

Corporations agree to transparency on climate lobbying

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Insurer American International Group Inc., railroad company CSX Inc. and electric companies Duke Energy Corp., FirstEnergy Corp. and Entergy Corp. have pledged to report publicly about their influence on

climate policy and alignment with the Paris Agreement, according to investors.

It's the latest win for shareholders as companies' influence on government policy gains attention and President Joe Biden unveils policies addressing [climate change](#). Biden invited 40 [world leaders](#), including Chinese President Xi Jinping, to the Leaders Summit on Climate that he will host next week.

"The amount of agreements that have been reached shows that companies are recognizing that this is an issue they have to grapple with and that [investor](#) scrutiny on it is not going anywhere," said Lila Holzman, senior energy program manager at As You Sow, a nonprofit raising the issue with businesses. "Companies are trying to get ahead of this and help to provide some of what investors are requesting."

The Interfaith Center on Corporate Responsibility, a coalition of religious, socially responsible, pension and union investors managing more than \$2 trillion, announced last week that members made deals with the five companies, which led to the withdrawal of shareholder proposals on the matter.

Some of the companies will provide stand-alone [climate](#) lobbying reports that lay out direct and trade association activities and their alignment with the Paris Agreement, while others will include disclosures in sustainability reports on their websites or elsewhere, according to ICCR. The group expects some of the disclosures to include that companies are changing their lobbying practices.

Even at companies agreeing to report information, scrutiny is unlikely to dissipate. "A+ reports" are rare, Holzman said in an interview. She said the transparency can serve as a starting point to address climate lobbying concerns, and climate-conscious investors will likely seek improved

reports over time.

In particular, Holzman pointed to concerns about companies cherry-picking lobbying examples to include in their reports rather than admitting and explaining cases when their direct or indirect policy activity was inconsistent. When a company disagrees with its trade associations on an issue, they should reveal that publicly in real time to make their position clear, she said.

The agreements come after a similar shareholder proposal seeking reporting on climate lobbying and its alignment with Paris accord goals won [majority support](#) at Chevron Corp.'s shareholder meeting in 2020, the first year the measure went to a vote at any U.S. company. Although the request was nonbinding, the second-largest U.S. oil [company](#) produced the report.

"To get a majority out of the blocks, that really turns some heads," Tim Brennan of the Unitarian Universalist Association, which submitted the CSX proposal, said in an interview.

He said shareholders' ultimate goal is to make disclosure of climate lobbying and Paris accord alignment best practice. Their efforts are ongoing and include outreach to additional companies, Brennan said.

Some companies are battling the climate lobbying request. Proposals are headed to a vote at Exxon Mobil Corp., Sempra Energy, Norfolk Southern Corp., Phillips 66, Delta Air Lines Inc. and United Airlines Holdings Inc., according to ICCR. In votes last year, investors gave relatively high but not majority approval to climate lobbying measures at airlines.

Investors launched the ballot campaign on climate lobbying in the U.S. last year. Its quick success was unusual. It had strong backing, with

French firm BNP Paribas Asset Management submitting proposals. Investors had made similar demands in Europe, where some of the largest oil and gas companies have exited trade associations over their climate positions.

BlackRock backing

The world's largest asset manager, BlackRock, backed the measure at Chevron, a powerful signal given its status among most public companies' top shareholders. BlackRock, which manages \$8.7 trillion in assets, said ahead of 2021 corporate meetings that it will begin asking companies to confirm that their political activities are in line with public statements on policy issues and explain any inconsistencies with trade association positions. The firm also vowed to approve more shareholder proposals, particularly on environmental issues.

A coalition of investors managing \$54 trillion, Climate Action 100+, has also addressed climate-related lobbying by companies.

As investors increasingly back climate-related actions, a shift in the U.S. political landscape after Biden became president in January also changed the tone of discussions with corporate leaders.

Brennan said that an administration and Congress promoting wide-ranging climate bills and regulations increases the pressure on companies to address their lobbying and frees up companies to publicize their climate stances without fear that they'll sour their relationships with the party in power.

"It's some of the writing on the wall," he said. "Companies are very sensitive to what's going on in Washington." The Leaders Summit on Climate to be hosted by Biden on April 22 and 23 will underscore the urgency and the economic benefits of stronger climate action, according

to the White House. It's being held ahead of the U.N. Climate Change Conference (COP26) this November in Glasgow, Scotland.

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