

INVESTOR EXPECTATIONS ON CORPORATE CLIMATE LOBBYING

As long-term investors, we recognise the threat of climate change to our investments and the need to limit warming to no more than 2 degrees Celsius to avoid potentially catastrophic impacts on the global economy. We further recognise that public policy has a critical role to play in enabling us to respond effectively to climate change and have made our support for appropriate policy measures to mitigate climate risks clear via the Global Investor Statement on Climate Change [see Appendix].

Companies, as influential political stakeholders, also have a critical role to play. Our expectation is that, when companies engage with public policy makers, they will support cost-effective policy measures to mitigate climate change risks and support an orderly transition to a low carbon economy.

While an increasing number of companies have robust climate change policies and position statements and play a constructive role in policy discussions, we are concerned that many are also members or supporters of trade associations, think tanks and other third party organisations who lobby against policies to mitigate climate risks in a way that is inconsistent with our goal of maximising long-term portfolio value.

We believe that companies should be consistent in their policy engagement in all geographic regions and that they should ensure any engagement conducted on their behalf or with their support is aligned with our interest in a safe climate, in turn protecting the long term value in our portfolios across all sectors and asset classes.

Specifically, we expect those companies that engage with policy makers directly or indirectly on climate change-related issues to:

- **Support** cost-effective measures across all areas of public policy that aim to mitigate climate change risks and limit temperature rises to 2 degrees Celsius. This support should apply to all engagement conducted by the company in all geographic regions, and to policy engagement conducted indirectly via third party organisations acting on the company's behalf or with the company's financial support.
- **Establish** robust governance processes to ensure that all direct and indirect public policy engagement is aligned with the company's climate change commitments and supports appropriate policy measures to mitigate climate risks. Within this, we expect companies to:
 - Assign **responsibility** for governance at board and senior management level.
 - Establish processes for **monitoring** and **reviewing** climate policy engagement.
 - Establish processes to **ensure consistency** in the company's public policy positions.
- **Identify** all of the climate change policy engagement being conducted by the company either directly or indirectly, across all geographic regions.
- **Assess** whether this engagement is aligned with the company's position on climate change and supports cost-effective policy measures to mitigate climate risks.
- **Act** in situations where policy engagement is not aligned. For third party organisations, actions could include making clear public statements where there is a material difference between the company and third party organisation's position, working with the organisation to make the case for constructive engagement, discontinuing membership or support for the organisation, or forming proactive coalitions to counter the organisation's lobbying.
- **Report publicly**¹ on:
 - The company's position on climate change and policies to mitigate climate risks.
 - The company's direct and indirect lobbying on climate change policies.
 - The company's governance processes for its climate change policy engagement.
 - The company's membership in or support for third party organisations that engage on climate change issues.
 - The specific climate change policy positions adopted by these third party organisations, including discussion of whether these align with the company's climate change policies and positions.
 - The actions taken when the positions of these third party organisations do not align with the company's climate change policies and positions.

¹ For example in public reporting, on the company website and/or in the relevant sections of the CDP questionnaire

Endorsed by:

The above expectations are endorsed by the following institutional investors:



ACTIAM



The Nathan Cummings Foundation



Addenda Capital Inc.



NEI Investments



AP4 – Fourth Swedish National Pension Fund



NN Investment Partners



AP7



Nordea



Australian Ethical Investment



Northward Capital



AXA Investment Managers



Öhman Fonder



Bâtirente



OPSEU Pension Trust



Boston Common Asset Management



Pax World Management LLC



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PhiTrust Active Investors



CBUS



Rathbone Investment Management



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Régime de retraite de l'Université de Montréal



Church Commissioners for England



Robeco



Church of Sweden



Royal London Asset Management



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Desjardins Wealth Management



Sisters of St. Dominic of Caldwell, NJ



EdenTree Investment Management



Solaris Investment Management Limited



Etica SGR



Sonen Capital



Environment Agency Pension Fund



The Sustainability Group of Loring, Wolcott & Coolidge



Friends Fiduciary Corporation



Trillium Asset Management, LLC



Green Century Capital Management Inc.



Triodos Investment Management



Harvard Management Company



Union Investment



Hermes Fund Managers Limited



United Church Funds



HESTA



The United Church of Canada



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

Ireland Strategic Investment Fund



Universities Superannuation Scheme - USS



Joseph Rowntree Charitable Trust



University of California



Kempen Capital Management



VicSuper



Legal & General Investment Management



Vision Super



Labour Union Co-Operative Retirement Fund



Walden Asset Management – a division of Boston Trust & Investment Management



Local Government Super



West Midlands Pension Fund



Mercy Investment Services



Wespath Investment Management



Middletown Works VEBA



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Appendix:

Companies are referred to further resources and guidance:²

- Caring for Climate – *Guide for Responsible Corporate Engagement in Climate Policy* [<http://caringforclimate.org/workstreams/climate-policy-engagement/>]
- Global Investor Coalition on Climate Change – *Investor Expectations: Oil and Gas Company Strategy* [<http://globalinvestorcoalition.org/investor-expectations-oil-and-gas-company-strategy/>]
- IGCC, IIGCC and INCR – *Institutional Investors' Expectations of Corporate Climate Risk Management* [<http://www.iigcc.org/files/publication-files/Institutional-investors-expectations-of-corporate-climate-risk-management.pdf>]
- ICGN – *ICGN Statement and Guidance on Political Lobbying and Donations* [https://www.icgn.org/images/ICGN/files/icgn_main/Publications/best_practice/PLD/icgn_pld_mar2012_long.pdf]
- Global Investor Statement on Climate Change [<http://investorsonclimatechange.org/>]
- CDP, formerly Carbon Disclosure Project [<http://www.cdp.net/>]

² Note that these resources are provided for reference purposes and are not explicitly endorsed by the organisations listed above unless disclosed separately.