

Caring for Climate Series

Where Do Companies Stand on Responsible Corporate Engagement in Climate Policy?

Status Update, December 2014



Caring for Climate



THE CLIMATE GROUP

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.

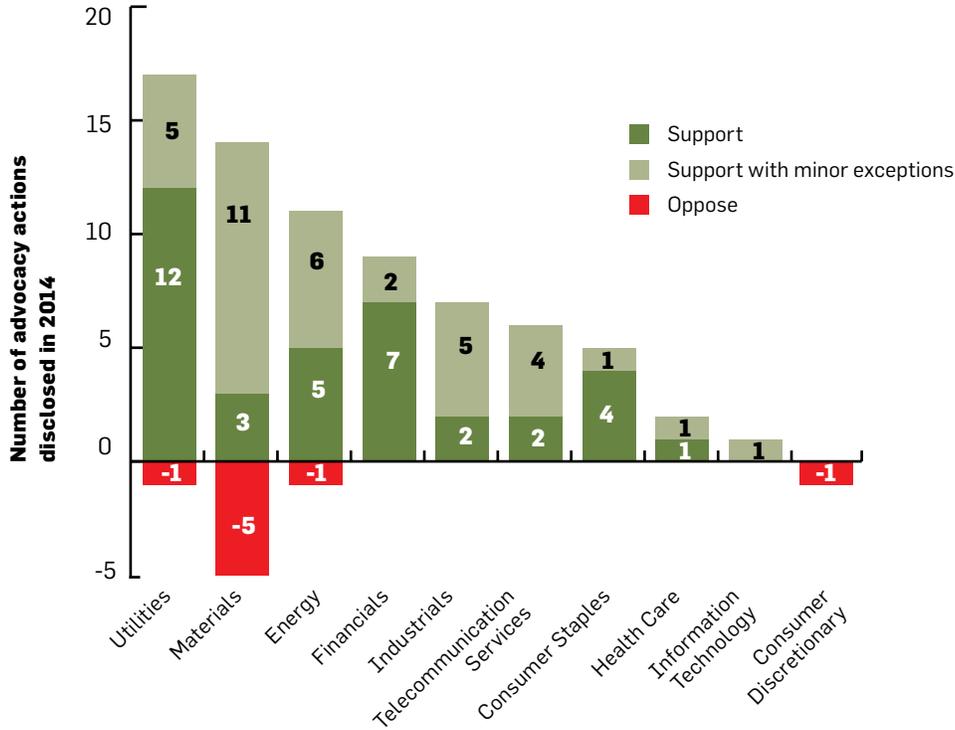


At COP-19, Caring for Climate – a joint initiative of the [UN Global Compact](#), the [UN Environment Programme](#) and the secretariat of the [UN Framework Convention on Climate Change](#) – and five partner organizations jointly established guidelines for responsible, positive lobbying on climate policy. A year later, nearly 30 companies have already committed—as part of CDP’s Road to Paris project—to follow the **Guide for Responsible Corporate Engagement in Climate Policy**.

- AXA Group
- BT Group
- CLP Holdings Limited
- Commerzbank AG
- H&M Hennes & Mauritz AB
- Honda Motor Company
- Iberdrola SA
- KAO Corporation
- Kintetsu Corporation
- Konica Minolta, Inc.
- Koninklijke KPN NV (Royal KPN)
- Link Real Estate Investment Trust
- Morgan Sindall Group plc
- Nestlé
- Pick 'n Pay Stores Ltd
- Pirelli
- PTT
- PTT Exploration & Production Public Company Limited
- Reed Elsevier Group
- Ricoh Co., Ltd.
- Royal Philips
- StarHub
- Suez Environnement
- T.SINAI KALKINMA BANKASI A.Ş.
- Terna
- Tiger Brands
- TUI Travel
- Unilever plc
- Wipro

By making this commitment, companies agree 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.

Global 500 advocacy activities on legislation to put a price on carbon (carbon tax or cap and trade)

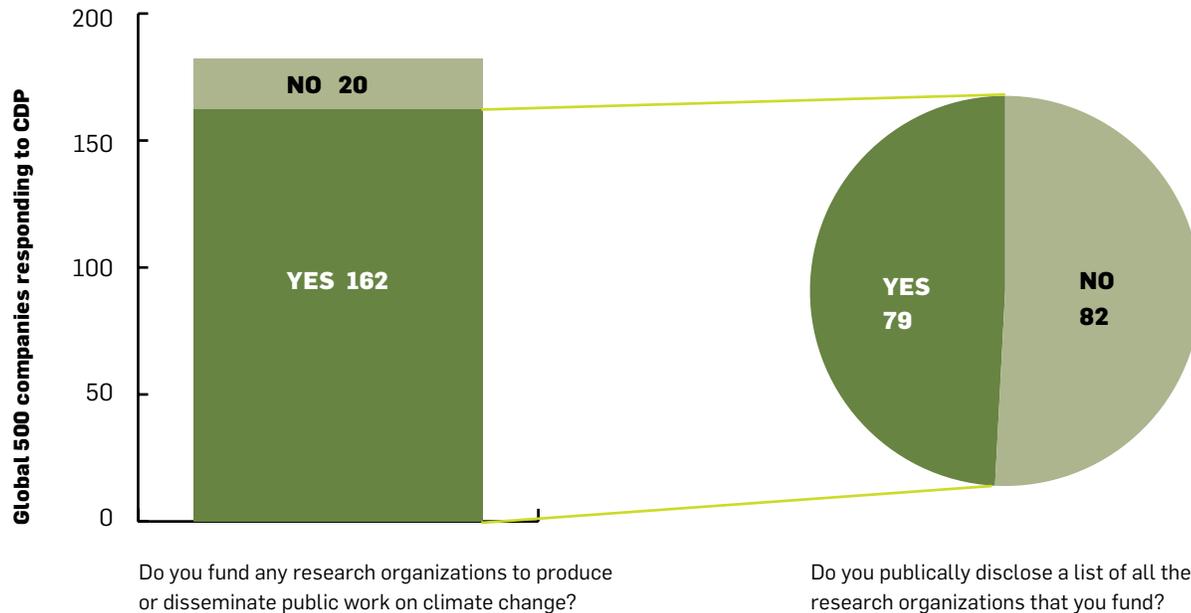


Source: Global 500 corporate climate disclosures to CDP in 2014

WILL THE “SILENT MAJORITY” MAKE ITS VOICE HEARD?

As part of its annual questionnaire sent on behalf of investors, CDP is now inviting companies to indicate their positions on certain types of climate policies. Notably, responses in 2014 showed that only a few sectors report engaging in debates related to policies to create broad economic drivers for climate change solutions (*note: graphic excludes responses in the category of Neutral, Support with major exceptions, or Undecided*).

Companies funding of policy-relevant research



Source: Global 500 corporate climate disclosures to CDP in 2014

WHY ALIGN AND DISCLOSE INDIRECT INFLUENCES?

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. CDP responses show a large number of companies are engaging through trade associations or providing funds to research organizations. But there is a disclosure gap, with many not describing, and in some cases not knowing, how they are or could be most influential.

How companies seek to influence their trade associations' positions when inconsistent with their own



Source: Global 500 corporate climate disclosures to CDP in 2014

WHAT NEXT: WHERE CAN COMPANIES ENGAGE?

Below are a few examples of ongoing efforts where global business leaders can engage policymakers:

Showing governments how to price carbon effectively

At the UN Secretary-General's Climate Summit in 2014, more than 30 companies pledged to align with the Caring for Climate Business Leadership Criteria on Carbon Pricing. As [Carbon Pricing Champions](#), these companies are committing to set an internal carbon price as well as publicly advocate the importance of policies that can create the broader market signal to help shift investments and lower greenhouse gas emissions. Importantly, companies are also demonstrating transparency with commitments to report on progress relating to these efforts. In 2015, Caring for Climate is calling on companies around the world to realize the full potential of the Leadership Criteria and has set the target of 100 Carbon Pricing Champion companies by COP21 in Paris in December.

Disclosing the board's position

In 2014 CDP's climate disclosure request was backed by 767 institutional investors with assets of USD 92 trillion and 64 major purchasing corporations. In its 2015 climate disclosure request, CDP will be asking thousands of companies the following:

Would your organization's board of directors support an international agreement between governments on climate change, which seeks to limit global temperature rise to under 2°C?

Please describe your board's position on what an effective agreement would mean for your organization and activities that you are undertaking to help deliver this agreement at the 2015 United Nations Climate Change Conference in Paris (COP 21).

Joining together to amplify policy messages from the private sector

We Mean Business, a coalition of organizations working with thousands of the world's most influential businesses and investors, came together in 2014. The group includes several partner organizations to the Guide for Responsible Corporate Engagement in Climate Policy (CDP, Ceres, The Climate Group) and the companies they work with that are engaging policymakers to:

- Eliminate subsidies that incentivize high-carbon energy,
- Enact meaningful pricing of carbon,
- End deforestation,
- Put in place robust energy efficiency standards,
- Support scale-up of renewable energy and
- Ensure all policy regimes dealing with fiscal, energy, industry and trade related issues provide actionable incentives for an early transition to a low-carbon future.

Advocating alongside long-term investors

Investor groups are also actively engaging policymakers. The Institutional Investors Group on Climate Change (IIGCC), for example, has been vocal in debates on reforms to the European Union Emissions Trading Scheme. Investors are seeking to clarify, encourage and reinforce corporate positions on climate policy. The Principles for Responsible Investment—an initiative of the UN Environment Programme Finance Initiative and the UN Global Compact—calls on investors to:

Connect policy engagement with corporate engagement by calling on companies to be transparent in their lobbying positions, and by challenging company management when corporate positions, and those of their trade associations, run counter to long-term investor interests.

Lobbying for clean energy

RE100

In 2014, 13 companies (together with The Climate Group and CDP) announced a shared objective: *By 2020, 100 of the world's largest companies will have committed to 100% renewable power.*

As part of its efforts to achieve this goal, RE100 is creating a platform to engage policymakers and financial institutions to discuss and address renewable power opportunities and challenges. The aim is to increase government understanding of the business case for renewable power and to raise awareness of the incentives and policy measures that will help businesses to accelerate and scale generation and purchase of renewable power.

Corporate Renewable Energy Buyers' Principles

Also in 2014, WWF and the World Resources Institute worked with several large companies in the United States to identify common obstacles and develop six principles to outline what corporate buyers are looking for when procuring renewable energy. There are 19 signatories (and counting) to these [Buyers' Principles](#), all interested in engaging regulators, as well as collaborating with electric utilities and independent generators, to open up new choices and opportunities for companies to purchase renewable energy.