Ambitious
Opportunity BUSINESS CASE
Align
Transparent Action CONSISTENT
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Accountable DISCLOSURE Legitimate

GUIDE FOR RESPONSIBLE CORPORATE ENGAGEMENT IN CLIMATE POLICY

A Caring for Climate Report

Accountable INVENTORY Legitimate
OPPORTUNITY Consistent
DISCLOSURE Ambitious
Business Case
TRANSPARENT Align ACTION

Caring for Climate

THE GLOBAL COMPACT

UNEP

WORLD RESOURCES INSTITUTE

CDP DRIVING SUSTAINABLE ECONOMIES

WWF

Ceres

THE CLIMATE GROUP

A Caring for Climate Report by the United Nations Global Compact (UN Global Compact), the secretariat of the United Nations Framework Convention on Climate Change and the United Nations Environment Programme (UNEP), in cooperation with the World Resources Institute (WRI), CDP, WWF, Ceres and The Climate Group.

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Foreword Statements

Engagement by the private sector that is collaborative, serious and solutions-oriented is vital, and can help ensure widespread support for sustainability, climate action and broader UN goals. With leading technological and social innovations already in place, there is enormous potential to produce results if greater scale is achieved. The time is ripe for enlightened business leaders to scale up corporate sustainability by engaging responsibly on climate policy, ultimately helping to drive energy efficiency, renewables and technology in a low-carbon economy.

Georg Kell
Executive Director
United Nations Global Compact

Governments have provided a policy signal and are working on further clarity. But the private sector need not wait for policy perfection. Business leaders can demonstrate and communicate the need for long-term energy plans, increased efficiency and climate-friendly investment—policies beneficial to the triple bottom line. This in turn, gives governments the support they need to act on the international stage.

Christiana Figueres
Executive Secretary
United Nations Framework Convention on Climate Change

Environmental change is accelerating and generating new and emerging challenges but also opportunities for business. Companies that face up to these realities are likely to be the ones that survive and indeed thrive in a rapidly evolving world where factors such as climate change and dwindling availability of natural resources will shape future patterns of profit and loss while driving new and smarter markets.

Achim Steiner
United Nations Environment Programme

The science and economics of climate change are clear. Failure to act now would be risky, costly, and irresponsible. Fortunately, there are influential leaders in the private sector who recognize this. By taking the actions in this report, they can help inform and support effective climate policy.

Andrew Steer
President and Chief Executive Officer
World Resources Institute

In the past, efforts by some corporations have significantly slowed the emergence of climate change legislation and this has created unacceptable risks to public safety in general, as well as fiduciary investors in particular. All investors need to understand the risk posed to their whole portfolios by irresponsible corporate engagement seeking to delay climate policy, and the value created by a responsible, pro-climate business voice in helping policymakers deliver on their responsibilities to protect citizens. With the date for agreement on a global climate deal set for 2015, this report shows how businesses can play a positive role in helping politicians and civil society deliver a robust, necessary outcome over the next two years.

Paul Simpson
Chief Executive Officer
CDP

Addressing climate change, stopping deforestation and building a sustainable future powered by 100 per cent renewable energy has never been more urgent. We applaud companies acting according to climate science and pushing policymakers to take forceful action on this major planetary risk. WWF supports the guidelines from this broad partnership, which require companies to make sure their lobbying is aligned with what scientists tell us must be done, and asks corporate leaders to get trade associations to move from defending the fossil fuel status quo to calling for climate action and a sustainable future for people and planet alike.

Jim Leape
Director General
WWF International

While some are holding fast to old models of doing business, true leaders of 21st century companies are charting a new course toward a clean energy economy. They see the risks, the opportunities, and the need for policy action. By following the best practices set forth in this report, responsible businesses will model effective participation in the democratic process and help to inform meaningful climate policy.

Mindy S. Lubber
President and Chief Executive Officer
Ceres

With public scrutiny — and distrust — of the corporate world more intense than ever before, businesses need to follow their words on climate with initiatives that affect real, tangible, measurable change, and engage in policy debates in a manner that is ethical, consistent and transparent. Climate leadership is not some sort of "moral" imperative: it entails real business benefits and the avoidance of real business risks. Active, responsible and transparent engagement in supporting policies consistent with imperatives of climate science lies at the heart of this leadership: this report provides a tool to guide such engagement.

Mark Kenber
CEO
The Climate Group

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EXECUTIVE SUMMARY

This report is the output of a review and consultation on responsible corporate engagement in climate policy, undertaken by the UN Global Compact in cooperation with UNEP, UNFCCC, WRI, CDP, WWF, Ceres and The Climate Group. The report sets guidelines for why and how companies can provide constructive influences on public policy.

The Positive Role of Business in Accelerating Climate Change Policy Action

This report is not designed to make the case that climate change—or global warming—is the greatest threat facing the world today. Climate scientists from across the globe, as well as military and economic analysts, have already established the severity of the issue and the scale of the challenge.[1]

And neither is this report designed to make the case that policy responses are needed, or what those policies should look like. More than 190 countries have already agreed—starting back in 1992—that a response to climate change is urgently needed.[2] In 2009, countries further agreed to "take action" to limit warming to less than 2 degrees Celsius.

Instead, this report is designed to help companies inform and accelerate the policies most urgently needed to support a stable global economy. And it is designed to help businesses engage in national and international debates, with a view to contribute to political progress on reducing carbon dioxide (CO_2) and other greenhouse gas (GHG) emissions, and adapt to disruptions in the global climate system.

Business support and policy endorsements are powerful. They provide trusted perspectives on the economic costs and benefits of policy options. They can also influence others within their industry, supply chain, or customer base.

In the 20 years since countries first recognized the need to act on climate change, many companies and industry groups have engaged in subsequent national and international policy debates. Some have taken defensive positions, protecting business-as-usual. Others have been constructive, looking ahead to the future of their industry and working with policymakers to create the policies needed to support a strong, low-carbon economy. Some have done a mix of both and many others have avoided political debates altogether, choosing to observe silently.

Among signatories to the UN Global Compact, a platform which brings companies together to ensure they align with ten universal principles[3], there is a mixed record on public policy engagement. Of the 1,700 companies that responded to the UN Global Compact's Annual Implementation Survey, an annual online survey of Global Impact participants to identify developments related to corporate sustainability, approximately 60 per cent said they publicly advocate for action in relation to the Global Compact principles and/or other UN goals. However, only 30 per cent align traditional government affairs activities, such as lobbying, with their corporate responsibility commitments, such as reducing GHG emissions.[4]

However, as part of their engagement in the UN Global Compact Caring for Climate[i] initiative, a subset of 350 Global Compact signatories have made an important commitment, which the Caring for Climate Progress Report 2013 indicates 62 per cent of companies now fulfill. The commitment is to:

"Engage more actively with own national governments, intergovernmental organizations and civil society to develop policies and measures to provide an enabling framework for business to contribute effectively to building a low-carbon and climate-resilient economy."

Business is doing more. And as countries debate domestic climate change policies and work towards a new international agreement

Five Core Elements of Responsible Corporate Engagement in Climate Policy

Figure 1. Core elements defining responsible engagement in climate policy debates and three practical actions companies can take.

in 2015, this report presents timely guidance for companies to weigh in constructively to the discussions. It draws on an extensive review of existing studies and guidelines, as well as candid interviews and consultation with experts from more than 60 organizations, including companies, academia, non-governmental organizations (NGOs), think tanks and government.

Guidelines for Responsible Engagement in Climate Policy

The report finds there are **five core elements of responsible policy engagement** in climate policy: legitimacy, opportunity, consistency, accountability, and transparency (see Figure 1). These five elements translate to three practical actions responsible companies can undertake around climate policy, which are:

- **Identify** implications, influences, and opportunities to engage.
    - Create an inventory—together with internal decision makers and external experts—of the company's direct and indirect influences on climate policy.
- **Align** words with actions, ambitions and influences (both direct and indirect).
    - Complete an internal review using a ten question checklist to ensure consistency and accountability in the company's approach.
- **Report** on policy positions, influences and outcomes.
    - Follow a simple three-tiered framework to report progress on the above actions for investors and other interested stakeholders.

A CALL TO ACTION

Responsible companies are already acting to advance climate change policies. Others will need to build new capacity or find a safe space in which to engage in this type of debate. Those who are already lending their voice to solving one of today's most pressing global problems can set an example to others, demonstrating their leadership with the actions outlined in this report.

i Caring for Climate was launched by the UN Secretary-General Ban Ki-moon in 2007. It is an initiative of the UN Global Compact, the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Environment Programmes (UNEP), aimed at advancing the role of business in addressing climate change. It provides a framework for business leaders to advance practical solutions and help shape public policy as well as public attitudes. See Appendix E for a statement signed by Chief Executive Officers from over 350 companies from 50 countries.

KEY TERMS

Figure 2. Explanation of key terms and concepts for the purposes of this study.[5]

Guide for action, as in:
practical steps and recommendations for business practices, strategies and initiatives on climate policy.

Guide for Engagement

Engagement in activities to inform or influence, such as:

- Lobbying: direct influence on policymakers to shape legislation.
- Marketing: public advertising.
- Financial contributions: to campaigns, research organizations.
- Expert input: through testimony, working groups.

Other important terms used in relation to **Engagement** in the report:

- Policymakers: government officials or representatives.
- Governments: local, state, national, international regulatory or legislative bodies.
- Trade associations: groups representing particular industry or coalition.

Responsible for impacts to and input of:
- Investors, shareholders.
- Boards of directors.
- Customers, employees.
- Climate science.
- Civil society, including non-governmental organizations (NGOs) and institutions representing interests of citizens.

Corporate (or business, private sector, industry), inclusive of companies of:
- Different sizes: small, medium, or large, with an emphasis on large companies.
- Different geographies: state-owned, national, or multinational, with an emphasis on multinational.
- Different value chains: raw material extraction, production, distribution, consumption, disposal.

Responsible Corporate in Climate Policy

Climate as a broad term, defined by:
- Climate Change: according to the United Nations Framework Convention on Climate Change (UNFCCC) definition, a change of climate attributed directly or indirectly to human activity that alters the composition of the global atmosphere, and which is in addition to natural climate variability observed over comparable time periods (as per article 1 of the Convention).
- Greenhouse gases (GHGs): those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and re-emit infrared radiation (as per article 1 of the Convention), including carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4), ozone (O_3), sulfur hexafluoride (SF_6), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and nitrogen trifluoride (NF_3).
- Climate science: latest insights from the Intergovernmental Panel on Climate Change (IPCC).
- Carbon dioxide equivalent (CO_2-equivalent or CO_2e): The universal unit of measurement used to indicate the global warming potential of the different greenhouse gases.

Policy for:
- Mitigation: policies to reduce greenhouse gas emissions to minimize damage to the global climate system, including the international policy agreement that the increase in global temperature should be below 2˚C.
- Adaptation: policies to promote investments, infrastructure, and planning to adjust natural or human systems to a changing climate.
- Low-carbon: general term for products, services and business models with lower GHG emissions.
- Carbon price: general term relating to policies that use market signals to put a cost on the practice of emitting greenhouse gases, thereby creating an economic incentive to reduce emissions.

BUSINESS ENGAGEMENT ARCHITECTURE

The 2013 UN Global Compact report, *Architects of a Better World: Building the Post-2015 Business Engagement Architecture*, already illustrates the main building blocks necessary to enhance corporate sustainability as an effective contribution to sustainable development, creating value for both business and society. In the report, the role of individual companies, corporate sustainability organizations, Governments, investors, business schools, civil society, labour and consumers are highlighted as central to scaling up business action. In that report, the UN Global Compact writes that responsible engagement around climate policy is at the heart of corporate sustainability. But engagement is not just about adopting sound climate policies — it is also about supporting broader UN goals such as a global legal agreement on climate change. As displayed in Figure 3, corporate sustainability in climate policy is rooted in three dimensions: i) respecting universal principles; ii) supporting broader UN goals; and iii) engaging in partnerships and collective action at the global and local levels. These strategies and practices are increasingly understood to contribute to revenue growth and resource productivity as well as the mitigation of operational, legal and reputational risks.

Businesses can most effectively contribute to the above dimensions through advocacy efforts with policymakers. This way, business leaders are offered multiple avenues and opportunities to convey to policymakers that ambitious climate policies are urgently needed. The Business Engagement Architecture outlines drivers and incentives that encourage the engagement of companies on climate change issues. The Business Engagement Architecture also calls on companies to set long-term goals and make public commitments on sustainability and climate change issues. Global issue platforms such as the Caring for Climate initiative, help companies set goals and strategies, engage with governments and report on progress made on an annual basis. Understanding the overlap between public and private interests is key to motivating a larger number of companies to engage and take action. The Guide for Responsible Corporate Engagement in Climate Policy expands on the Business Engagement Architecture research, presenting more detailed actions for responsible corporate engagement in climate policy.

Recent surveys (2011 and 2012) of UN Global Compact participants show a slight increase in the number of companies that strategically engage in public policy debates related to their corporate responsibility commitments. Still:

- Approximately 60 per cent publicly advocate for action in relation to the Global Compact principles and/or other UN goals.
- Only 30 per cent have aligned traditional government affairs activities (i.e. lobbying) with corporate responsibility commitments.

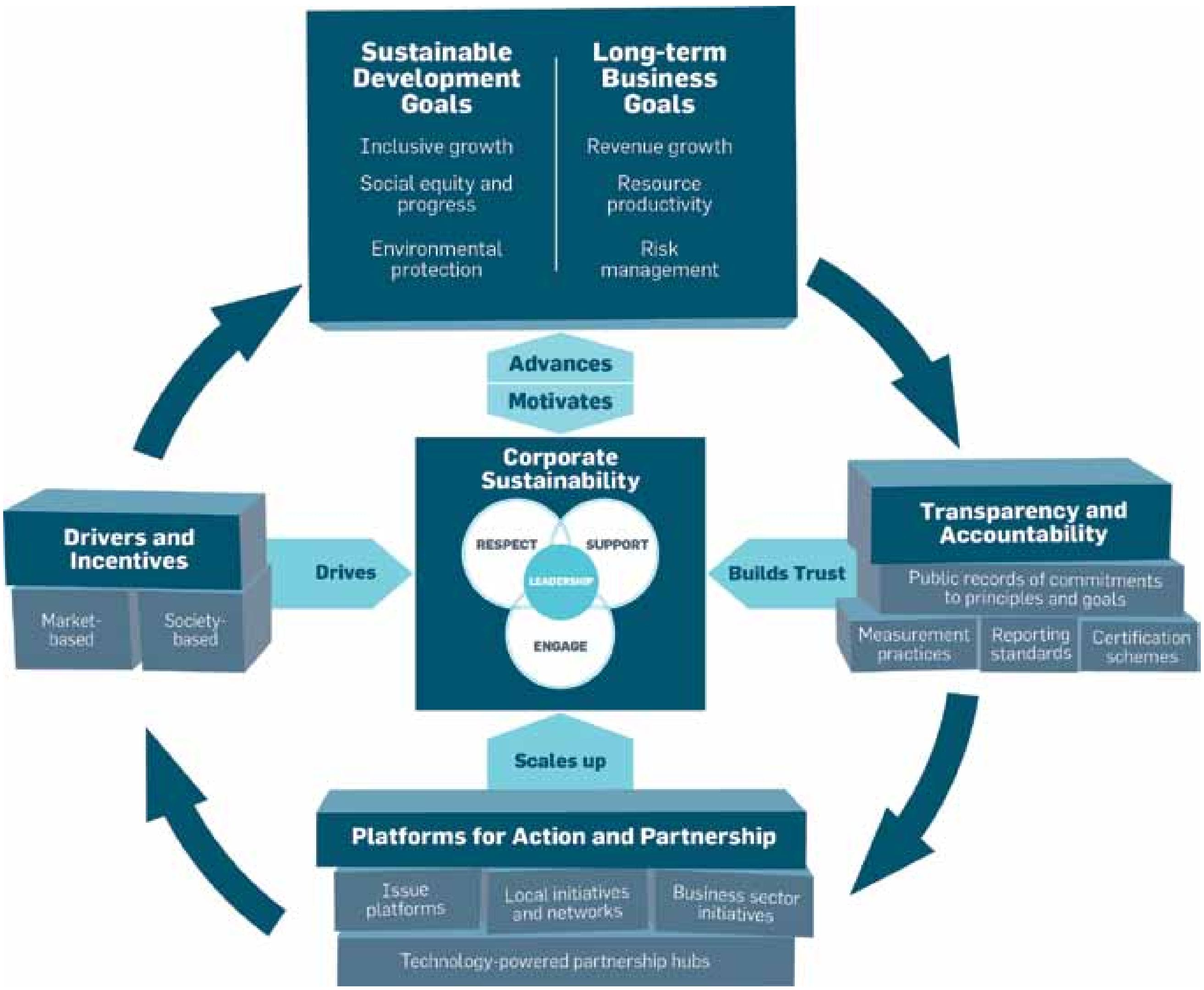


Figure 3. Post-2015 Business Engagement Architecture[6]

SECTION 1:
CONTEXT FOR CORPORATE ENGAGEMENT IN CLIMATE POLICY

Ambitious
Responsible
BUSINESS CASE

Purpose and scope of this report

Purpose

This report outlines the practical actions a company can take, across multiple geographies, to become a responsible voice in climate policy debates. Presently, there are political obstacles in many countries that stand in the way of climate policy action. But as the need for action on climate change becomes ever more urgent, there is an increasing need for business and government to work together on ambitious policy solutions.

Businesses, as influential political stakeholders, are often important voices. Proactive, constructive input and support from business—along with other stakeholders—can help governments create effective policies. Likewise, negative and resistant business interests can obstruct policy action.

Business and government are interdependent. Governments need the insights and support of businesses to advance effective climate policy. Businesses need clarity and certainty from governments to invest and act on risks and opportunities in current and future markets. This report focuses on the need and opportunities for mutual action and collaboration.

Scope

The scope of the report is global, though it must be acknowledged that fundamental differences exist between different countries' current regulations, political systems, cultures and economic development priorities. But while the role and influence of business differs across geographies, this report does not seek to provide deep context for political debates around the world. It does, however, include relevant examples to show a practical definition for responsible engagement in climate policy.

The report focuses on climate policy, which is complex in nature. Climate policy includes the following efforts:

- Reducing greenhouse gases (GHGs) that are disrupting the global climate system, as well as efforts to develop and deploy innovative clean technologies.
- Preparing for and adapting to climate disruptions already observed and expected in the future.
- Financing of climate change mitigation and adaptation efforts.

There are a variety of policy measures to accomplish these objectives, ranging from environmental regulation and economic incentives to energy and infrastructure investments.

Finally, the report discusses instances where businesses can influence policy. There are multiple types of engagement, ranging from direct influences through lobbying or political contributions, to more indirect influences on customers or through industry groups. The objective is not to cover the full spectrum (see Box 1), but rather acknowledge there are many ways of engaging in climate policy debates, and establish a fundamental and practical means of engaging responsibly.

BOX 1. AREAS FOR FURTHER RESEARCH AND GUIDANCE

To be widely applicable and adaptable, this guide discusses responsible engagement for companies of all sizes, sectors and geographies. But there are a number of areas that would benefit from deeper analysis including:

- Technical input on specific policy questions. For example: private sector tools for climate finance.
- Specific roles and guidance for specific sectors. For example: how the energy sector can play a constructive role in climate policy.
- Specific policies to influence. For example: tax incentives, technology standards and trade agreements.
- Political debates in specific countries or regions. For example: how to engage for maximum positive influence in South African policy discussions.

Important context for influencing climate policy

Overcoming basic challenges and creating positive influences

A company may face several challenges when engaging in political debates on climate change. While it might value "a seat at the table" to shape the design of policies, the company might be wary if involvement risks important relationships as a result. If seen as too political or siding with one political group over others, a company might fear a backlash from customers or employees. Companies need a means of engaging in a responsible and constructive manner, while balancing political views and managing public perceptions.

Governments may face similar challenges. Policymakers may recognize the need for corporate input and support, but they must also balance business interests with the greater good of society. They may want to address long-term climate change risks, but at the same time are wary of public opinion and possible negative near-term impacts to the economy.

The result is that, when it comes to the politics of climate change, both companies and governments can find it difficult to engage one another constructively. A review of corporate lobbying practices on social and environmental challenges by WWF and SustainAbility, noted that companies tend to "strike an overwhelmingly defensive tone."[7] Meanwhile, their report observed "government concern over business resistance to new policies" among the main obstacles to policy action.

Others, like the Union of Concerned Scientists, point out that some business voices are misinforming policymakers and effectively obstructing progress on climate policy.[8] Studies from Harvard Business School and Yale University have identified corporate influence on climate policy as presenting a major stumbling block to progress on climate change initiatives.[9]

Echoing this, a study that points out some businesses are misinforming policymakers, Christiana Figueres, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), has observed

"a serious group of companies that have a voice that is much louder, that is better funded, that operates much more in unison and that is still stuck in the technologies and the fuels of yesterday."[10]

Christiana Figueres has called for companies to urgently redress this balance saying,

"…if we don't have a voice that is equally as orchestrated with arguments that are at least equally as compelling, then governments are going to be taking very timid decisions and they're not going to be tipping the scale."[11]

But as demonstrated by growing investor interest in climate strategies and emissions disclosure, such as that reported through CDP, investors are becoming more engaged with corporate influence on climate change. Yale University reviewed corporate influences on climate policy and asked:

Are these [defensive] attempts to influence government policies on the climate issue in the shareholders' interest? Perhaps not. It is not even clear that these corporations have taken lobbying positions consistent with their own financial interests and the narrowest definitions of shareholder interests.[12]

Many companies would agree with this analysis and some have commented:[13]

Governments tend to feel limited in their ability to introduce new policies for reducing [greenhouse gas] emissions because they fear business resistance, while companies are unable to take their investments in low carbon solutions to scale because of a lack of long-term policies.

The good news is that these challenges are not insurmountable. In this report alone, there are several examples where companies and governments are finding means of engaging one another with the shared objective of advancing bold, effective climate policy.

Driving more ambitious, effective climate policy

Although countries have discussed an international climate change response for more than 20 years, action remains incremental. The level of ambition of existing policies is widely agreed to not be sufficient to address climate change.[14] Global GHG emissions continue to increase, causing disruptions to the global climate system and increasing risks to markets across the world.[15] Meanwhile, there are few effective regulatory frameworks and market signals for the fuels, technologies, and products and services that will be needed on a large scale in the years ahead.

Clear frameworks and strong signals from governments are essential to prompt investment today and avoid higher costs in the future. Strong policy signals for the energy sector, for example, would avoid more than $3 trillion of additional investment that would be needed if policies were delayed until 2020.[16]

Many companies recognize this and have called on governments to act. More than 150 companies signed the Carbon Price Communiqué in 2012, which calls for governments to:[17]

- Make carbon pricing a central part of national policy responses.
- Work towards the long term objective of a carbon price throughout the global economy.
- Set sufficient ambition through internationally agreed targets to drive change at a pace commensurate with the 2°C goal.[ii]

These companies are weighing in with a timely message, as debates are happening at national and sub-national levels around the world. In 2013, the World Bank found that more than "40 national and 20 sub-national jurisdictions have either implemented or are considering mechanisms that put a price on carbon."[18]

In addition to market mechanisms such as a carbon price, there are other important policy design elements to consider, and complementary policies to promote. Effective measurement systems and economic analysis, for example, are an important part of climate policy debates. Various countries are testing and expanding policy programs, ranging from Germany's accelerated transition to a clean energy system, to China's renewable energy law and plans for a cap-and-trade system in 2016.[19] With business input and support for ambitious policies, countries can scale the learning curve faster.

Identifying connections and priorities

Policy aimed at curtailing climate change can involve a suite of possible public policy interventions, from tax to subsidy, regulation to behavior change, energy policy to health policy. It is relevant to all sectors of the economy. Some sectors, like the energy sector, may have particularly high GHG emissions and thus a clear link to public policy interventions on climate change. Other sectors, like consumer goods, may not be heavy emitters but still have a strong interest in policy debates due to the impact of climate change on their value chains. The key is for companies to be able to identify these links and the strategic points where they can engage.

It is also important to consider climate policy in the context of other policy action and environmental and economic considerations. For instance, in the case of energy policy, climate change (specifically the need for environmentally-sensitive, low-carbon energy production) is one piece of what the World Energy Council refers to as a "trilemma," along with energy access and security.[20] Depending on the policy discussed, there may be important tradeoffs to recognize among them—or opportunities to address all three challenges at once.

Climate policy is complex, but priorities can be established. Consider that the vast majority (80 per cent) of GHG reduction opportunities for Brazil, China, the European Union, India and the United States can be found in specific priority sectors (Figure 4).[21] Additional analysis, in the United States for example, suggests specific near-term policy action for the power sector, hydrofluorocarbon (HFC) emissions, natural gas systems, and energy efficiency would achieve 90 per cent of GHG reduction potential.[22]

Figure 4. Sectors accounting for 80 per cent of GHG reduction potential in select countries, based on analysis from the Climate Policy Initiative.[23]

	Agriculture	Buildings	Forestry	Industry	Power	Transport
Brazil	X		X			
China		X		X	X	
European Union	X	X		X	X	X
India	X			X	X	
United States		X		X	X	X

Of course, creating effective policies in each of these sectors will be complex. Companies with direct or indirect interests in these sectors (and those sectors that will need to adapt to climate change impacts) can be particularly influential in informing and supporting national policy action.

A business case for responsible engagement

How companies can make a case to engage

In climate policy debates, a company's role will depend on the sector, size of the company, political jurisdiction(s) and leadership, among other factors. However, most companies can make a compelling business case based on implications that climate policy has on the following:

- **Corporate strategy:** How will responsible engagement help the company to execute on future business plans and understand future market changes (value erosion or creation, market opportunities)? How will it help the company profit from becoming a "market-maker", rather than a "market-taker", and be an active participant in creating new low carbon economies?
- **Government and public affairs:** How will responsible engagement with policymakers create more trusted relationships and regulatory certainty?
- **Finance and legal:** How will responsible engagement help enhance shareholder value? How will it improve investor relations and help the company more effectively attract and allocate financial resources (lobbying resources, capital investments)? Will it address shareholder concerns and risks?
- **Reputation and public relations:** How will responsible engagement help to build and sustain public and stakeholder trust and license to operate? What is expected of the company amid the growing pressure on companies to be transparent about political activities and influence? What will be the impact of media attention on support for various groups influencing climate policy?

- **Operations:** How will responsible engagement help promote policies that protect the company against impacts and disruptions from climate change?

How companies can have an influence on climate policy

Previous reports have outlined the different types of corporate influence on policy. Summarized below is a synthesis of engagement approaches highlighted across several existing studies and guidance documents.[24] For the purposes of this report, two broad categories—direct and indirect—define where companies influence climate policy.[iii]

Figure 5. Examples of Corporate Influences on Policy.

Examples of DIRECT engagement activities:
• Lobbying of government officials
• Contributing to electoral campaigns
• Providing testimony, endorsements or participating in government agency working groups
• Participating in public-private partnerships
• Participating in national or international forums on trade, technologies
Examples of INDIRECT influences:
• Information and public relations campaigns targeting customers, suppliers, general public
• Contributions to external, non-governmental organizations
• Membership in trade groups and business associations
• Former employees taking jobs as government officials (current or former employees) or corporate hiring of former government officials
• Engagement in international or national business alliances or initiatives
• Call to action, convening, and example setting with customers, suppliers, competitors, public
• Participation in scientific or economic committees

ii. The "2°C goal" is a common benchmark for ambition—a measure of the amount of warming observed in the global mean temperature (0.8°C observed already). Science suggests the risks of dangerous impacts increase dramatically beyond 2°C. However, it should be noted that even at 2°C there is increased risk of wildfires, droughts, floods, as well as sea level rise; this has prompted some countries to call for action to limit warming to 1.5°C or below. The international community has agreed to 2°C limit in rise of global average temperature, but current policies set a trajectory for a warming of 4°C or more by the end of the century.

iii. It should be noted that various countries have their own specific legal frameworks which differ from others — so for example contributions to electoral campaigns are not allowed or restricted in certain countries.

ILLUSTRATIVE EXAMPLES OF CORPORATE ENGAGEMENT IN DIFFERENT COUNTRIES

How companies engage in climate policy debates will vary by region. There are different political systems to consider, different influence channels and different regulations that shape how companies engage on policy. The following are illustrative examples of corporate engagement initiatives, policy debates or influence channels in seven countries.

Australia

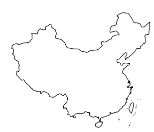
Businesses for a Clean Economy (B4CE), a coalition of more than 400 companies and associations in Australia, has engaged the business community to "demonstrate there is a significant business voice supporting a price on carbon pollution." They have done national surveys to understand business attitudes toward climate policy and the uncertainty around the future of carbon pricing. The group has leveraged traditional and social media to share the results and their views widely, to help inform the national debate. *www.b4ce.com.au*

Brazil

In 2012, Instituto Ethos, with the support and signatures of more than 100 organizations (including several global companies), issued a proposal to influence negotiations at the United Nations Conference on Sustainable Development (Rio+20). As part of the proposal, the group suggested all participating countries commit to the "pricing of carbon and the creation of an internal carbon market," demonstrating the type of policy action that leaders in the business community in Brazil are seeking.

In 2012 and 2013, a group of Brazilian companies came together to evaluate risks and opportunities related to maintaining critical ecosystems, such as forests. The Parceria Empresarial pelos Serviços Ecossistêmicos (PESE) or, in English, the Brazilian Business and Ecosystem Services Partnership, is one of several partnership efforts where companies can demonstrate to policymakers the importance of action that addresses deforestation and its impact on the climate. *www.wri.org/pese*

Another, Mesa Redonda da Madeira Tropical Sustentável, brings together business and multiple other stakeholders to find solutions to illegal logging in Brazil. *raa.fgv.br/mesa-redonda-da-madeira*



China

In China, foreign companies and state-owned enterprises typically play different roles when engaging in climate policy. State-owned enterprises are expected to show leadership in implementing new initiatives to address climate change. As part of the government, they play an important role in communicating opportunities for low-carbon economic development.

Other companies can also engage on policy by sharing their initiatives in the media, keeping climate change in the public agenda. Some foreign companies also provide data and analysis on energy efficiency opportunities or adaptation challenges. Several engage with technical assistance for China's carbon trading policies through trade associations like the International Emissions Trading Association. *http://www.ieta.org*

European Union

The Prince of Wales's Corporate Leaders Group on Climate Change (CLG) is a coalition that draws from United Kingdom, European and multinational companies. The mission of the EU CLG is: "To communicate the support of business for the European Union to move to a low carbon society and low climate risk economy, and to work in partnership with the institutions of the EU to make this a practical reality." The group comments publicly on climate change science and policy, urging political leaders to take action. It also hosts high-level meetings in partnership with other groups, such as the Confederation of British Industry, to engage policymakers on climate change risks and opportunities important to business. *www.cpsl.cam.ac.uk/CLG*

India

Green business centers of excellence in India are influential platforms where companies can inform policy action on climate change. They can help promote streamlined regulations and aligned incentives, as well as opportunities to update older regulations—as India did with the new Companies Bill in 2013 to established standards for corporate responsibility. Groups like the Confederation of Indian Industry (*www.cii.in*) and The Energy and Resources Institute (www.teriin.org) are working with members and partners to provide input to government efforts to promote energy efficiency, advance research and development, and measure GHG emissions. *http://www.ghgprotocol.org/programs-and-registries/india*

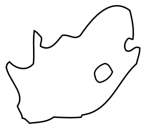
Data from CDP's 2013 investor reports indicates that companies are directly engaged with the government to proactively tackle climate change. In one example, a company engaged directly with the Indian Bureau of Energy Efficiency (BEE) in order to influence an energy efficiency policy. The company supported the BEE in workshops on awareness creation and implementation of an Energy Conservation Building Code, as well as shared energy data from their buildings to help determine the policy. Another company has actively engaged in the BEE's energy trading scheme throughout its development and implementation. *https://www.cdproject.net/en-US/WhatWeDo/Pages/India.aspx*

Mexico

In Mexico, the government's UNFCCC presidency in 2010 was widely praised for efforts to engage private sector stakeholders in the lead up to the climate negotiations that year. More recently, in 2013, Mexico released its National Climate Change Strategy, which creates opportunities for corporate engagement. It articulates a short-, mid-, and long-term vision, and brings together national, state, municipal and sector climate action plans. Companies can engage through the National Council on Climate Change on policies in development for key sectors. For example, companies can help shape housing, building and construction policies to reduce GHG emissions and help communities adapt to a changing climate. Among other topics for private sector input are:

- energy and infrastructure subsidies
- life cycle costs of power generation
- renewable energy incentives with pricing plans for poorest/vulnerable citizens
- analytics for public health risks and benefits
- development bank financing criteria for energy investments
- enforcement and economic incentives to halt deforestation.

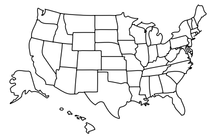
http://www.presidencia.gob.mx/estrategia-de-cambio-climatico



South Africa

South Africa has actively sought input on how to advance the country's National Climate Change Response Policy—a comprehensive vision and strategy for climate change mitigation, adaptation and funding. Constructive business voices can engage through:

- **Public comments on white papers.** For example, the National Treasury held a public comment period for a carbon tax white paper in 2013.
- **Input to the UNFCCC negotiations.** Companies have participated in the South African delegation and sought to gain insights from policies working in other countries.
- **Positions of influential trade associations.** Companies can help shape positions of important groups like Business Unity South Africa (BUSA).
- **Partnerships and solutions.** Companies can demonstrate and promote the innovative technologies and services—for example as part of WWF's Climate Solvers program—to help the country reduce GHGs and adapt to climate impacts. *http://www.wwf.org.za/climatesolver*



United States

The US Climate Action Partnership (USCAP) and Businesses for Innovative Climate and Energy Policy (BICEP) are two examples of coalitions formed to establish a strong, positive corporate voice on U.S. climate policy.

Each has experienced successes and challenges in the process (described in detail in Appendix B), but the highlights are listed below.

USCAP

- **What worked well?** Top-level decision makers at influential companies were deeply involved and committed; it was helpful to use climate change outcomes, not industry sector interests, as the organizing principle; and the partnership created mutual benefits and support among coalition members.
- **What proved to be a challenge?** Those closely involved in USCAP noted useful lessons to future approaches: CEO-level engagement is important, but the broader organization needs to buy in too; messages about the benefits of policy action need to resonate locally, outside political circles in Washington, D.C. and there is immense pressure and real risks for those speaking out on the issue.

BICEP

- **What has worked well?** Staying power in the face of ongoing legislative stalemate; broad engagement with executives from many companies and with the public; broad business interest representation; and a safe space for policy engagement.
- **What has proven to be a challenge?** Lack of federal legislation and complexity of trade association affiliation.

Links to additional examples and resources can be found at: *www.wri.org/publication/responsible-corporate-engagement-climate-policy*

SECTION 2:
FIVE CORE ELEMENTS OF RESPONSIBLE POLICY ENGAGEMENT

Legitimate
Opportunity
CONSISTENT
Accountable Transparent

Companies can use the following five core elements as guiding principles for responsible engagement in climate policy.[iv] This list is a synthesis of 13 existing studies on how and why companies engage in policy debates relating to climate change and other issues, as well as insights from more than 60 expert interviews (see Appendix A).

iv. It must be emphasized that all five elements are essential. Selectively focusing on one or two elements does not constitute responsible engagement. For example, a company might be entirely transparent about its positions and influences, but would fall short of responsible engagement if there is no consistency in its messages or if lacking accountability to stakeholders.

FIVE CORE ELEMENTS OF RESPONSIBLE CORPORATE ENGAGEMENT IN CLIMATE POLICY

Legitimacy	Opportunity	Consistency	Accountability	Transparency
…with policymakers	…to inform	…with science	…to shareholders	…for positions
…with investors	…to influence	…with positions	…to customers	…for influences
…with stakeholders	…to benefit	…with strategies	…to society	…for outcomes

Figure 6. Five core elements for responsible corporate engagement in climate policy

Legitimacy

Legitimacy refers to a company's approach, intentions and understanding of climate policy. Defining factors for legitimacy include:

- **Building trust.** Several studies point to the importance of a company establishing a trusted voice, clear objectives and responsible influences in public policy debates.[25] One study framed this by asking, "Are the means of influence proper uses of corporate power? Are the company's methods of political engagement broadly accepted?"[26] Responsible companies can demonstrate and justify their legitimate role by explaining their intentions and positions, and by partnering with others.
- **Doing no harm.** Several executives and thought leaders suggest responsible companies will avoid any direct or indirect support for policies or positions that further increase the risks and impacts of climate change.
- **Having a genuine interest in seeing policy outcomes.** Several stakeholders interviewed defined responsible companies as those demonstrating sincere intentions to create strong frameworks, while other companies may be engaging simply to delay or derail policy action. Responsible engagement does not reject a proposal without offering a viable alternative. Nor does it seek simply to delay or distract. A responsible company will support and endorse specific policy proposals, not just the concept of policy action.
- **Defining a material interest.** Companies can articulate their reasons for engaging, backed by objective analysis, when weighing in on specific policy questions. A global financial services company observed how important it was for them to understand the connections between climate policy and their core business competencies:

"Drawn from our own experiences…the message tends to be better received and the efforts more effective if there is a clear connection between the business' core competency and its sustainability positions (which is why we focus on sustainability data and analytics for the financial community). If a connection is not evident, however, and the company has

not taken steps to make itself competent in the area…it undermines its overall posture towards the dialogue, even if its actions are driven by positive intentions."

Opportunity

Opportunity refers to how a company understands the benefits of climate policy and the available influence channels to shape and support those policies. Defining factors for opportunity include:

- **Recognizing risk mitigation, competitive advantages and future industry transitions.** Climate change has impacts creating risks and opportunities throughout a value chain. Policies to respond to those risks and opportunities will shape an industry's future. Companies that see the transition ahead can find ways to proactively engage in policy debates to help minimize future market risks and maximize opportunities. Consider, for example, the wide range of risks to the U.S. energy sector. The U.S. Department of Energy released a report in 2013 pointing to the impacts that a changing climate is likely to have on everything from fuel transport, to electricity distribution, to onshore and offshore oil and gas production. It noted the risks and opportunities for the industry to act, concluding that:

  …the pace, scale, and scope of combined public and private efforts to improve the climate preparedness and resilience of the energy sector will need to increase…Greater resilience will require improved technologies, policies, information, and stakeholder engagement.[27]

EXAMPLE IN BRIEF: The 3% Solution
In 2013, CDP and WWF published "The 3% Solution" —an analysis that revealed an immense business opportunity for companies in the United States to contribute GHG reductions toward a 2°C global target and how much it might cost by 2020. The analysis suggested that annual reductions of approximately 3% per year would be required (a significant but technically feasible challenge), and could result in savings up to $780 billion (net present value) by 2020. Read more in Appendix B.

- **Articulating a case for policy positions with broadly shared benefits.** There may not always be alignment of interests, but where possible, it is helpful to articulate the benefits both to the company and to others. Even in cases of conflicting interests, there is an opportunity to show how a different approach could align a company's or industry's priorities with the public good in an increasingly interconnected world. Experts interviewed noted that the greatest opportunity to engage in policy is to understand the interests of others. Policymakers may well want to know what the policy means to the company and industry but they also want to understand the impact on health or the local economy. Similarly, it is important to articulate the impacts to investors, customers and suppliers.
- **Playing positive and proactive roles.** Responsible engagement can include supporting research, providing analysis, convincing others in the business community of the case for change, and explaining what works and what does not work. Constructive voices are welcome participants in policy debates. Companies can shift debates in a positive direction by publicizing the feasibility and cost-effectiveness of policy change with their own actions and experiences.
- **Seeking influence opportunities that fit the company scale.** Opportunity for influence will differ by the type of company. Some companies may be large and established, while others may be newer, smaller and growing fast. For large companies, their individual views may carry weight, or a more powerful opportunity may exist in shaping the voice and perspective of their broader industry—represented often by a trade association. Smaller companies, meanwhile, may not have the time or resources to engage on policy. Their opportunities may be in creating coalitions of other voices with shared objectives and common input. WWF, for example, established its Climate Solver program so that emerging clean technology companies can find opportunities to inform policy debates.

Consistency

Consistency involves aligning public and private interactions with policymakers, with coherent strategies that ensure a company's direct and indirect influences accurately reflect climate science. Defining factors for consistency include:

- **Staying true to climate science and objective analysis.** Responsible engagement means that a company's policy positions match up with: 1) the pace and scale of GHG reductions required to minimize climate system disruption (e.g., the internationally-agreed target of limiting average warming to 2°C); and 2) the scale of investments needed to adapt to the disruptions from damage already done or predicted to take place. A company—and trade associations or other groups that represent the company—use the most up-to-date analysis from qualified sources instead of selectively using data or discredited analysis to mislead policymakers.
- **Aligning public and private messages.** Saying different things to different audiences suggests duplicitous intent and can put trusted relationships with customers, investors, policymakers and the public at risk. The value of achieving consistency is in avoiding the public, political and financial backlash if a company is found to be backing one climate policy position in public and another in private. Companies may face scrutiny in the media for membership in, or contributions to, groups that are obstructing or misleading climate policy debates. Meanwhile, investors want to know whether the policy positions a company is advocating for align with their own. Civil society groups are increasingly vocal in pointing to inconsistencies between a company's stated position on climate change and the influence they may have in delaying or preventing policy action.
- **Creating common core messages across multiple regions and platforms.** While it makes sense for a company to have policy positions tailored to the needs of specific countries, responsible companies will have overarching positions that are common among regional engagements. Similarly, responsible companies will recognize when industry associations they are affiliated with are undermining their own messages to policymakers. This is an area of inconsistency, increasing scrutiny and stakeholder pressure. These are essential, yet particularly challenging tasks. As many experts noted, there are likely to be different political views, business interests, government interactions and influence priorities among different divisions within any one company. There may be important short-term and long-term impacts to balance. There may be several different people or business units engaging policymakers on behalf of a company.
- **Aligning actions and words.** To engage responsibly, corporate influences (direct or indirect) and public relations need to match up with actions and investments to advance climate policy. Ceres, for example, in their report on what defines a "21st Century Corporation", highlighted that a company must ensure its lobbying is "consistent with sustainability commitments and strategies".[28]

Accountability

Accountability typically refers to a company's willingness and ability to act on its responsibilities to its shareholders, employees and the communities impacted (directly or indirectly) by its operations, products and services. Defining factors for accountability include:

- **Pursuing the long-term interests of a company's core business, shareholders, industry and its current and future customers.** A responsible company will manage climate change like any other business risk or opportunity. This includes ensuring the company has a coherent strategy for navigating and informing a regulatory framework for the long-term future of the business. Some companies, for example in the power sector or among energy-intensive industries, will have an obligation to reduce the amount of GHG emissions they create. They are accountable for how they engage in policy debates to promote regulatory frameworks that are most cost-effective, while still achieving the necessary GHG reductions. Other companies that may not be large emitters are still accountable to protect and create value for their customers and shareholders. They

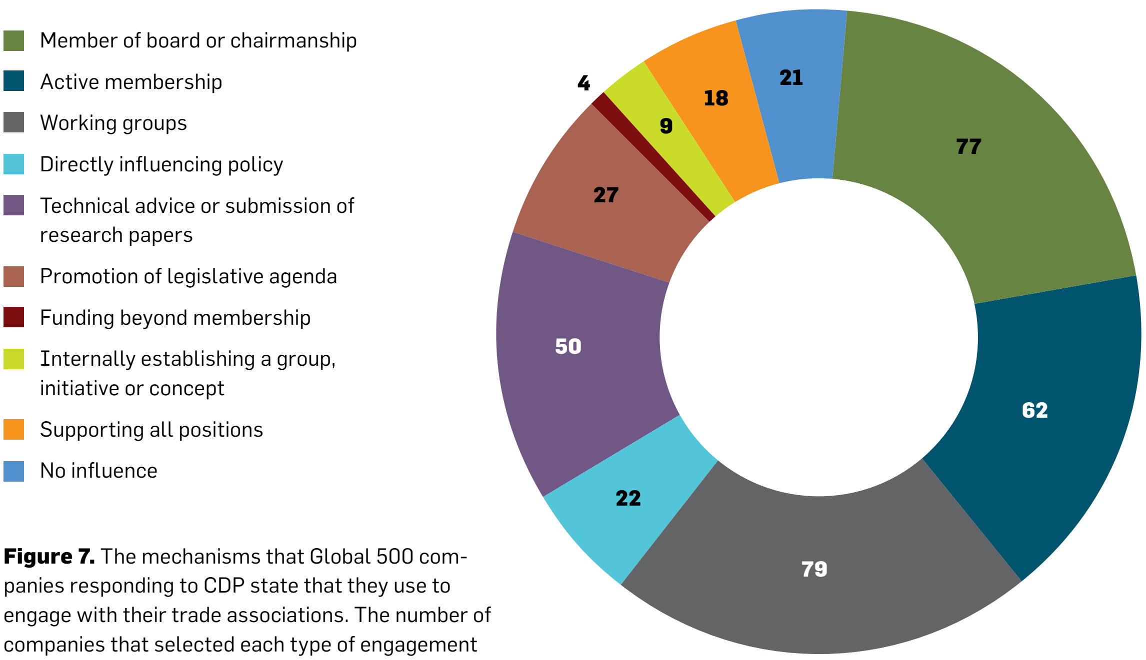


Figure 7. The mechanisms that Global 500 companies responding to CDP state that they use to engage with their trade associations. The number of companies that selected each type of engagement is displayed on the respective segment.

See Appendix B for additional discussion of engagement through trade associations.

Trade Associations: Managing Indirect Influences

Many companies struggle with (real and perceived) inconsistencies when trade associations take defensive or obstructive positions on climate policy. Several of the companies and other stakeholders interviewed for this report raised this as one of the most important—and most challenging—issues for responsible engagement on climate change.

Among the challenges noted:
- A trade association may take positions that only represent those most fiercely opposed to a climate policy.
- The trade association can be more politically powerful than a single company.
- In some countries, membership in a trade association is mandatory.
- For large companies, it is difficult tracking the positions of various trade associations.
- Some companies do not want to push policy actions too far beyond the industry position.

In light of these challenges, a few of the options suggested for companies to demonstrate consistency on climate policy include:
- Review the climate policy positions and influences of trade associations.
- Publicly distance the company from conflicting positions taken by a trade association.
- Work within a trade association to make the case for constructive engagement.
- Discontinue membership in trade associations that oppose or obstruct climate change policies.
- Form proactive, influential coalitions to counter trade associations that oppose climate change policies.

can support and suggest policy options that recognize the urgent need for action on climate change and maximize benefits across their value chain. Investors also wish to know what a company is doing with their money when it comes to influencing climate policy.[29] Experts have noted: "Lobbying on public policies requires board oversight because it involves significant shareholder interests."[30] Investors with an eye on the long-term future of the industry and overall economy want to know how a company is aligning policy outreach with corporate sustainability commitments.

EXAMPLE IN BRIEF: U.S. and Japanese Auto Industry
Several of those interviewed for this report—including those with investor perspectives—noted the U.S. auto industry as a major example of what can go wrong if companies are short sighted and unaccountable for their policy influences. They pointed out that because, over many years, the auto industry effectively lobbied against legislation to increase U.S. corporate average fuel economy (CAFE) standards, companies had effectively isolated themselves from market signals. These companies and their shareholders paid a price when market demand shifted to fuel efficient vehicles. This allowed the Japanese auto sector, which had not been as isolated from market signals, to leapfrog the U.S. sector.

- **Conducting due diligence with a broader perspective.** Responsible companies can advocate for policies that create advantages for themselves, as well as broader benefits to other stakeholders. This involves understanding how climate change policies will be most effective and cost-efficient in reducing GHG emissions, at the pace and scale necessary to minimize risks throughout a company's value chain (including long-term needs of customers, suppliers and communities). It also involves understanding the risks of inaction and the tradeoffs or consequences of various policy options (e.g., how a policy that prioritizes alternative energy production may impact freshwater availability).
- **Overseeing and managing inconsistencies.** As noted in the earlier discussion on Consistency, it can be extremely challenging to align messages and influences. That difficulty makes it all the more important for companies to create systems to review and hold individuals accountable for external messages and influences. Oversight is needed for managing climate policy priorities across multiple geographies, while balancing different political views and business interests. Responsible engagement means identifying and resolving those areas where a company's influence on policy may be misaligned. Accountability means having answers to questions like the following:
  - If a company has set an aggressive GHG reduction goal, is it also lobbying for the policies that will help achieve that objective in a cost-effective manner?
  - What is the company doing to ensure common messages, efficient management and policy and engagement?
  - If a company has a marketing campaign to promote its "clean" or "green" products, is it actively engaged and committed to creating the regulations to support an economic transition that accelerates market demand for those products?

Section 3 includes a checklist of ten questions to ask as part of an internal assessment—an audit for accountability on climate policy.

Transparency

Transparency is widely noted as an essential component of responsible engagement.[v] Defining factors for transparency include:

- **Making company views on climate policy public.** Responsible companies can clarify positions for interested investors, customers and other stakeholders. The value of transparency is perhaps most logically linked to building a positive public perception of a company. At the same time, demands for transparency can also help encourage a company to improve its internal processes

v. Note that all 13 of the studies reviewed (noted in Appendix A) mentioned transparency as an essential element of responsible engagement.

and performance. Demands for information on public policy engagement from shareholders and other stakeholders were mentioned often in interviews that informed this report. Those interviewed also mentioned increasing opportunities to obtain and share information, such as through CDP and UN Global Compact reporting data which are now featured on Bloomberg terminals and Google Finance summaries.

- **Explaining why climate policy is material to the business.** Responsible engagement means being open and honest about how public policy issues are seen as important and how they connect to specific business interests. This includes being open about the process to determine what is important and what is not. It also applies both where policy is being discussed and where policy is not being discussed, but needs to be. Failure to recognize climate change risks can lead to legal and financial consequences.

EXAMPLE IN BRIEF: SEC Form 10-K
Companies in the United States are now asked to provide more public information about financial risks related to climate change. The U.S. Securities and Exchange Commission (SEC) issued guidance in 2010 for all publicly-traded companies to consider and disclose any significant business risks posed by climate change in their annual Form 10-K reports. Read more in Appendix B.

- **Summarizing activities, influences and outcomes.** Responsible companies can build trust by disclosure through channels like CDP or the UN Global Compact. Companies can then explain what they are doing, why they are doing it and what changes (e.g., pressure from customers or suppliers) might prompt the companies to be more engaged. It is important to disclose direct influences, as well as acknowledge or clarify indirect influences through trade associations, research funding, or other connections to groups shaping climate policy. Companies may also choose to disclose investment and expenditures to show how they are engaging in climate policy. More information on this topic, including a suggested framework for reporting, is included in Section 3.
- **Making intent clear and open, even if content must remain private.** Responsible companies will clarify positions and motivations for investors, policymakers and other stakeholders. Transparency taken too far might be detrimental to business, and even stop leaders from engaging. Some issues may reveal proprietary or commercially sensitive strategies, so a company may wish to keep them private. However, responsible companies can still express the intent and objectives of policy engagement, which will clarify what the company wants to achieve.
- **Building internal engagement.** There are internal benefits to reporting externally. Several companies interviewed note that public scrutiny can prompt senior management to pay attention to and support efforts to improve practices and coordination within the company.
- **Recognizing and being clear about the limits to transparency.** Those interviewed also noted limits to transparency. In cases where competitive advantages or new technologies are involved there is an understandable hesitation to disclose specific policy influence targets publicly. Likewise, some companies expressed concerns that in-depth public reporting could be misinterpreted out of context, or could jeopardize trusted relationships with policymakers. Finally, many noted that there are means of hiding influence (e.g., political donations funneled through outside groups) and some actors may continue to take advantage of those opportunities. The challenges to being transparent, however, can be overcome. Those interviewed noted several practical ways to define and promote sharing of information on corporate engagement in climate policy debates. They are reflected in the tiered reporting framework discussed in Section 3.

COMPANIES ASKED TO DISCLOSE ACTIONS ON CLIMATE POLICY

In 2013, more than 2,000 companies—including 396 of the Global 500, the largest 500 companies in the world —provided information to CDP on how they engage in climate change policy debates. Their responses to a new series of questions in CDP's annual questionnaire provide a snapshot of what companies are doing and disclosing on climate change policy engagement.

The results, shared across CDP's network of several hundred institutional investors (totaling US$87 trillion in assets) highlighted important insights, including:

- **How companies are engaging.** Of the 403 companies in the Global 500 that responded to CDP, 71per cent stated that they engaged with policymakers on climate change legislation through their trade associations, and 61 per cent directly engaged with policymakers.[vi]

vi. Responses not mutually exclusive - e.g. companies could respond that they are both engaging directly, as well as through trade associations.

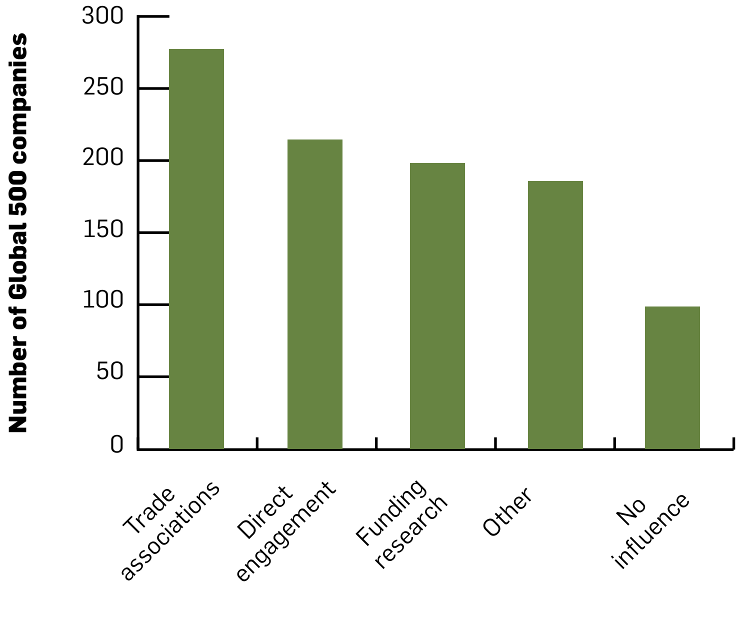


Figure 8. The mechanisms that Global 500 companies state they are using to directly or indirectly influence policymakers on climate change legislation.

- **The types of policies.** Many companies stated that they engaged directly or indirectly with policymakers on a wide range of issues; with over half of the responding Global 500 companies engaging with policymakers on energy efficiency, and over a third engaging on clean energy generation, mandatory carbon reporting and cap and trade.

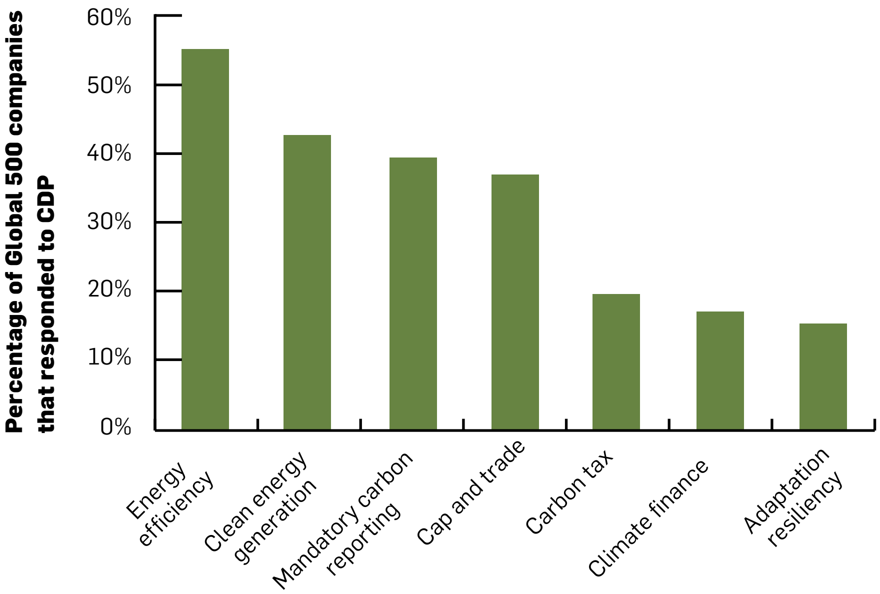


Figure 9. Climate change legislation on which Global 500 companies are directly or indirectly engaging with policymakers. Note: respondents were able to select from these categories of climate policies, as well as an option to also select an "other" category. Many respondents–333 of 396–also indicated they engaged in other climate policies.

- **Indirect influences and disclosure.** Companies are clearly engaged with the climate change agenda; four in five of Global 500 companies and from the broader CDP sample stated that they fund organizations to produce public work on climate change. But only 51 per cent of responding Global 500 companies and 55 per cent of the broader CDP sample publicly disclosed all of the research organizations that they fund.

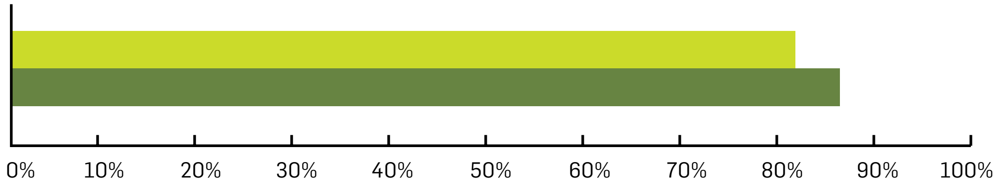


Figure 10. Percentage of companies responding to CDP that "fund organizations to produce public work on climate change".

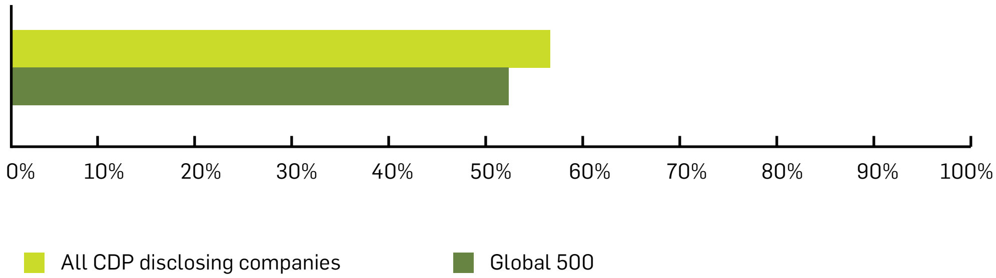


Figure 11. Percentage of companies responding to CDP that publicly disclose a list of all of the research organizations they fund.

SECTION 3:

THREE ACTIONS TO PUT RESPONSIBLE ENGAGEMENT INTO PRACTICE

IDENTIFY

Align Report

ACT

Section 1 provided context on the need for constructive corporate influences on climate policy and Section 2 established five core elements for responsible engagement. Section 3 takes this to the next stage: putting responsible engagement into practice. It proposes three actions, based on input from interviews across multiple sectors and geographies. Additional consultation with companies, investors, policymakers and NGOs have further refined and informed the "Why…" and "How…" for each action.

These recommended actions, reflecting a shared view from the six organizations publishing this report, can be a guide for companies to demonstrate responsible engagement on climate policy.

Action items

1. Identify the company's climate change risks, opportunities and policy influences.
2. Align words with actions, ambitions and influences (both direct and indirect).
3. Report on policy positions, influences and outcomes.

These are actions to pursue in parallel, although they can also be seen as sequential. A company may focus on establishing baseline knowledge before engaging deeply, but a company can start with modest steps to align its messages and report its positions, even in early stages. A key message from the interviews however, is that responsible companies will act now to have a positive and timely influence on climate policy.

Figure 12. Three actions to put the core elements of responsible engagement into practice.

Identify the company's climate change risks, opportunities and policy influences

To establish legitimacy and understand opportunity, a responsible company will tune into the outside world and be open to understanding the implications of climate change.

Why identify? To find opportunity and create legitimacy.

The research and stakeholder interviews conducted for this report suggest that for companies to engage effectively, they will have first engaged others. Responsible companies actively seek input on the broader, long-term implications of climate change and the specific near-term options for influencing policy action.

Responsible companies can engage outside experts to better understand and internalize scientific and economic analysis on climate change. They can also engage experts and leaders within the company, sector and markets, to inform views on policy.

Taking such action allows a company to identify strategic interests and opportunities to influence on policy that are otherwise overlooked. This helps a company establish legitimate policy positions and engagement strategies.

SECTOR TAKING ACTION: ICT Industry Identifies Opportunity

Information and communications technology (ICT) companies have worked together and with external experts to identify large-scale economic and environmental benefits. The Global e-Sustainability Initiative (GeSI) and a partnership of ICT companies worked with international non-profit The Climate Group and others, to assess the future of the industry. Their analyses have found the industry has an opportunity to reduce global GHG emission by approximately seven times the ICT sector's own emissions. Of particular interest for policymakers, the analysis suggested ICT solutions could create nearly 30 million jobs and produce $1.9 trillion in savings for consumers and businesses. Read more in Appendix C.

How to identify

Stakeholder input helps shape specific steps to identify the implications, influences and opportunities to engage in climate policy debates. A company may be taking some of these steps already, so an important factor to consider is whether the company has fully explored and identified the broad business risks and opportunities related to climate change and policy actions.

- **Create (or tap into existing) coordinated internal discussions.** Most companies have one or more teams responsible for tracking and influencing policy, whether directly or indirectly through broader trade groups. Most companies also have internal teams responsible for tracking environmental issues and performance. The stakeholder interviews suggest more internal coordination is needed among these teams.

  Similarly, many companies noted that it would be useful to engage senior leaders (executive or board-level champions) to lend legitimacy and importance to this coordination. A simple action would be to have a senior leader organize a discussion (a call or meeting) between the corporate sustainability director, the government relations director, and other relevant players (business units, investor relations, public affairs, marketing). The goals for the discussion(s): share perspectives and priorities, and ultimately outline what the company is or could be doing to engage in climate policy.
- **Undertake a stakeholder review.** In order to fully engage in the wide and varied policy landscape, companies need to understand the diversity of stakeholders relevant to this policy space. Companies can therefore undertake a review which maps all the various stakeholders they need to be tuned into and with who they need to communicate. This process will also inform the transparency process detailed in section 3.2.
  - **Solicit external input.** Numerous companies noted the importance of involving external perspectives in that discussion. Outside thought leaders from civil society, or even other sectors, can provide a critical view and help identify additional aspects of climate policy that may be material to a company. They can also lend legitimacy and credibility to the company's approach, as well as provide valuable channels to influence various

debates. WWF, for example, has worked with numerous companies through its Climate Savers program to identify and create opportunities for companies to influence climate policy.

- **Complete a materiality and influence inventory.** Internal and external experts can provide important insights and those insights can be captured in an "inventory" of materiality and influences. This could be a simple table or materiality matrix to highlight where the company is or should be engaging in climate policy debates. It could also draw from other inventory analyses, such as a company's GHG emissions, or the risks it faces due to the impacts of climate change.[vii] Figure 13 provides an illustrative example of what this might look like.

vii. For resources and guidance on completing an inventory for GHG emissions, see the Greenhouse Gas Protocol at www.ghgprotocol.org. For guidance on assessing risks and opportunities related to climate change impacts, see Caring for Climate's Adapting for a Green Economy and other resources at www.caringforclimate.org/climate-adaption

Figure 13. Example of an "inventory" of policy influences (based on actual responses to CDP's 2013 questionnaire).

INVENTORY OF INFLUENCES *What is the company doing to influence relevant climate change policies?*	**Reducing greenhouse gases** Could include: • Reducing own emissions • Reducing emissions in value chain • Managing energy costs • Providing low-carbon goods and services to customers	**Adapting to climate impacts** Could include: • Minimizing physical or financial risks to operations • Minimizing disruptions to supply chain • Providing new or better services to customers • Investments in infrastructure and addressing vulnerability in local communities
Direct policy influences Could include: • Lobbying of government officials • Contributing to electoral campaigns • Providing testimony, endorsements, or participating in committees • Participating in public-private partnerships • Participating in national or international forums on trade, technologies	**Clean energy:** one-on-one meetings in 2012 with state and national policymakers in India and United States to explain: company's interest in reducing GHGs via clean energy; highlight mitigation strategies; and note importance of access to renewable sources of energy. **Cap-and-trade:** VP of Environment and VP of Public Affairs presented the company's position at a meeting held by the French Senate in April 2012 to suggest means of dealing with carbon leakage in EU-ETS. Lobbying efforts in EU (in accordance with company's responsible lobbying policy) to express support for decisions regarding allocations, benchmarks and auctioning rules.	**Health:** provided public comments on public health priorities to consider in national climate change adaptation planning in South Africa. **Water:** testified in front of US Senate to explain risks of floods and droughts (and commodity price shocks) in company's global value chain. *Company will do further analysis of opportunities to promote policies for climate change adaptation in vulnerable markets.*
Indirect policy influences Could include: • Information and public relation campaigns • Contributions to external, non-governmental organizations • Membership in trade groups • Relationships with government agencies through current or former employees • Engagement in international or national business alliances or initiatives • Call to action, convening, example setting • Memberships on scientific or economic committees	**Trade group positions on energy and cap-and-trade policies:** several company experts and managers, including Chairman and CEO, play active roles in trade associations and lobby coalitions, such as: • International Council of Chemical Associations (ICCA); company is helping to shape ICCA positions on climate policy, Company also funds think tanks, universities and NGOs (including: WWF, Oxfam, WRI). **Green economy:** member of Green Growth Action Alliance (G2A2) to support and promote low-carbon economic development. *Company will do further analysis of indirect influences to identify any inconsistencies in policy positions.*	**Pushing for pharma trade groups to engage on health:** • International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) • European Federation of Pharmaceutical Industries and Associations (EFPIA) **Participating in Global Issue Platforms and initiatives, or influencing positions of other trade groups on water:** • CEO Water Mandate • British Soft Drinks Association • World Business Council for Sustainable Development Funding initiatives to enhance social, economic, and ecological resilience to climate change, including efforts of specialized NGOs: Oxfam, WRI, WWF.

Align words with actions, ambitions and influences (both direct and indirect)

To ensure consistency and accountability, a responsible company will take steps to review and align its direct and indirect influences on climate policy.

Why align words with actions? To ensure consistency and accountability.

Misalignment, between words and actions or public and private messages, presents some of the most significant challenges for companies, according to those interviewed. For example:

- Thought leaders note systemic challenges that make it difficult for companies to back up rhetoric with ambitious policy action. Proactive companies may find opposition among large, entrenched industries that are fighting to protect the status quo and near-term stock performance. Those industries may have the support of governments due to fears of job losses or impacts to pension funds holding stock in those industries.
- Companies, meanwhile, explain that it is extremely difficult to convey a consistent message across geographies and platforms (e.g., trade associations). Multiple individuals, not always under the same direct management, may be communicating a company's views on climate policy in different regions.
- Companies and investors both observed that the case for alignment often comes down to spending money effectively and efficiently. Inconsistent or uninformed policy influence is a waste of time and money. Some have extended this thinking to the money a company might spend on lobbying, trade association membership, political or research organizations, or even how it allocates its pension plan.
- Investors further noted that constructive and consistent climate policy engagement is seen as an indicator that a company is effectively managing the transition to a low-GHG economy, and position itself to outperform peers.

All stakeholders interviewed agreed that responsible engagement means working to ensure consistency and accountability for misalignment. Though challenging, finding a way to match words with actions and engaging on policy in a consistent manner is achievable.

SECTOR TAKING ACTION: Pharmaceutical Companies Take Steps for Alignment and Consistency
Global pharmaceutical companies are finding ways to link internal strategies with public policy advocacy. Companies are advancing policies to create clean energy options for the industry and stating publicly their positions on the important links between climate change and public health. Two brief examples are provided in Appendix C.

SECTOR TAKING ACTION: Lighting Industry Takes a Leap
Despite initial resistance from part of the industry, leaders in the lighting industry successfully engaged policymakers to accelerate a market transition to high efficiency bulbs. Led by companies like Philips, the industry advocated for lighting efficiency standards at events in Europe and the United States, followed by outreach in Brazil, China and India. Public events and media coverage put pressure on other companies who ultimately joined the call. Industry was speaking loudly, with a constructive and common message. Policymakers embraced proposals because of positive implications for jobs, competitiveness, local manufacturing and benefits to citizens. Read more in Appendix C.

How to align words with actions

Stakeholders suggest an internal "audit" is well worth the effort if it helps avoid instances of inconsistencies and creates accountability. A company may have existing (or can establish new) management review systems, board oversight committees or relationships with firms that provide financial or sustainability advisory services. These can be helpful starting points to evaluate alignment of a company's internal practices, external messages, influences, investments and strategic priorities.

Companies can use the checklist in Figure 14 to assess whether words are aligning with actions. The questions are designed to be simple (yes/no answers), but can be tailored to apply to specific regions, sectors, business units, etc. Companies can complete it internally and/or work with external partners, such as NGOs, universities or consulting firms who may already provide advisory services.

Figure 14. A ten question checklist to adapt and use for an internal "audit" to find and address inconsistencies.

DUE DILIGENCE

1. Does the company promote climate change policies that account for the public good? A good measure of ambition is if the company seeks to understand (via stakeholder engagement) and promote climate change policies that draw links to other economic, social and environmental challenges (e.g., energy, water, food, mobility and health).

2. Has the company drawn all relevant links between the business, its value chain and climate policy debates? This includes both the risk and the opportunity a company can expect, as well as engagement opportunities identified in an "inventory" exercise where a company reviews its direct and indirect policy influences.

3. How is the company ensuring accountability for influences on climate policy? Several companies, for example, include external stakeholder reviews or statements (written by advisory councils) in annual sustainability reports. Board committee oversight on climate policy is also commonly cited as good practice.[31]

4. Has the company identified the value of engaging, does it see, or expect to see a payoff from climate policy engagement? This includes competitive advantages being sought or realized, or risks that have been mitigated, today or in the future.

5. Is the company playing a constructive role? Other companies, policymakers and NGOs are well placed to comment on the role a company is playing in climate policy debates.

CONSISTENT POSITIONS

6. Do public and private messages across the world match up? This includes statements in the press relative to the messages conveyed and positions taken in national and subnational debates.

7. Are any individuals or groups (inside or outside the company) misrepresenting the company's policy positions? This would include policy engagement among different business units that may have different views on climate policy. It would also include influences that trade associations are exerting on behalf of their members. These associations can often be viewed as the "voice of business", and as the Union of Concerned Scientists has noted, many often misrepresent the science behind climate change. See Appendix B discussion on Trade Associations.

8. Do the company's words match its actions? Alignment means the company is backing up its public messages with its policy influences and its strategic investments. It is aware of the pace and scale science suggests is necessary and is working to demonstrate the feasibility of new solutions and supportive policies. This includes, for example, consistency between what the company states in its sustainability report and the influences it exerts on climate policy. It could also include consistency between the company's policy positions and the investments it makes as part of its pension plan.

RESPONSE TO CURRENT CONDITIONS

9. Is the company acknowledging and promoting policies consistent with the climate science? This means promoting policies that aim to avoid dangerous disruptions, for example, those risks expected as the global mean temperature continues to increase. Likewise it also means promoting adaptive measures and investments to prepare markets and communities for climate impacts that are occurring with current and future levels of warming.

10. Does the company have an up-to-date and public view on climate change (policy and science)? The world evolves constantly and political winds shift quickly. Responsible companies can reflect the latest understanding of climate science and policy by periodically updating older policy statements and communicating current positions to stakeholders.

Report on policy positions, influences and outcomes

To ensure transparency, a responsible company will disclose information about how it views climate policy and what it is doing (or has done) to help advance policies that reflect that position.

Why report? To create transparency, build trust among stakeholders and improve internal systems.

Responsible companies, as they identify influence opportunities and align messages, are in a good position to report publicly to investors and other stakeholders. Consider that in 2013, CDP, backed by 722 institutional investors representing an excess of $87 trillion in assets, began asking for more detailed disclosure of climate policy engagement (See Appendix D).

A wide range of stakeholders, from activists to policymakers, suggested corporate disclosure helps improve policy dialogues. They noted that companies who are "on the record" in support of climate change policies can create trust and give policymakers confidence to act. Interviewees noted that transparency can help level the playing field and put pressure on peers to follow. Companies that actively promote their positions in public can help drive their sector and the whole of industry to follow their lead (See: Lighting Industry Takes a Leap). Proactive, positive voices can also create public scrutiny for laggards, simply by reporting on their own positions.

Consider also that transparency can create new access, and public messages can be reinforced with private interactions (assuming those messages are aligned). Policymakers interviewed noted that companies sharing public views, supporting policy proposals and reporting activities are influential and credible—particularly when they follow up with private interactions. For example, a public letter signed by CEOs in support of a particular policy is a valuable statement and often creates access to a private conversation where a company can share insight directly with a policymaker. Similarly, public awareness of a company's position can lead to candid phone calls with others who may be debating their own positions (policymakers, competitors, suppliers, customers). Those conversations can be particularly influential and an opportunity to leverage transparency to achieve a company's policy goals.

It should also be noted that the very process of collecting data and information in a systematic way puts in place governance, accountability and information systems. These can improve a company's ability to manage risks and take advantage of opportunities related to climate change action and policy.

How to be transparent and report

Figure 15 outlines three levels for companies to report progress toward responsible, transparent engagement. It incorporates the above recommendations to Identify and Align and suggests the type of information that companies can share with stakeholders. Some companies that are early in the process of engaging in policy debates may have limited information to share, so can focus on Tier I reporting. Others may be advanced in their engagement strategies, with the ability to share important information in Tier II or Tier III.

This information can be provided as part of an integrated annual financial and/or sustainability reports in line with initiatives such as the Global Reporting Initiative (GRI). It can also be an element of other submissions, such as to the UN Global Compact's Communications of Progress, as well as responses to the UN Global Compact's Implementation Survey or CDP's Investor Questionnaire. Or it could be provided as part of mandated reporting in countries like the United Kingdom and India, where companies are being asked to disclose information about environmental and social performance.

Figure 15. Framework for reporting engagement in climate policy.

<table>
<tr><th colspan="2">Tier I. Climate Policy Positions</th></tr>
<tr><th>Essential information to disclose</th><th>Illustrative questions to ask and answer</th></tr>
<tr><td>The company provides a public statement noting its positions on climate policy, including:
A) General statement on why climate change is (or is not) material to the company's value chain.
B) Views on the need to reduce GHGs (and the pace of those reductions) globally and in its major markets.
C) Views on how to adapt to the climate change impacts affecting the company and its value chain.

In addition, the company includes a simple statement attached to all public comments on policy proposals that indicates:
A) Whether the comments align (or do not align) with the company's stated position on climate change.
B) Whether the comments support (or do not support) the company's other efforts and investments to reduce GHGs and adapt to climate change impacts.</td><td>• **Does the company have a public statement with general views on climate policy?**
o What are the company's views on the pace of GHG reductions?
o What are the company's views on the priorities for preparing for climate impacts?
• **Are there national or subnational climate change policies that the company views as particularly effective and cost-efficient?**
• **Does the company include a position statement in all public comments on climate change-related policy?**</td></tr>
<tr><th colspan="2">Tier II. Climate Policy Influences</th></tr>
<tr><th>Essential information to disclose</th><th>Illustrative questions to ask and answer</th></tr>
<tr><td>The company provides a summary of specific policy interests and influences, including:
A) Objectives and outcomes of direct engagement in specific climate policy debates.
B) Strategies for managing indirect influences (including through trade associations).</td><td>• **Has the company completed an inventory of climate policy interests and influences?**
• **If yes, provide:**
o a brief summary of direct influences
o a brief summary of indirect influences
o a brief summary of who within the organization is overseeing, managing and executing influence strategies for climate policy debates
o a list of the major policy measures the company has advocated for (and the outcome, if any)</td></tr>
<tr><th colspan="2">Tier III. Climate Policy Alignment</th></tr>
<tr><th>Essential information to disclose</th><th>Illustrative questions to ask and answer</th></tr>
<tr><td>The company—or an advisory firm[viii] it has contracted with—summarizes key findings of an internal audit (e.g. using the ten question checklist), including:
A) A review of how the company aligns its policy positions with climate science.
B) A review of influences in different markets, on different policy topics.
C) A review of the company's positions and statements on climate change in various media, to various stakeholders.
D) A review of existing mechanisms to ensure accountability (e.g., board oversight).</td><td>• **Has the company completed an internal audit for consistency and accountability on climate policy?**
• **If yes, what were the conclusions regarding:**
o Consistency with climate science (e.g., pace and scale of GHG reductions)?
o Consistency among words and actions? Across geographies?
o Internal oversight and accountability mechanisms?</td></tr>
</table>

viii. A company may perform the internal assessment on its own or with the assistance of an independent advisory firm (which is recommended).

CONCLUSION: TAKE ACTION

This report has outlined the general context and case for companies to participate in climate policy debates. It details five core elements of responsible engagement and offers three practical steps a company can take, concurrently, to have a constructive influence on tackling one of today's most pressing global problems.

Debates on national and international climate policy urgently need business voices to shape the right frameworks for a stable, low-carbon global economy. And companies can best leverage their influence, direct or indirect, with a consistent position and message. They can back up their words with actions and demonstrate to policymakers what options can be most effective to reduce GHGs, adapt to climate change impacts, and avoid costly disruptions to businesses and the global economy.

Companies can draw inspiration from peers who have succeeded in championing climate policies, including those featured as the numerous examples and case studies cited throughout this report. Different companies will no doubt have different insights, positions and strategies to engage. What is important is that companies begin developing those strategies now. They must assess the implications of climate change, create and align policy positions, and seize these opportunities to provide constructive input.

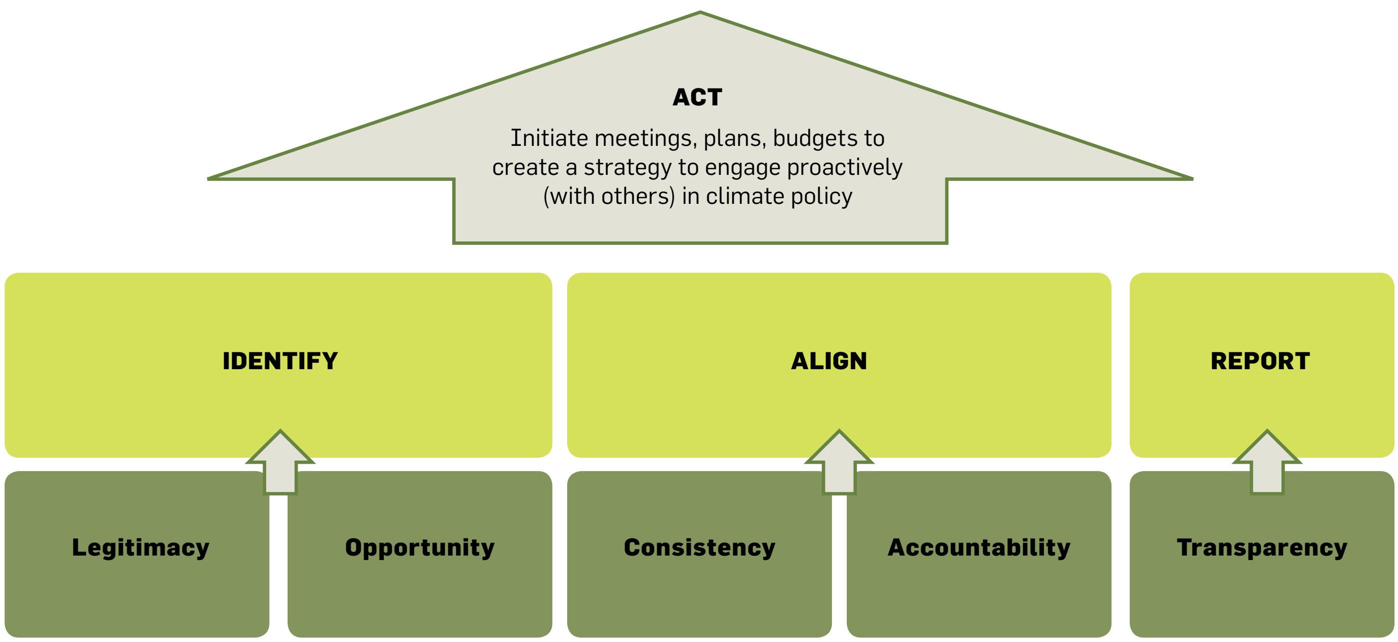


Figure 16. Responsible engagement into practice

APPENDIX A: METHODOLOGY

Research was a combination of desk-based analysis and interviews as follows:

1. Synthesis of existing guidance

The report draws from a review of existing literature, namely 13 studies or guides that offer principles, analysis and recommendations for responsible corporate policy engagement. The report synthesizes key takeaways into the five core elements noted in Section 2. The 13 studies and guides reviewed include:

- Union of Concerned Scientists "A Climate of Corporate Control" (2012)
  http://www.ucsusa.org/scientific_integrity/abuses_of_science/a-climate-of-corporate-control.html
- Business for Social Responsibility "Communicating on Climate Policy Engagement" (2010)
  http://www.bsr.org/reports/BSR_Communicating_on_Climate_Policy_Engagement.pdf
- Pacific Institute, WWF, et al. "Guide to Responsible Business Engagement with Water Policy" (2010)
  http://www.unglobalcompact.org/docs/issues_doc/Environment/ceo_water_mandate/Guide_Responsible_Business_Engagement_Water_Policy.pdf
- Internal CDP research notes (2012). Summary of interviews and research completed on investor interest in climate change policy disclosure.
- Ceres "21st Century Corporation" (2010)
  http://www.ceres.org/resources/reports/ceres-roadmap-to-sustainability-2010
- Stanford Social Innovation Review "Lobbying for Good" (2009)
  http://www.ssireview.org/articles/entry/lobbying_for_good
- AccountAbility "Towards Responsible Lobbying" (2005)
  http://www.unglobalcompact.org/docs/news_events/8.1/rl_final.pdf
- SustainAbility, WWF UK "Influencing Power" (2005)
  http://www.wwf.org.uk/filelibrary/pdf/influencingpower.pdf
- SustainAbility "Gearing Up" (2004)
  http://www.unglobalcompact.org/docs/news_events/8.1/gearing-up.pdf
- Green Alliance "The private life of public affairs" (2003)
  http://www.green-alliance.org.uk/uploadedFiles/Publications/ThePrivateLifeOfPublicAffairs.pdf
- Janus, SustainAbility, GPC "Politics and Persuasion" (2001)
  http://flourishingenterprise.org/wordpress/wp-content/uploads/2011/09/janus1.pdf
- Institutional Investors Group on Climate Change "Institutional investors' expectations of corporate climate risk management" (2012)
  http://www.iigcc.org/__data/assets/pdf_file/0013/15331/Institutional-investors-expectations-of-corporate-climate-risk-management.pdf
- Robert Repetto, Yale Working Paper "Best Practice in Internal Oversight of Lobbying Practice" (2006)
  http://envirocenter.yale.edu/uploads/workingpapers/WP200601-Repetto.pdf

Figure 17. A summary table of the common elements in existing guides and studies on responsible corporate engagement on policy. An "X" indicates the element appears in the context of a strong recommendation or conclusion. The guides and studies also highlighted other elements, but those noted below and in Section 2 were the ones that appeared in at least half of the guides and studies reviewed. (The absence of an "X" does not indicate the element is discounted or ignored as each of the five elements appears in the general discussion of many of the guides and studies below.)

Reference: Title, Author, Year	accountability	consistency	legitimacy	opportunity	transparency
Towards Responsible Lobbying, AccountAbility and UNGC, 2005	X	X	X	X	X
"Politics and persuasion: corporate influence on sustainable development policy," The Janus Programme, 2011	X	X	X	X	X
"A Climate of Corporate Control" Union of Concerned Scientists, May 2012	X	X			X
"Best Practice in Internal Oversight of Lobbying Practice," Robert Repetto, Yale Working Paper, 2006	X				X
BSR, Communicating on Climate Policy Engagement, March 2010	X	X	X	X	X
CDP internal research paper, 6Heads, 2012	X	X		X	X
Institutional investors' expectations of corporate climate risk management, IIGCC, 2012	X	X			X
Lobbying for Good, K. Peterson & M. Pfitzer, 2009		X		X	X
CERES 21st century corporation	X	X			X
Gearing up, SustainAbility, 2004		X	X	X	X
The CEO Water Mandate: Guide to Responsible Business Engagement with Water Policy, Nov 2010.	X	X	X	X	X
"The private life of public affairs" Caulkin and Collins, 2003.		X	X	X	X
"Influencing Power", WWF UK and SustainAbility, 2005		X	X	X	X
	9	12	7	9	13

2. Interviews

Nearly 75 individuals from more than 60 organizations (across 20 countries) helped inform this report, either through interviews or expert reviews of early drafts. The partners on this report are very grateful for the candid input received from individuals at the following organizations:

Companies
Allianz
Bloomberg
Statoil
Caesar's Entertainment
CEMEX
Vestas
Shell
Unilever
Philips
Eskom
Alcatel-Lucent
Novo Nordisk
Dow
Sasol
Mahindra Sanyo Steel
Rio Tinto
SKF
IKEA
Sindicatum
Tata Steel
Arcelor Mittal
Nokia
GDF Suez Latin America

Thought leaders and civil society
Tyndall Centre
E3G
CDP
Ceres
Greenpeace Brasil
Duke University
Former Member of the European Parliament
Edelman
WRI and WRI-India, WRI-China
The Climate Group
Independent CSR Consultant
Business for Social Responsibility
Union of Concerned Scientists
WWF and WWF-Australia, WWF-US

Policymakers
US Senate Foreign Relations Committee
Danish Ministry of Climate and Energy
UK Department of Energy & Climate Change
UNFCCC Delegation of Mali
UK Committee on Climate Change
Korea Energy Economics Institute
Institute for Sustainable Development and International Relations
UNFCCC Delegation of Antigua & Barbuda
UNFCCC Delegation of Mexico
UK Capital Markets Climate Initiative

Investors
WHEB Asset Management
HSBC
Investor Group on Climate Change
Institutional Investors Group on Climate Change
Lloyd's
PricewaterhouseCoopers
Aviva Investors

Industry groups
Global e-Sustainability Initiative
International Chamber of Commerce
Eurelectric
Business Council for Sustainable Energy
International Emissions Trading Association
Association of Climate Change Officers
World Energy Council

Country perspectives represented in the interviews

Antigua & Barbuda	Mali
Australia	Mexico
Belgium	Netherlands
Brazil	Norway
China	Singapore
Denmark	South Africa
Finland	South Korea
France	Sweden
Germany	Switzerland
India	United Kingdom
Luxembourg	United States

3. Data from CDP 2013 Questionnaire and UN Global Compact Implementation Survey

The report incorporated additional insights from public responses of companies reporting to:

- CDP's 2013 questionnaire, specifically on Question 2.3 "Do you engage in activities that could either directly or indirectly influence policy on climate change through any of the following?" (Direct Engagement, Trade Associations, Funding Research Organizations, Other).
- The UN Global Compact's Annual Implementation Survey, specifically questions regarding public policy advocacy.
- The Caring for Climate Progress Report 2013, specifically data on Caring for Climate signatories process on meeting commitment three on engaging in climate policy advancements.

APPENDIX B: SUCCESSES AND CHALLENGES FOR CORPORATE ENGAGEMENT

What is it that business can do within the context of a highly politicized debate? What have proactive companies been able to do? What worked well? What remains a challenge? Below are examples with insights relating to responsible engagement.

Business leaders partner to push for policy

Companies have found value in partnering with others, to get attention and build trust among policymakers, and to better understand and promote ambitious climate policy.

The US Climate Action Partnership (USCAP) was an active coalition from 2007-2010 (dormant since). At one point, it consisted of 26 major companies and six environmental organizations.

What worked well:

- **Top-level decision makers at influential companies were deeply involved and committed.** The genesis of the coalition involved direct conversations among CEOs at Fortune 500 companies and major environmental organizations. It involved top-level decision makers talking to their counterparts and, importantly, involved policy advocacy far beyond simple letter writing activities. It also involved GHG-intensive companies that would be directly affected by GHG regulations, thus their strong call for policy action was particularly influential.
- **Using climate change outcomes as the organizing principle.** Most other coalitions weighing in on the climate policy were organized by specific industry or general business interests. One of the most important aspects of USCAP is that it was intentionally composed of global corporations with large carbon footprints. Having the largest emitters calling for policy action resonated in a way that other coalitions have not. The messengers were central to its influence. The shared climate change objectives articulated in USCAP's "Call to Action" and "Blueprint for Legislative Action" set it apart and focused on the policy objectives. The companies involved were able to point to USCAP position statements—as opposed to the industry group positions—as their advocacy platform.
- **Mutual benefits and support among coalition members.** The unlikely alliance between large businesses and environmental groups gave the companies space to weigh in with credibility and gave environmental groups an added political and economic force behind their push for effective policy.

What proved to be a challenge:

Despite the efforts of USCAP and others, national climate change legislation has not yet passed the U.S. Congress. In analyzing the failure to successfully advocate for legislation, some have criticized the bargaining and deal-making that went on within USCAP to create a compromise position. Others point to competing legislative priorities, like health care, or a weak economy and strong opposition from the energy industry.

Below are challenges that those closely involved in USCAP have noted. These can serve as useful lessons to future approaches.

- **CEO-level engagement is important, but the broader organization needs to buy in too.** It was just as important to ensure that those supporting the CEO (board, middle management, employees) understand and buy into the rationale for advocating for climate policy. Some members of USCAP, companies and environmental organizations, did not have full internal support for participating in the coalition.
- **The message about the benefits of policy action need to resonate locally, outside political circles in Washington, D.C.** Several companies in the coalition were criticized for simply seeking to create bigger markets for their products and services through their lobbyists. Looking back, some suggest that the companies that touted the

business case of USCAP made the benefits too individual. It would be more effective to articulate benefits for the company and national interests (local manufacturing, middle class). Similarly, more outreach and engagement was needed outside Washington, D.C. in communities where benefits would be realized.

- **There was immense pressure and real risks for those speaking out on the issue.** Some of the member companies and environmental groups commented that they faced criticism for participating in USCAP. Companies strained relationships with suppliers, customers and lawmakers who were upset that the company was advocating so strongly alongside environmentalists. Environmental organizations were criticized for getting too cozy with industry and bowing to corporate interests. Members of the coalition generally stand by the importance of the alliance and its impact on the debate. However, going forward, many note that it may be possible to mitigate the risk of being outspoken. For example, rather than focusing on one sweeping piece of legislation, companies and others can focus on lending political support to individual but important policy outcomes for energy efficiency, emission standards for power plants, and similar measures that can reduce GHG emissions.

U.S. Broad coalition of business interests advocate for climate policy

Business for Innovative Climate and Energy Policy (BICEP) has been an active climate advocacy coalition since November 2008. Organized by the non-profit organization Ceres, the group continues to grow and added six new members in 2013. BICEP's resilience is due in part to its diversified corporate membership representing a broad swath of economic interests ranging from the Outdoor Industry Association to Owens Corning to many members of the apparel sector.

With Ceres as its foundation, the principles of "transparency," "consistency" and "accountability" are core to the members' understanding of their own responsibility as companies.

What has worked well:

- **Staying power:** Despite the defeat of notable federal legislation in the United States, BICEP members have stayed at the table, taking public positions before policymakers, and in the press, at the federal and state levels. The members have felt a clear connection to their internal commitment to sustainability and the public policy positions so as to keep them consistent.
- **Broad engagement:** BICEP companies have consistently included middle and senior managers in advocacy opportunities. Whenever possible BICEP members have gone a step further to engage employees and customers.

  Advances in social media in the past few years have made broad campaign efforts more feasible. In 2012-2013, BICEP members developed a broad based economic opportunity message known as a Climate Declaration which stated: "Tackling Climate Change is one of America's Greatest Economic Opportunities of the 21st Century (and it is simply the right thing to do.)" BICEP members called on hundreds of companies across the United States to join them in making the economic case for climate and energy policy action. This broad public messaging strategy has helped to cultivate the policy message outside of Washington, D.C., and as of October 2013 included 700 companies.

- **Broad business interest representation:** Perhaps BICEP's greatest contribution to the climate change debate has been its ability to represent the interests of large energy users (vs. energy producers) and companies with complex and vulnerable supply chains, which include agricultural and other commodities. Thus rather than the law being drafted only by those who will be directly regulated, BICEP has sought to include a plurality of interests in the climate change debate.
- **Safe space for policy engagement:** Since BICEP is a business-only coalition with Ceres as its secretariat and a clear commitment to making the economic case, its members for the most part have suffered minimal if any reputational risks as a result of their membership. BICEP does not have environmental groups as members and strives to encourage bi-partisan debate.

What has proven to be a challenge:

- **Lack of federal legislation:** The lack of effective bi-partisan climate and energy legislation on which to lobby at the federal level has made it difficult for BICEP members who would otherwise be actively engaged beyond broad policy pronouncements and commitments.
- **Complexity of trade association affiliation:** In many cases, BICEP members continue the relationship with a trade association with whom they openly disagree on climate and energy policy in order to leverage the association in other areas. This has caused issues when those trade associations take opposing views and claim to represent the positions of its members.

The 3% Solution

In June 2013, CDP and WWF released The 3% Solution: Driving Profits from Carbon Reduction, a report showing how business in the United States can benefit from investments to reduce GHG emissions. The report answered two questions:

- How large is the gap between the expected level of U.S. business emissions in 2020 and the level they would need to be to help keep the rise in global temperature below 2°C?
- And, how much of the gap could be closed profitably?

The report documents that companies would need to reduce emissions 3% per year or a total of 1.2 gigatons of CO_2e ($GtCO_2e$) in 2020 and that the gap could be closed profitably, saving companies up to $780 billion (net present value) by 2020. To realize the savings, U.S. companies need to invest between 3 to 4 per cent of their capital expenditures in carbon reduction investments. The report also shows how delaying action would leave the 2°C target out of reach.

The report offers a Carbon Productivity Portfolio—five actions for achieving the necessary 1.2 $GtCO_2e$ in annual reductions in 2020. The portfolio calls for companies to (1) set ambitious targets in order to realize the 3% goal, (2) improve energy management and efficiency through behavioral change and technological innovation; (3) switch to renewable/low-carbon alternative energy supplies (solar PV, for example); (4) develop low-carbon products and supply chains; and (5) engage with stakeholders and the government. Strong policy incentives can help accelerate and ensure long-term reductions. Companies interested in developing a mitigation strategy can use a calculator to estimate their share of the savings and how much they could profitably reduce emissions by 2020 at www.the3percentsolution.org.

Trade Associations: Managing Indirect Influences

Key challenges noted during the expert interviews:

- **A trade association may take positions that only represent those most fiercely opposed to a climate policy.** Some pointed out that the most vocal voices within a broad business group are those that will be directly regulated or face additional near-term costs. Other companies that may have indirect benefits from a climate policy may not have capacity to engage on that topic or simply may not be as influential in shaping the group's position. One corporate executive questioned whether trade associations that claim to represent broad business interests should even be taking positions on climate change, as the risks, costs and benefits will vary widely by sector and by company.
- **The trade association can be more powerful than a single company.** Politically, trade associations can be very influential. They can be viewed as "the voice" of an industry and can claim to represent interests that are bigger and broader than any single company.
- **In some countries, membership in a trade association is mandatory.** Companies may be legally required to be a member of a trade association to do business in a certain country or region. A company can find it difficult to have a constructive, consistent voice on climate policy if that trade association is taking an opposing view.
- **For large companies, it is difficult tracking the positions of various trade associations.** Some companies are members of multiple groups around the world. They may simply be unaware of the positions that their trade associations are taking on climate change policies.
- **Some companies do not want to push policy actions too far beyond the industry position.** This varies by industry, as different companies had different perspectives and experiences. At least a few noted that some CEOs do not wish to take aggressive positions on climate change for fear of jeopardizing personal relationships with CEOs of other companies in their association.

In light of these challenges, a few of the options suggested for companies to demonstrate consistency on climate policy:

- **Review the climate policy positions and influences exerted by trade associations.** Consider Figure 18, adapted from an analysis by the Union of Concerned Scientists. It shows how different U.S. trade associations have engaged in climate policy to date.
- **Publicly distance the company from the position taken by a trade association.** Among the clearest ways to establish consistency is to clarify publicly what a company's position is on climate policy and how that differs from a position a trade association is taking. This was something several of the companies in the U.S. Climate Action Partnership did to clarify their positions. Companies like Johnson & Johnson, General Electric, and Alcoa (among others) made public statements or sent public letters to trade associations like the U.S. Chamber of Commerce, to note their views. Similarly,

Microsoft, upon signing the Climate Declaration in 2013 and announcing it would be updating its Global Public Policy Agenda with strong renewable energy advocacy positions, made a point to distance itself from the American Legislative Exchange Council (ALEC) and the group's efforts to repeal state renewable energy laws, noting "ALEC is not speaking for us on renewable energy policy."

- **Work within a trade association to make the case for constructive engagement.** CDP's 2013 Questionnaire showed that 71 per cent of the Global 500 companies that responded to CDP said that they engaged in activities that could either directly or indirectly influence policy on climate change through trade associations. Of these, 79 per cent are in positions of influence, either on the board of directors or providing funding to trade associations beyond membership dues. There is an opportunity for the proactive voices to make a push for more responsible influences on climate policy.
- **Discontinue membership trade associations that oppose or obstruct climate change policies.** Several companies that have found their positions on climate policy to be in conflict with those of their trade associations have opted to leave. Duke Energy discontinued its membership in the National Association of Manufacturers in 2009, citing the group's opposition to climate policy and that "in tough times, we want to invest in associations that are pulling in the same direction we are." Several other U.S. companies, like Apple, Exelon and Mohawk Paper, left the Chamber of Commerce in 2009 because of the Chamber's lobbying position on national climate policy.
- **Form proactive, influential coalitions to counter defensive voices.** Several noted that while trade associations are politically powerful, they often only represent a few individual and influential companies. Creating separate industry coalitions that provide constructive input and support is a means of giving policymakers an important signal that many other companies are open to discussing and creating policies to address climate change.

Figure 18. An example from the Union of Concerned Scientists of different trade association positions and influences.[ix]

Acceptance of the Science – Does the association accept basic climate science as the foundation for discussion of climate change policy?

🔴 = No 🟢 = Yes

Support for Climate Action – Does the association express support for clear and substantial emissions-reduction goals, or do they use language that is more vague and qualified?

🟡 = Limited 🟢 = Yes

Policy Endorsement – Has the association gone beyond general support for climate action to endorse a specific climate policy proposal?

🟢 = Yes

Evaluations are based on a wide range of information sources, including interviews with association staff members, statements on association websites or on social media platforms, statements to the news media, testimony to Congress, and public comments on proposed regulations or legislation.

WHERE ASSOCIATIONS STAND

Trade Group	Accepts the Science?	Supports Action?	Endorsed a Policy?
U.S. Chamber of Commerce	🔴	🟡	
National Association of Manufacturers	🔴	🟡	
American Petroleum Institute	🔴	🟡	
National Mining Association	🔴	🟡	
American Coal Council	🔴	🟡	
Business Roundtable	🟢	🟡	
National Solid Waste Management Association	🟢	🟡	
American Chemistry Council	🟢	🟡	
Biomass Thermal Energy Council	🟢	🟡	
American Gas Association	🟢	🟡	
Nuclear Energy Institute	🟢	🟢	
Edison Electric Institute	🟢	🟢	🟢
American Wind Energy Association	🟢	🟢	🟢
Solar Energy Industries Association	🟢	🟢	🟢

ix. http://www.ucsusa.org/center-for-science-and-democracy/assessing-trade-and-business-groups.html

APPENDIX C: EXAMPLES OF SECTORS TAKING ACTION

ICT Industry Identifies Opportunity

Information and communications technology (ICT) companies have articulated and are demonstrating an immense opportunity for GHG emission reductions. To make an effective case, they have worked together and with external experts to explore, analyze and present the scale of the opportunity.

The global information and communications technology (ICT) industry is one of the fastest growing sources of energy use and greenhouse gas (GHG) emissions. Two major ICT trends are driving customer demands and growth in the industry: a shift to virtual or "cloud-based" services; and increased use of wireless access from personal devices. The ICT industry is addressing these demands with the environmental impact and opportunities in mind. Meanwhile, the industry has recognized and is beginning to take on the role of a solution provider, reducing GHG emissions and adapting to climate change impacts.

In 2008, the SMART2020 report from The Climate Group, the Global e-Sustainability Initiative (GeSI), and a partnership of ICT companies, demonstrated for the first time that the ICT industry—through its ability to monitor and maximize energy efficiency—could cut global CO_2 emissions by 15 per cent by 2020 relative to business as usual. This reduction was five times the industry's own carbon footprint. An updated report, SMARTer 2020, released in 2012, found that this global reduction potential had increased to 9 $GtCO_2e$, or seven times the ICT sector's own footprint.

The SMARTer 2020 report, articulated the opportunities for the ICT sector across multiple geographies along with policy barriers and incentives. Companies like AT&T, BT, Nokia, Alcatel-Lucent, HP, Ericsson, Verizon and Microsoft, have adopted and championed these findings in their policy engagement.

What is perhaps most impressive is how the industry is aligning behind such solutions and the policies needed to support them.

For example, Ericsson and several other GeSI members are part of the Broadband Commission, which in 2012 released a report describing the policy action needed to realize the potential for GHG reductions. It also articulated examples of initiatives across various countries showing promise for creating tremendous economic and environmental benefits.

Similarly, at Alcatel-Lucent, the company has engaged internally and externally to realize the potential for big solutions. In 2010, then CEO Ben Verwaayen tasked the company's Bell Labs with assessing how the business could tackle climate change challenges. Bell Labs came back with an analysis showing the feasibility of improving the energy efficiency of communication networks by a factor of 1,000 (compared to 2010) by 2015.

To achieve this goal faster, the company took this idea to the wider industry and asked others to join them in the quest for the 1000X goal. What resulted was GreenTouch—a collaboration of over 60 industry leaders, academic, public sector and NGO experts. The consortium has already achieved 90 per cent of the goal, and has been recognized by the World Economic Forum as a best practice example of multi-stakeholder action to address today's global climate change challenge.

Pharmaceutical Companies Take Steps for Consistency

Global pharmaceutical companies are finding ways to link internal strategies with public policy advocacy. Companies are advancing policies to create clean energy options for the industry and stating publicly their positions on the important links between climate change and public health. Two brief examples are provided below, profiling efforts at GlaxoSmithKline and Novo Nordisk.

GlaxoSmithKline (GSK): The company has published several public statements with positions on climate change among a broader list of more than 40 position statements. This includes a general statement on climate change, as well as specific statements relating to topics of particular relevance to the company (e.g., GSK Statement on the Impact of Climate Change on Health). The company also lists trade group memberships and describes its engagement with public policy groups.

In 2013, the GSK's Corporate Responsibility Committee made further efforts to ensure alignment. It asked the company's Audit and Assurance Group to review internal processes and risk to company reputation surrounding public commitments, including those relating to climate change.

Novo Nordisk: The company created a "Blueprint for Change" for major issues affecting its future. The company uses it to create coherent strategies and help in "measuring realized benefits for both society and the organization, and sharing this information with our stakeholders." On climate change, Novo Nordisk seeks to match its "Blueprint" with actions, complementing other initiatives and business goals and building credibility with local partners and policymakers.

The company started modestly, engaging with WWF to build initial capacity on the issue. Novo Nordisk recognized that partnerships to promote clean energy resources would be essential to its future. The company is now partnering with others, for example engaging officials in China, to promote clean energy incentives. In 2013, Novo Nordisk signed a Memorandum of Understanding (MOU) with Tianjin Economic-Technological Development Area to increase focus on renewable energy around the company's production site in Tianjin, China. It followed other MOUs the company signed in 2011 with Vestas, a leading producer of wind turbines, and Novozymes, a leading producer of enzymes, to support wind energy in Tianjin.

Lighting Industry Takes a Leap

The lighting industry did something that on the surface might seem odd. It supported legislation to phase out older, inefficient products that for some companies made up more than half of their annual sales. One might expect fierce resistance from companies to any regulatory attempt that would cause such a shift. Instead they championed the transition.

Recognizing the growing global challenges related to climate change and energy costs, leaders in the lighting industry began considering their regulatory future. The incandescent light bulb had been around for more than 100 years and still dominated the market because of cheap initial costs and reliable performance (despite limited lifespans and high energy demands).

In industry group meetings, leaders discussed climate change and its regulatory impact on future markets, finding essentially two options:

1. Wait, fight efficiency standards, and make the transition when countries eventually pass legislation.
2. Figure out now what can be done, understand the important barriers, and use those insights to help shape regulation.

Most of the industry defaulted to the first option, initially at least.

Some companies, however, looked ahead and worked to stimulate an industry transition. Philips, for example, embarked on a public campaign highlighting their outlook and analyses showing what was technically and economically feasible. Major media attention and platforms at major policy events prompted additional dialogue within the industry.

Benefits for consumers, businesses and national governments were highlighted in multiple public events at a time when energy cost savings were increasingly important. Macro-economic benefits of energy efficiency were put forward, pointing to the billions of dollars to be saved on electricity bills and the hundreds of power plants that otherwise would need to be built. It proved to be an effective argument, overcoming fierce opposition from other interest groups that did not want to see government action that effectively banned conventional incandescent light bulbs.

The highly public outreach put pressure on others in the industry who did not want to be left behind or seen as holding back innovation. Others ultimately joined the call for an accelerated transition to high efficiency lighting. Momentum for policy action started in the EU, U.S. and other OECD countries and spread to countries like Brazil, and China and India.

Policymakers embraced policy proposals because of positive implications for jobs, competitiveness, local manufacturing—importantly—the easily articulated benefits to citizens. The establishment of real world trials in a number of international cities through The Climate Group's LightSaver programme, and in collaboration with manufacturers, provided decision makers with the empirical data they needed to make the business case for light emitting diodes (LEDs). Efficiency standards and regulatory frameworks emerged in multiple states and countries as policymakers found themselves with a constructive industry voice supporting efforts to pass legislation.

APPENDIX D: CARING FOR CLIMATE STATEMENT

"CARING FOR CLIMATE BUSINESS LEADERSHIP PLATFORM"
A Statement by the Business Leaders of the Caring for Climate Initiative

Since business leaders from around the world first came together to issue this statement in 2007, the magnitude and urgency of the climate challenge has become more apparent. Climate change is a momentous threat to development, to peace and security, and to market stability. While the pace of action by governments, businesses and society at large has increased, our efforts, individually and collectively, must be accelerated further if the threat of catastrophic climate change is to be removed effectively. It is with this in mind that we renew our call to the business community to make a lasting commitment to climate action now.

WE, THE BUSINESS LEADERS OF CARING FOR CLIMATE:

RECOGNIZE THAT:
1. Climate Change is an issue requiring urgent and extensive action on the part of governments, business and citizens if the risk of serious damage to global prosperity, sustainable development and security is to be avoided.
2. Climate change poses both risks and opportunities to businesses of all sizes, sectors and regions of the world. It is in the best interest of the business community, as well as responsible behavior, to take an active and leading role in deploying low-carbon technologies, increasing energy efficiency, reducing carbon emissions and in assisting society to adapt to those changes in the climate which are now unavoidable.

COMMIT TO:
3. Taking further practical actions to improve continuously the efficiency of energy usage and to reduce the carbon footprint of our products, services and processes, to set voluntary targets for doing so, and to report publicly and annually on the achievement of those targets in our Communication on Progress-Climate.
4. Building significant capacity within our organizations to understand fully the implications of climate change for our business and to develop a coherent business strategy for minimizing risks and identifying opportunities.
5. **Engaging more actively with our own national governments, inter-governmental organizations and civil society to develop policies and measures to provide an enabling framework for business to contribute effectively to building a low-carbon and climate-resilient economy.**
6. Continuing to work collaboratively with other enterprises both nationally and sectorally, and along our value-chains, to set standards and take joint initiatives aimed at reducing climate risks, assisting with adaptation to climate change and enhancing climate-related opportunities.
7. Becoming an active business champion for rapid and extensive climate action, working with our peers, employees, customers, investors and the broader public.

EXPECT FROM GOVERNMENTS:

8. **The urgent creation, in close consultation with the business community and civil society, of comprehensive, long-term and effective legislative and fiscal frameworks designed to make markets work for the climate, in particular policies and mechanisms intended to create a stable price for carbon.**
9. Recognition that building effective public-private partnerships to respond to the climate challenge will require major public investments to catalyze and support business and civil society led initiatives, especially in relation to research, development, deployment and transfer of low carbon energy technologies and the construction of a low-carbon infrastructure.
10. **Vigorous international cooperation aimed at providing a robust and innovative global policy framework within which private investments in building a low-carbon economy can be made, as well as providing financial and other support to assist those countries that require help to realize their own climate mitigation and adaptation targets while achieving poverty alleviation, energy security and natural resource management.**

AND WILL:

11. Work collaboratively on joint initiatives between public and private sectors and through them achieve a comprehensive understanding of how both public and private sectors can best play a pro-active and leading role in meeting the climate challenge in an effective way.
12. Invite the UN Global Compact to promote the public disclosure of actions taken by the signatories to this Statement and, in cooperation with UN Environment Programme and the secretariat of the UN Framework Convention on Climate Change, communicate on this on a regular basis.

List of signatories to be found here: *http://caringforclimate.org/about/list-of-signatories*

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United Nations Global Compact

Launched in 2000, the United Nations Global Compact is both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption and to catalyze actions in support of broader UN goals. With more than 8,000 corporate participants in 145 countries, it is the world's largest voluntary corporate sustainability initiative.

With 195 Parties, the United Nations Framework Convention on Climate Change (UNFCCC) has near universal membership and is the parent treaty of the 1997 Kyoto Protocol. The Kyoto Protocol has been ratified by 192 of the UNFCCC Parties. For the first commitment period of the Kyoto Protocol, 37 States, consisting of highly industrialized countries and countries undergoing the process of transition to a market economy, have legally binding emission limitation and reduction commitments. In Doha in 2012, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopted an amendment to the Kyoto Protocol, which establishes the second commitment period under the Protocol. The ultimate objective of both treaties is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system.

UNEP

The United Nations Environment Programme (UNEP), established in 1972, is the voice for the environment within the United Nations system. UNEP acts as a catalyst, advocate, educator and facilitator to promote the wise use and sustainable development of the global environment. To accomplish this, UNEP works with a wide range of partners, including United Nations entities, international organizations, national governments, non-governmental organizations, the private sector and civil society.

WORLD RESOURCES INSTITUTE

The World Resources Institute (WRI) is a think tank that focuses on the intersection of the environment and socioeconomic development. WRI goes beyond research to put ideas into action, working globally with governments, business, and civil society to build transformative solutions that protect the earth and improve people's lives.

CDP
DRIVING SUSTAINABLE ECONOMIES

CDP is an independent not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. Over 4,400 organisations across the world's largest economies now measure and disclose their greenhouse gas emissions, and assess their climate change, forest and water risks and opportunities through CDP, so that they can set targets and make performance improvements. This data is gathered on behalf of 722 institutional investors, holding US$87 trillion in assets. CDP now holds the largest collection globally of primary climate change, water and forest-risk information and puts these insights at the heart of strategic business, investment and policy decisions.

WWF

The mission of the WWF, one of the world's largest independent conservation organisations, is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature. Through its Global Climate and Energy Initiative, WWF aims to address climate change by engaging with business, promoting renewable and sustainable energy, scaling green finance and working nationally and internationally on low carbon frameworks.

Ceres

Ceres is a nonprofit organization mobilizing business and investor leadership on climate change, water scarcity and other sustainability challenges. Ceres directs the Investor Network on Climate Risk (INCR), a network of over 100 institutional investors with collective assets totaling more than $12 trillion. Ceres also directs Business for Innovative Climate & Energy Policy (BICEP), an advocacy coalition of nearly 30 businesses committed to working with policymakers to pass meaningful energy and climate legislation.

THE CLIMATE GROUP

The Climate group is an independent, not-for-profit organization working to inspire and catalyze leadership for a Clean Revolution: a low carbon future that is smarter, better and more prosperous. For all. Founded in 2004, The Climate Group has operations in China (Beijing and Hong Kong), Europe, India and North America.

Caring for Climate

Launched by the UN Secretary-General Ban Ki-moon in 2007, "Caring for Climate" is the UN Global Compact, the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Environment Programme's (UNEP) initiative aimed at advancing the role of business in addressing climate change. It provides a framework for business leaders to advance practical solutions and help shape public policy as well as public attitudes. Chief executive officers who support the statement are prepared to set goals, develop and expand strategies and practices, and to publicly disclose emissions as part of their existing disclosure commitment within the UN Global Compact framework, that is, the Communication on Progress. Caring for Climate is endorsed by over 350 companies from 50 countries.

Acknowledgements
There are far too many insightful and supportive individuals to mention by name, but this guide benefits immensely from the candid input from more than 60 individuals from organizations listed in Appendix A. In addition, we are grateful to Dr. Deborah Gallagher at Duke University and her team of graduate students for their early contributions to the research. Finally, we wish to thank those who provided valuable support and feedback on early drafts, including: Benedict Buckley, Denise Leung, Christina DeConcini, Michael Obeiter, Daryl Ditz, Ashleigh Rich, Kristin Meyer, Assaad Razzouk, Gareth Phillips, Andreea Culian, Ryan Schuchard, Gretchen Goldman, Ho-Mu Lee, Christine Diamente, Katrina Destree Cochran, Arne Eik, Alejandro Rivera Becerra, Andrew Park, Curtis Ravenel, Lauren Zelin, Jeffrey Hopkins, Hyacinth Billings, Margaret Fenwick, Sahar Butt.

The Ten Principles of the United Nations Global Compact

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

HUMAN RIGHTS

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7	Businesses should support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

United Nations Global Compact

Published by Caring for Climate, an initiative jointly convened by the UN Global Compact, UNFCCC and UNEP.
November 2013