transparently. We are hoping this will become a natural component of companies’ sustainability reporting.”

INDEPENDENT

BP, Unilever and Volkswagen among firms facing investor challenge over climate change policy

They have been urged to consider their links to lobbying organisations that might not be complying with the Paris Agreement on climate change

Caitlin Morrison Saturday 27 October 2018

Some of the world’s biggest companies are being challenged over climate change by a group of influential investors which includes the Church of England Pensions Board.

Firms including BP, Rio Tinto and Volkswagen are facing calls to reconsider their ties to lobbying organisations whose climate change policies do not match up to the Paris Agreement targets.

Investors have written to 55 companies, asking them to “review the lobbying positions being adopted by the organisations of which you are a member”, particularly any groups that might oppose progressive climate change policies.

Unilever, Nestle and Rolls-Royce were also approached.

The 55 firms have been chosen due to their high greenhouse gas emissions and “significant role in energy-intensive sectors”, investors said. The decision to take action on “back-door” lobbying comes weeks after the UN’s Intergovernmental Panel on Climate Change (IPCC) warned that greenhouse gas emissions must be cut almost in half by 2030 to avert a global environmental catastrophe.

Under current climate commitments by world leaders, the Earth will be 3C warmer by the end of the century, according to the IPCC’s report.

The worst effects of global warming – including the total loss of every coral reef, the disappearance of Arctic ice and the destruction of island communities – will only be avoided if the global temperature increase stays below 1.5C. Scientists think this figure will be exceeded within around 20 years.

Adam Matthews, of the Church of England Pensions Board, said: “Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement. The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policymaking on climate change.

“As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us. It is therefore right that investors are challenging Europe’s most high-emitting companies to ensure consistency in their lobbying practices.”

Stephanie Pfeifer, chief executive of the Institutional Investors Group on Climate Change, said: "Long-term investors have a clear interest in the Paris Agreement being implemented to support the necessary transition to a low-carbon global economy. Shareholders should rightly expect companies in which they invest to advocate for the climate policy required for this to happen. This includes ensuring the trade bodies of which they are members are working to the same end.

IPE

Pension funds challenge European companies on climate lobbying

29 October 2018By Susanna Rust

Two major European pension funds have challenged large companies over lobbying positions that are inconsistent with the goals of the Paris climate deal.

Sweden's SEK608bn (€62bn) AP7 and the £2.3bn (€2.6bn) Church of England Pensions Board (CEPB) have today written to the chairs of 55 European companies to push them to review the lobbying practices being adopted by their trade associations and lobbying organisations.

"If these lobbying positions are inconsistent with the goals of the Paris Agreement, we would encourage you to ensure they adopt positions which are in line with these goals," the letters continued.

The investors also urged the companies to be transparent about their own policy positions and how they ensured these were implemented in their direct and indirect lobbying activities.

Legal & General Investment Management, the biggest UK-based asset management, and Robeco have also backed the initiative, according to a spokeswoman.

The engagement programme was developed in consultation with the Institutional Investors Group on Climate Change (IIGCC), a European forum for collaboration on climate action by investor members with €21trn in assets collectively under management.

Driving change

In a document shared with the targeted companies, AP7 and Church of England Pensions said the programme's aim was to drive change in corporate lobbying ahead of UN climate negotiations in 2020.

Some targeted shareholder resolutions would be considered at companies in key sectors lobbying on climate change, they indicated.

In a statement about the initiative, the investors also referenced the recent special report from the UN Intergovernmental Panel on Climate Change (IPCC).

Published three weeks ago, this warned the world was on course for 3°C of global warming and presented the case for limiting global warming to 1.5°C above pre-industrial levels compared with 2°C.

Adam Matthews, director of ethics and engagement at the CEPB, said: “As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us. It is therefore right that investors are challenging Europe’s most high-emitting companies to ensure consistency in their lobbying practices.”

According to Charlotta Dawidowski Sydstrand, corporate governance and sustainability strategist at AP7, the Swedish buffer fund had identified that “weaknesses in current climate policy globally pose a risk to the long-term value growth of our pension portfolios”.

“At this point in time we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations,” she added.

“Lobbying on climate issues should be evaluated, managed and reported on transparently. We are hoping this will become a natural component of companies’ sustainability reporting.”

Earlier this year investors used the occasion of a G7 summit to urge governments to do much more to both limit global warming and ensure the world was prepared for the effects of climate change.

The 55 companies that AP7 and the Church of England Pensions Board have written to were selected due to their high greenhouse gas emissions and significant role in energy-intensive sectors. They include companies such as Fiat Chrysler, Rio Tinto, and Rolls-Royce.

The companies were assessed by InfluenceMap, which monitors lobbying activity by companies, with the worst performers in seven industry sectors set to be the focus of the investors’ engagement.

Pensions&Investments

Pension funds urge high-emissions companies to review lobbying practices

BY SOPHIE BAKER · OCTOBER 29, 2018 12:39 PM · UPDATED 12:49 PM

A group of pension funds representing $2 trillion in assets has called on 55 European firms to review and improve their approach to climate lobbying.

The initiative is led by the Church of England Pensions Board, London — which manages more than £2.3 billion ($3 billion) in assets — and the 426 billion Swedish kronor ($46.7 billion) AP7, Stockholm.

The group identified 55 high-emission companies across seven industry sectors, as assessed by independent non-government organization InfluenceMap. Assessments included overall climate policy position, influence on policymakers and whether publicly stated corporate climate policies matched those of the trade associations that act on their behalf.

Each firm has been asked to review relationships with their key trade associations and lobbying organizations to ensure they align with formal company positions when it comes to implementing the 2015 Paris Agreement. A list of investor expectations outlining best practice on lobbying has been sent to each firm.

Sent to the chair of each company, the letter said: "We would ask you to review the lobbying positions being adopted by the organizations of which you are a member. If these lobbying positions are inconsistent with the goals of the Paris Agreement, we would encourage you to ensure they adopt positions which are in line with these goals. More generally, we would ask you to ensure that your lobbying practices align with the 'Investor Expectations' document you have been sent, and that you are transparent about your own policy positions and how you ensure these are implemented in your direct and indirect lobbying activities."

The letter also said corporate lobbying activities that are not consistent with the Paris Agreement present regulatory, systemic economic, and reputational and legal risks to investors.

The companies are 13 utilities companies; 12 mining and metals firms; 10 oil and gas businesses; seven in the auto sector; five food, beverage and industrials companies; four chemicals firms; and four transportation firms.

European Pensions

Pension funds lead challenge against 55 companies on climate lobbying practices

Written by Natalie Tuck **29/10/2018**

Sweden's AP7 and UK's Church of England Pensions Board are leading a $2trn group of investors in challenging 55 large European companies on their approach to climate lobbying.

The investors have written to the companies, and have said they may file a shareholder resolution later this year. The move comes just two weeks after the IPCC Special Report predicted that the world is heading towards warming of three degrees.

AP7's Charlotta Dawidowski Sydstrand said the pension fund has identified that weaknesses in current climate policy globally pose a risk to the long-term value growth of pension portfolios.

"At this point in time, we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations. Lobbying on climate issues should be evaluated, managed and reported on transparently. We are hoping this will become a natural component of companies' sustainability reporting," she said.

The 55 high-emitting companies have been assessed by InfluenceMap (an independent NGO that monitors lobbying activity by companies) and the worst performers in seven industry sectors will be the focus of the investors' engagement.

Companies were scored by InfluenceMap for their overall position on climate policy, the extent of their influence on policy-makers and on whether publicly-stated corporate climate policies matched those of the trade associations acting on their behalf. One of the worst performing sectors was the auto sector.

In the run-up to the key United Nations climate negotiations in 2020, the funds have targeted this group of 55 European companies due to their high greenhouse gas emissions and significant role in energy-intensive sectors.

Each company has been asked to review relationships with key trade associations and lobbying organisations, to ensure alignment with their formal company positions supporting the implementation of the Paris climate agreement. A set of 'investor expectations' outlining best practice on lobbying has been sent to each company.

The letter sent to the chair of each company asks them to review the lobbying positions being adopted by the organisations. It asks that if the goals are inconsistent with the goals of the Paris Agreement, to adopt positions that are in line with these goals.

"More generally, we would ask you to ensure that your lobbying practices align with the 'Investor Expectations' document you have been sent and that you are transparent about your own policy positions and how you ensure these are implemented in your direct and indirect lobbying activities," the letter reads.

Church of England Pensions Board director of ethics and engagement Adam Matthews said that "misleading and misaligned" corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement.

"The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change. As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us. It is therefore right that investors are challenging Europe's most high-emitting companies to ensure consistency in their lobbying practices," he added.

funds europe

Pension funds challenge companies on climate lobbying

Oct 29, 2018 By **Nick Fitzpatrick**

Institutional investors are challenging 55 large European companies on their approach to climate lobbying, telling them to ensure they fall in line with the Paris Agreement and that their lobbying is not hypocritical.

The Church of England Pensions Board (CoEPB) and Swedish national pension fund AP7 are at the head of the initiative targeting firms including BP, Rio Tinto and Volkswagen.

Investors with a collective $2 trillion of assets under management are involved in an initial letter-writing campaign, but may register shareholder resolutions.

They say their action aims to clarify lobbying positions by the companies in response to the recent IPCC Special Report that predicted the world is heading towards warming of 3°C.

Each of the 55 companies is described as a high-emitter of greenhouse gasses and playing significant roles in energy-intensive sectors.

Adam Matthews, director of ethics and engagement at the Church of England Pensions Board, said: “Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement. The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change.”

Alice Garton, a lawyer at ClientEarth which is supporting the action, said: “Fossil fuel companies are seeing the energy transition bite and their executives are starting to panic.

“But aggressively lobbying to keep these outdated business models intact while public-facing statements assure shareholders the business cares about the climate is deeply hypocritical [and] puts businesses at real risk of litigation.”

AP7 Pension Fund has identified risk stemming from weaknesses in current climate policy to the long-term value growth of its portfolios.

Three key financial risks identified by the group are: regulatory risks if action delayed now leads to stronger regulatory interventions and higher costs later; systemic economic risks posed by climate change that introduces uncertainty and volatility into investor portfolios; and reputational and legal risks.

Charlotta Dawidowski Sydstrand, of AP7, said: “At this point in time we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations. Lobbying on climate issues should be evaluated, managed and reported on transparently. We are hoping this will become a natural component of companies’ sustainability reporting.”

InfluenceMap scored companies and drew up a list of laggards and leaders for the investor group, which is part of the IIGCC, a European forum for investor collaboration on climate action. The group has over 160 investor members and €21 trillion in assets collectively under management.

Environmental Finance

Pension funds grill major companies on climate lobbying

A group of more than 50 major companies have been challenged on their approach to climate lobbying by investors with assets of about $2 trillion.

(full article not available due to paywall restrictions)

the answer company
THOMSON REUTERS

EXECUTIVE PERSPECTIVES

EXECUTIVE PERSPECTIVE: Why contradictory climate lobbying has to end

Adam Matthews
13 Nov 2018

In this important piece by Adam Matthews, Director of Ethics & Engagement at The Church of England Pensions Board, we are reminded that leadership from the private sector on climate requires policy advocacy to be consistent with the Paris Climate Accord and the latest scientific guidance. Tim Nixon, Managing Editor, Thomson Reuters Sustainability.

Lobbying in and of itself is not wrong. It is entirely reasonable for companies to contribute to public policy discussion, and advocate positions that are in their interest. ***However, it becomes problematic when this advocacy is in tension with the well defined positions of wider society (say, a global agreement on climate change), and where a company appears to be committed to two incompatible positions, such as support for the Paris Climate Agreement on the one hand, whilst on the other financing lobbying associations that undermine regulation designed to implement that very same agreement.***
In the case of negative climate lobbying it becomes an important business issue. These concerns are not just of interest to 'ethical' or 'responsible' investors. Climate change is a material issue for the long-term performance of very many businesses and those of us who have fiduciary responsibilities toward beneficiaries increasingly appreciate the relationship between society's long term health and long term business performance.

When it comes to climate lobbying the stakes are high, as we seek to transition the entire global economy to a low carbon model. The added pressure is that time is against us. Exactly four weeks ago the International Panel on Climate Change (IPCC) that advises the United Nations climate negotiations, reported that we are heading for three degrees of global warming with enormous disruption to health, livelihoods, food security and economic growth. The report did conclude that it is possible to limit this to 1.5°C if we act quickly but to do so it is clear we need more regulation by governments.

Unblocking the blocks

One of the biggest blocks between the global ambition signed in Paris, and our current trajectory towards three degrees of warming world is insidious lobbying. Most major European companies have stated support for the international agreement on climate, the Paris Climate Agreement. This is to be welcomed. However, it is vital that companies who have committed to supporting the Paris Agreement ensure consistency in the lobbying undertaken on their behalf.

One alleged example of such lobbying emerged last month, when a **leaked document** reportedly suggested that BusinessEurope, a large confederation representing trade bodies across the EU, was planning to "oppose" greater EU ambition on climate policy through a set of classic lobbying tactics of delay and obfuscation. This despite the body's public support for Paris. Any strategy that gives the impression of support in one moment, but which in the next moment seeks to undermine the chances of anything significant being agreed, is at odds with the long-term interests of our pension beneficiaries as well as wider society.

Focusing on high-emitters

This is why we as the Church of England Pensions Board have joined forces with the Swedish National Pension Fund AP7, BNP Paribas Asset Management and other major investors with over £3 trillion in assets under management to raise the issue of corporate lobbying on climate change. We are also being supported in this endeavour by the environmental law firm Client Earth, the independent organisation tracking lobbying behaviour, InfluenceMap and the movement for responsible investment ShareAction.

We have written to the Board Chairs of 55 European companies that are among the highest greenhouse gas emitters such as BP, energy producer RWE, automakers Daimler and BMW and chemical companies such as BASF and asked them to support a set of investor expectations that clearly set out best practice on corporate climate lobbying. Specifically, we are asking the companies to do four things. The first is to commit to lobby positively in line with the Paris climate Agreement. Secondly, to have robust governance procedures in place including Board Oversight, regular monitoring and reviews processes and transparent process to assess consistency between the company lobbying positions and those of their trade associations. Thirdly we ask that when they identify positions that are not aligned with their company advocacy that they take action by either making public statements highlighting the difference, working to change the association position, ending their membership or forming proactive coalitions to oppose the lobbying. Finally, we ask the companies to be transparent about their approach to this issue.

Ensuring sustainable and transparent business

We as investors and owners want our companies to succeed and to safeguard our shared interest in achieving the goals of the Paris Climate Agreement. This means conducting sustainable business operations that are not limited to managing direct climate impact but also ensure a responsible public affairs strategy. Companies must provide transparency and appropriate oversight when it comes to the work of trade associations and think tanks acting on their behalf or enabled through their resourcing.
Just think if we turned the lobbying might of these high emitting companies to achieving the Paris Agreement we would have a stronger chance of limiting warming to 1.5 degrees and preserving the long term health of both society, business and the pensions of our beneficiaries.

EURACTIV

$2 trillion investors challenge 55 companies on climate lobbying

By Claire Stam | EURACTIV.com

29-10-2018 (updated: 30-10-2018)

Five weeks before a pivotal UN climate conference (COP24) starts, a group of investors, led by the Church of England Pensions Board and Swedish national pension fund AP7, sent a letter to 55 companies to challenge them on climate lobbying.

The investors have targeted these 55 European companies because of their high greenhouse gas emissions and significant role in energy-intensive sectors, the group explained in a statement released on Monday (29 October).

Each company has been asked to review relationships with key trade associations and lobbying organisations, to ensure alignment with their formal company positions supporting the implementation of the Paris climate agreement, it added, specifying that a set of 'investor expectations' outlining best practice on lobbying has also been sent to each company.

"We would ask you to review the lobbying positions being adopted by the organisations of which you are a member. If these lobbying positions are inconsistent with the goals of the Paris Agreement, we would encourage you to ensure they adopt positions which are in line with these goals," the letter reads.

"More generally, we would ask you to ensure that your lobbying practices align with the 'Investor Expectations' document you have been sent, and that you are transparent about your own policy positions and how you ensure these are implemented in your direct and indirect lobbying activities," it said.

Auto sector the worst

The 55 high-emitting companies have been assessed by InfluenceMap, a UK-based NGO that monitors lobbying activity by companies.

The organisation scored the companies according to their overall position on climate policy, the extent of their influence on policy-makers and on whether publicly-stated corporate climate policies matched those of the trade associations acting on their behalf, the investors said.

One of the worst performing sectors was the auto sector, the scoring list shows, comprising Fiat, Daimler, BMW, Renault, Volkswagen and Peugeot PSA, while RWE top the list of utility companies.

Among the chemicals companies, the list ranked German giants Bayer and BASF as the most active in climate lobbying, with Siemens and Danone being the most active in the food and beverage sector.

Among the oil and gas companies, BP, Total and Royal Dutch Shell are the top three on the list.

Legal risk

The letter to the companies outlines three key reasons why corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present financial risks to investors, the group continued.

It cited:

1. Regulatory risks: Delay in action now is likely to result in the need for stronger and more drastic regulatory interventions later, leading to much higher costs for companies.
2. Systemic economic risks: Delay in the implementation of the Paris Agreement increases the physical risks of climate change, posing a systemic risk to economic stability, and introducing uncertainty and volatility into investor portfolios.
3. Reputational and legal risks: Companies may face a backlash from their consumers, investors or other stakeholders if they or the organisations that they support are seen to be delaying or blocking effective climate policy. This may also lead to legal risk, particularly for

companies which continue to invest in high-carbon projects, or whose corporate disclosures are alleged to be misleading.

The investor action follows the news of a leaked document in September that suggested that BusinessEurope, a large confederation representing trade bodies across the EU, was planning to "oppose" greater EU ambition on climate policy.

POSITIONS

Adam Matthews, Director of Ethics & Engagement, **Church of England Pensions Board**, said: "Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement. The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change. As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us. It is therefore right that investors are challenging Europe's most high-emitting companies to ensure consistency in their lobbying practices."

Charlotta Dawidowski Sydstrand, from Sweden's **AP7 Pension Fund**, said: "AP7 has identified that weaknesses in current climate policy globally pose a risk to the long-term value growth of our pension portfolios. At this point in time we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations. Lobbying on climate issues should be evaluated, managed and reported on transparently. We are hoping this will become a natural component of companies' sustainability reporting."

Stephanie Pfeiffer, CEO of the **Institutional Investors Group on Climate Change (IIGCC)**, commenting on the action taken by the pension funds explains: "Long-term investors have a clear interest in the Paris Agreement being implemented to support the necessary transition to a low-carbon global economy. Shareholders should rightly expect companies in which they invest to advocate for the climate policy required for this to happen. This includes ensuring the trade bodies of which they are members are working to the same end."

The IIGCC is the European forum for investor collaboration on climate action with over 160 investor members and €21 trillion in assets collectively under management.

Alice Garton, lawyer at **ClientEarth** who are supportive of the shareholder engagement, said: "Fossil fuel companies are seeing the energy transition bite and their executives are starting to panic. Coal and diesel in particular are seeing an existential threat. But aggressively lobbying to keep these outdated business models intact while public-facing statements assure shareholders the business cares about the climate is deeply hypocritical – and as we've seen in the US, puts businesses at real risk of litigation. You cannot say you are actively working to tackle climate change while pouring money into campaigns that seek to maintain a high-carbon economy. It is misleading and a threat to the value of investors' shares. We commend these investors for their leadership in taking this issue to the boardrooms of major emitters."

AP7 Förvalt

AP7 requires increased openness about lobbying against the Paris Agreement

2018-10-29 / AP7 / Sustainability

(Please note: Article translated from Swedish using Google Translate)

The fight against climate change is slow. On October 8, the UN Climate Panel presented the latest IPCC report, which showed that we are moving towards 3 degree global warming and that consequences will be serious at 1.5 degrees.

When the Paris Agreement met three years ago, new hope was lit. For the first time, there was a global political ambition to do something to slow down the warming up of the planet. A matter of fate is now whether the agreement is transformed into national legislation.

Unfortunately, there are both companies and organizations that oppose the agreement. We and many other investors engaged in the negotiations before the meeting in Paris three years ago, including within the framework of the IIGCC (Institutional Investors Group on Climate Change). There it became clear that companies have a strong influence on the legislation on climate impact, both on their own and through organizations. Some initiatives have a constructive approach, while others engage in lobbying that more or less directly opposes the Paris Agreement.

AP7 owns shares in 3000 companies in many industries and all parts of the world. It gives us the opportunity to influence the companies we own and work with system issues. As an owner, we expect companies to support a policy that benefits climate change. And above all, it does not counteract it. Companies should adapt their operations and take advantage of the opportunities, instead of allocating resources to lobbying against the climate measures that are necessary to meet the two-degree objective.

Together with the Church of England, AP7 has therefore contacted a total of 55 European companies with a great climate impact to clarify our expectations that they adapt their climate lobbying to the objectives of the Paris Agreement. We want companies to be transparent about their climate lobbying, as it can have at least as great a climate impact as their business.

The total list of the 55 companies is: Air France-KLM, Air Liquide, Airbus Group, Anglo American, ArcelorMittal, BASF, Bayer, BMW Group, BP, Centrica, CEZ, CRH plc, Daimler, Danone, E.ON, EDF, Daimler, Danone, E.ON, EDF, Daimler, Danone, E.ON, EDF, Enel, Engie, Eni, Equinor (formerly Statoil), Fiat Chrysler Automobiles, Fortum, Gazprom, Glencore International, Groupe PSA, HeidelbergCement, Iberdrola, LafargeHolcim, Lukoil, LyondellBasell Industries, MMC Norilsk Nickel, Moller Maersk Group, National Grid, Naturgy (Gas Natural Fenosa), Nestle, OMV, PGE Group, Philips, Renault, Repsol, Rio Tinto Group, Rolls-Royce, Rosneft, Royal Dutch Shell, RWE, Saint-Gobain, Severstal, Siemens, SSAB, SSE, ThyssenKrupp AG, Total, Unilever, Volkswagen and Volvo.

Ekklesia

Pension funds challenge major European emitters on climate lobbying

By agency reporter
OCTOBER 29, 2018

An influential $2 trillion group of investors, led by the Church of England Pensions Board and Swedish national pension fund AP7, have challenged 55 large European companies on their approach to climate lobbying. The move comes just two weeks after the IPCC Special Report predicted that the world is heading towards warming of 3°C.

The 55 high-emitting companies have been assessed by InfluenceMap (an independent NGO which monitors lobbying activity by companies). The worst performers in seven industry sectors will be the focus of the investors' engagement. Companies were scored by InfluenceMap for their overall position on climate policy, the extent of their influence on policy-makers and on whether publicly-stated corporate climate policies matched those of the trade associations acting on their behalf. One of the worst performing sectors was the auto sector.

In the run up to the key United Nations climate negotiations in 2020, the funds have targeted this group of 55 European companies due to their high greenhouse gas emissions and significant role in energy intensive sectors. Each company has been asked to review relationships with key trade associations and lobbying organisations, to ensure alignment with their formal company positions supporting implementation of the Paris climate agreement. A set of 'investor expectations' outlining best practice on lobbying has been sent to each company.

The letter to the Chair of each company states: "We would ask you to review the lobbying positions being adopted by the organisations of which you are a member. If these lobbying positions are inconsistent with the goals of the Paris Agreement, we would encourage you to ensure they adopt positions which are in line with these goals. More generally, we would ask you to ensure that your lobbying practices align with the 'Investor Expectations' document you have been sent, and that you are transparent about your own policy positions and how you ensure these are implemented in your direct and in-direct lobbying activities."

Adam Matthews, Director of Ethics and Engagement, Church of England Pensions Board, said: "Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement. The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change. As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us. It is therefore right that investors are challenging Europe's most high-emitting companies to ensure consistency in their lobbying practices."

Charlotta Dawidowski Sydstrand, Sweden's AP7 Pension Fund, said: "AP7 has identified that weaknesses in current climate policy globally pose a risk to the long-term value growth of our pension portfolios. At this point in time we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations. Lobbying on climate issues should be evaluated, managed and reported on transparently. We are hoping this will become a natural component of companies' sustainability reporting."

Stephanie Pfeiffer, CEO of the Institutional Investors Group on Climate Change (IIGCC), commenting on the action taken by the pension funds explains: "Long-term investors have a clear interest in the Paris Agreement being implemented to support the necessary transition to a low-carbon global economy. Shareholders should rightly expect companies in which they invest to advocate for the climate policy required for this to happen. This includes ensuring the trade bodies of which they are members are working to the same end."

The IIGCC is the European forum for investor collaboration on climate action with over 160 investor members and €21 trillion in assets collectively under management.

Alice Garton, lawyer at ClientEarth who are supportive of the shareholder engagement, said: "Fossil fuel companies are seeing the energy transition bite and their executives are starting to panic. Coal and diesel in particular are seeing an existential threat. But aggressively lobbying to keep these outdated business models intact while public-facing statements assure shareholders the business cares about the climate is deeply hypocritical – and as we've seen in the US, puts businesses at real risk of litigation. You cannot say you are actively working to tackle climate change while pouring money into campaigns that seek to maintain a high-carbon economy. It is misleading and a threat to the value of investors' shares. We commend these investors for their leadership in taking this issue to the boardrooms of major emitters."

The letter to the companies outlines three key reasons why corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present financial risks to investors:

- **Regulatory risks:** Delay in action now is likely to result in the need for stronger and more drastic regulatory interventions later, leading to much higher costs for companies.
- **Systemic economic risks:** Delay in the implementation of the Paris Agreement increases the physical risks of climate change, posing a systemic risk to economic stability, and introducing uncertainty and volatility into investor portfolios.
- **Reputational and legal risks:** Companies may face backlash from their consumers, investors or other stakeholders if they or the organisations that they support are seen to be delaying or blocking effective climate policy. This may also lead to legal risk, particularly for companies which continue to invest in high-carbon projects, or whose corporate disclosures are alleged to be misleading.
- The investor action follows the news of a leaked document in September that suggested that BusinessEurope, a large confederation representing trade bodies across the EU, was planning to "oppose" greater EU ambition on climate policy.

BusinessGreen

Church of England Pensions Board challenges firms on climate lobbying

Madeleine Cuff 29 October 2018

More than 50 companies have been urged to overhaul corporate lobbying habits that have been blamed for stymieing climate progress

The Church of England Pensions Board and Swedish Pension Fund AP7 are today leading an investor charge against companies using their corporate muscle to lobby against more ambitious climate action. ...

(full article not available due to paywall restrictions)

mfor.hu
MENEDZSMENT FÓRUM

(<u>Please note:</u> Article translated from Swedish using Google Translate)

There are two pension funds that manage 55 giant companies for a total of $ 2 trillion worth of assets. The reason is the opaque lobbying of climate change by 55 companies in the 7 automotive and 10 oil giant companies.

Under the leadership of the Church of England Pension Board and the Swedish AP7 Pension Fund, several large investors wrote letters to 55 multinationals, questioning them about their lobbying activities considered climate-prone, "the Financial Times writes. The $ 2 trillion investment funds are accusing BMW, BP and ArcelorMittal of underlining lobbying efforts to curb global warming while publicly supporting them.

This can even bring a turning point in the fight against global warming, because now NGOs, scientists or politicians are trying to force (or have better insight into) the big polluters, but their own investors.

Addressing the seven car manufacturers and ten oil companies calls on companies to review and make transparent their positions through different professional organizations. The invitation came a few weeks after the UN's Emergency Report, which says that if the temperature rises by 3 degrees, life ends on Earth by the end of the century, it came to the companies responsible for climate change.

According to Adam Matthews, Ethics Director of the Church of England Pension Board, it is worrying that companies seem to be committed to the public in the Paris Convention, but act behind the scenes in a completely opposite way, often lobbying through the professional associations of which they are members.

Matthews said that "I really want to see that companies committed to the climate convention are doing the same for their lobbying activities". Matthews believes that "misleading and wrong corporate lobbying" undermines the ability of governments to tackle climate change.

"Professional associations often exercise their influence behind closed doors, hidden deeply in public opinion. Professional associations have intervened a lot to delay, prevent or mitigate the rules for tackling climate change," said Matthews.

The 55 companies were identified by a non-profit organization called InfluenceMap, which examines lobbying activities. Enterprises have been assessed according to their climate policy, taking into account the extent of their impact on decision-makers, and whether their public opinion is in line with the actions of the professional associations acting on their behalf.

This year, under the leadership of the two pension funds, several investors have taken shareholder decisions to reveal their lobby practice at Rio Tinto. Matthews now said he could make such decisions with several companies. In addition to pension funds, asset managers have also signed a claim to Legal & General Investment Management, the largest asset manager in England or Robeco in the Netherlands.

The letter drew the attention of companies to the fact that their lobbying activities related to climate change also pose legal and reputational risks besides regulatory risks. The call also warns of systemic economic risks because the delay in implementing the Paris Agreement has increased the physical risk of climate change and has shaken economic stability. According to investors, this can lead to uncertainty and volatility in the portfolios they manage.

Charlotte Dawidowski Sydstrand, representative of the AP7 Swedish pension fund, said that the current climate policy is a global "threat to the long-term value of their investment portfolios". "At this point, we find it unacceptable for companies to work against ambitious climate policies, either directly or through their business organizations," said Dawidowski Sydstrand, adding that "climate change lobbying should be" assessed, managed and reported transparently " .

(Please note: Article translated from Swedish using Google Translate)

Two pension funds, the foundation of the English Church and a group of Swedish-led investors led by AP7 wrote an open letter to 55 large companies operating in Europe, including BMW and BP, in charge of corporate hypocrisy on environmental protection, writes Financial Times .

The group of investors fears that while these companies stand out publicly for environmental protection, their lobbying activity in the background undermines the fight against climate change. In the letter, investors are calling for transparency on the multinationals and for keeping up with the environmental commitments made by the trade associations and organizations that these companies are also members of.

The letter points out that the sooner the commitments of the signatories to the Paris Climate Convention come into force, the more severe the consequences of climate change will be, and this will also undermine economic stability. According to investors, this may cause "uncertainty and volatility" in their portfolio: according to APA employee Charlotta Dawidowski Sydstrand, the current climate policy "poses a threat to the long-term value of investor portfolios on a global level".

For the first time, their multinationals are trying to force them to comply with their environmental promises and sound statements.

As consumers' demand for "ethical", i.e. more environmentally-friendly consumption becomes stronger, companies are increasingly making their own efforts to protect the environment. On their websites, BMW and BP also deal specifically with their green efforts, ensuring that their consumers do their best to curb global warming. Compared to this, the InfluenceMap report, which monitors lobbying, shows that the 55 companies that investors have addressed their letters are actually lobbying for policy-makers for environmentally damaging decisions.

According to Adam Matthews, Ethics Director of the British Church Pension Fund, "misleading and deceptive corporate lobbying" undermines the room for manoeuvre of individual governments to curb climate change. “The influence of trade associations often prevails behind closed doors and can be profoundly damaging to public policy on climate change. Trade associations often intervene in anti-climate regulation and try to delay or prevent their adoption, ”quotes Matthews in the Financial Times.

Institutional Investor

Church of England, AP7 Press Companies on Climate Change Policies

The two pensions led a consortium of investors that sent letters to 55 companies about their climate change lobbying efforts.

Alicia McElhaney October 29, 2018

Four major European institutional investors are urging corporations like BP, Volkswagen, and Nestle to review their climate change lobbying policies.

The Church of England Pensions Board, Sweden's national pension fund AP7, Legal and General Investment Management (LGIM), and Dutch asset manager Robeco, which together represent $2 trillion in assets, have sent letters to 55 companies urging them to complete a review of their lobbying policies.

The Church of England announced that these letters were sent on Sunday.

The letters come at a pivotal time for climate change activism. The Intergovernmental Panel on Climate Change released a report October 8 that shows that the effects of climate change are taking hold earlier than expected. The United Nations will begin climate negotiations in 2020, which makes the letters even more vital, according to the Church of England's announcement.

"Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement," said Adam Matthews, director of ethics and engagement at the Church of England Pensions Board, in a statement. "The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change."

The companies targeted were classified as high-emitting and were selected based on data assessed by InfluenceMap, a non-governmental organization (NGO) that monitors company lobbying activity, according to the Church of England Pensions Board's announcement.Others targeted include National Grid, BMW Group, and Philips, a spokesperson for the Church of England Pensions Board said via email.

InfluenceMap scored the companies for their overall climate change position, the extent of their influence, and whether their publicly stated views on climate change were reflected by the trade associations working on their behalf, according to the Church of England's announcement.

The letters asked the chair of each company to review their company's trade association memberships. If any of the trade associations they belong to engage in lobbying that is inconsistent with the goals of the Paris Agreement, the institutional investors are urging the companies to "ensure they adopt positions which are in line with these goals."

"Lobbying on climate issues should be evaluated, managed and reported on transparently," said AP7's ESG manager, Charlotta Dawidowski Sydstrand, in a statement. "We are hoping this will become a natural component of companies' sustainability reporting."

The letters are also seeking clarity on the companies' own lobbying policies, according to the announcement.

"As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us," Matthews said in a statement. "It is therefore right that investors are challenging Europe's most high-emitting companies to ensure consistency in their lobbying practices."

PROFESSIONAL PENSIONS

Church of England Pensions Board challenges 55 companies on climate lobbying practices

Kim Kaveh 30 October 2018

The Church of England Pensions Board has written to 55 European companies on their climate lobbying practices, and has warned of shareholder resolutions later this year.

Leading a $2trn (£1.6trn) investor coalition, which also included Swedish pension fund AP7, the fund targeted firms with high greenhouse gas emissions and a "significant role in energy-intensive sectors"....

(full article not available due to paywall restrictions)

AMWATCH Independent news about Nordic asset management

AP7 leads investor group challenging major European gas emitters

BY SØREN RATHLOU TOP
Published 29.10.18 at 13:44

A EUR 1.76 trillion group of investors led by Swedish national pension fund AP7 is taking 55 major European greenhouse gas emitters to task over their approach to climate lobbying. Nordic companies are among the targets.

(full article not available due to paywall restrictions)

PENSIONSAge
The leading pensions magazine

Pension funds lead challenge against 55 companies on climate lobbying practices

By Natalie Tuck *29/10/18*

The Church of England Pensions Board and Sweden's AP7 are leading a $2trn group of investors in challenging 55 large European companies on their approach to climate lobbying.

The investors have written to the companies, and have said they may file a shareholder resolution later this year. The move comes just two weeks after the IPCC Special Report predicted that the world is heading towards warming of three degrees.

Church of England Pensions Board director of ethics and engagement Adam Matthews said that "misleading and misaligned" corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris Agreement.

"The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change. As the recent report from the IPCC clearly highlighted, the stakes are high and time is against us. It is therefore right that investors are challenging Europe's most high-emitting companies to ensure consistency in their lobbying practices," he added.

The 55 high-emitting companies have been assessed by InfluenceMap (an independent NGO that monitors lobbying activity by companies) and the worst performers in seven industry sectors will be the focus of the investors' engagement.

Companies were scored by InfluenceMap for their overall position on climate policy, the extent of their influence on policy-makers and on whether publicly-stated corporate climate policies matched those of the trade associations acting on their behalf. One of the worst performing sectors was the auto sector.

In the run-up to the key United Nations climate negotiations in 2020, the funds have targeted this group of 55 European companies due to their high greenhouse gas emissions and significant role in energy-intensive sectors.

Each company has been asked to review relationships with key trade associations and lobbying organisations, to ensure alignment with their formal company positions supporting the implementation of the Paris climate agreement. A set of 'investor expectations' outlining best practice on lobbying has been sent to each company.

The letter sent to the chair of each company asks them to review the lobbying positions being adopted by the organisations. It asks that if the goals are inconsistent with the goals of the Paris Agreement, to adopt positions that are in line with these goals.

"More generally, we would ask you to ensure that your lobbying practices align with the 'Investor Expectations' document you have been sent and that you are transparent about your own policy positions and how you ensure these are implemented in your direct and indirect lobbying activities," the letter reads.

Commenting, AP7 pension fund's Charlotta Dawidowski Sydstrand said: "AP7 has identified that weaknesses in current climate policy globally pose a risk to the long-term value growth of our pension portfolios. At this point in time, we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations. Lobbying on climate issues should be evaluated, managed and reported on transparently. We are hoping this will become a natural component of companies' sustainability reporting."

edie.NET

Top European firms warned over lobbying against stronger climate policy

A group of investors worth $2trn has urged 55 major European businesses to review their relationships with organisations with lobbying practices "inconsistent" with the goals of the Paris Agreement.

(full article not available due to paywall restrictions)

Forbes

'Why Is Your Trade Association Fighting Moves To Tackle Climate Change?' Investors Ask Companies

There has long been a suspicion among investors and environmental groups that even companies that profess their support for moves to tackle climate change in public are, behind the scenes, quietly lobbying for the exact opposite, either individually or through their trade associations.

But, increasingly, for companies doing this, there is nowhere to hide. Now a group of investors representing assets of $2 trillion has written to 55 companies challenging their approach to climate lobbying. The letter was sent to some of the world's largest companies in the Automotive, Chemicals, Food and Beverages, Industrials, Mining and Metals, Oil and Gas, Transportation and Utilities sectors.

Among the companies targeted by investors including the Church of England Pensions Board and Swedish Pension Fund AP7 were pretty much every European carmaker, including BMW, VW, Renault, Fiat Chrysler, PSA, Volvo and Daimler. Among the companies in other sectors were Rio Tinto, BP, Total, Shell, Rolls Royce, Siemens, Nestle and Unilever, and the group has warned that it may file shareholder resolutions later this year.

The move comes after a leaked document suggested that BusinessEurope, a large confederation representing trade bodies across the EU, was planning to "oppose" greater EU ambition on climate policy.

The investors urged the companies to urgently align their approach to corporate climate lobbying with Paris Agreement goals, following warning in a recent report from the Intergovernmental Panel on Climate Change, warning that the world is on course for 3°C of global warming.

The 55 companies were chosen due to their high emissions and importance across seven key industry sectors in Europe that are the focus of the investors' engagement, according to an assessment by InfluenceMap, an independent NGO that monitors lobbying activity by companies. Some of the companies perform well when it comes to their own efforts to combat climate change.

InfluenceMap scored the companies for their overall position on climate policy, the extent of their influence on policy-makers and on whether publicly-stated corporate climate policies matched those of the trade associations acting on their behalf. The auto sector, grappling with the aftermath of the Dieselgate scandal and the transition to electric vehicles, was one of the worst performing sectors.

Some companies are starting to become more aware of potential lobbying conflicts – Rio Tinto and its Australia-listed rival BHP Billiton have both pressured the Minerals Council of Australia to change its stance on climate change, for example.

In the run up to key UN climate negotiations in 2020, the funds have targeted this group of European companies due to their high greenhouse gas emissions and their significant role in energy intensive sectors. Each company has been asked to review relationships with key trade associations and lobbying organisations, to ensure alignment with their formal company positions supporting implementation of the Paris climate agreement. A set of 'investor expectations' outlining best practice on lobbying has been sent to each company.

The letter to the Chair of each company states: "We would ask you to review the lobbying positions being adopted by the organizations of which you are a member. If these lobbying positions are inconsistent with the goals of the Paris Agreement, we would encourage you to ensure they adopt positions which are in line with these goals. We would ask you to ensure that you are transparent about your own policy positions and how you ensure these are implemented in your direct and in-direct lobbying activities."

The influence of trade associations is often exerted behind closed doors and can be deeply insidious to public policy making on climate change, said Adam Matthews, director of Ethics & Engagement at the Church of England Pensions Board.

<u>Alice Garton, a lawyer at ClientEarth, said: "Fossil fuel companies are seeing the energy transition bite and their executives are starting to panic.</u> Coal and diesel in particular are seeing an existential threat. But aggressively lobbying to keep these outdated business models intact while public-facing statements assure shareholders the business cares about the climate is deeply hypocritical – and as we've seen in the US, puts businesses at real risk of litigation. You cannot say you are actively working to tackle climate change while pouring money into campaigns that seek to maintain a high-carbon economy."

The letter to the companies outlines three reasons why corporate lobbying inconsistent with meeting the goals of the Paris Agreement present financial risks to investors:

1. **Regulatory risks: <u>Delay in action now is likely to result in the need for stronger and more drastic regulatory interventions later, leading to much higher costs for companies.</u>**
2. **Systemic economic risks:** Delay in the implementation of the Paris Agreement increases the physical risks of climate change, posing a systemic risk to economic stability, and introducing uncertainty and volatility into investor portfolios.
3. **Reputational and legal risks:** Companies may face backlash from their consumers, investors or other stakeholders if they or the organisations that they support are seen to be delaying or blocking effective climate policy. This may also lead to legal risk, particularly for companies which continue to invest in high-carbon projects, or whose corporate disclosures are alleged to be misleading.

CHURCH TIMES

Church investors challenge anti-climate change lobbying

BY REBECCA PAVELEY

02 NOVEMBER 2018

THE Church of England Pensions Board is leading a powerful coalition of investors which is challenging multinational companies to stop supporting trade associations and lobbying groups opposed to the Paris climate agreement.

The $2-trillion worth of investors, led by the Church and the Swedish national pension fund AP7, have targeted 55 companies with high greenhouse-gas emissions who were found to be inconsistent in their climate policy by a charity that monitors lobbying activity.

Companies targeted include some of the world's best-known car producers, including Volvo and BMW, the energy firms E.ON and Centrica, and the food producer Nestlé.

The coalition of investors has asked the companies to review the "insidious" lobbying practices that are being adopted by their trade associations and lobbying companies, to ensure that they are consistent with the company's own stated support for the Paris climate agreement.

The letter to the chair of each company said: "We would ask you to review the lobbying positions being adopted by the organisations of which you are a member. If these lobbying positions are inconsistent with the goals of the Paris agreement, we would encourage you to ensure they adopt positions which are in line with these goals."

The director of ethics and engagement for the Pensions Board, Adam Matthews, said: "A lot of companies have publicly stated their support for the Paris climate agreement, but, despite that, a number of them are members of trade associations who are lobbying for a completely different approach.

"Misleading and misaligned corporate lobbying practices undermine the ability of governments to act on climate change and meet the goals of the Paris agreement. The influence of trade associations is often exerted behind closed doors, and can be deeply insidious to public policy-making on climate change.

"As the recent report from the IPCC [Intergovernmental Panel on Climate Change] clearly highlighted, the stakes are high, and time is against us. It is therefore right that investors are challenging Europe's most high-emitting companies to ensure consistency in their lobbying practices."

Charlotta Dawidowski Sydstrand, of the Swedish AP7 pension fund, said: "AP7 has identified that weaknesses in current climate policy globally pose a risk to the long-term value-growth of our pension portfolios. At this point in time we find it unacceptable that companies counteract ambitious climate policy, either directly or through their business organisations. Lobbying on climate issues should be evaluated, managed, and reported on transparently."

The move comes just two weeks after the IPCC issued a special report predicting that the world is heading towards warming of 3ºC (News, 12 October).

The coalition is asking companies to respond by the end of this month, and Mr Matthews said that the group would consider follow-up shareholder action if it was unsatisfied with responses received from the 55 companies.

Earlier this year, the group filed a shareholder resolution against the mining company Rio Tinto for its funding of lobby groups that support coal.