

# RWE

## Detailed assessment of RWE’s corporate industry association review

November 2022

This document outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association climate policy engagement, using the traffic-light assessment framework summarized below. Further detail on the assessment methodology is available in the Appendix, and on InfluenceMap’s CA100+ Investor Hub [here](#).

Key	Explanation
<span style="color: green;">■</span>	Has broadly met investor expectations in this area.
<span style="color: yellow;">■</span>	Has made some progress on investor expectations in this area, but with significant deficiencies.
<span style="color: red;">■</span>	Has fallen short of investor expectations in this area.

A summary of RWE’s disclosures on industry associations is shown below. RWE has undertaken two reviews of its industry associations to date, and one review update. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
April 2020	21 / 100
April 2021 (Update)	29 / 100
2022 (No Date)	36 / 100

This assessment focuses solely on RWE’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement, which can be found on InfluenceMap’s online profile of RWE [here](#).

Disclosure & Transparency	Policy Alignment Process
Corporate climate positions	Identify & Assess
Industry group climate positions	Monitor & Review
Alignment assessment method	Act
Framework for misalignment	

## RWE's Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, RWE's assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

### Disclosure & Transparency

#### Corporate climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.

<b>RWE</b>	<p>In its 2022 review, RWE has limited its disclosure on its corporate climate policy positions and influencing activities to top-line positions on the Paris Agreement, climate science, greenhouse gas emissions reductions, and the energy mix.</p> <p>As a result, RWE has omitted instances of engagement with specific climate-related regulations. For example, in a December 2021 joint letter to EU policymakers, RWE did not appear to support the additionality principle in the Renewable Energy Directive Delegated Act, instead <i>advocating</i> for greater flexibility in the short-term on phasing in requirements for renewable energy capacity, which would weaken the overall climate ambition of the policy.</p>
<b>Best Practice</b>	<p><i>Shell</i> has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.</p>

#### Industry association climate policy positions and influencing activities

**To meet investor expectations under this indicator:** The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

<b>RWE</b>	<p>RWE has limited its disclosure on its industry associations' climate change positions to top-line statements on the Paris Agreement and the energy mix. The company did disclose the Federatie van de Belgische Elektriciteits en Gasbedrijven's position on the European Green Deal, however it did not disclose its position on specific EU policies alongside this. The company also appears to overlook detailed examples of negative climate lobbying by key industry associations, such as Business Europe and the Federation of German Industries (BDI) (see Identify &amp; Assess for further details).</p>
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<p><b>Best Practice</b></p>	<p>No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.</p>
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### Alignment assessment method

**To meet investor expectations under this indicator:** The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

<p><b>RWE</b></p>	<p>RWE has disclosed a clear and detailed framework for assessing alignment. The company assessed each of its industry associations against six expectations, including support for: the Paris Agreement; IPCC science; a transition from fossil fuels to renewables; green hydrogen; global climate protection; and social compensation. RWE also disclosed the criteria needed for an industry association to be aligned, misaligned, or have no position on the 6 expectations. The company also provided a clear and detailed explanation behind each evaluation.</p>
<p><b>Best Practice</b></p>	<p><i>BASF</i> has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.</p>

### Framework for addressing misalignment

**To meet investor expectations under this indicator:** The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

<p><b>RWE</b></p>	<p>RWE has disclosed a framework to address misalignment with its industry associations, including some escalation steps. The company stated that if it sees major or persistent deviations from its principles it reserves the right to act, although it is unclear if this includes the company's principles on climate change. Its actions include reviewing membership by assessing membership value, and assessing the ability for RWE to influence the associations positioning. However, RWE did not disclose clear deadlines for industry associations which do not amend misaligned practices.</p>
<p><b>Best Practice</b></p>	<p><i>BHP</i> has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.</p>

## Policy Alignment Process

Identify & Assess	
<p><b>To meet investor expectations under this indicator:</b> The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.</p>	
<p><b>RWE</b></p>	<p>RWE assessed 29 industry associations in its 2022 review. The company stated that it found “no case of misalignment in the course of this assessment”, however it did find that 4 associations had no position on the Paris Agreement, and one association (Verein der Kohlenimporteure) disclosed contradictory statements on the Paris Agreement and therefore a conclusion could not be drawn.</p> <p>InfluenceMap analysis indicates that RWE has at least four memberships to industry associations misaligned with the Paris Agreement (<i>Euracoal</i>, <i>Federation of German Industries (BDI)</i>, <i>BusinessEurope</i>, <i>Energy Users Association of Australia</i>) and at least four memberships to industry associations potentially misaligned with the Paris Agreement (<i>Hydrogen Europe</i>, <i>VNO-NCW</i>, <i>Gas Infrastructure Europe (GIE)</i>, <i>Eurogas</i>). InfluenceMap analysis finds that RWE’s industry associations have engaged negatively on climate-related policies, for example:</p> <ul style="list-style-type: none"> <li>■ <i>Federation of German Industries (BDI)</i>: In October 2022, BDI was <i>unsupportive</i> of the EU decision to phase out internal combustion engine vehicles from 2035. In November 2022, BDI advocated to <i>weaken</i> the US Inflation Reduction Act by calling for provisions to ensure that European companies should not be put at a disadvantage compared to American companies.</li> <li>■ <i>BusinessEurope</i>: In an October 2022 <i>letter</i> to the chair of the EU Environment Council, BusinessEurope did not appear to support the inclusion of greenhouse gas emissions in the Industrial Emissions Directive revision, the EU's main instrument to regulate pollutant emissions for industrial installations. In July 2022, BusinessEurope also <i>suggested</i> that climate regulation in the EU is ‘burdensome’.</li> <li>■ <i>Euracoal</i>: In April 2022 Euracoal appeared to <i>advocate</i> for weakened regulation of methane emissions in the EU coal sector under the EU Methane Regulation.</li> </ul>
<p><b>Best Practice</b></p>	<p><i>Enel</i> is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

Monitor & Review	
<p><b>To meet investor expectations under this indicator:</b> The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.</p>	
<b>RWE</b>	<p>RWE has published two full reviews of its industry associations (2020, 2022) and one review update (2021). The review update included reviews of associations it has newly joined, using the same methodology as its 2020 full review. RWE has committed to publish its next update in 2023.</p>
<b>Best Practice</b>	<p><i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations’ climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.</p>

Act	
<p><b>To meet investor expectations under this indicator:</b> The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i>, <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.</p>	
<b>RWE</b>	<p>RWE stated that it would like to see clearer positioning on one or more climate-related issues assessed in its review from Gasopslag Nederland, HyCymru, and Verein der Kohlenimporteure, and that it will engage with the associations if required and communicate RWE’s expectations. However, RWE is not clear on any specific actions it may have taken within these associations.</p> <p>The company does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap’s database (see Identify &amp; Assess).</p>
<b>Best Practice</b>	<p>No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap’s database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its ‘Vote Greens Last’ advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.</p>

# Appendix A: Methodologies for Assessment

## Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

## Assessing Disclosures

Since BHP’s 2017 industry association review, around 60 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *‘Investor Expectations on Corporate Climate Lobbying’* report, the PRI highlights the need for disclosure on the company’s positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company’s stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap’s Assessment Criteria
<b>Corporate climate policy positions and influencing activities</b>		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond ‘top-line’ climate statements. This includes descriptions of the company’s positions and policy engagement activities on specific items of regulation and legislation which are material to the company’s operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company’s description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.
		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company’s disclosure is limited to a brief overview of its ‘top-line’ climate statements and operational commitments without reference to specific items of regulation and legislation.

<b>Industry association climate policy positions and influencing activities</b>		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
<b>Alignment assessment method</b>		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
<b>Framework for addressing misalignment</b>		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

## Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
Identify & Assess	Green	The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.
	Yellow	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
	Red	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
Monitor & Review	Green	The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.
	Yellow	The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
	Red	The company has not committed to any follow-up processes as part of its review of industry associations.
Act	Green	The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Yellow	The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Red	The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 400 companies and 200 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.