



September 11, 2019

[CEO]
[COMPANY]
[ADDRESS]

Dear [CEO],

The signatories and supporting asset managers and owners, representing more than US\$6.5 trillion in assets, are writing to share our expectations on the topic of corporate lobbying on climate change and to request information about how [COMPANY] ensures that its lobbying activities are consistent with the goals of the Paris Agreement on climate change. We look forward to dialogue on this important issue.

As investors, we view fulfillment of the Paris Agreement's goal—to hold the increase in the global average temperature to “well below” 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C— as an imperative. We are convinced that unabated climate change will negatively impact our clients, plan beneficiaries, and the value of our portfolios. The IPCC's report issued in October 2018 makes it clear there is still time to avert serious consequences, but expanded action must begin immediately.

As investors, we are accustomed to managing risk and measuring our performance in terms of risk-adjusted returns. Climate change presents a very different challenge, however. We have entered a realm of increasing risk and uncertainty. Traditional techniques for managing these risks to our portfolios will only take us so far. Similarly, corporate commitments to embrace energy efficiency and set greenhouse gas reduction goals are necessary and welcome, but to facilitate the deployment of capital at a necessary pace and scale, a strong public policy framework is needed.

Currently, there are critical gaps between the pledges and commitments national governments have made and the actions required to stave off the worst effects of climate change. Companies have an important and constructive role to play in enabling policy-makers to close the ‘ambition gap’ which would also contribute positively to the long-term value of our investment portfolios.

Accordingly, when evaluating your company's response to climate related risks and opportunities, we will consider the alignment of your lobbying activities with our shared goals for a stable climate.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present several financial risks to investors:

- **Regulatory risks:** Delay in action now will likely 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 which elevates uncertainty and volatility in our portfolios and poses a systemic risk to global economic stability.
- **Reputational and legal risks:** Companies may face backlash from their consumers, investors or other stakeholders if they, or the organizations they support, are seen to be delaying or blocking effective climate policy.

We write to you today because companies have significant influence on climate and energy policies and we are concerned about lobbying activities that are inconsistent with addressing the risks posed by climate change. In particular we ask for a review of your own corporate lobbying activities as well as the trade associations and other politically active organizations of which you are a member that represent business interests but, unfortunately often lobby against public policy initiatives addressing the climate crisis. We understand these organizations do not always speak for all their members, and that it is not reasonable to expect full agreement on every issue. Climate change, however, is a unique challenge that requires alignment at all levels of an organization.

We therefore ask you to take the following steps:

1. Ensure your own lobbying practices and those of trade associations in which you are a member align with the Investor Expectations on Corporate Climate Lobbying described in the Appendix to this letter.
2. Review the lobbying positions taken by the organizations of which you are a member.
3. If these lobbying activities are inconsistent with the goals of the Paris Agreement, we encourage you to engage the organization to ensure its positions are updated. If the organization is unwilling or unable to demonstrate alignment with the Paris Agreement, consider taking the steps necessary to disassociate your company from these policies.

We are pleased to report that a dozen European companies have already committed to these steps.

Thank you for your consideration of the Investor Expectations on Corporate Climate Lobbying. We look forward to seeing greater transparency from your company on these issues. Our goal is to assess company progress using the enclosed Investor Expectations as guiding standards. We ask that you make public by November 8, 2019, the steps that [COMPANY] has taken or will take to align with these Expectations.

Please confirm receipt of this letter by emailing Rob Berridge @ berridge@ceres.org. An investor will follow up with your organization on the details of this request as part of the Climate Action 100+ engagement agenda.

Sincerely,



Adam M. Kanzer
Head of Stewardship - Americas

BNP Paribas Asset Management



Simiso Nzima
Investment Director – Global Equity /
Head of Corporate Governance

CalPERS



Bryan J. Pini, President & Chief
Investment Officer

Mercy Investment Services



Thomas P. DiNapoli
New York State Comptroller

**New York State Common Retirement
Fund**



William Apfel, Executive Managing
Director

Boston Trust Walden Company



Kirsty Jenkinson
Director of Sustainable Investment &
Stewardship Strategies

CalSTRS



Scott Stringer
New York City Comptroller

New York City Comptroller's Office



David H. Zellner, Chief Investment
Officer

Wespath Benefits & Investments

This request is supported by the following investors who have asked to be kept informed of company responses to this request.

Investment Managers and Mutual Funds

ACTIAM
Addenda Capital
AGF Investments
Arjuna Capital
Australian Ethical Investment
BMO Global Asset Management
Boston Common Asset Management
Calvert Research and Management
CANDRIAM
CCLA
CleanCapital
ClearBridge Investments
Common Interests
Dana Investment Advisors
Degroof Petercam
Devon Funds Management
Domini Impact Investments LLC
Ecofi Investissements
Figure 8 Investment Strategies
First Affirmative Financial Network
Folksam
Friends Fiduciary Corporation
GESTION Férique
Green Century Capital Management
Harrington Investments, Inc.
Hermes Investment Management
Impact Investors
Inherent Group
Jantz Management LLC
Legal & General Investment Management
LocalTapiola Asset Management Ltd
Maitri Asset Management
Miller/Howard Investments, Inc.
MFS Investment Management
Natural Investments
NEI Investments
Newground Social Investment
Nia Impact Capital
NN Investment Partners
NorthStar Asset Management, Inc.
Öhman
Oneida Nation - Oneida Trust Enrollment Committee
Pax World Funds
Plato Investment Management Limited
Quantum Financial Planning LLC

Pension Funds

AP2
AP3 Third Swedish National Pension Fund
AP4 (Fourth Swedish National Pension Fund)
AP7
AustralianSuper
Avera Health
Bâtirente
Bayerische Versorgungskammer
British Columbia Investment Management Corporation (BCI)
Cbus Super
Connecticut Retirement Plans and Trust Funds
Environment Agency Pension Fund
Första AP-fonden (AP1)
Illinois State Treasurer's Office
MN
MP Pension
National Employment Savings Trust (NEST)
P+ (DIP/JOEP)
RÉGIME DE RETRAITE DE L'UNIVERSITÉ DE MONTRÉAL
RPMI Railpen
San Francisco Employees' Retirement System (SFERS)
Seattle City Employees' Retirement System
The AP Funds' Council on Ethics
USS - Universities Superannuation Scheme
Vermont Pension Investment Committee
Washington State Investment Board

Rathbone Greenbank Investments
Reynders, McVeigh Capital Management
LLC
Robeco
RRSE (Regroupement pour la
Responsabilité Sociale des Entreprises)
Sarasin & Partners
SharePower Responsible Investing
Skandia
Skye Advisors LLC
SRI Investing LLC
Stance Capital, LLC
Sustainable Insight Capital Management
Terra Alpha Investments
The Sustainability Group of Loring, Wolcott
& Coolidge
Trillium Asset Management
Vert Asset Management
Vision Super Pty Ltd
Wetherby Asset Management
Zevin Asset Management

Faith-Based Investors

Adrian Dominican Sisters, Portfolio
Advisory Board
Christian Brothers Investment Services
Church Commissioners for England
Church of England Pensions Board
Committee on Mission Responsibility
Through Investment of the Presbyterian
Church U.S.A.
Congregation of Sisters of St. Agnes
Congregation of St. Joseph
Daughters of Charity, Province of St. Louise
Domestic & Foreign Missionary Society
(The Episcopal Church)
Dominican Sisters ~ Grand Rapids
Dominican Sisters of Hope
Everence and the Praxis Mutual Funds
Interfaith Center on Corporate
Responsibility
Jesuit Committee on Investment
Responsibility
JLens Investor Network
Leadership Team - Felician Sisters of North
America
Maryknoll Sisters
Northwest Coalition for Responsible
Investment
Oblate International Pastoral Investment
Trust
Priests of the Sacred Heart, US Province
Region VI Coalition for Responsible
Investment

Foundations

444 S Foundation
Christopher Reynolds Foundation
Community Foundation of Eastern
Connecticut
Green America
Gwen Noyes
Park Foundation Inc.
Sant Foundation
School Sisters of St. Francis
Skoll Foundation
The Educational Foundation of America
(EFA)
The Needmor Fund
The Summit Foundation
Tides Foundation
Wallace Global Fund

Ethos Foundation, Switzerland & Members

Aargauische Pensionskasse (APK),
Switzerland
Bernische Lehrerversicherungskasse,
Switzerland
Bernische Pensionskasse BPK, Switzerland
Caisse de pension des sociétés Hewlett-
Packard en Suisse, Switzerland
Caisse de pensions de l'Etat de Vaud
(CPEV), Switzerland
Caisse de pensions ECA-RP, Switzerland
Caisse de prév. des Fonctionnaires de
Police & des Etablissements
Pénitentiaires, Switzerland
Caisse de Prévoyance de l'Etat de Genève
(CEPV), Switzerland
Caisse de Prévoyance des Interprètes de
Conférence (CPIC), Switzerland
Caisse de prévoyance du personnel de
l'Etat du Valais (CPVAL), Switzerland
Caisse intercommunale de pensions (CIP),
Switzerland
Caisse paritaire de prévoyance de l'industrie
et de la construction (CPPIC),
Switzerland
CAP Prévoyance, Switzerland
CCAP Caisse Cantonale d'Assurance
Populaire, Switzerland
CIEPP - Caisse Inter-Entreprises de
Prévoyance Professionnelle, Switzerland

School Sisters of Notre Dame Cooperative Investment Fund
Sisters of Charity of Nazareth
Sisters of Charity, Halifax
Sisters of Mary Reparatrix
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of ST. Dominic of Caldwell NJ
Sisters of St. Francis Charitable Trust, Dubuque
Sisters of St. Francis of Philadelphia
Sisters of St. Joseph of Boston
Sisters of the Humility of Mary
Sisters of the Presentation of the BVM of Aberdeen SD
Socially Responsible Investment Coalition
Tri-State Coalition for Responsible Investment
Trinity Health
U.S Missionary Oblates of Mary Immaculate
Unitarian Universalist Association
United Church Funds
Ursuline Sisters of Tildonk, U.S. Province
Ursuline Sisters of Toledo

Etablissement Cantonal d'Assurance (ECA VAUD), Switzerland
Fondation de la métallurgie vaudoise du bâtiment (FMVB), Switzerland
Fondation de prévoyance Artes & Comoedia, Switzerland
Fondation de prévoyance du Groupe BNP PARIBAS en Suisse, Switzerland
Fondation Leenaards, Switzerland
Fonds de Prévoyance de CA Indosuez (Suisse) SA, Switzerland
Nest Sammelstiftung, Switzerland
Pensionskasse Bank CIC (Schweiz), Switzerland
Pensionskasse Basel-Stadt, Switzerland
Pensionskasse Bühler AG Uzwil, Switzerland
Pensionskasse Caritas, Switzerland
Pensionskasse der Stadt Winterthur, Switzerland
Pensionskasse Pro Infirmis, Switzerland
Pensionskasse Römisch-katholische Landeskirche des Kantons Luzern, Switzerland
Pensionskasse SRG SSR, Switzerland
Pensionskasse Stadt Luzern, Switzerland
Pensionskasse Unia, Switzerland
Prévoyance Santé Valais (PRESV), Switzerland
prévoyance.ne, Switzerland
Profelia Fondation de prévoyance, Switzerland
Prosperita Stiftung für die berufliche Vorsorge, Switzerland
Retraites Populaires, Switzerland
Secunda Sammelstiftung, Switzerland
St. Galler Pensionskasse, Switzerland
Stiftung Abendrot, Switzerland
Terre des hommes, Switzerland
Université de Genève (UNIGE), Switzerland

Engagement Service Providers

Aequo, Shareholder Engagement Services
As You Sow
Hermes EOS
Local Authority Pension Fund Forum
Seventh Generation Interfaith Inc.
Shareholder Association for Research and Education
Veris Wealth Partners

INVESTOR EXPECTATIONS ON CORPORATE LOBBYING ON CLIMATE CHANGE

September 2019

Introduction:

1. Recognizing positive steps taken and commitments made by companies like Shell, BP and Anglo-American to meet investor expectations on corporate lobbying on climate change, these expectations have drawn from previous work by the IIGCC, PRI, and other European investors and are updated to reflect recent developments following engagement with companies¹.
2. The expectations follow an engagement programme jointly led by AP7, BNP Paribas Asset Management and the Church of England Pensions Board in Europe.

The Goal:

3. **Concerned investors are initiating a dedicated engagement program to address corporate climate lobbying and lobbying by trade associations to ensure alignment with Articles 2.1(a) and 4.1 of the Paris Agreement.**

Our goal is to expand focus on the issue of corporate climate lobbying and drive improved corporate behavior in a concerted manner before the next major UN climate negotiations in 2020.

INVESTOR EXPECTATIONS:

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. 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 an interest in a safe climate, in turn protecting the long-term value in our portfolios across all sectors and asset classes. The following expectations are informed by the Principles for Responsible Investment report into corporate lobbying, as well as recent engagements on the issue, and the Global Reporting Initiative's Standards for Public Policy Reports.

INVESTOR PRINCIPLES ON LOBBYING:

*As long-term institutional investors, we expect those companies that engage with policy makers directly or indirectly through trade associations, lobbying organizations described as charitable organizations that include policy advocacy, or think-tanks **taking positions on climate change-related** issues to:*

I. Lobby Positively in Line with the Paris Agreement

¹ See PRI (2018) *Converging on climate lobbying: Aligning corporate lobbying with investor expectations*. Available online at: <https://www.unpri.org/climate-change/converging-on-climate-lobbying-aligning-corporate-practice-with-investor-expectations-/3174.article?adredir=1>

Support and lobby for effective measures across all areas of public policy that aim to mitigate climate change risks and limit temperature rise to well below 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 organizations acting on the company's behalf or with the company's financial support.

ii. Establish Robust Governance Procedures

Establish robust governance processes to ensure that all direct and indirect public policy engagement supported by the company is aligned with the company's climate change commitments and supports appropriate policy measures to mitigate climate risks. We expect companies to establish a clear framework that has:

- **Board oversight:** Ensuring accountability by assigning responsibility for governance at board and senior management level.
- **Monitoring and Review:** Establishing processes for monitoring and reviewing climate policy engagement, including identifying all climate change policy engagement being conducted by the company either directly or indirectly, across all geographic regions.
- **Consistency:** Establishing a transparent process to ensure consistency between the company's public policy positions and its direct and indirect engagement with climate policy, including through third parties. This process should include an assessment of the company's working relationships with third party organizations, and define actions to be taken where material differences have been identified to ensure alignment.

iii. Act When Unaligned

Act in situations where policy engagement is not aligned with company policy, or with the goals of the Paris Agreement. For engagement undertaken on the company's behalf or with its financial support by third party organisations, actions could include:

- Making clear public statements where there is a material difference between the company and third-party organization's position;
- Working within the organization to make the case for constructive engagement;
- Requiring the organization to stop lobbying on issues where there is not alignment amongst all members;
- Discontinuing membership or support for the organization; and
- Forming proactive coalitions to counter the organization's lobbying.

iv. Be Transparent

The governance framework established under principle II should be disclosed to ensure investor and public confidence in the practice and processes of the company. Actions undertaken in accordance with principle III should also be made public. Appropriate reporting could include details of:

- 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 membership in, or support for, third party organisations that engage on climate change issues (including political organisations);

- The specific climate change policy positions adopted by these third-party organizations, including discussion of whether these align with the company's climate change policies and positions; and
- The assessment that the company has made of the material impact of lobbying by the organization taking a contrary position to the public position of the company.