

PACCAR: Climate Policy Engagement Overview

An investor briefing on PACCAR's climate policy engagement in advance of its 2023 Annual General Meeting (AGM)

March 2023

Executive Summary

- On 25th April 2023, PACCAR investors will vote on a shareholder resolution requesting the company “annually conduct an evaluation and issue a report [...] describing if, and how, PACCAR Inc. lobbying and policy influence activities (both direct and indirect through trade associations, coalitions, alliances, and other organizations) align with the goal of the Paris Agreement to limit average global warming to “well below” 2°C above pre-industrial levels, and to pursue efforts to limit temperature increase to 1.5°C” ([here](#)).
- This briefing provides an overview of PACCAR’s direct and indirect climate-related policy engagement. It shows that PACCAR has not provided a clear disclosure of either its high-level positions on climate policy, or its direct engagement with climate-related regulations, or that of the industry associations it is a member of. The analysis strongly suggests that PACCAR’s direct and indirect policy engagement is misaligned with science-based pathways for achieving the goals of the Paris Agreement to achieve 1.5°C.
- In the US, PACCAR actively advocated against adopting the [Advanced Clean Truck \(ACT\) rule](#), a critical driver of electrification in the truck sector to meet US climate goals, in direct communications with policymakers across multiple US states in 2021-22. This includes through its subsidiary Kenworth in [New York in November 2021](#), and as part of a coalition group in [Colorado in April 2022](#) and in [New Jersey in July 2021](#) (with further analysis detailed in InfluenceMap’s December 2022 [US Heavy Duty Transport and Climate Change](#) report). PACCAR also [opposed](#) strengthening “Phase 2” GHG emissions standards for heavy-duty vehicles for 2027 and beyond for certain vehicle categories in the EPA Trucks Plan in May 2022. InfluenceMap's online profile of PACCAR can be found [here](#).
- PACCAR is a member of several industry associations displaying highly strategic and negative engagement with climate legislation and regulation in the US, including the [National Association of Manufacturers](#) and [Truck and Engine Manufacturers Association \(EMA\)](#). In the US, the EMA has actively advocated against the adoption of the Advanced Clean Truck rule in multiple states in 2021-22.
- PACCAR has not published a review of its climate policy engagement activities in line with standards put forward by investors as part of the 2022 [Global Standard on Responsible Climate Lobbying](#).

Background: Shareholder resolution on climate advocacy

Engagement with companies over their climate policy engagement is now firmly on the investor agenda on climate change. It is an integral part of the [Climate Action 100+](#) (CA100+) investor-engagement process, which now has over 700 investor signatories with a total of \$68 trillion in assets under management.

As a research partner to CA100+, InfluenceMap maintains a global system for tracking, assessing, and scoring companies on their engagement with climate change policy against Paris-aligned benchmarks. This system currently covers around 450 companies along with 250 of their key industry associations.

InfluenceMap refers to the UN's [Guide for Responsible Corporate Engagement in Climate Policy](#) as a guide for what constitutes engagement. This can include advertising, social media, public relations, sponsoring research, direct contact with regulators and elected officials, funding of campaigns and political parties, and participation in policy advisory committees.

This briefing provides an overview of PACCAR's direct and indirect climate policy engagement in advance of the shareholder resolution at its 2023 Annual General Meeting (AGM), summarized in Table 1 below. This resolution will be voted on at PACCAR's AGM on 25th April 2023.

Table 1: Key information for shareholder resolution at PACCAR's 2023 AGM

| Resolution: Report on Climate-Related Policy Engagement | | | |
|--|---|------------------|-----------------------------|
| Lead Filer: | Calvert Research and Management | AGM Date: | 25 th April 2023 |
| Proposal Summary: <i>The full resolution text is available here.</i> | <p>“Shareholders request that the Board of Directors annually conduct an evaluation and issue a report (at reasonable cost, omitting confidential or proprietary information) describing if, and how, PACCAR Inc. lobbying and policy influence activities (both direct and indirect through trade associations, coalitions, alliances, and other organizations) align with the goal of the Paris Agreement to limit average global warming to “well below” 2°C above pre-industrial levels, and to pursue efforts to limit temperature increase to 1.5°C, and how PACCAR plans to mitigate the risks presented by any misalignment. In evaluating the degree of alignment, PACCAR should consider not only its policy positions and those of organizations of which PACCAR is a member, but also the actual lobbying and policy influence activities.”</p> | | |

Summary of PACCAR’s climate policy engagement

InfluenceMap’s methodology, available [on our website](#), uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the advice of *IPCC science* or the stated intentions of governments looking to implement the Paris Agreement. This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company’s climate policy engagement, and that of its industry associations, is Paris-aligned.

InfluenceMap’s online profile of PACCAR, including access to the underlying data which forms this assessment, can be found [here](#). The analysis of PACCAR’s industry association relationships, including detailed profiles for each association, can be explored via the "Details of Relationship Score" tab. An overview of this assessment is provided in Table 2 below.

Table 2: Overview of InfluenceMap’s assessment of PACCAR

| PACCAR | | |
|----------------------|-----|--|
| Performance Band | D | Performance Band (A+ to F) is a full measure of a company’s climate policy engagement, accounting for both its own engagement and that of its industry associations. A+ indicates full support for Paris-aligned climate policy, with grades from D to F indicating increasingly obstructive climate policy engagement. |
| Organization Score | 46% | Organization Score (0 to 100) expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement is, with scores under 50 indicating misalignment with the Paris Agreement |
| Relationship Score | 50% | Relationship Score (0 to 100) expresses how supportive or obstructive the company’s industry associations are towards climate policy aligned with the Paris Agreement, with scores under 50 indicating misalignment with the Paris Agreement. |
| Engagement Intensity | 13% | Engagement Intensity (0 to 100) is a measure of the level of policy engagement by the company, with scores above 12 indicating active engagement, and scores above 25 indicating highly active or strategic engagement. |

Summary of direct climate policy engagement

InfluenceMap's analysis of PACCAR's direct climate policy engagement is based on 57 independent datapoints with 47 logged since 2021. Under InfluenceMap's system, recent evidence is heavily weighted in the calculation of metrics, as explained in the [methodology](#).

PACCAR has not provided a clear disclosure of either its high-level positions on climate policy action, or its direct engagement with specific climate-related regulations. PACCAR's primary disclosures appear to only reference high-level climate action and regulations without taking clear positions on such issues.

- PACCAR *has not released* a dedicated, clearly identifiable disclosure of its climate-relevant policy positions and advocacy activities with details of its positioning towards, and engagement with, specific climate-related policies on its corporate website.
- PACCAR's 2022 CDP response *does not provide transparent disclosure* of its direct climate policy engagement and excludes significant advocacy activities from the company in 2021-22. For example, the report notes direct engagement with multiple government agencies "in developing fuel-efficient freight, carbon neutral transport and infrastructure" without any reference to specific policies or its positioning and engagement on such policies such as the Advanced Clean Truck rule.
- PACCAR's February 2022 Annual Report and ESG presentation *do not clearly disclose* on PACCAR's positioning and engagement around key climate-related regulations.

PACCAR directly advocated against the adoption of the US Advanced Clean Truck (ACT) rule in direct communications with policymakers across multiple US states in 2021-22, with full details available in InfluenceMap's December 2022 [US Heavy-Duty Transport & Climate Change](#) report.

- In New York, Kenworth, a subsidiary of PACCAR, *opposed* the ACT rule in a November 2021 letter found via a freedom of information (FOIA) request, arguing that "the DEC's premature adoption of California's ACT Rule in New York will hinder, not promote, the emerging market for zero-emission commercial vehicles". PACCAR also opposed New York's adoption of the Advanced Clean Trucks rule in a November 2021 *oral testimony* and *consultation response* submitted by the Partners For Zero Emission Vehicle Future (PZEVF) coalition, of which PACCAR is a member, both found via FOIA request.
- In Colorado, PACCAR submitted a consultation response in April 2022 (found via FOIA request) as part of the "Partners for a Zero Emission Vehicle Future" coalition, *opposing* the state's proposed adoption of the ACT rule. In New Jersey, PACCAR wrote a joint letter to the Governor of New Jersey, again as a member of the Partners for a Zero Emission Vehicle Future coalition, *opposing* New Jersey's proposed adoption of the rule in July 2021.

PACCAR has also engaged on other US and UK climate measures for heavy-duty vehicles. opposing higher GHG emissions standards for heavy-duty vehicles in the US, while supporting with exceptions an extended 2040 UK phase-out date for fossil-fueled heavy-duty vehicles.

- In the US, in a May 2022 consultation response, the company *opposed* a proposal in the US Environmental Protection Agency's (EPA) "Clean Trucks Plan" that would tighten "Phase 2" GHG emissions standards for heavy-duty vehicles for 2027 and beyond for certain vehicle categories.
- More positively, a September 2021 UK consultation response, obtained by FOI request, by PACCAR subsidiary, DAF trucks, *expressed support* for a 2040 UK phase-out date for fossil-fueled heavy-goods vehicles (HGVs), while it opposed the adoption of a more ambitious phase-out date of 2035 for smaller heavy-goods vehicles.

Summary of indirect climate policy engagement via industry associations

InfluenceMap's platform tracks and analyzes the climate policy engagement of over 250 industry associations, using the same benchmarks and scoring process applied to companies. This assesses each association's engagement against Paris-aligned benchmarks. This section details InfluenceMap's analysis of PACCAR's key industry associations and governance processes.

- PACCAR has *not disclosed* a list of its memberships to industry associations on its corporate website, and its *2022 CDP response* only lists memberships to two industry associations without providing a transparent disclosure of the key climate advocacy positions of either organization. PACCAR has not publicly undertaken a review of its climate policy engagement, including an assessment of alignment with its industry associations on climate change. The *Global Standard on Responsible Climate Lobbying* - instigated by investors and launched in March 2022 - highlights the need for companies to publish a detailed annual review to ensure that its climate policy engagement (direct and indirect via industry associations) is consistent with the 1.5°C goal of the Paris Agreement.
- InfluenceMap analysis indicates that PACCAR holds memberships to two industry associations with misaligned climate policy engagement (ranked as a D or below by InfluenceMap's system). These include the *National Association of Manufacturers* and *Truck and Engine Manufacturers Association (EMA)*. The President of DAF Trucks, a subsidiary of PACCAR, is also a board member of the European Automobile Manufacturers Association (ACEA) (ranked at C-), which has engaged negatively on numerous key EU climate policies.
- PACCAR's industry associations and coalition groups appear to be involved in strategically misleading PR campaigns in the US around climate and environmental policy (see *US Heavy-Duty Transport & Climate Change* for further details). The EMA, of which PACCAR is a member, owns and operates a "*Clean Trucks Facts*" website, which employs positive language around the decarbonization of heavy-duty transportation, while simultaneously advocating for weaker federal climate policy for the sector.

PACCAR is also a founding member of the “Partners for a Zero Emission Vehicle Future (PZEVF)” coalition, which similarly appears to use green imagery and misleading language in its communications to detract from its advocacy against the adoption of the Advanced Clean Truck rule in multiple states.

- Detailed profiles for all PACCAR’s industry associations can be explored via the links in the following table or the "Details of Relationship Score " tab on PACCAR’s [company profile](#). Table 3 gives an overview of three key industry associations with examples of recent obstructive climate policy engagement.

Table 3: Evidence of recent climate policy engagement by PACCAR’s key industry associations

| Industry Association | Performance Band | Examples of recent engagement |
|--|------------------|--|
| <p><i>European Automobile Manufacturers Association (ACEA)</i></p> | <p>C-</p> | <ul style="list-style-type: none"> ■ 2021-22: Consistently <i>advocated</i> against a stringent zero-emissions 2035 CO2 target for light-duty vehicles in the EU, for example in a June 2022 press release. ■ 2021-22: Consistently advocated for increased electric vehicle charging infrastructure targets in the EU, such as in a December 2022 joint letter. ■ December 2022: <i>Opposed</i> a 100% zero-emissions CO2 heavy duty vehicle target in Europe. ■ October 2022: ACEA <i>directly opposed</i> the UK’s planned 2030 ICE vehicle phase-out date, warning politicians that suppliers will leave the country if it goes ahead. |

| | | |
|--|------------------|---|
| <p><i>Truck and Engine Manufacturers Association (EMA)</i></p> | <p>E+</p> | <ul style="list-style-type: none"> ■ March 2023: EMA <i>opposed</i> California’s request to the EPA for the issuance of preemption waivers under the Clean Air Act, leading to CARB <i>reportedly</i> delaying the adoption of the NOX Omnibus rule and Advanced Clean Fleets and Advanced Clean Trucks regulations. ■ August 2022: EMA <i>opposed</i> California’s requests to the EPA for the issuance of preemption waivers under the Clean Air Act authorizing CARB to enforce the Advanced Clean Truck (ACT) regulation. ■ April 2022: EMA <i>opposed</i> a proposal in the US EPA’s Heavy Duty Engine and Vehicle Standards that would tighten “Phase 2” GHG emission standards for heavy-duty vehicles for 2027 and beyond. ■ April 2022: EMA <i>opposed</i> Colorado’s proposed adoption of the Advanced Clean Truck (ACT) rule. ■ March 2022: EMA <i>opposed</i> Massachusetts’ proposed adoption of the ACT rule. |
| <p><i>National Association of Manufacturers (NAM)</i></p> | <p>E</p> | <ul style="list-style-type: none"> ■ February 2023: <i>Opposed</i> the GHG emissions targets in the proposed US Federal Acquisition Regulation ■ August 2022: Expressed <i>opposition</i> to the US Inflation Reduction Act due to tax provisions within the bill, although did not comment specifically on climate provisions. |