ACCR

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Benchmarking for change: corporate political expenditure and climate lobbying in Australia

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About ACCR

The Australasian Centre for Corporate Responsibility (ACCR) is a not-for-profit, philanthropically-funded shareholder advocacy and research organisation that engages with listed companies and investors globally, enabling and facilitating active stewardship. Our research team undertakes company-focused research into the climate transition plans of listed companies, offering analysis, research and insights to assist global institutional capital understand investment risks and opportunities during the energy transition. For more information, follow ACCR on LinkedIn. Contact: Sam Hall, Analyst | sam.hall@accr.org.au

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1. Executive Summary

1.1 Introduction

Businesses have an influential role in shaping Australian politics. Transparency and accountability for corporate political spending and lobbying are therefore essential to the healthy functioning of Australia's democratic political system, and "fair, efficient and informed markets."[1] The UN Principles for Responsible Investment (PRI) initiative, the Australian Council of Superannuation Investors (ACSI), the Investor Group on Climate Change (IGCC) and other groups concerned with responsible investment have all noted that stewardship to promote good governance of corporate political engagement is part of responsible investment practice. The important role of policy in Australia's energy transition makes this all the more apparent.

Poor governance of corporate political engagement is also increasingly becoming a material risk to investors. This is especially the case when it comes to climate change and sustainability, as Australian regulators increase their scrutiny of 'greenwashing'. Insufficient governance of political spending and climate lobbying activities can result in gaps between companies' policies or positions on climate change and the action they take.

Yet, investors and other important stakeholders have limited insight into the political spending and climate lobbying activities of Australian companies. Australian disclosure requirements for political spending are less stringent than in the US and the UK.[2]

Change is afoot, however, with political support growing for greater disclosure of electoral and other political expenditures, and regulators prioritising enforcement on 'greenwashing' as more companies commit to aligning with the Paris Agreement and set net zero targets. Australian investor interest in companies' climate claims and impact has also grown rapidly (albeit off a low base) in recent years, with shareholder resolutions relating to climate change growing particularly quickly.[3]

In this study, ACCR investigates how major public companies in Australia disclose and govern their political expenditures and climate lobbying. We analysed how well 50 leading ASX companies govern their political spending by using the CPA-Zicklin Index, the leading measure of transparency and accountability for corporate political expenditure. We then compared Australian companies' performance against the Index with the performance of leading US companies. We also assessed BHP, Origin, Rio Tinto, Santos and Woodside – all energy & resources companies in our sample of ASX

[1] ASIC Deputy Chair Karen Chester, 10 May 2023, 'ASIC and greenwashing antidotes', https://asic.gov.au/about-asic/news-centre/speeches/asic-and-greenwashing-antidotes/
[2] ACCR, June 2016, 'Corporate Political Expenditure in Australia', https://www.accr.org.au/downloads/ACCR_Corporate_Political_Expenditure.pdf, p4
[3] Lloyd Freeburn and Ian Ramsay, 2021, 'An analysis of ESG Shareholder Resolutions in Australia', UNSW Law Journal Issue 44(3), https://www.unswlawjournal.unsw.edu.au/wp-content/uploads/2021/09/Issue-443_final_Freeburn-Ramsay.pdf

companies which ACCR regularly engages with – against the Global Standard for Responsible Climate Lobbying, the leading investor-led framework for assessing Paris-alignment of corporate climate policy engagement. We focused on these companies because the energy & resources sector has been a major source of political spending in Australia and has demonstrated considerable influence on climate policy.

Our findings show that top Australian companies have poor governance and disclosure of their political spending, compared to the top 500 listed companies in the US. We also find that the five energy & resources companies we assessed do not have strong disclosure and governance of their climate lobbying. Moreover, there is a significant gap between these companies' committed stances on climate policy and their advocacy efforts. US experience shows, however, that active and consistent investor stewardship can lead to marked improvements in company transparency. As more investors engage with companies to improve their political spending governance, US experience also shows high-performing 'trendsetter' and consistently low-performing 'basement dweller' companies emerge.

As Australia decarbonises and moves toward increasingly responsible investment practices, investors will need to actively engage companies on political spending and climate lobbying governance if they are to seize opportunities for leadership and avoid falling behind. ACCR encourages investors in Australia to use the CPA-Zicklin Index and the Global Standard for Responsible Climate Lobbying as tools for systematic, measurable engagement with companies – particularly in the energy & resources sector – to boost their accountability as corporate citizens in a decarbonising world.

1.2 Key Findings

- **Leading Australian-listed companies lag far behind US-listed S&P 500 companies on transparency and governance of corporate political expenditure.** The 50 leading ASX companies we examined on average scored around a third as well as the US-listed S&P 500 on the CPA-Zicklin Index in 2022. They also scored lower than S&P 500 scores dating back to 2015, when assessments on this Index of companies began. None of the Australian companies scored as high as even the average score of the US companies and the majority scored in the bottom 20% of performance. The majority of US companies scored above 60%.

- **Company size and industry are not limiting factors for performance.** There is only a weak relationship between market capitalisation and company performance. Critically, **numerous small companies in Australia and the US perform as well as or better than the largest companies in their indexes.**

- **The experience of US companies shows a clear and feasible pathway to improved disclosure and governance of corporate political expenditures in Australia.** US companies have become markedly more transparent about their political expenditures since the CPA-Zicklin Index started. Disclosure of political expenditures is now mainstream amongst companies and the investor community.

- **Australian companies have likely made modest improvements to their political expenditure governance since 2016.** 14 of 20 companies (70%) in ACCR's 2016 pilot sample had improved by 2022. The average score of the 20 companies increased (by 4.61%).

- **Investor engagement is key to boosting political expenditure governance**. US companies that agree to improve their political expenditure governance after being engaged by investors using CPA-Zicklin's model perform almost twice as well on the CPA-Zicklin Index than companies that have not been engaged by investors. Moreover, even companies that do not come to agreement with investors perform 65% better than non-engaged companies on average. In Australia, no investors have filed shareholder resolutions specially on direct political expenditure.

- **None of five Australian energy & resources companies in our sample of top ASX companies that are a focus of ACCR engagements (BHP, Origin, Rio Tinto, Santos & Woodside) scored highly on the CPA-Zicklin Index.** The climate policy engagements of these companies are also not broadly aligned with the goals of the Paris Agreement, according to assessments by the think tank InfluenceMap.

- **These five energy & resources companies do not generally perform strongly on the Global Standard on Responsible Climate Lobbying**. Their average performance was only 55.7% and ranged between 39.3-75%. **Most companies had a significant gap between their policies on climate lobbying and what they implemented and disclosed.** Origin, scoring 75%, made similar commitments to other companies but outperformed them because it took more action on these policies.

1.3 Recommendations for investor stewardship

- **Investors should use the CPA-Zicklin Index and the Global Standard on Responsible Climate Lobbying** to measure and improve the transparency and accountability of companies' political expenditures and climate lobbying. The CPA-Zicklin Index and the Global Standard enable measurement of progress and, beyond the latter uncontroversially seeking alignment with the Paris Agreement, **neither is prescriptive to management and boards.** They also complement existing benchmarks – such as the Climate Policy Engagement Indicator of the CA100+ Net Zero Benchmark – by providing more granular insight into political spending and advocacy. **Both are powerful tools for investors seeking to hold companies accountable to their stated ambitions on political expenditure and climate policy engagement over time.** This is critical to ensuring business leadership in a democratic, decarbonising world.

- **The relatively low performance of Australian companies on the CPA-Zicklin Index means opportunities for investors to drive substantial change are plentiful.** Investors can accelerate this change through increased engagement. This should be viewed as an opportunity to secure value amidst growing market awareness of corporate citizenship.

- **Investors should prioritise engagement with energy & resources companies** given their track record of large political expenditures and negative influence on climate policy.

- **The Global Standard on Responsible Climate Lobbying can drive accountability for corporate climate policy engagement**. Like the CPA-Zicklin Index, the Global Standard provides a systematic, scorable and investor-backed framework. The Global Standard's focus on climate lobbying makes it distinctly useful as a tool for driving alignment of corporate climate policy engagement with the Paris Agreement. **Investors can also use the Global Standard to help mitigate greenwashing risk created by 'say-do' gaps on climate policy engagement.**

- **Investors should identify ways in which companies can improve disclosure and governance both in the short and long term.** US companies have generally taken easier actions on the CPA-Zicklin Index first, but do gradually progress to more challenging actions in the longer run. Some outlier companies have also progressed rapidly, going from 'laggard' to 'leader' status within a year. **This means investors should engage companies regularly and with a view to grow their ambition over the long run while not excluding the possibility of rapid action.**

Shareholders seeking to engage with companies would therefore do well to help companies identify relatively more manageable improvements in the short term while also seeking to develop ambition to tackle more challenging matters in the longer term. **This long term ambition and engagement is important** given companies have, as a group, made gradual but ultimately marked improvements over time, rather than overnight. **At the same time, investors should not shy away from seeking rapid change**: twenty S&P 500 improved by over 50 percentage points between 2021 and 2022, with twelve of these being actively engaged by CPA-partner investors.[4]

[4] Center for Political Accountability, October 2022, '2022 CPA-Zicklin Index of Corporate Political Disclosure and Accountability', https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf, p28

2. Report approach

2.1 Purpose of this report

In this study, ACCR sought to examine how well large ASX-listed companies disclose and manage their political spending (focusing on Australian expenditures) and climate lobbying. Good governance of corporate political engagement is increasingly seen as responsible investment practice.

As the UN Principles of Responsible Investment (PRI) initiative has noted, "responsible political engagement plays a significant role in shaping real-world outcomes and contributing to a more sustainable financial system" and can be "a lever for sustainability progress."[5] The Australian Council of Superannuation Investors (ACSI) also states in its Governance Guidelines that good governance of ESG risks "creates the conditions in which sustainable long-term investment can prosper." To maintain "social licence to operate", ACSI encourages investors to be active owners and "use ownership rights to influence the governance, policies, practices and management of the investee entity, in order to improve investment outcomes."[6] The Investor Group on Climate Change (IGCC), too, has noted "institutional investors must act within their portfolios and engage with businesses and policymakers to collaborate on climate solutions."[7]

Australian governments and regulators are also increasing their scrutiny of 'greenwashing', whereby businesses' actions do not align with their sustainability claims and positions on climate change.[8] Insufficient disclosure and governance of policy engagement and industry association activity can increase greenwashing risk for companies.[9] This comes at a time when the government is also seeking to increase requirements for climate-related financial disclosures,[10] and parliamentarians are introducing Bills to increase accountability and transparency for corporate political spending.[11]

[5] UN Principles for Responsible Investment, 'Responsible political engagement', https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/governance-issues/responsible-political-engagement
[6] Australian Council of Superannuation Investors, 'ACSI Governance Guidelines', https://acsi.org.au/publications/governance-guidelines/
[7] IGCC, September 2022, 'Making the Transition Happen: Investment Policy for a Net Zero Emissions Economy', https://igcc.org.au/wp-content/uploads/2022/09/IGCC-Policy-2025-PrioritiesWeb.pdf, p5
[8] Hannah Wootton and Lucy Dean, 5 June 2023, 'ACCC and ASIC target 'overreach' in greenwashing actions', Australian Financial Review, https://www.afr.com/politics/federal/accc-and-asic-target-overreach-in-greenwashing-actions-20230605-p5ddwx
[9] ACCR, 8 June 2023, 'Submission: Greenwashing Inquiry', https://www.accr.org.au/research/submission-greenwashing-inquiry/
[10] ACCR, 17 February 2023, 'Submission: Climate-related financial disclosure', https://www.accr.org.au/research/submission-climate-related-financial-disclosure/; ACCR, 21 July 2023, 'Submission: Climate-related financial disclosure (second response)', https://www.accr.org.au/research/submission-climate-related-financial-disclosure-second-response/
[11] Daryna Zadvirna, 25 July 2023, 'Teal independent Kate Chaney to introduce bill to ban big Commonwealth contractors from making political donations', ABC, https://www.abc.net.au/news/2023-07-25/kate-chaney-independent-curtin-restoring-trust/102640056

Yet, while Australian investors have also become increasingly interested in ESG transparency and accountability,[12] there is limited information available about how well companies in Australia govern their political spending and climate lobbying. This report gives investors greater insight into their performance. It also provides investors with tools they can use in company engagements to boost good governance and seize opportunities for leadership in a decarbonising, more responsibly invested world.

2.2 Methodology

We have assessed leading ASX-listed companies against two key standards: the CPA-Zicklin Index of Corporate Political Disclosure and Accountability, and the Global Standard on Responsible Climate Lobbying.

We examined the performance of 50 top ASX-listed companies ("the ASX companies" or "the Australian companies") by market capitalisation[13] as at 20 April 2022,[14] on the CPA-Zicklin Index. To do so, we used CPA-Zicklin Index assessments of these companies conducted by ISS ESG, the responsible investment arm of proxy advice company Institutional Shareholder Services Inc. The Australia Institute commissioned ISS ESG to conduct these assessments. ISS ESG was also commissioned by and on behalf of The Australia Institute to use these assessments in a paper on corporate political expenditure in Australia.[15]

The ISS ESG assessments were conducted between May and August 2022 and were based on publicly available materials. ISS ESG scored the companies against a version of CPA-Zicklin Index's 24 indicator metrics slightly adapted for the Australian legal context.[16]
We compared the performance of the Australian companies with the performance of US S&P 500 companies on the CPA-Zicklin Index. The US company assessments were produced by the creator of the CPA-Zicklin Index, the Center for Political Accountability.

[12] Australian Council of Superannuation Investors, June 2022, 'ESG reporting trends: A detailed assessment of ESG reporting in ASX200 companies', https://acsi.org.au/wp-content/uploads/2022/06/ACSI-ESG-Reporting-Trends-in-the-ASX200-JUN-22.pdf
[13] The companies in our sample were the 50 largest companies assessed by ISS ESG on 20 April 2022, the same date CPA-Zicklin sampled its market capitalisation data. A list of companies we examined and more information on our selection approach can be found in Appendix 1. We did not assess the S&P/ASX 50 Index because ISS ESG did not conduct assessments on all constituent stocks in that Index. ISS ESG, together with The Australia Institute, selected companies based on their 28 April 2022 market capitalisations, rather than Index listings, and involvement in certain trade associations. See: ISS ESG and The Australia Institute, 'Corporate Political Expenditure in Australia', https://australiainstitute.org.au/wp-content/uploads/2023/09/The-Hidden-Political-Expenditure-of-Australian-Corporations.pdf, p.30.
[14] The market capitalisation values used in this study are in USD and were taken from Bloomberg.
[15] ISS ESG and The Australia Institute, 'Corporate Political Expenditure in Australia', https://australiainstitute.org.au/wp-content/uploads/2023/09/The-Hidden-Political-Expenditure-of-Australian-Corporations.pdf, p.1
[16] ISS ESG and The Australia Institute, 'Corporate Political Expenditure in Australia', https://australiainstitute.org.au/wp-content/uploads/2023/09/The-Hidden-Political-Expenditure-of-Australian-Corporations.pdf, pp.26-29

We also examined the performance of five energy and resources companies in our sample of ASX companies – BHP, Origin, Rio Tinto, Santos, and Woodside – against both the CPA-Zicklin Index and the Global Standard for Responsible Climate Lobbying. These five companies were selected because they have been a focus of recent ACCR engagements and because the energy and resources sector is an influential source of political spending and climate lobbying.

We used the Global Standard to assess how well these companies' governance and disclosure of climate policy engagement aligns with the expectations of leading investors.

ACCR conducted these Global Standard assessments using publicly available company materials available in 2022. No comparison to US companies was made because, unlike the CPA-Zicklin Index, there are no existing, publicly available assessments of companies against the Global Standard. (The think tank InfluenceMap has conducted pilot studies, but these do not assess companies solely on the Global Standard criteria; instead, InfluenceMap aligns its methodology with the Global Standard).[17]

Shareholders have not presented scored assessments in shareholder resolutions and other engagements either, possibly because a scoring methodology for Global Standard has not been established. We allocated an equal number of possible points for each element of the Global Standard. Following the scoring methodology of the CPA-Zicklin Index, we awarded maximum points for fully meeting element criteria; half points for partial fulfilment; and zero points no fulfilment.[18]

2.3 About the CPA-Zicklin Index

The CPA-Zicklin Index is a leading measure of political spending transparency and accountability for US corporations. It is produced by the Center for Political Accountability[19] – an American NGO focused on corporate political spending – together with the Zicklin Center for Governance & Business Ethics.[20] The Center for Political Accountability has been engaging US companies on political expenditure matters since as early as 2004.[21] It has published the CPA-Zicklin Index since 2011, has assessed S&P 500 companies since 2015, and as of 2022 now assesses the top 1000 listed companies in America – the Russell 1000.[22] Companies are scored on their political expenditure disclosures, policies, and governance. While the Index is a measure of transparency and

[17] InfluenceMap, 2022, 'Pilot Studies Assessing CA100+ Companies Using the Global Standard on Responsible Climate Lobbying', https://ca100.influencemap.org/report/Pilot-Studies-Assessing-CA100-Companies-Using-the-Global-Standard-on-Responsible-Climate-Lobbying-19420
[18] ACCR does not claim that this approach to scoring is representative of the views of organisations and investor networks who run the Global Standard. We also do not purport that our assessments are definitive. Rather, they should be understood as having indicative value for investors seeking to more systematically analyse and steward the climate lobbying activities of companies.
[19] https://www.politicalaccountability.net/
[20] https://esg.wharton.upenn.edu/centers-labs/zicklin-center/
[21] Center for Political Accountability, 'Shareholder Engagement History', https://www.politicalaccountability.net/shareholder-engagement-history/
[22] See: https://www.politicalaccountability.net/cpa-zicklin-index/

accountability for corporate political expenditure, it does not put a value judgement on these expenditures.[23]

The CPA-Zicklin Index provides a quantifiable performance benchmark that enables comparison across time and helps set standards of best practice. The CPA-Zicklin Index uses 24 metrics or "indicators" to assess company performance. Appendix 2 explains how these metrics are scored. Scores across the 24 indicators produce an overall score as well as scores across three categories: Policy, Oversight and Disclosure. Companies are "grouped into five tiers based on their scores": first tier (80-100%); second tier (60-79.9%); third tier (40-59.9%); fourth tier (20-39.9%); and bottom tier (0-19.9%).[24] Additionally, companies that score 90% or more are classified as "trendsetters" while companies that score 0% for two or more years in a row are dubbed "basement dwellers".

These scores can serve as an important reference point for investors in their engagements with companies. Overall scores allow investors to systematically compare the performance of companies over time, while category and indicator level scores help companies and investors to identify key areas for improvement. Investors can also use other resources produced by the Center for Political Accountability to support their engagements, including a Model Code of Conduct that sets out standards of best practice[25] and shareholder resolution templates to ask companies to align with this best practice.[26]

Average support from large institutional investors for political disclosure resolutions based on CPA-Zicklin's template has been well over 50% for several years and reached a high of 82.5% in 2021. Average overall resolution support reached 48.1% in 2021, with half of resolutions filed achieving over 50% shareholder support.[27] Investors also frequently use the Index in private engagements with companies.[28]

Disclosure of corporate political expenditures among the largest US-listed companies has improved significantly since CPA-Zicklin Index's launch. Disclosure of political expenditure is "becoming a mainstream corporate practice" in the US, with around 60% of S&P 500 companies now disclosing

[23] Center for Political Accountability, 'Center for Political Accountability Statement on the CPA-Zicklin Index, What It Benchmarks and Its Purpose', www.politicalaccountability.net/wp-content/uploads/2022/06/CPA-Zicklin-Index-Purpose-and-Misuse-Statement-6.27.22.pdf
[24] Center for Political Accountability, October 2022, '2022 CPA-Zicklin Index of Corporate Political Disclosure and Accountability', https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf, p20
[25] Bruce F. Freed, Karl J. Sandstrom and William S. Laufer, 28 November 2020, 'The CPA-Wharton Zicklin Model Code of Conduct', Harvard Law School Forum on Corporate Governance, https://corpgov.law.harvard.edu/2020/11/28/the-cpa-wharton-zicklin-model-code-of-conduct/
[26] Center for Political Accountability, June 2022, 'The CPA Model Resolution Information Packet: Disclosure of Corporate Electoral Spending', https://www.politicalaccountability.net/wp-content/uploads/2022/06/CPA_Model_Resolution_Info_Packet_Updated.pdf; Center for Political Accountability, January 2023, 'Model Code Shareholder Proposal Template', https://www.politicalaccountability.net/wp-content/uploads/2023/01/Model-Code-Proposal-Template-2023-Proxy-Season.pdf
[27] Center for Political Accountability, 22 December 2022, '2022 Proxy Season Analysis', https://www.politicalaccountability.net/wp-content/uploads/2022/12/2022-CPA-Proxy-Report.pdf, pp1, 5-6
[28] Center for Political Accountability, 'Shareholder Engagement History', https://www.politicalaccountability.net/shareholder-engagement-history/

some or all of their political spending and companies with "no or weak political disclosure and accountability policies" now being "seen as outliers".[29]

2.4 About the Global Standard on Responsible Climate Lobbying

Launched in March 2022 by investor networks with over USD 130 trillion AUM,[30] the Global Standard on Climate Responsible Lobbying is the leading standard for assessing "whether and to what extent corporate lobbying is aligned with the Paris Goals."[31]

The Global Standard is a set of "14 indicators of responsible climate lobbying" across the categories of Policy & Commitment; Governance; Action; and Specific Disclosures (see Appendix 4 for more details).

The indicators were developed in extensive consultation with investors and with reference to a range of leading, extant climate lobbying standards. These include standards set out by investor groups PRI, IIGCC, and Ceres, and a range of business and NGO initiatives such as the Global Reporting Initiative, the AAA Framework, the Carbon Disclosure Project, Transparency International, the Transition Pathway Initiative, the CA100+ Benchmark and Business Ambition for 1.5°C.[32]

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[29] Center for Political Accountability, 'Our Impact: Making Disclosure the Norm A Distinguished Record of Effectiveness', https://www.politicalaccountability.net/our-impact/
[30] Church of England, 14 March 2022, 'New global standard on responsible climate lobbying: calls on companies to align with Paris 1.5°c goal', https://www.churchofengland.org/media-and-news/press-releases/new-global-standard-responsible-climate-lobbying-calls-companies
[31] Global standard on Responsible Climate Lobbying, https://climate-lobbying.com/
[32] Global Standard on Responsible Climate Lobbying, 'Appendix', https://climate-lobbying.com/wp-content/uploads/2022/03/2022_global-standard-responsible-climate-lobbying_APPENDIX.pdf

3. Analysis

In our analysis below, we examine the performance of our sample of 50 top ASX companies from a number of angles.

We begin, in Section 3.1, by looking at their performance on the CPA-Zicklin Index as a group and compare this to the S&P 500 companies, listed in the US, as a benchmark. This includes analysis of how the companies perform across tiers, to help show the proportions of companies performing at different levels. We also compare Australian companies' performance in 2022 with US companies' historical performance to provide insight into what level of maturity Australian companies are currently at, and how performance can change over time. Subsequently, we examine how Australian and US companies' performance compares across CPA-Zicklin Index categories. This helps further compare patterns of performance and identify key areas of over- and underperformance.

To explore possible factors contributing to performance, we then examine in Section 3.2 the relationship between CPA-Zicklin Index performance with company size and sector. Here, we primarily seek to test whether larger, better resourced companies or companies from certain sectors are more likely to perform better. As part of this analysis, we also look at the role of investor engagement in improving performance and, based on US experience, how companies generally go about improving. This provides insight into whether high-performing 'leaders' or low-performing 'laggards' are currently identifiable on the Australian market.

In Section 3.3, we then turn to consider which companies investors should prioritise in their engagements. Using public data on political expenditure in Australia and existing research on climate policy lobbying in Australia, we find that the energy & resources sector has both large political expenditure and influence, and should therefore be prioritised. We examine the performance on the CPA-Zicklin Index of five energy & resources companies in our sample that ACCR actively engages. We also use assessments of their climate policy engagement, produced by the think tank InfluenceMap, to show how well aligned their advocacy is with the Paris Agreement.

Section 3.4 assesses these same five energy and resources companies against the Global Standard on Responsible Climate Lobbying. This allows us to examine their performance on disclosure and governance of climate policy advocacy specifically. Finally, we compare and contrast the Global Standard with the CPA-Zicklin Index and make recommendations about how the Global Standard could be used by investors as a tool for driving more responsible climate lobbying.

3.1 Leading Australian companies lag significantly behind leading US companies

The ASX companies in our sample performed significantly worse on the CPA-Zicklin Index than US-listed S&P 500 companies assessed by CPA-Zicklin. Where the average score in 2022 for the ASX companies was 20.6%, the average score for the S&P 500 was 57.1%.

Finding: Performance of ASX companies lags far behind the S&P 500

As the chart below shows, the ASX companies' average is also well below the S&P 500 average in 2015, when CPA-Zicklin Index began its coverage of that set of leading US companies.

Chart 1: Australian vs. historical US company performance on the CPA-Zicklin Index

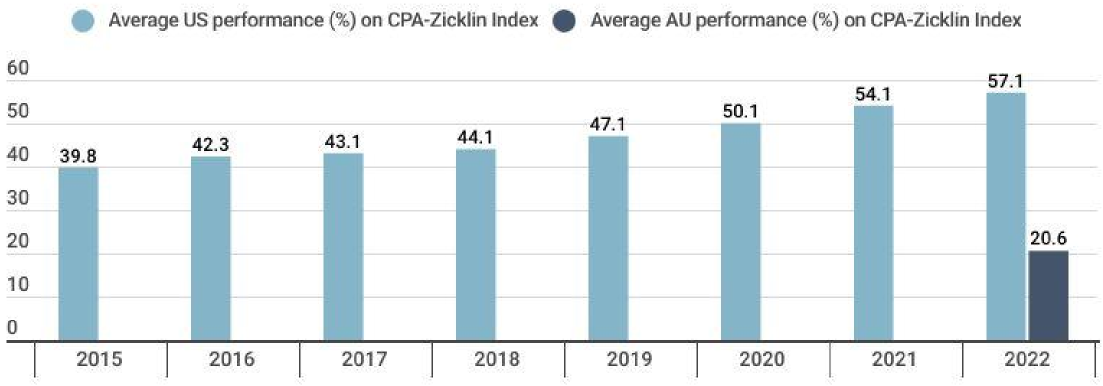

Chart: ACCR | Source: CPA-Zicklin (US), ISS-ESG (AU)

None of the Australian companies scored in the top two tiers – i.e. 40% – of possible performance. Out of five 'tiers', most Australian companies scored in the bottom tier. One scored in the third tier and the rest fell in the fourth tier. By contrast, generally greater numbers of US companies scored in higher tiers.

Finding: None of the Australian companies scored in top tiers

Chart 2: Distribution of Australian and US companies across CPA-Zicklin Index tiers (2022)

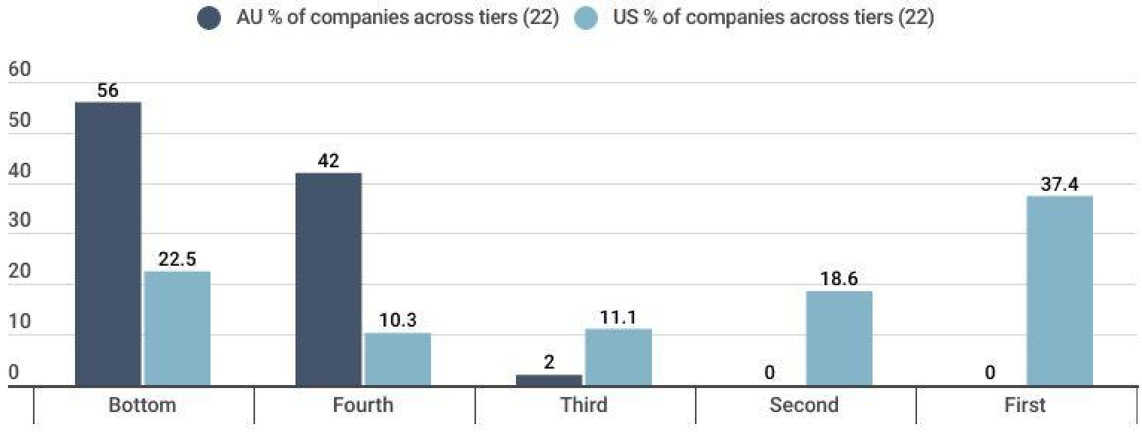

Chart: ACCR | Source: CPA-Zicklin (US), ISS-ESG (AU)

Finding: S&P 500 companies have improved significantly as a group over time

US company performance against this indicator has improved over time. As Chart 3 shows, of the 350 companies scored each year since 2015 – what CPA-Zicklin terms 'core' companies – only 17.7% scored in the top tier while 36.3% scored in the bottom tier. By 2022, 46.9% placed in the top tier and a mere 12.3% scored in the bottom tier.

Chart 3: Changing distribution of 'core' US companies on CPA-Zicklin Index (2015-2022)

Chart: ACCR | Source: CPA-Zicklin

Finding: Australian performance is also behind US across policy, oversight and disclosure

The Australian companies also scored lower than the S&P 500 companies in 2022 in each of the indicator categories. Like the US companies, however, the Australian companies performed best in the Policy category.[33] This is unsurprising given it is generally easier to make commitments (through policies) than to act on them (by assigning governance responsibility or disclosing information).[34]

Chart 4: Australian and US companies' performance in CPA-Zicklin Index categories (2022)

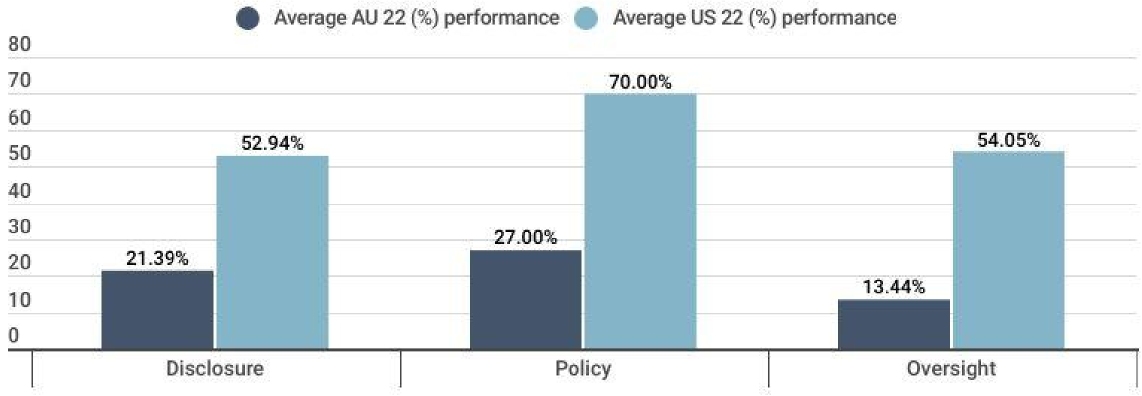

Chart: ACCR | Source: CPA-Zicklin (US), ISS-ESG (AU)

The following table provides more granular insight into the Australian companies' performance – as assessed by ISS ESG – across the CPA-Zicklin Index categories.

Table 1: ACCR observations about Australian companies' performance on CPA-Zicklin Index (2022)

Category	Notable elements of performance
Policy	• None of the companies had a detailed policy governing all types of political spending (direct, indirect; and all recipient types), though some 80% had some partial policy (indicator 10). • None of the companies made fully clear all the types of entities it considers appropriate for political spending. Some 20% made some, but limited, reference to this (indicator 13). • 62% of companies allocated some responsibility to senior management for overseeing and approving corporate political activity (indicator 15), but none made clear the nature and extent of this (indicator 16).
Oversight	• Companies generally did not clearly specify board committees' roles in overseeing various aspects of political expenditure, particularly when it came to indirect spending , e.g. through trade associations (indicators 16-21). • 22% of companies made limited regular disclosure of political spending online (indicator 22).
Disclosure	• 28% either prohibited direct political spending or detailed them in full (indicator 1). • None of the companies fully disclosed all payments to trade associations that could be used for political purposes. 30% partially disclosed some of this information (indicator 4). Only one partially disclosed the same information about spending directed at not-for-profits, such as think tanks (indicator 5).

[33] Note that questions receive varying levels of maximum scores under CPA-Zicklin methodology to reflect their relative difficulty and importance. There are also more Disclosure indicators (9) than Policy (6, not counting the unscored indicator 11) and Oversight (8) indicators. 36 of the 70 possible points (51.4%) are Disclosure related, 18 (25.7%) are Oversight related and 16 (22.9%) are Policy related. Underperformance in Disclosure therefore impacts overall CPA-Zicklin scores especially heavily.
[34] In the US, Oversight is about 23% lower than Policy while Disclosure is over 24% lower. In Australia, Oversight is about 50% lower and Disclosure is around 21% lower.

3.2 Size does not appear to be a limiting factor for performance

To better understand why the US companies outperform the Australian companies, it is important to examine the relationship between company size and performance.

In theory, one reason for better performance by US companies could be their greater size and therefore resources available for managing expenditure disclosure and governance. Smaller companies, conversely, could be more likely to be focused on growing their businesses and may generally have smaller political expenditures and political influence.[35] Investors' governance expectations may also be lower as a result.

Finding: Size is not strongly correlated with performance for either US or Australian companies

As the chart below shows, US companies that score in the top three tiers tend to have larger market capitalisations on average. (Australian companies in the bottom tier are only slightly smaller than companies in tier 4, on average. It is difficult to infer a relationship for tier 3 given only one Australian company, Rio Tinto, scored in this range.)

Yet, company market capitalisation is only a weak predictor of CPA-Zicklin Index performance among the US companies.

When the five largest US companies are excluded (which are 80-370% larger than the sixth largest company), size only predicts around 6.2% of variation in performance. This relationship is weaker still when the large outlier companies are included (3.3%) and for the outliers themselves (3.8%).[36]

Chart 5: Average market cap. by tier for AU and US companies on the CPA-Zicklin Index (2022)

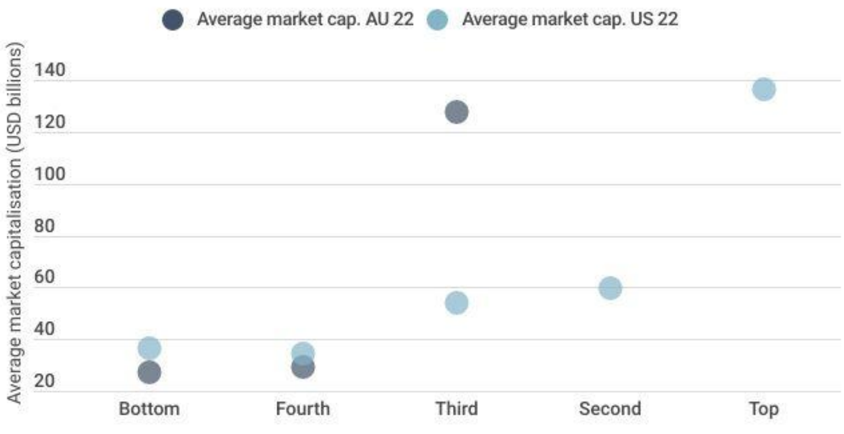

Chart: ACCR | Source: CPA-Zicklin (US), ISS-ESG (AU), Bloomberg (MktCaps)

[35] Note that the CPA-Zicklin Index does not measure the size or influence of companies' political expenditures and that this is therefore a theoretical rather than empirical conjecture.
[36] Predictive power here is measured by R-squared values from simple linear regressions.

For the Australian companies, there is a weaker positive relationship (4.5%) between size and performance. US companies in the same size range as the Australian companies, USD 7-197 billion, have a stronger positive relationship between size and performance (8.5%).[37]

This weaker relationship between size and performance for the Australian companies suggests investor engagement may have been less consistently directed at larger companies, as is the case in the US (see Table 2, below), though further research would be needed to assess this.

Chart 6: Size vs performance for AU and similar-sized US companies on CPA-Zicklin Index (2022)

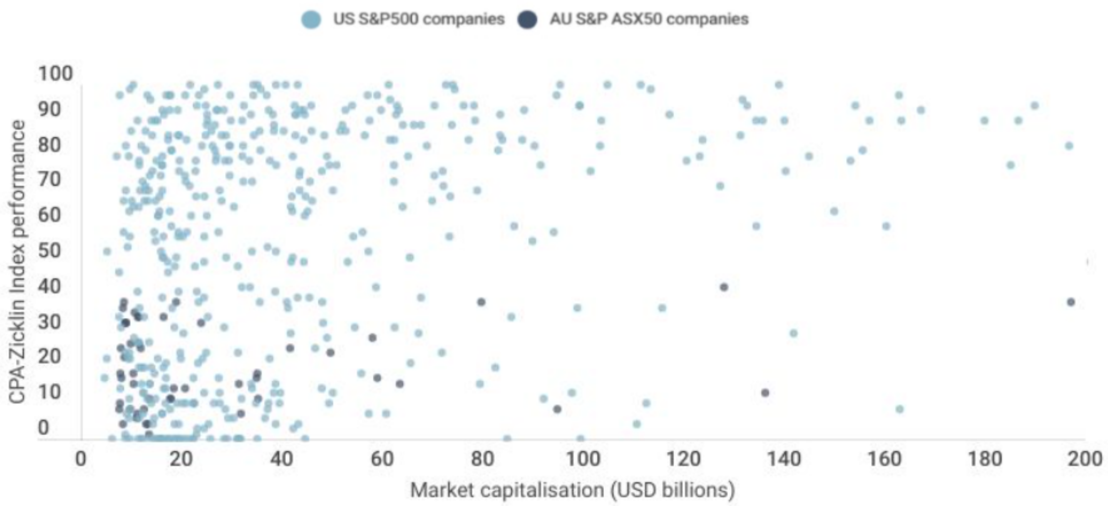

Chart: ACCR | Source: CPA-Zicklin (US), ISS-ESG (AU), Bloomberg (MktCaps)

Finding: Many small companies outperform very large companies

Critically, there are numerous small companies in both the US and Australia that outperform much larger companies.

It is also notable that while US companies in the lower half of the Russell 1000 (i.e. excluding S&P 500 companies) average only 12.8% on the CPA-Zicklin Index – that is, significantly lower than the average of the Australian companies – 5.1% nonetheless scored in the top two tiers, whereas none of the Australian companies did.[38] This is also in spite of these lower half Russell 1000 US companies all having smaller market capitalisations than the Australian companies.

This again indicates that small company size need not necessarily limit good governance and disclosure of political expenditures.

[37] Note that these US companies are on average larger than the Australian companies in this range (USD 43.02 vs. 29.95 billion). The average size for all US companies is USD 78.12 billion and, without the five outlier companies, USD 60.39 billion. The US companies are not, however, so much larger that their size alone can account for their higher average performance, given the limited predictive power of market capitalisation on performance.
[38] Center for Political Accountability, October 2022, '2022 CPA-Zicklin Index of Corporate Political Disclosure and Accountability', https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf, p21

3.3 Sector is also unlikely to be a limiting factor for performance

The potential influence of company sector on performance is also worth considering. If certain sectors perform poorly and are known to have high levels of political expenditure or influence, they may be candidates for more active investor stewardship.

Finding: Some sectors appear to be emerging as higher performers in the US

A look at the performance of US sectors over time shows utilities performing best most consistently and real estate consistently scoring poorly.

Chart 7: US companies' performance by sector on the CPA-Zicklin Index (2015-2022)

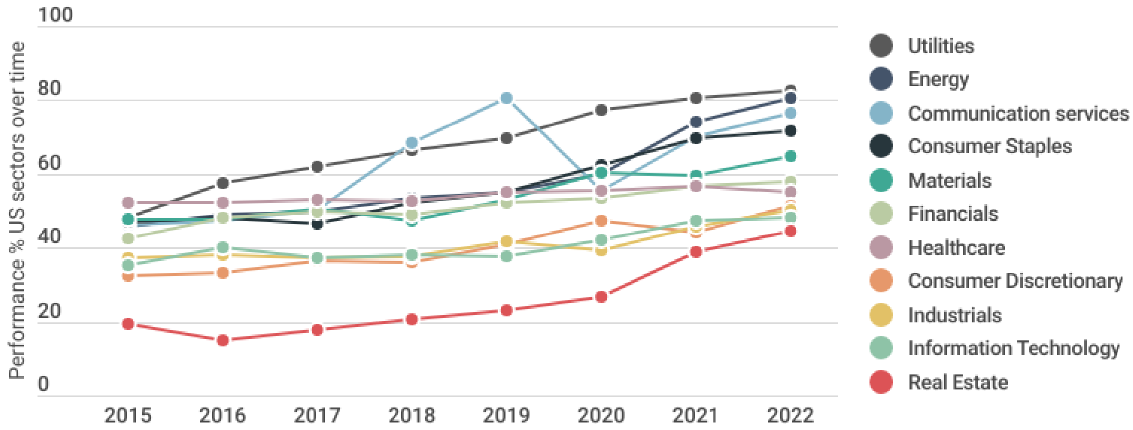

Chart: ACCR | Source: CPA-Zicklin

Once again, however, uneven sample sizes and the slew of other potential factors affecting performance mean it is difficult to draw conclusions about the sector-performance relationship, especially as US sector ordering appears to only have stabilised in the past two years.

The sector performance for the Australian companies does not resemble that of the US. It is difficult to draw conclusions about sectors for the Australian companies given their small and unequal sample sizes. The underperforming, disordered state of the Australian market also makes inferences based on sector alone challenging.

Chart 8: US and Australian performance by sector on the CPA-Zicklin Index (2022)

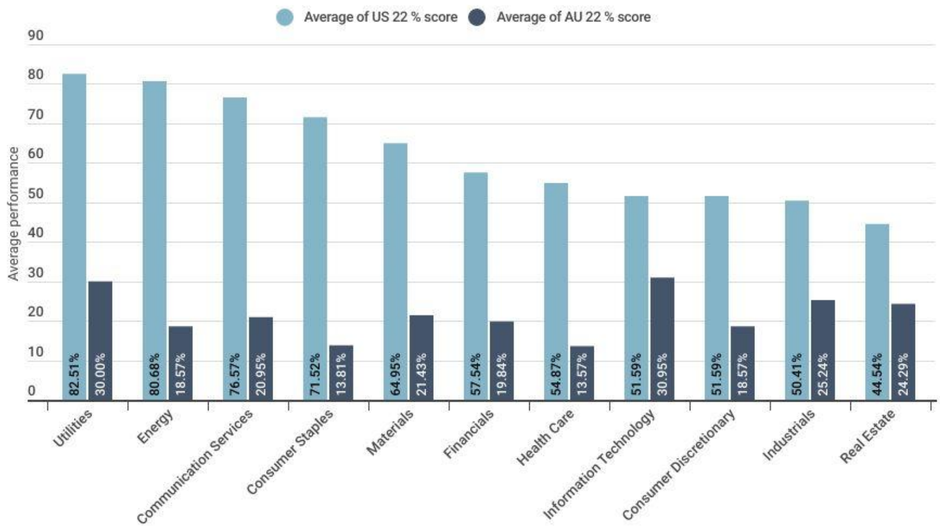

Chart: ACCR | Source: CPA-Zicklin (US), ACCR assessments (AU)

Further research could shed light on what factors are strongest in determining performance. However, it seems unlikely that a company's sector would limit performance any more than size does.

Finding: Opportunities abound in a disordered but increasingly scrutinised AU market

The significant improvements made in the last decade by US companies on the CPA-Zicklin Index make a compelling case for potential change among Australian companies. Improvements in performance at both the company and market level show the potential for a shift in norms and expectations for political expenditure governance.

Shareholder engagement on these topics appears to be a significant driver of change. Analysis by the Center for Political Accountability shows US companies engaged by shareholders significantly outperform companies that have not been engaged, *even* when engaged companies reached no agreement with shareholders.

As the table below shows, companies that reached a 'disclosure agreement' to improve their political expenditure governance in line, to some extent, with the CPA-model following investor engagement perform almost twice as well (93.93%) on the CPA-Zicklin Index as companies that have not been engaged by investors. Companies that do not come to agreement with investors on political expenditure governance perform some 65.29% better than companies that were not engaged.[39]

[39] Center for Political Accountability, October 2022, '2022 CPA-Zicklin Index of Corporate Political Disclosure and Accountability', https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf, p40

Table 2: US company performance on CPA-Zicklin Index compared with engagement history

	Disclosure Agreement	No Agreement	No Engagement
No. of companies	154	70	271
Average CPA-Zicklin Index score	79.9%	68.1%	41.2%
Average market cap (USD billions)	109.72	143.60	43.28

As Table 2 shows,[40] shareholders tend to prioritise engagement with larger companies. This likely contributes to the slight correlation between company size and performance.

Leading US listed companies have been engaged by CPA-Zicklin and partner investors since as early as 2004.[41] This likely had a positive impact on the performance of S&P 500 companies when they were first assessed as a group in 2015. This long history of corporate engagement on political expenditures is also likely a reason for the significant difference in performance of the Australian companies, who have not faced similar stewardship and engagement. To date, no investors have filed shareholder resolutions specially related to direct political expenditure at ASX-company AGMs.[42] Not only does this appear to have led to low average scores, it also means the Australian market appears comparatively disordered and immature, with no high performers and less market ordering according to size or sector.

Finding: Australian companies appear to have improved modestly amidst increasing scrutiny

Significantly, the Australian market is already showing initial signs that it is willing to change. Of the 20 companies ACCR assessed on the CPA-Zicklin Index in a 2016 pilot, a majority (70%) had improved by 2022 while their average score also increased (by 4.61%).[43]

[40] Period of engagement history considered is 2004-2022: Center for Political Accountability, October 2022, '2022 CPA-Zicklin Index of Corporate Political Disclosure and Accountability', https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf, p40
[41] Center for Political Accountability, 'Shareholder Engagement History', https://www.politicalaccountability.net/shareholder-engagement-history/
[42] ACCR, 'Australian ESG Shareholder Resolutions', https://www.accr.org.au/research/australian-esg-resolution-voting-history/
[43] Median increase was 5%

Chart 9: Change in Australian companies' performance on the CPA-Zicklin Index (2016-2022)

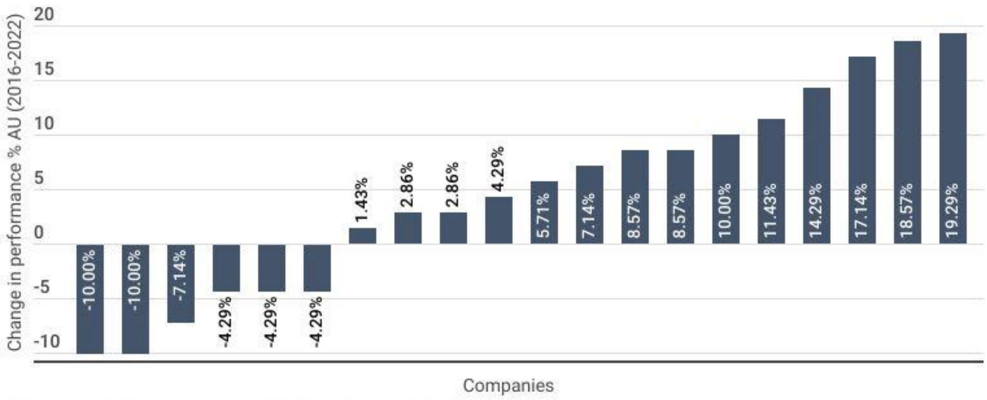

Chart: ACCR | Source: ACCR (16) & ISS-ESG (22) assessments

This reflects growing expectations for corporate social responsibility and accountability in Australia, a trend which is set to continue as Environmental, Social and Governance (ESG) investing gains further traction and political expenditure regulations are reformed to enhance transparency.[44]

The continued underperformance of the Australian companies relative to the US companies, however, means there is little use in investors trying to identify 'leaders' and 'laggards' when deciding on which companies to engage. Indeed, since none of the Australian companies achieved leading scores and the Australian market as a whole lags considerably behind the US, all companies have considerable opportunities for improvement.

The US experience shows 'laggard' and 'leader' companies are likely to emerge once general market performance improves and companies become more differentiated. US companies that scored in the bottom tier scored considerably lower than the Australian companies in the same tier, while fourth tier US companies also scored somewhat lower than Australian companies in this tier. (As noted earlier in this report, only one Australian company scored in the tier 3 range. As such, we have not sought to draw inferences about Australian performance in this tier compared to the US.)

[44] Australian Council of Superannuation Investors, June 2022, 'ESG reporting trends: A detailed assessment of ESG reporting in ASX200 companies', https://acsi.org.au/wp-content/uploads/2022/06/ACSI-ESG-Reporting-Trends-in-the-ASX200-JUN-22.pdf

Finding: 'Laggard' companies have emerged over time in the US but are probably hard to predict

Chart 10: Average Australian and US performance across CPA-Zicklin Index tiers (2022)

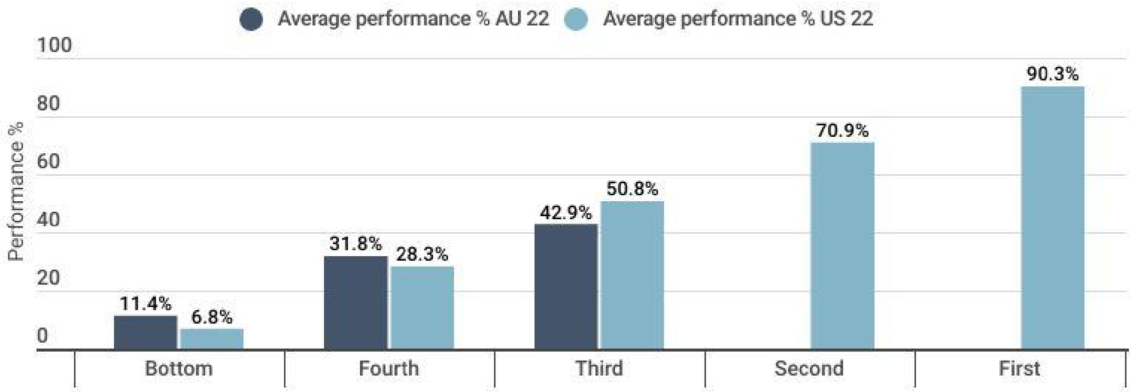

Chart: ACCR | Source: CPA-Zicklin (US), ISS-ESG assessments (AU)

This negative performance skew among low performing US companies is caused by consistently low-performing companies, including those that repeatedly score zero and are dubbed 'basement dwellers' by CPA-Zicklin. These companies vary in size and come from a range of industries, making it difficult to predict which Australian companies might emerge as consistent underperformers.

Historical CPA-Zicklin Index data does provide further insight into how US companies have made improvements over time.

Finding: US companies pick low-hanging 'Oversight' fruit first, may get bolder as they mature

In the area of Oversight, there is a clear hierarchy of easier to more challenging actions. More companies prefer to assign Oversight to senior managers than to the board and its committees. Over time, however, proportionally more companies have allocated Oversight to board level.

Chart 11: US performance on Oversight categories of CPA-Zicklin Index (2015-2022)

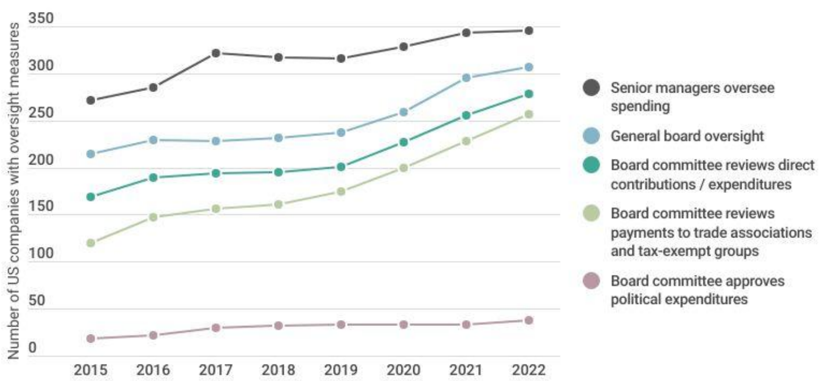

Chart: ACCR | Source: CPA-Zicklin

Finding: US companies also prefer to take easier Policy and Disclosure actions first

US companies also exhibit relatively stable preferences for taking less challenging Policy and Disclosure actions first. For Policy, more companies have been willing to describe "public policy priorities upon which spending decisions are based" than implement specific policies to govern expenditure or exclude certain types of expenditure recipients. When it comes to Disclosure, companies tend to publish information for spending on independent expenditures or those on candidates, parties and committees before other more indirect recipients. Notably, payments made to trade associations are the least often disclosed. This is shown in the chart below by the overall increase in companies taking all actions over time and the fairly consistent ordering of these actions.

Chart 12: US companies' performance on Policy (L) and Disclosure (R) categories of the CPA-Zicklin Index (2015-2022)

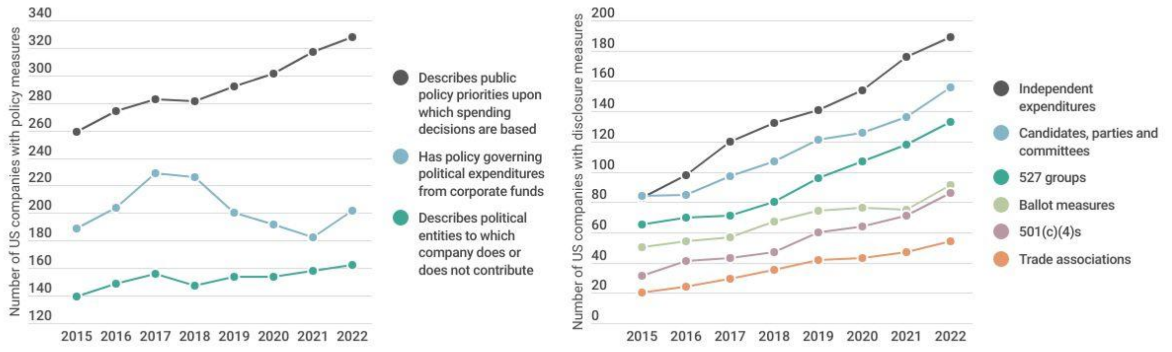

Chart: ACCR | Source: CPA-Zicklin

These trends support the intuitive idea that companies generally improve their corporate governance in a gradual manner by working on relatively easier, 'low-hanging fruit' first before taking on more challenging actions. That is, they generally prefer to do what is low-cost until they are engaged by investors to take on more challenging actions.

Shareholders seeking to engage with companies would therefore do well to help companies identify relatively more manageable improvements in the short term while also seeking to develop ambition to tackle more challenging matters in the longer term. This long term ambition and engagement is important given companies have, as a group, made gradual but ultimately marked improvements over time, rather than overnight. At the same time, investors should not shy away from seeking rapid change: twenty S&P 500 improved by over 50 percentage points between 2021 and 2022, with twelve of these being actively engaged by CPA-partner investors. The most improved company increased its score by an impressive 97.1 percentage points.[45]

[45] Center for Political Accountability, October 2022, '2022 CPA-Zicklin Index of Corporate Political Disclosure and Accountability', https://www.politicalaccountability.net/wp-content/uploads/2022/10/2022-CPA-Zicklin-Index.pdf, p28

3.4 The case for focusing on climate lobbying by energy and resource companies

The generally low performance of Australian companies on the CPA-Zicklin Index means there are opportunities to make significant positive improvements on political expenditure governance across the Australian market. The greatest impact, however, can be had by prioritising engagement with more politically active and influential companies.

Because the CPA-Zicklin Index does not give insight into levels of corporate political expenditure, we drew on donations data declared to the Australian Electoral Commission for indicative evidence.[46]

Finding: The Australian E&R sector has been a significant political donor over last decade

Over the past decade, the energy and resources (E&R) sector (including both companies and trade associations) was the second highest source of declared donations (15.41%) after the banking and finance industry.[47] This percentage could be higher still if E&R contributions to political fundraising bodies were accounted for.[48]

Chart 13: total % donations declared to the AEC by sector (FY13-22)

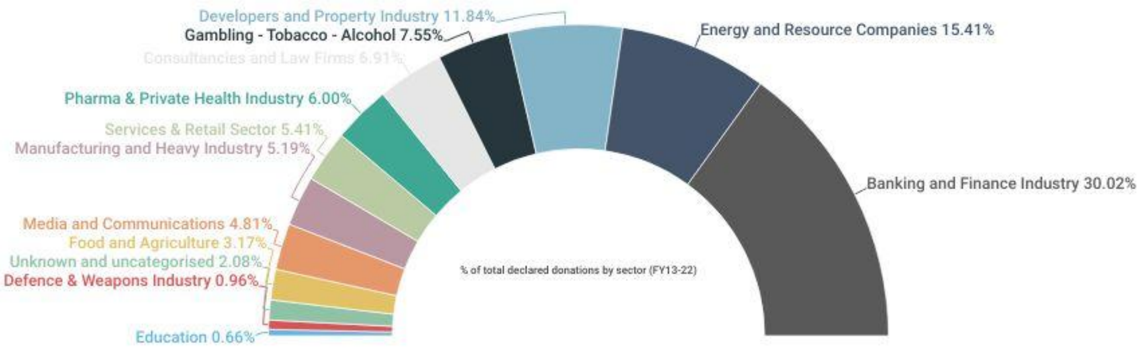

Chart: ACCR | Source: AEC donations data (via D4S Project)

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[46] We say this is indicative because there are very large amounts of undisclosed expenditure in Australia and because donations are only one part of political expenditure and advocacy: Kate Griffiths, Tony Chen and Danielle Wood, 3 February 2020, 'Three things the new donations data tell us about the 2019 federal election', Grattan Institute Blog, https://grattan.edu.au/news/three-things-the-new-donations-data-tell-us-about-the-2019-federal-election/

[47] These calculations exclude donations made by political fundraising bodies and lobbying firms, since these entities channel money from a variety of industries. They also exclude donations made by mining magnate Clive Palmer's company Mineralogy Ltd, whose high donations in recent years are not representative of industry-wide donation patterns. Even when political fundraising bodies and lobbying firms are included, Mineralogy Ltd. sees E&R donations rise to nearly 42% of total donations over the last 10 years. Note that Palmer's Queensland Nickel businesses were included in the calculations because they were not vehicles for his recent, very high donations. Rather, they made large donations along with other E&R companies in 2014 and 2015, and only relatively modest donations in 2019. We used AEC data collated by the Democracy for Sale (D4S) project, an initiative maintained by Senator Larissa Waters: https://democracyforsale.net/search-aec/

[48] David Holmes, 22 June 2016, 'The fossil-fuelled political economy of Australian elections', The Conversation, https://theconversation.com/the-fossil-fuelled-political-economy-of-australian-elections-61394

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Finding: E&R donations spiked in 2014/15, part of successful advocacy against climate policy

The E&R sector made particularly large donations in 2014 and 2015, where it contributed around 39% and 22% of total donations respectively. Research has shown, moreover, that donations are but one type of expenditure energy and resources companies have used to seek political influence.[49]

Indeed, these large donations in 2014 and 2015 were part of a broader, high-profile industry advocacy campaign against greater regulation and policies for climate action that had run since at least 2010.[50] These efforts contributed to the repeal of increased mining taxes and the Australian Emissions Trading Scheme.[51]

Chart 14: yearly % donations declared to the AEC by sector (FY13-22)

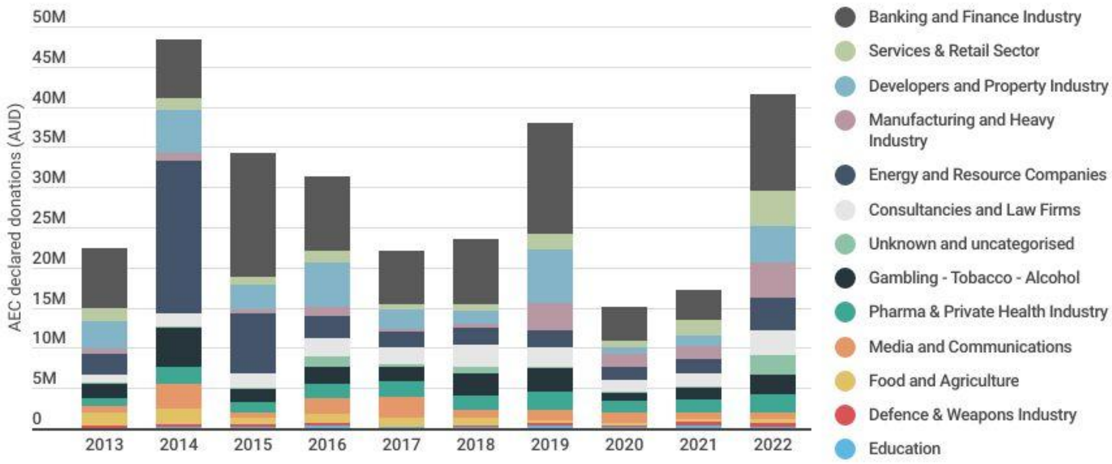

Chart: ACCR | Source: AEC donations data (via D4S Project)

The urgent need to get climate policy settings that will drive opportunities in the energy transition and limit the physical and financial impacts of climate change creates an even greater imperative for E&R companies to be transparent and accountable when it comes to political expenditure. Transparency will allow investors to understand how aligned a company's political expenditure is with its stated positions on climate change. This will in turn allow investors to better ensure they are aligned with their own climate commitments and the expectations of their stakeholders, as well as direct capital toward companies that are best aligned – in policy and practice – with investor goals.

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[49] Han Aulby, 4 September 2017, 'The tip of the iceberg: Political donations from the mining industry', The Australia Institute, https://australiainstitute.org.au/report/the-tip-of-the-iceberg-political-donations-from-the-mining-industry/

[50] Han Aulby, August 2017, 'Undermining our democracy Foreign corporate influence through the Australian mining lobby', The Australia Institute, https://australiainstitute.org.au/wp-content/uploads/2020/12/P307-Foreign-influence-on-Australian-mining.pdf

[51] David Holmes, 22 June 2016, 'The fossil-fuelled political economy of Australian elections', The Conversation, https://theconversation.com/the-fossil-fuelled-political-economy-of-australian-elections-61394; David McKnight and Mitchell Hobbs, 24 November 2017, 'Fighting for Coal: Public Relations and the Campaigns Against Lower Carbon Pollution Policies in Australia', Carbon Capitalism and Communication, https://link.springer.com/chapter/10.1007/978-3-319-57876-7_10

Finding: Five Australian, ACCR-focus companies in E&R sector score lower than the US average

Five E&R companies in our sample of ASX companies that ACCR actively engages with are BHP, Origin, Rio Tinto, Santos and Woodside. These companies and their trade associations also have some of the highest levels of climate policy engagement in Australia, according to analysis conducted by the think-tank InfluenceMap. Their engagement, moreover, is frequently misaligned with the goals of the Paris Agreement.[52]

The chart below shows these companies' underperformance on the CPA-Zicklin Index compared to the S&P 500 average (with the Australian average provided in red for reference).

The large diversified mining and utilities companies BHP and Rio Tinto perform somewhat better than the gentailer, Origin, and oil and gas producers Woodside and Santos. There is no clear pattern to how the companies perform across categories. This suggests they have not engaged extensively in political expenditure governance.

Chart 15: Performance of 5 E&R companies on the CPA-Zicklin Index compared with US and Australian averages (L) and performance of these companies across categories (R) in 2022

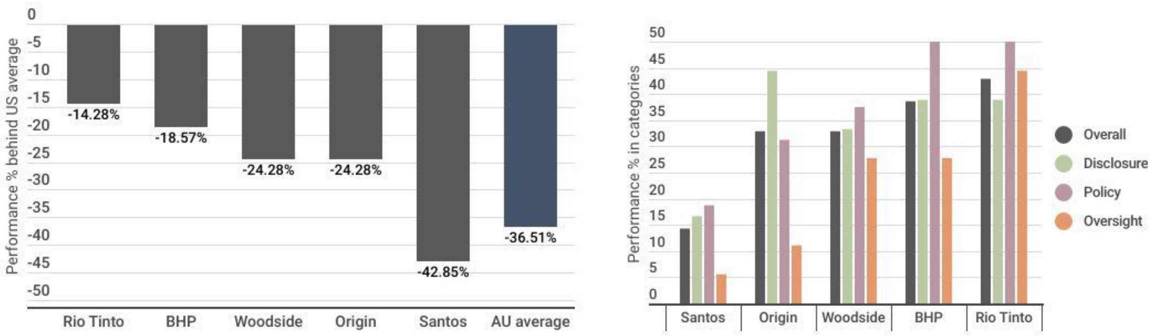

Chart: ACCR | Source: ACCR (16), ISS-ESG (22)

Finding: Five E&R companies have improved since initial 2016 assessment but still score low

There is, however, a clear pattern of improvement in performance for these five companies since ACCR first assessed them in 2016.

Rio Tinto, Origin and BHP made greater improvements (around 11-19 percentage points) than Santos and Woodside (around 5-8 percentage points).

[52] InfluenceMap, September 2021, 'Does Corporate Australia Support Climate Policy?', https://australia.influencemap.org/does-corporate-australia-support-climate-policy#8

Chart 16: Performance of 5 E&R companies on the CPA-Zicklin Index in 2016 and 2022

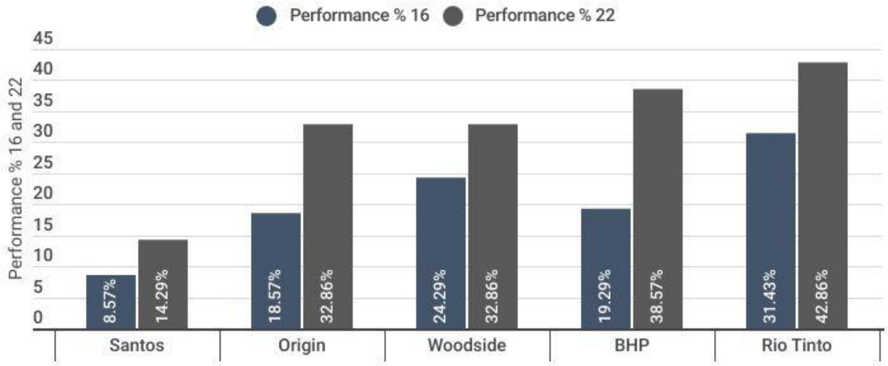

Chart: ACCR | Source: ACCR (16), ISS-ESG (22)

It is difficult to determine the reasons for these modest improvements, but they are likely a consequence of some shareholder engagement – including ACCR efforts – as well as a general increase in market pressure to improve corporate accountability as ESG investment themes continue to gain traction. It seems plausible that the mining and utility companies could be more motivated or pressured to change because they seek to secure a place in a more responsible, energy-transitioned economy. Oil & gas companies may be less inclined to change because their products have a limited future in a decarbonised world. Further research with larger sample sizes and additional methods would be needed to test these ideas, however.

Finding: E&R companies have mixed to poor climate policy engagement

None of these companies, however, score in the A+ to B performance band of think tank InfluenceMap's ratings, which indicate "broad support for Paris-aligned policy".

This is despite the fact that all of these companies, except Woodside,[53] explicitly support the temperature goals of the Paris Agreement. InfluenceMap's assessments of these companies are provided in the table below.

[53] Woodside has referenced the Paris Agreement in its climate reporting but has not explicitly committed to its temperature goals: Woodside, 2022, 'Climate Report', https://www.woodside.com/docs/default-source/investor-documents/major-reports-(static-pdfs)/2022-climate-report/climate-report-2022.pdf?sfvrsn=240783fc_16dd, p7; InfluenceMap has also taken the view that Woodside's position on the temperature goals is unclear: https://lobbymap.org/company/Woodside-Petroleum/projectlink/Woodside-Energy-In-Climate-Change

Table 3: InfluenceMap assessments of 5 E&R companies' climate policy engagement

Company	Performance band[54]	Organisation score	Relationship score	Engagement intensity
Origin	C-	57%	62%	45%
BHP	C-	62%	50%	44%
Rio Tinto	D+	58%	50%	37%
Santos	D-	45%	46%	22%
Woodside	D-	38%	49%	40%

These performance bands are composed of direct company advocacy (organisation scores); engagement intensity (level of direct engagement, positive or negative); and industry association advocacy (relationship score, which itself aggregates organisation and intensity scores of associations).

InfluenceMap provides detailed profiles of the companies' performance across score categories but does not examine their industry associations' performance over time on its website.[55] As such, the data in the table above was accurate for these companies at the time of publication of this report, rather than for 2022, as scores are updated regularly and historical scores are not readily available. Future research may examine, pending the availability of data, if and how scores have shifted over time. This will give further insight into the efficacy of companies' efforts to align their own advocacy and that of their industry associations with climate goals.

3.5 Global Standard on Responsible Climate Lobbying as accountability tool

Global Standard potential as a climate accountability tool

The Global Standard has great potential to be an effective framework both for companies and investors to drive climate policy engagement toward best, responsible practice.

Like the CPA-Zicklin Index, the Global Standard provides a systematic, scorable and investor-backed framework for assessing companies. In many ways, the two frameworks are similar. Where the CPA-Zicklin Index has Policy, Oversight, and Disclosure categories, the Global Standard has similar categories of Policy & Commitment, Oversight, and Action and Specific Disclosures. Like the CPA-Zicklin Index, there are proportionally more Global Standard questions for the more challenging

[54] Lower performance bands indicate increasingly obstructive climate policy engagement, with A+ being the highest possible score and F being the lowest.
[55] https://lobbymap.org/LobbyMapScores

categories of Action and Specific Disclosure (together 42.9%), and less for Governance (35.7%) and Policy & Commitment (21.4%).[56]

The Global Standard is distinct from the CPA-Zicklin Index, however, in its focus on aligning corporate climate policy engagement with the goals of the Paris Agreement rather than seeking accountability for corporate political expenditures more generally.

While both emphasise transparency and accountability, the Global Standard also makes performance dependent on alignment with 1.5C transition pathways, companies' ability to accurately identify association misalignment with the Paris Agreement, and their capacity to pursue positive advocacy. This makes the Global Standard an essential tool for companies and investors who are looking to ensure climate policy engagement aligns with goals for a sustainable future climate.

Finding: E&R companies do not perform strongly on the Global Standard and commit to more positive climate policy engagement than they act on

ACCR assessed the five E&R companies presented in the section above against the Global Standard. ACCR's assessments of the five E&R companies on the Global Standard indicate they have considerable room for improvement.

As the chart below shows, all of the E&R companies score higher in the Policy & Commitment category than they do on Action and Disclosure. This is likely a reflection of policies and commitments being easier or less costly to make, as is also evident in our analysis of CPA-Zicklin Index data above.

[56] This matches the order of category weightings in the CPA-Zicklin Index (Disclosure, Oversight and Policy, in descending order), though CPA-Zicklin gives larger weight to Disclosure (51.4%), less to Governance (25.7%) and slightly more to Policy (22.9%).

Chart 17: Performance of 5 E&R companies on the Global Standard (2022)

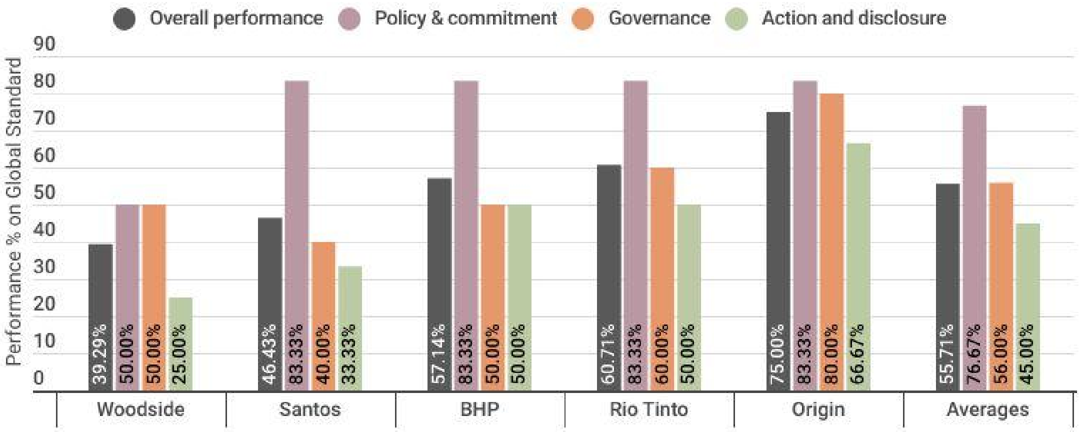

Chart: ACCR | Source: ACCR assessments

More detailed observations about these companies' performance are provided in the table below.

Table 4: Observations about Australian companies' performance on Global Standard (2022)

Category	Notable elements of performance
Policy & Commitment	• Companies are best at saying they will address misalignment with their advocacy policies and that these policies need to be Paris-aligned (average score on indicator 1 is 90%). • Companies often fail to mention whether policies apply to all locations and operations, but this is implied by four of the five companies and made clear by one (indicator 2).
Governance	• Companies perform worse in this category likely because it requires clear assignment of responsibility at board and senior executive level (averaging scores of 60% and 40% on indicators 4 and 5). Many have some annual monitoring process in place (average score of 80% on indicator 6), but detail about how companies conduct stakeholder outreach specifically on climate lobbying issues is often lacking.
Action, Disclosure	• None of the companies report annually on all their climate change advocacy, both direct and indirect. No companies identified misalignment for all industry associations noted by InfluenceMap as misaligned with Paris goals, or otherwise cross-referenced / acknowledged this or other stakeholder assessments. • One of the companies showed it is feasible to disclose and assess all associations. • None of the companies disclose both specific payments to and positions held at associations. Companies either do not disclose payments or only provide ranges.

These insights are limited by the small sample size of companies they draw on. Global Standard assessments would need to be conducted for a broader range of ASX companies in order to benchmark Australian performance to the US. Nonetheless, the similarities to Australian companies' performance on the CPA-Zicklin Index are striking. Here, too, there is a significant 'say-do' gap between what companies have committed to and what they implement. While growing pressure on companies to commit to action on climate change may be a reason for relatively high Policy scores on the Global Standard, this is undermined by low Governance, Action and Disclosure scores that would make such policies effective.

That this 'say-do' gap exists is unsurprising given companies' tendency to pick 'low-hanging fruit' first. Market observers have also long noted the risk of 'greenwashing' when a gap emerges between policies or claims and actions taken by companies. Identifying and reducing this greenwashing gap should be considered a material matter for investors in Australia given rapidly increasing consumer and regulatory scrutiny.[57]

The Global Standard provides a systematic and standardised way to assess the extent of this gap as it relates to responsible climate lobbying. This in turn can allow companies and investors to identify key areas to target for improvement, rather than relying on more anecdotal evidence or intuition. There are already a range of best practice guides made available by leading investor groups such as the Interfaith Center on Corporate Responsibility (ICCR) to assist companies and investors in their Global Standard engagements.[58]

Systematic scoring and engagement should boost use of the Global Standard

In the two AGM seasons since the March 2022 launch of the Global Standard, there have been a number of Global Standard-focused shareholder resolutions filed internationally but none in Australia. Prior to the Global Standard, there have been a range of climate advocacy and lobbying resolutions filed in Australia. Many have sought to spotlight advocacy misalignment with the Paris Agreement by highlighting instances of misalignment and by drawing on InfluenceMap assessments.

ACCR suggests investors continue to draw on InfluenceMap scoring and analysis, not least because it gives insight into the intensity of company advocacy and a more granular view of industry association advocacy. In addition, however, we strongly recommend investors integrate Global Standard assessments into their analysis and engagements. InfluenceMap's increasingly closer alignment of its methodology with Global Standard elements will make these two resources even better positioned for use in company engagements.[59]

Rather than simply asking companies to align with the Global Standard, we also suggest investors conduct scored assessments of company alignment. These assessments can ensure company-investor engagements are based in a publicly available body of evidence and are focused on concrete action points.

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[57] ACCR, 8 June 2023, 'Submission: Greenwashing Inquiry', https://www.accr.org.au/research/submission-greenwashing-inquiry/

[58] Paul Hodgson and Tracey Rembert, December 2022, 'Leading Lobbying Practices to Drive 1.5C Policy Action', Interfaith Center on Corporate Responsibility, www.iccr.org/sites/default/files/leadinglobbyingpracticestodrive1.5cpolicy_final.pdf

[59] InfluenceMap, 2022, 'Pilot Studies Assessing CA100+ Companies Using the Global Standard on Responsible Climate Lobbying', https://ca100.influencemap.org/report/Pilot-Studies-Assessing-CA100-Companies-Using-the-Global-Standard-on-Responsible-Climate-Lobbying-19420

Appendix 1: ASX company scores on CPA-Zicklin Index

The table below lists the 50 companies that ACCR examined,[60] along with their scores on the CPA-Zicklin Index as assessed by ISS ESG.

ASX Ticker	Company name	% score
AIA	Auckland International Airport Limited	18.6%
ALL	Aristocrat Leisure Limited	34.3%
AMC	Amcor Plc	11.4%
ANZ	Australia and New Zealand Banking Group Limited	28.6%
APA	APA Group	27.1%
ASX	ASX Limited	25.7%
BHP	BHP Group Limited	38.6%
BSL	Bluescope Steel Limited	10.0%
BXB	Brambles Limited	35.7%
CBA	Commonwealth Bank Of Australia	12.9%
COH	Cochlear Limited	5.7%
COL	Coles Group Ltd.	14.3%
CPU	Computershare Limited	34.3%
CSL	CSL Limited	8.6%
DXS	Dexus	38.6%
EDV	Endeavour Group Ltd. (Australia)	15.7%
FMG	Fortescue Metals Group Ltd.	24.3%
FPH	Fisher & Paykel Healthcare Corporation Limited	32.9%
GMG	Goodman Group	7.1%
IAG	Insurance Australia Group Ltd.	17.1%
IGO	IGO Ltd.	25.7%
JHX	James Hardie Industries plc	1.4%
MIN	Mineral Resources Limited	22.9%
MQG	Macquarie Group Limited	17.1%
NAB	National Australia Bank Limited	38.6%
NCM	Newcrest Mining Ltd.	38.6%

[60] As noted in the Methodology section, we selected the top 50 ASX companies by market capitalisation on 20 April 2022 that ISS ESG had assessed on the CPA-Zicklin Index. This differs from the S&P/ASX 50 Index, which S&P selects in a quarterly 'rebalancing' process that considers float-adjusted market capitalisation and liquidity. Two of the top 50 companies on 20 April 2022 had not been assessed by ISS ESG: Newscorp (NWS); and Block (SQ2). We therefore selected the companies with the next highest market capitalisations: BlueScope Steel (BSL), and Washington H. Soul Pattinson and Co. (SOL). Our sample of 50 companies contains four companies that were not in the S&P/ASX 50 Index (but were in the 100 Index). There were also four companies in the S&P/ASX 50 Index that ISS ESG did not assess. Exploratory calculations suggested similar performance for both sets of companies. We chose the former set due to comparative ease of data access.

NST	Northern Star Resources Ltd.	8.6%
ORG	Origin Energy Limited	32.9%
QBE	QBE Insurance Group Limited	4.3%
REA	REA Group Ltd	8.6%
REH	Reece Limited	4.3%
RHC	Ramsay Health Care Limited	11.4%
RIO	Rio Tinto Limited	42.9%
RMD	ResMed Inc.	18.6%
S32	South32 Ltd.	11.4%
SCG	Scentre Group	27.1%
SHL	Sonic Healthcare Limited	4.3%
SOL	Washington H. Soul Pattinson and Company Limited	8.6%
STO	Santos Limited	14.3%
SUN	Suncorp Group Limited	18.6%
TAH	Tabcorp Holdings Limited	32.9%
TCL	Transurban Group Ltd.	15.7%
TLS	Telstra Corporation Limited	17.1%
TPG	TPG Telecom Ltd.	37.1%
WBC	Westpac Banking Corp.	15.7%
WDS	Woodside Energy Ltd.	32.9%
WES	Wesfarmers Limited	25.7%
WOW	Woolworths Group Limited	11.4%
WTC	Wisetech Global Ltd.	7.1%
XRO	Xero Limited	34.3%

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Appendix 2: CPA-Zicklin Index scoring methodology

The table below lists the 24 CPA-Zicklin Index indicator questions across three categories of Disclosure, Policy and Oversight. Maximum possible scores for each indicator are noted in the right-hand column. Total possible category scores are provided in brackets at the top of each category and the total possible scores across all categories is noted at the end of the table.

Full points were awarded when a company entirely met indicator criteria, half points were awarded for partial fulfilment and zero points were given for insufficient or no fulfilment of criteria. ACCR's adaptations to the Index were minimal and aimed only to adjust it to the Australian legal context.

Detailed information on scoring methodology is noted below:

- Disclosure
  - For full points, both recipient names and amounts given must be disclosed.
  - Types of expenditure include: contributions, donations, payments (including 'excess' payments above the value of goods and services, e.g. for event attendance), subscriptions, in-kind benefits, membership fees, sponsorships or other expenditures provided to politicians, political candidates, political parties, associated entities, trade associations, lobby groups, think tanks, and civil society organisations.[61]
  - Information for current and all previously disclosed years should be readily available on the company website.
  - The titles of executives and board/other committees responsible for disclosure should also be disclosed.

- Policy
  - For full points, policies need to make clear what companies may or may not give as political expenditures, what public policy priorities spending is based on, and who is responsible for these policies (including board oversight). Policies should also stipulate that political expenditures should be made independent of the personal political preferences of company management (executives and board).

- Oversight
  - This should include mechanisms and/or statements that commit to ensuring compliance with political expenditure policies.
  - Semi-annual reports on political expenditure should be published to the company website.

[61] We follow Australian Electoral Commission requirements that differentiate between companies mostly active in Australia and those with significant overseas operations. Partial points were awarded on indicators 1 and 2 for primarily domestically active companies because the AEC already requires disclosure from them for expenditure > AUD 14,300 in FY 2020/21. Similarly, partial points were awarded to these companies on indicator 3 due to Australian campaign expenditure disclosure laws. For companies mainly operating in New Zealand, partial points were also awarded on indicators 3 and 7 because 'registered promoter' laws require disclosure of electoral expenditure over NZD 14,700.

Disclosure indicators		Maximum scores (36)
1.	Does the company publicly disclose corporate contributions to political candidates and parties, including recipient names and amounts given?	4
2.	Does the company publicly disclose payments to politically active organisations (other than candidates and parties as in 1) and other than trade associations as in 4), for example associated entities and political campaigners including recipient names and amounts given?	4
3.	Does the company publicly disclose independent political expenditures made in direct support of or opposition to a campaign, including recipient names and amounts given?	4
4.	Does the company publicly disclose payments to trade associations that the recipient organisation may use for political purposes?	6
5.	Does the company publicly disclose payments to other not-for-profit organisations, such as think tanks, that the recipient may use for political purposes?	6
6.	Does the company itself publicly disclose a list of the amounts and recipients of payments made by trade associations or other not-for-profit organisations of which the company is either a member or donor?	2
7.	Does the company publicly disclose payments made to influence the outcome of politically controversial issues, ballot measures, referendums, or plebiscites, including recipient names and amounts given?	4
8.	Does the company publicly disclose the company's senior managers (by position/title of the individuals involved) who have final authority over the company's political spending decisions?	2
9.	Does the company publicly disclose an archive of each political expenditure report, including all direct and/or indirect contributions, for each year since the company began disclosing the information (or at least for the past five years)?	4
Policy indicators		**Maximum scores (16)**
10.	Does the company disclose a detailed policy governing its political expenditures from corporate funds, and subsidiaries over which it has operational control?	6
11.	Does the company have a publicly available policy permitting political contributions only through voluntary employee-funded contributions?	Yes / No (Not scored)
12.	Does the company have a publicly available policy stating that all of its contributions will promote the interests of the company and will be made without regard for the private political preferences of directors and executives?	2
13.	Does the company publicly describe the types of entities considered to be proper recipients of the company's political spending?	2
14.	Does the company publicly describe its public policy positions that become the basis for its spending decisions with corporate funds?	2
15.	Does the company have a publicly available policy requiring senior managers to oversee and have final authority over all of the company's political spending?	2

16.	Does the company have a publicly available policy that the board of directors regularly oversees the company's corporate political activity?	2
Oversight indicators		**Maximum score (16)**
17.	Does the company have a specified board committee that reviews the company's policy on political expenditures?	2
18.	Does the company have a specified board committee that reviews the company's direct political expenditures made with corporate funds?	2
19.	Does the company have a specified board committee that reviews the company's indirect political expenditures made with corporate funds, for example lobbying activity, payments to trade associations and other not-for-profit organisations that may be used for political purposes?	2
20.	Does the company have a specified board committee that approves political expenditures from corporate funds?	2
21.	Does the company have a specified board committee, composed entirely of independent non-executive directors, that oversees its political activity?	2
22.	Does the company post on its website a detailed report of its political spending with corporate funds semi-annually?	4
23.	Does the company make available a dedicated political disclosure web page found through search or accessible within three mouse-clicks from the homepage?	2
24.	Does the company disclose an internal process for or an affirmative statement on ensuring compliance with its political spending policy?	2
		Max. total score = 70

Appendix 3: CPA-Zicklin Index Model Code of Conduct

The following Mode Code of Conduct is adapted from the CPA-Wharton Zicklin Model Code of Conduct for the Australian regulatory context.[62] The purpose of the Model Code, as noted in the preamble to the original US version, is to guide companies that seek to:

- be responsible members of society and participants in the democratic process and responsive to the range of stakeholders, in both letter and spirit;
- be recognized for their leadership in aligning corporate integrity and accountability with codified values;
- prudently manage company resources, and;
- avoid the increased level of reputational, business and legal risk posed by the seismic shifts in how society engages with and scrutinises corporations. The risk is exacerbated by the evolution of social media and a resurgence of activism in civil society.

Companies are encouraged to go above and beyond the standards of the Model Code to demonstrate their leadership and values on political spending. The Model Code is also a useful tool for investors to set expectations in their engagements with companies.

Model Code of Conduct (Australian version)

1. Political spending shall reflect the interests of the company, as an entity, and its shareholders, and not those of its individual officers, directors, and agents.

2. The company should define what it deems to be appropriate corporate political expenditure, including with reference to expenditure types, including (but not limited to) cash, in-kind/gifts, subscriptions, event fees and membership dues.

3. No contribution will be given in anticipation of, in recognition of, or in return for an official act or anything that has the appearance of a gratuity, bribe, trade or quid pro quo of any kind.

4. All corporate political expenditures must receive prior written approval from the appropriate corporate officer.

5. The company will disclose all political expenditures made to political candidates, parties, associated entities and third parties, including expenditures that fall below mandatory disclosure thresholds. The company should define the types of actors it deems political in nature and to be appropriate recipients of corporate expenditure, but these should at least include those considered by federal, state and territory electoral commissions.

6. The company will disclose expenditures made to trade or industry associations and other tax-exempt organisations that may be used for political purposes. The disclosures shall describe the specific political activities undertaken using these funds.

[62] https://corpgov.law.harvard.edu/2020/11/28/the-cpa-wharton-zicklin-model-code-of-conduct/

7. The board shall require a report from trade associations, tax-exempt organisations and other politically engaged third-parties on how company expenditures are being used, including policy advocacy and advertising as well as the ultimate beneficiaries of political expenditures (i.e. how recipients of corporate political expenditures in turn spend these funds).

8. The board of directors or an independent committee of the board shall receive regular reports, establish and supervise policies and procedures, and assess the risks and impacts related to the company's political spending. The board shall also be assigned oversight responsibility for political spending.

9. The company shall review the positions of the candidates or organisations to which it contributes to determine whether those positions align with the company's core values and policies. These values and policies should be made publicly available. The review should be the responsibility of senior management and the full board of directors and occur at least on an annual basis. All reviews should be made easily available on the company's website.

10. The board of directors shall, independent of this review, consider the broader societal and economic harm and risks posed by the company's political spending.

Appendix 4: Global Standard on Responsible Climate Lobbying framework

The table below reproduces the Global Standard on Responsible Climate Lobbying's guide to its 14 indicators. These indicators are across four categories: Policy and Commitment; Governance; Action; and Specific Disclosures. Supporting notes provide criteria for satisfying each indicator, while antecedents note other frameworks the indicators draw on. Relevant definitions are provided in a subsequent table.

There is no pre-existing scoring methodology for the Global Standard. As such, ACCR has allocated equal points to each indicator, yielding similar, if slightly different, category weightings to the CPA-Zicklin Index. As will the CPA-Zicklin Index, full points were awarded when a company entirely met indicator criteria, half points were awarded for partial fulfilment and zero points were given for insufficient or no fulfilment of criteria. ACCR does not claim that this approach to scoring is representative of the views of organisations and investor networks who run the Global Standard, nor do we purport that our assessments are definitive and should be understood as having indicative value for investors seeking to more systematically analyse and steward the climate lobbying activities of companies.

Framework indicator		Supporting notes	Antecedents
Policy and Commitment			
1.	Make a public commitment to align all of its climate change lobbying with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels	A commitment to lobby in support of a managed transition in line with the goal of restricting global temperature rise to 1.5C above pre-industrial levels is the expected baseline corporate response to the risks of climate change.	Transparency International: Principle 6 (2015) PRI, IIGCC, Ceres investor expectations (2015, 2018, 2020) Business Ambition for 1.5C (2019) AAA Framework: Advocate (2020) Ceres Blueprint: Act (2020) CA100+ Benchmark 7.1a (2021)

2.	Apply the scope of this commitment to all of its subsidiaries and business areas, and all operational jurisdictions	All of the company's climate change-related lobbying activities – across all geographies, and all operations – should support the goal of restricting global temperature rise to 1.5C above pre-industrial levels.	Transparency International: Principle 7 (2015) Business Ambition for 1.5C (2019) CA100+ Benchmark 7.2a (2021)
3.	Publicly commit to taking steps to ensure that the associations, alliances and coalitions of which it is a member conduct their climate change lobbying in line with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels	Collective efforts – whether through formal associations or informal groupings – have a powerful influence on climate policy. Explicitly extending the commitment to lobbying in line with the goal of restricting global temperature rise to 1.5C above pre-industrial levels sends a clear signal to a company's agents and proxies about what is expected of their climate change-related lobbying.	Transparency International: Principles 3 & 4 (2015) PRI, IIGCC, Ceres investor expectations (2015, 2018, 2020) AAA Framework: Align (2020)
Governance			
4.	Assign responsibility at board level for oversight of its climate change lobbying approach and activities	This should include publishing a detailed and clearly referenced analysis of its policy positions on climate change and on climate change lobbying, in order to ensure the consistency and delivery of its goals. The company should clarify how its policies in specific areas (e.g. those that are relevant to its business operations, those that are relevant to its low carbon transition strategy) align with the goal of restricting global temperature rise to 1.5C above pre-industrial levels.	Transparency International: Principles 1 & 5 (2015) Ceres Blueprint: Govern (2020)
5.	Assign responsibility at senior management level for day-to-day implementation of its climate change lobbying policies and practices	Stages of the policy lobbying process in which it could be relevant to involve stakeholders include the development of a corporate position and programme on a specific policy issue; the development or review of a corporate policy on lobbying; the review of a specific lobbying activity or of a lobbying programme.	AAA Framework: Advocate (2020) Ceres Blueprint: Govern (2020)

6.	Establish an annual monitoring and review process to ensure that all of its direct and indirect climate change lobbying activities across all geographies are consistent with the goal of restricting global temperature rise to 1.5C above pre-industrial levels	To meet this expectation, the company should provide a clear account of: • The criteria it uses to assess whether the climate change lobbying positions adopted by the associations, alliances and coalitions of which it is a member align with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels. • The escalation strategies it will use. Escalation strategies may include, but are not limited to: making public statements challenging trade associations and other alliances, withdrawing funding for the trade association or industry alliance, and suspending or ending membership of the trade association or industry alliance. • When it will use these escalation strategies (i.e. in what circumstances, over what timeframe and in what sequence). • How the Board owns and oversees this framework.	CDP 12.3f PRI, IIGCC, Ceres investor expectations (2015, 2018, 2020) AAA Framework: Align (2020) Ceres Blueprint: Govern (2020) InfluenceMap (2020)
7.	Establish a process for engaging with stakeholders related to setting and reviewing its climate change lobbying policies, positions and activities	Stages of the policy lobbying process in which it could be relevant to involve stakeholders include the development of a corporate position and programme on a specific policy issue; the development or review of a corporate policy on lobbying; the review of a specific lobbying activity or of a lobbying programme.	AAA Framework: Advocate (2020)
8.	Establish a clear framework for addressing misalignments between the climate change lobbying positions adopted by the associations, alliances and coalitions of which it is a member and the goal of restricting global temperature rise to 1.5C above pre-industrial levels	To meet this expectation, the company should provide a clear account of: • The criteria it uses to assess whether the climate change lobbying positions adopted by the associations, alliances and coalitions of which it is a member align with the goal of restricting global temperature rise to 1.5C above pre-industrial levels. • The escalation strategies it will use. Escalation strategies may include, but are not limited to: making public statements challenging trade associations and other alliances, withdrawing funding for the trade association or industry alliance, and suspending or ending membership of the trade association or industry alliance. • When it will use these escalation strategies (i.e. in what circumstances, over what timeframe and in what sequence). • How the Board owns and oversees this framework.	Transparency International: Principles 3 & 4 (2015) AAA Framework: Align (2020) Ceres Blueprint: Act (2020) InfluenceMap (2020)

Action			
9.	Publish a detailed annual review covering the company's assessment and actions related to the 1.5Calignment of: (a) its own climate change lobbying activities; (b) the climate change lobbying activities of the associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support	To meet this expectation, the company should: ● Conduct such reviews on an annual basis. ● Publish its rationale for assessing alignment with 1.5 °C policy. ● Describe how the review was conducted, including any stakeholders that were consulted during the process. ● Detail the scope of the review in terms of the entities covered and the entities not covered, with an emphasis on prioritising those most important to the company. ● To the extent that they were taken, the assessment should include both positions that were aligned and misaligned with 1.5C lobbying. ● Present the key findings of the review. ● Detail the actions taken as a result of the review. ● Specify the actions that have been taken in situations where misalignments between the climate lobbying conducted by trade associations, coalitions and alliances and the goal of the goal of restricting global temperature rise to 1.5C above pre-industrial levels have been identified (i.e. how its escalation strategies have been deployed), and, where the relationship persists, how this will be kept under review in the coming year. ● Ensure the review is signed off by the Board.	CDP 12.3a & 12.3e GRI 103: Management approach, materiality & boundaries Transparency Int: Principle 10 (2015) CA100+ 7.1b, 7.3a, 7.3b (2021) AAA Framework: Align (2020) Ceres Blueprint: Assess (2020) InfluenceMap (2020)
10.	Recognise the existence of and report on action to address any misalignments between its climate change lobbying and/or climate change lobbying activities of its trade associations, coalitions, alliances or funded think tanks and the goal of limiting global temperature rise to 1.5C above pre-industrial levels	To be credible, the company's own assessment of misaligned activities should be cross-referenced with the views or assessments of relevant stakeholders.	Transparency International: Principles 4 & 9 (2015) PRI, IIGCC, Ceres investor expectations (2015, 2018, 2020) Transition Pathway Initiative (2019) Ceres Blueprint: Act (2020) InfluenceMap (2020)

11.	Create or participate in coalitions that have the specific purpose of lobbying in support of the goal of restricting global temperature rise to 1.5C above pre-industrial levels	Responsible climate change lobbying is not just about avoiding lobbying that obstructs climate policies. It must also be about lobbying proactively – individually and with others – for policy measures that support the goal of limited global temperature rise to 1.5C above pre-industrial levels. If these vehicles do not already exist, companies should innovate. Such coalitions can help to communicate clear collective support from corporations for ambitious climate policy.	Transition Pathway Initiative (2019) Business Ambition for 1.5C (2019) AAA Framework: Advocate (2020)
Specific disclosures			
12.	Publicly disclose, for all geographies, its membership of, support for and involvement in all associations, alliances and coalitions engaged in climate change-related lobbying	This transparency is an essential first step in companies taking responsibility for the climate change lobbying-related activities of the trade associations, alliances and coalitions that they are members of.	CDP 12.3c and 12.3d GRI 102-13: List of memberships Transparency International: Principles 4, 6 & 10 (2015) CA100+ Benchmark 7.2b (2021)
13.	Publicly disclose, for each organisation: (a) how much it pays to them on an annual basis; (b) those organisations where it sits on the board / plays an active role in committees or other activities related to climate change	This information is a measure of the influence that a company can exert over its trade associations, alliances and coalitions.	CDP 12.3b Transparency International: Principle 4 (2015) AAA Framework: Allocate (2020)
14.	Publicly disclose its overall assessment of the influence that its climate lobbying has had on (a) supporting ambitious public climate change policy; (b) the company's ability to deliver its own corporate transition strategy	The disclosure should clearly convey how the company is translating its commitment to responsible climate lobbying into practice. It should: • Elaborate on the public advocacy goals it set itself for the year under review and the extent to which it has made progress on these goals. • Specify the positions the company took during the year under review, e.g. in response to specific consultations or to specific policy proposals. • Explain how these positions aligned with the goal of limiting global temperature rise to 1.5oC above pre-industrial levels. • Provide an overall assessment of how the company's lobbying is helping to deliver the environment for a 1.5C-aligned transition.	CDP 12.3b Transparency International: Principle 4 (2015) AAA Framework: Allocate (2020)

Definitions and notes		
1.	Climate change lobbying (definition)	The term 'corporate climate lobbying' refers to those activities carried out by corporations or their agents to directly or indirectly influence climate-significant policy decision-making by political or bureaucratic actors. Climate-significant policy refers to any environmental or non-environmental public policy with non-trivial implications – positive or negative – for realising the temperature goals of the Paris Agreement. Such lobbying – also commonly known as advocacy – can have a significant impact on the stringency and effectiveness of public climate policy. It is not only a matter of societal concern, but also an issue of material, financial, significance for corporations and their investors.
2.	Responsible climate change lobbying (definition)	'Responsible climate change lobbying' is defined as lobbying that aligns with the goal of limiting global temperature rise to 1.5 degrees Celsius above pre-industrial levels, and the ambition of greenhouse gas emissions peaking and reducing as soon as possible.
3.	Lobbying topics (scope)	The scope of climate change lobbying is not confined to policy measures directly concerned with climate change, but encompasses lobbying that has a foreseeable impact on greenhouse gas emissions and/or global temperature rise. Examples include policy measures in areas such as energy, infrastructure, land use and taxation.
4.	Lobbying approaches (scope)	These expectations cover both: ● Direct lobbying, involving direct contact between the lobbying party and public policy decision-makers (including litigation); and ● Indirect lobbying, where the lobbying party seeks to influence public policy indirectly by shaping and mobilising public opinion. This includes advertising, grassroots lobbying and social media activity. This framework has been developed through a consultative process drawing on the views of representatives from academia, civil society, corporations, investors, and policy makers. It builds on and reinforces guidance published previously by a variety of actors.
5.	Lobbying actors (scope)	These expectations cover companies themselves and their agents, including but not limited to trade associations, industry bodies, thinktanks, coalitions and industry alliances. They may also include grassroots organisations or other organisations funded by the corporation or its agents. The focus is on the corporate entity, with companies expected to ensure consistency of approach across geographies and across different business units and in subsidiaries.

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