Recommended Investor Asks for Companies on Climate Policy Engagement

In March 2022, a group of investors launched the *Global Standard on Responsible Climate Lobbying* (‘the Global Standard’). The Global Standard builds on previous investor expectations (*PRI, IIGCC, and Ceres*) and sets out 14 indicators covering governance and oversight processes to ensure company alignment between their climate policy engagement and the 1.5°C goal of the Paris Agreement.

The Global Standard clarifies exactly what investors expect from companies regarding disclosure on climate policy engagement and is intended to achieve a step-change in the commitment of investors and companies.

The ambition of the ask will vary depending on the company in question. In line with the enhanced expectations on corporate climate policy engagement under the Global Standard, investors are encouraged to prioritize the following asks with investee companies:

**Policy & Commitment**

- Make a public commitment to align all of its direct climate policy engagement with delivering the 1.5°C goal of the Paris Agreement;

- Make a public commitment to take steps to ensure its indirect climate policy engagement (via industry associations) is aligned with delivering the 1.5°C goal of the Paris Agreement.

**Governance**

- Assign responsibility at board level and senior management level for oversight of climate policy engagement policies and practices.

**Transparency**

- Disclose a complete and accurate account of its positions and engagement activities on specific climate policies, beyond ‘top-line’ climate statements;

- Disclose a complete and accurate account of the positions and engagement activities on specific climate policies for each industry association actively engaged on climate policy, beyond ‘top-line’ statements.
Review

- Publish a detailed annual review of the company's direct and indirect (via industry associations) climate policy engagement against delivering the 1.5°C goal of the Paris Agreement. This review should include:

  1. Explicit commitment to repeat and/or update the review process on an annual basis;
  2. Clear and detailed methodology to assess alignment between its climate policy engagement and delivering the 1.5°C goal of the Paris Agreement;
  3. Clear and detailed framework to address potential cases of misalignment, including escalation strategies and clear deadlines;
  4. Identify and report on all misalignments between its direct and indirect climate policy engagement activities and delivering the 1.5°C goal of the Paris Agreement;
  5. Show clear evidence of action to address material cases of misalignments that arise.

Action

- Increase transparent and positive advocacy across key climate-related policies which are material to the sector and region(s) in which the company operates. Eliminate direct policy engagement that seeks to weaken or undermine ambitious climate policy.

- Ensure policy positions on technology and energy pathways are consistent with the latest science on achieving emissions reductions in line with delivering the 1.5°C goal of the Paris Agreement (*IPCC WG3 report*; *IEA Net Zero by 2050 report*).

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1 *Investor expectations (PRI, IIGCC and Ceres)* outline possible actions companies can take to address misalignments on climate policy engagement with industry associations, including: (1) Making clear public statements where there is a material difference in position; (2) Constructively engaging with the industry association on these differences; (3) Request that the industry association refrain from engaging on issues where there are differences in position; (4) Forming proactive coalitions to counter the association’s position; (5) Suspending or discontinuing membership or support for the association.