[CEO]
[Chair]
[Company Name]
[Company Address]

September 30, 2020

Dear [CEO] and [Chair],

Last September you were one of the forty-seven CEOs who received a letter sharing expectations on climate lobbying sent by a diverse group of investors *with $6.5 trillion dollars of assets under management.* The letter outlined a set of expectations for companies requesting that they align lobbying activities and that of their trade associations with the goals of the Paris Agreement on climate change.

Today we are writing to remind you to disclose your lobbying practices in line with Investor Expectations on Corporate Climate Lobbying and to update you about ***significant positive actions we have seen since last September.*** Over the past year, there have been strong actions taken by both US and European investors and companies to increase disclosure of their direct and indirect lobbying. A new Climate Action 100+ Net Zero Company Benchmark that will publicly score companies on climate lobbying was released this month. In July, the Blueprint on Responsible Policy Engagement was published by Ceres to help guide your work in this area.

Investors are demanding disclosure on climate lobbying and holding boards accountable

US investors have engaged numerous companies on climate lobbying issues. Notably, a shareholder resolution filed with Chevron, sponsored by **BNP Paribas Asset Management,** resulted in a 53% vote in favor, including voting support by **BlackRock**. The resolution requested that the board of directors issue a report within the next year describing how the company's lobbying activities *align with the goal of limiting average global warming to well below 2 degrees Celsius* — the Paris Agreement's goal. It also requests corporate reporting on the risks presented by any lobbying (both direct and indirect) that are misaligned with this goal. Similar proposals received a 46% vote at Delta Air Lines and 31% at United Airlines. ***It is widely expected that US investors will be expanding engagements and shareholder resolutions on this topic in the 2020-21 proxy season.***

Companies are taking action on disclosure and positive climate lobbying

There has also been significant **growth in Europe** of actions by investors and companies alike focused on the role of companies regarding public policy advocacy on climate. Approximately 15 companies, including BP, Shell, Equinor, and Total, have published analyses of their major trade associations' positions on climate change and the degree of alignment with the company's support for the Paris Agreement. Several of these companies determined that they would be leaving certain trade associations where they identified irreconcilable differences in climate policy. Recently, Storebrand Asset Management, Norway's largest private asset manager, announced that it is now using corporate climate lobbying practices as a criterion for investment decisions. This policy prompted Storebrand's decision to *divest* from ExxonMobil, Chevron, Rio Tinto and BASF.

We are also aware of the **increased discussion** regarding new US climate policies at the federal, state, and local levels. This month the **Commodity Futures Trading Commission** issued a new report, Managing Climate Risk in the U.S. Financial System, warning that climate change poses *serious emerging risks to the US financial system* and calls for regulators to *move urgently and decisively to confront them*. It is highly likely that we will see future regulation and legislation setting climate policy standards in the US. In April, more than three hundred companies working with Ceres participated in LEAD on Climate 2020 — virtual Capitol Hill days, during which companies visited Congressional staff and Senators and House members to discuss climate change and the need for urgent government action. Participating companies included Microsoft, Dow, Mars, Nestle, Nike, General Mills, Danone and Best Buy.

Your company will be publicly benchmarked against peers by the world's largest investor initiative on climate change in 2021

Climate Action 100+, a global investor initiative with more than *500 investor signatories managing a combined $47 trillion in assets*, has clearly articulated in its company letters and engagements the expectation that companies should work to align their lobbying with the goals of the Paris Agreement. You will have received a letter from the Climate Action 100+ Steering Committee regarding the initiative's Net Zero Company Benchmark which will be used to publicly score the world's largest 160 greenhouse gas emitting companies on progress made in becoming net-zero businesses, including alignment of their climate lobbying practices.

Guidance is now available on best practices for companies and trade associations

The Ceres Blueprint for Responsible Policy Engagement on Climate Change is now available to assist companies and investors alike in this arena. The tool offers concrete recommendations on how companies can establish systems that address climate change as a systemic risk and integrate this understanding into their direct and indirect lobbying on climate policies.

As leading investor signatories of last fall's letter to companies, we are pleased to provide this update. We urge you to make the climate lobbying issue a high priority for your Government Affairs office and Board Public Policy Committee in their work with top management to address rising expectations regarding climate policy advocacy.

We look forward to hearing from you on this issue and would be happy to discuss options to facilitate investor dialogues.

Adam M. Kanzer
Head of Stewardship - Americas

BNP Paribas Asset Management

Tim Smith
Director of ESG Shareowner Engagement

Boston Trust Walden Company

Simiso Nzima
Investment Director – Global Equity /
Head of Corporate Governance

CalPERS

Kirsty Jenkinson
Director of Sustainable Investment &
Stewardship Strategies

CalSTRS

Mary Minette
Director of Shareholder Advocacy
Mercy Investment Services

Mercy Investment Services

Scott Stringer
New York City Comptroller

New York City Comptroller's Office

Thomas P. DiNapoli
New York State Comptroller

New York State Common Retirement Fund

David H. Zellner, Chief Investment Officer

Wespath Benefits & Investments

The original Investor Expectations Letter dated Sept 11 2019 was supported by 200 investors with more than $6.5 trillion of assets under management:

Investment Managers and Mutual Funds

ACTIAM
Addenda Capital
AGF Investments
Arjuna Capital
Australian Ethical Investment
BMO Global Asset Management
Boston Common Asset Management
Calvert Research and Management
CANDRIAM
CCLA
CleanCapital
ClearBridge Investments
Common Interests
Dana Investment Advisors
Degroof Petercam
Devon Funds Management
Domini Impact Investments LLC
Ecofi Investissements
Figure 8 Investment Strategies
First Affirmative Financial Network
Folksam
Friends Fiduciary Corporation
GESTION Férique
Green Century Capital Management
Harrington Investments, Inc.
Hermes Investment Management
Impact Investors
Inherent Group
Jantz Management LLC
Legal & General Investment Management
LocalTapiola Asset Management Ltd
Maitri Asset Management
Miller/Howard Investments, Inc.
MFS Investment Management
Natural Investments
NEI Investments
Newground Social Investment
Nia Impact Capital
NN Investment Partners
NorthStar Asset Management, Inc.
Öhman
Oneida Nation - Oneida Trust Enrollment Committee
Pax World Funds
Plato Investment Management Limited

Pension Funds

AP2
AP3 Third Swedish National Pension Fund
AP4 (Fourth Swedish National Pension Fund)
AP7
AustralianSuper
Avera Health
Bâtirente
Bayerische Versorgungskammer
British Columbia Investment Management Corporation (BCI)
Cbus Super
Connecticut Retirement Plans and Trust Funds
Environment Agency Pension Fund
Första AP-fonden (AP1)
Illinois State Treasurer's Office
MN
MP Pension
National Employment Savings Trust (NEST)
P+ (DIP/JOEP)
RÉGIME DE RETRAITE DE L'UNIVERSITÉ DE MONTRÉAL
RPMI Railpen
San Francisco Employees' Retirement System (SFERS)
Seattle City Employees' Retirement System
The AP Funds' Council on Ethics
USS - Universities Superannuation Scheme
Vermont Pension Investment Committee
Washington State Investment Board

Quantum Financial Planning LLC
Rathbone Greenbank Investments
Reynders, McVeigh Capital Management LLC
Robeco
RRSE (Regroupement pour la Responsabilité Sociale des Entreprises)
Sarasin & Partners
SharePower Responsible Investing
Skandia
Skye Advisors LLC
SRI Investing LLC
Stance Capital, LLC
Sustainable Insight Capital Management
Terra Alpha Investments
The Sustainability Group of Loring, Wolcott & Coolidge
Trillium Asset Management
Vert Asset Management
Vision Super Pty Ltd
Wetherby Asset Management
Zevin Asset Management

Foundations

444 S Foundation
Christopher Reynolds Foundation
Community Foundation of Eastern Connecticut
Green America
Gwen Noyes
Park Foundation Inc.
Sant Foundation
School Sisters of St. Francis
Skoll Foundation
The Educational Foundation of America (EFA)
The Needmor Fund
The Summit Foundation
Tides Foundation
Wallace Global Fund

Faith-Based Investors

Adrian Dominican Sisters, Portfolio Advisory Board
Christian Brothers Investment Services
Church Commissioners for England
Church of England Pensions Board
Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.
Congregation of Sisters of St. Agnes
Congregation of St. Joseph
Daughters of Charity, Province of St. Louise
Domestic & Foreign Missionary Society (The Episcopal Church)
Dominican Sisters ~ Grand Rapids
Dominican Sisters of Hope
Everence and the Praxis Mutual Funds
Interfaith Center on Corporate Responsibility
Jesuit Committee on Investment Responsibility
JLens Investor Network
Leadership Team - Felician Sisters of North America
Maryknoll Sisters

Ethos Foundation, Switzerland & Members

Aargauische Pensionskasse (APK), Switzerland
Bernische Lehrerversicherungskasse, Switzerland
Bernische Pensionskasse BPK, Switzerland
Caisse de pension des sociétés Hewlett-Packard en Suisse, Switzerland
Caisse de pensions de l'Etat de Vaud (CPEV), Switzerland
Caisse de pensions ECA-RP, Switzerland
Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires, Switzerland
Caisse de Prévoyance de l'Etat de Genève (CPEG), Switzerland
Caisse de Prévoyance des Interprètes de Conférence (CPIC), Switzerland
Caisse de prévoyance du personnel de l'Etat du Valais (CPVAL), Switzerland
Caisse intercommunale de pensions (CIP), Switzerland

Northwest Coalition for Responsible Investment
Oblate International Pastoral Investment Trust
Priests of the Sacred Heart, US Province
Region VI Coalition for Responsible Investment
School Sisters of Notre Dame Cooperative Investment Fund
Sisters of Charity of Nazareth
Sisters of Charity, Halifax
Sisters of Mary Reparatrix
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of ST. Dominic of Caldwell NJ
Sisters of St. Francis Charitable Trust, Dubuque
Sisters of St. Francis of Philadelphia
Sisters of St. Joseph of Boston
Sisters of the Humility of Mary
Sisters of the Presentation of the BVM of Aberdeen SD
Socially Responsible Investment Coalition
Tri-State Coalition for Responsible Investment
Trinity Health
U.S Missionary Oblates of Mary Immaculate
Unitarian Universalist Association
United Church Funds
Ursuline Sisters of Tildonk, U.S. Province
Ursuline Sisters of Toledo

Engagement Service Providers

Aequo, Shareholder Engagement Services
As You Sow
Hermes EOS
Local Authority Pension Fund Forum
Seventh Generation Interfaith Inc.
Shareholder Association for Research and Education
Veris Wealth Partners

Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC), Switzerland
CAP Prévoyance, Switzerland
CCAP Caisse Cantonale d'Assurance Populaire, Switzerland
CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle, Switzerland
Etablissement Cantonal d'Assurance (ECA VAUD), Switzerland
Fondation de la métallurgie vaudoise du bâtiment (FMVB), Switzerland
Fondation de prévoyance Artes & Comoedia, Switzerland
Fondation de prévoyance du Groupe BNP PARIBAS en Suisse, Switzerland
Fondation Leenaards, Switzerland
Fonds de Prévoyance de CA Indosuez (Suisse) SA, Switzerland
Nest Sammelstiftung, Switzerland
Pensionskasse Bank CIC (Schweiz), Switzerland
Pensionskasse Basel-Stadt, Switzerland
Pensionskasse Bühler AG Uzwil, Switzerland
Pensionskasse Caritas, Switzerland
Pensionskasse der Stadt Winterthur, Switzerland
Pensionskasse Pro Infirmis, Switzerland
Pensionskasse Römisch-katholische Landeskirche des Kantons Luzern, Switzerland
Pensionskasse SRG SSR, Switzerland
Pensionskasse Stadt Luzern, Switzerland
Pensionskasse Unia, Switzerland
Prévoyance Santé Valais (PRESV), Switzerland
prévoyance.ne, Switzerland
Profelia Fondation de prévoyance, Switzerland
Prosperita Stiftung für die berufliche Vorsorge, Switzerland
Retraites Populaires, Switzerland
Secunda Sammelstiftung, Switzerland
St. Galler Pensionskasse, Switzerland
Stiftung Abendrot, Switzerland
Terre des hommes, Switzerland
Université de Genève (UNIGE), Switzerland

INVESTOR EXPECTATIONS ON CORPORATE LOBBYING ON CLIMATE CHANGE

September 2019

Introduction:

1. Recognizing positive steps taken and commitments made by companies like Shell, BP and Anglo-American to meet investor expectations on corporate lobbying on climate change, these expectations have drawn from previous work by the IIGCC, PRI, and other European investors and are updated to reflect recent developments following engagement with companies.[1]

2. The expectations follow an engagement programme jointly led by AP7, BNP Paribas Asset Management and the Church of England Pensions Board in Europe.

The Goal:

1. Concerned investors are initiating a dedicated engagement program to address corporate climate lobbying and lobbying by trade associations to ensure alignment with Articles 2.1(a) and 4.1 of the Paris Agreement.

Our goal is to expand focus on the issue of corporate climate lobbying and drive improved corporate behavior in a concerted manner before the next major UN climate negotiations in 2020.

INVESTOR EXPECTATIONS:

Our expectation is that when companies engage with public policy makers, they will support cost-effective policy measures to mitigate climate change risks and support an orderly transition to a low carbon economy. We believe that companies should be consistent in their policy engagement in all geographic regions and that they should ensure any engagement conducted on their behalf or with their support is aligned with an interest in a safe climate, in turn protecting the long-term value in our portfolios across all sectors and asset classes. The following expectations are informed by the Principles for Responsible Investment report into corporate lobbying, as well as recent engagements on the issue, and the Global Reporting Initiative's Standards for Public Policy Reports.

INVESTOR PRINCIPLES ON LOBBYING:

As long-term institutional investors, we expect those companies that engage with policy makers directly or indirectly through trade associations, lobbying organizations described as charitable

[1] See PRI (2018) *Converging on climate lobbying: Aligning corporate lobbying with investor expectations.* Available online at: https://www.unpri.org/climate-change/converging-on-climate-lobbying-aligning-corporate-practice-with-investor-expectations-/3174.article?adredir=1

organizations that include policy advocacy, or think-tanks ***taking positions on climate change-related*** *issues to:*

I. Lobby Positively in Line with the Paris Agreement

Support and lobby for effective measures across all areas of public policy that aim to mitigate climate change risks and limit temperature rise to well below 2 degrees Celsius. This support should apply to all engagement conducted by the company in all geographic regions, and to policy engagement conducted indirectly via third party organizations acting on the company's behalf or with the company's financial support.

ii. Establish Robust Governance Procedures

Establish robust governance processes to ensure that all direct and indirect public policy engagement supported by the company is aligned with the company's climate change commitments and supports appropriate policy measures to mitigate climate risks. We expect companies to establish a clear framework that has:

- **Board oversight:** Ensuring accountability by assigning responsibility for governance at board and senior management level.
- **Monitoring and Review:** Establishing processes for monitoring and reviewing climate policy engagement, including identifying all climate change policy engagement being conducted by the company either directly or indirectly, across all geographic regions.
- **Consistency:** Establishing a transparent process to ensure consistency between the company's public policy positions and its direct and indirect engagement with climate policy, including through third parties. This process should include an assessment of the company's working relationships with third party organizations, and define actions to be taken where material differences have been identified to ensure alignment.

iii. Act When Unaligned

Act in situations where policy engagement is not aligned with company policy, or with the goals of the Paris Agreement. For engagement undertaken on the company's behalf or with its financial support by third party organisations, actions could include:

- Making clear public statements where there is a material difference between the company and third-party organization's position;
- Working within the organization to make the case for constructive engagement;
- Requiring the organization to stop lobbying on issues where there is not alignment amongst all members;
- Discontinuing membership or support for the organization; and
- Forming proactive coalitions to counter the organization's lobbying.

iv. Be Transparent

The governance framework established under principle II should be disclosed to ensure investor and public confidence in the practice and processes of the company. Actions undertaken in accordance with principle III should also be made public. Appropriate reporting could include details of:

- The company's position on climate change and policies to mitigate climate risks;
- The company's direct and indirect lobbying on climate change policies;
- The company's membership in, or support for, third party organisations that engage on climate change issues (including political organisations);
- The specific climate change policy positions adopted by these third-party organizations, including discussion of whether these align with the company's climate change policies and positions; and
- The assessment that the company has made of the material impact of lobbying by the organization taking a contrary position to the public position of the company.