ILLUSTRATION: LINCOLN AGNEW

Two-Faced on Climate

Data and analysis nonprofit InfluenceMap is helping investors keep corporations honest about their climate lobbying. Executive Director DYLAN TANNER talks to LUCY PARKER and SIMON MAINE.

Shining a light on the practices of industry bodies might seem like an arcane activity in the cut and thrust of corporate activity today. But the nonprofit, InfluenceMap, is on a mission to bring transparency to corporate lobbying on the issue of climate change. It publishes rankings that show that many companies present one face in public, claiming to be in favor of accelerating the transition to a low-carbon future, while behind the scenes they fund industry bodies that inhibit climate policies that would make that possible.

InfluenceMap has developed a data-driven methodology to investigate the alignment between what companies say and what they do—and their clients are investment houses that want that information. We spoke to its Executive Director and Co-Founder, Dylan Tanner, to find out more.

Tell me how you see the purpose of InfluenceMap?

We pioneered the idea that companies need to be judged not just on their own operational performance on climate change, but also on the impact they have on the wider climate policy agenda. So that's what we measure: We investigate from a data-driven viewpoint to establish a true picture of the behavior of business and finance on climate, and what they're doing versus what they say they are doing.

The climate issue is one of the two or three most important issues facing mankind. And it is one where things can be done to tackle it, based on what science says, captured in the Paris Agreement. So there's a clear basis of what needs to happen, that is not happening. I wouldn't say it's an easy analysis, but it is an analysis that can be done and communicated. And with the power held by a small number of mega corporates, having the political advocacy of these companies be visible is really important.

How did this begin for you?

An old friend of mine is Paul Dickinson, co-founder Carbon Disclosure Project, CPD, and we were talking about how this has always been a passion of his. He invited me to a retreat in Scotland where I met Christiana Figueres. Talking to her about this, it became apparent to me that this was sort of the elephant in the room, that everyone could see but no one was addressing. It seemed an interesting topic to explore. I had just finished a PhD in Theoretical Physics, so we approached it from the analytical framework instead of the climate framework—which I think is part of the reason for its success.

We treated it like an experiment, with various criteria, implemented it not knowing what the outcome is going to be and proved it out—and we communicate it through the data.

Investors can be dismissive of nonprofits. What do you offer that they find credible and useful?

Well, we're data guys for a start. And we've developed a methodology that provides a hierarchical data structure where we give a top-line grade, and then a couple of matrices below that; then there's commentary showing some inconsistencies and issues; then there's a whole catalog of documents and mini-assessments archived. So, I think investors take comfort in knowing there's rigor behind this analysis and they can see clearly where the data comes from.

Where did the first investor interest in InfluenceMap come from?

Well, our first visitor when we began three years ago was Norges Bank, one of the largest pension funds in the world, who said they had been trying to figure out how to measure this for some time. We knew that they were interested in this already. We had been in touch with investors who had said this needs to be done in a robust way and made public.

Soon we had the pension funds and some of the big European Asset Managers, like Legal & General, and smaller impact-oriented asset managers, like Saracen. At first it was just us dealing with a few institutions individually. Now we deal with Climate Action 100, which is 350 investors worth $40 trillion collectively. We're working with them in Japan, India, the US and Europe.

And how has it built up since then?

The big catalyst was a group led by The Church of England's Pension Board, where we did a bit of work with them to identify the worst offenders among 50 European industrials. And they communicated their concern to those companies and, based on that, several of them received resolutions. And that experience surprised a lot of companies because of the extent of involvement and voting. And now BlackRock and JP Morgan have joined. I mean, we don't know what they're actually going to do yet. The ball is in their court, so to speak.

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In a nutshell, what's your message to investors?

Our message to the investors is don't argue with the companies on the data points; argue with them about the governance of the issue—get them to disclose what they're doing. If you argue the detail of the data points, you'll get overwhelmed—leave that to us. If the companies want to dispute the detail, tell them to come and talk to us. These pension funds are invested, some of them, in a thousand companies and this is one topic within the climate space, so they can't get familiar with all those details. So, we want them to encourage a trend; a step up on the corporate governance on this.

Is this just about fossil fuel companies?

Well, it is fossil fuel value chains. The climate issue is that it's the demand side, as well as the compliance side. So, for example, in Japan there are no fossil fuel companies but you have a power sector that is very resistant to change. The automotive sector wanted to control the pace of change and was successful at that, but now is finding that change is running away from them. It's being forced on them.

Then there's land use and meat production where if there was real change it would have an impact equivalent to energy transmission. So increasingly campaign groups are targeting those sectors and we need to help governments deliver reform.

How big a blocker is lobbying compared to others—simple inertia, for example?

Institutional inertia is an issue. Certainly, governments are risk averse, and they have a steady drumbeat of messaging from the economists that they risk economic damage if they act on climate. Then, going back 20 years plus to Kyoto, there were two major issues preventing action: the immediate opposition from the fossil fuel sector on implementation of a carbon tax and the allocation of who bears the cost for this, with the balance between the rich countries and developing nations. And China was very oppositional, saying, why should we have per capita emissions? So, all of these have been a blockage and it's very difficult to isolate them. But they have been declining because governments have realized that something needs to be done. And now, in that context, corporate lobbying is a very important blockage.

So you're standing in the crosscurrent between investors and corporations: Do you see regulation as having role?

There's a direct correlation historically between improvements in environmental emissions and the degree of binding regulations. The Minamata Convention on mercury emissions; the Montreal Protocol on the ozone layer; the Basel Convention on hazardous waste; automotive regulation—and so on. I do believe there's a lot of evidence of the need for regulation to deal with toxic emissions.

What do you want companies to do to support the energy transition?

We want climate policy to evolve according to the Paris Agreement. Scientists have identified the goals, and broadly there is consensus about that. We believe that the path is being blocked, sometimes deliberately, sometimes inadvertently, by the lobbying of the corporate sector that is enormously powerful.

But we're not promoting any particular solution or telling companies what to do. We want them to take ownership of the conclusions. We're saying to investors, you should push companies to be clear and detailed on what they're doing—and we'll come in behind to check that. We have no idea what energy companies should do. There are loads of people, smart people, thinking that through. Our views on that would not be adding value.

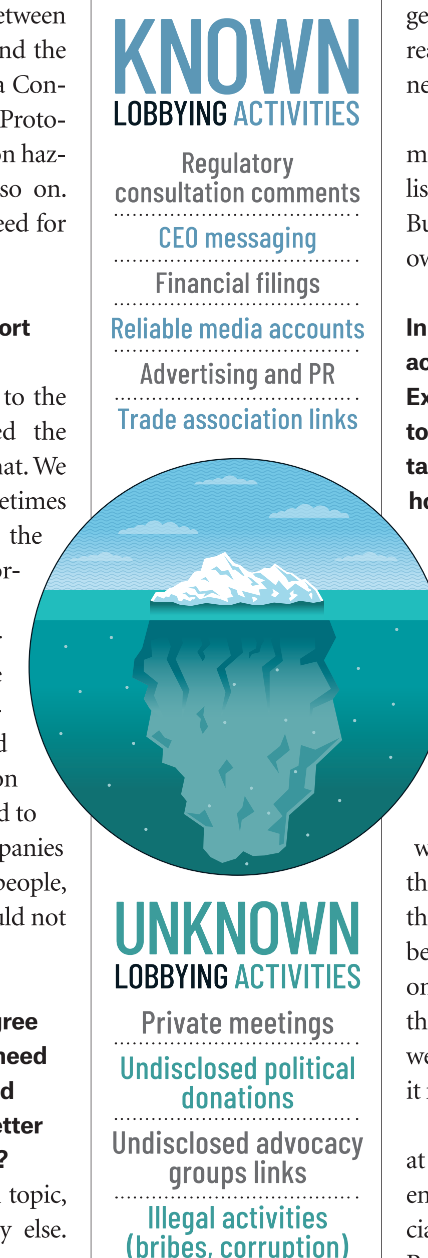
Companies sometimes say they may not agree with policies of their trade bodies but they need to retain membership for other reasons. And they say, to help push things forward, it's better to be in than out. What do you make of that?

Climate is not just another business-as-usual topic, where you can pass the buck to somebody else. The trade association is connected to the company; they're funding it. It's not something you can disassociate from. These are powerful companies funding these groups, adopting positions on climate, a universal issue that affects all of us. So, it remains a problem and the problem is associated with those company members. And investors now have a set of expectations that are changing for climate as well.

What makes a gold standard company on this question?

I'm hesitant to answer that because I would say we don't have a gold standard yet. We might have a bronze standard and a lot of companies that are just inactive. So, we really need to raise the bar. You know, they've moved on Scope 1, Scope 2 and Scope 3 from where they were 10 years ago, and now we need to get everyone to move on lobbying. Companies are realizing that they don't want to be associated with negative lobbying positions.

This is really about large companies who need to move the needle. It's the big companies that people listen to and they pay more fees in these trade bodies. But they need to understand it is not just about their own company.



GRAPHICS: PETER HOEY

LUCY PARKER leads Brunswick's Business & Society offer and is the co-author of *Everybody's Business: The Unlikely Story of How Big Business Can Fix the World.* **SIMON MAINE** is a former Brunswick Partner and now Director of Corporate Affairs for energy technology company OVO.

In the past few years, we've seen a rise in citizen activism on climate change—Greta Thunberg, Extinction Rebellion and many others. You seem to be the other side of the coin, using activism to target investors and boardrooms directly. Is that how you see it?

We like working with investment institutions because they have access at a higher level than the campaign groups. And the investors have greater appetite for the data. The media is interested as well now.

So where next? Has COVID slowed progress?

No, it's not slower. In the past year, I think the whole world has realized that the COVID crisis and the climate crisis are similar in being external threats that cannot be tackled by political speak; it has to be data-driven, evidence-based action, and it relies on global, or at least, regional cooperation. So, with these massive government interventions on COVID, we hope those learnings will transfer to climate when it reoccupies the central agenda of governments.

We have our original work program that looks at lobbying by companies, and we also have a more emerging program that looks at how the financial sector is performing on climate. Our platform, Recovery Map, calls out both sides. On the financial side, we're also looking at the central banks, which have been notoriously opaque—and in many cases are now going to be propping up companies in the real economy, including the fossil fuel sector. It's important to encourage greater disclosure here because this may end up essentially with using taxpayers' money on assets that present climate risks or may not be suitable for governments to own in the light of carbon commitments.

All our programs have a map as the platform. It's a neutral way of using our databases to drive more disclosure on how business and finance are really acting on climate policy. ◆