



September 2013

Raising the Bar – 2013-2014 Climate Strategy

Background

The *Raising the Bar* strategy is an urgent and necessary response to the climate crisis. As investors serious about engagement, we are committed to increasing outreach and engagement with the companies we own this year.

In the past, together with other investor partners we have spearheaded a significant number of resolutions addressing the following issues related to climate change:

- Setting Greenhouse gas (GHG) emission goals;
- GHG emission disclosure; (Support CDP)
- Lobbying and political spending on climate and energy policy;
- Best practices in hydrocarbon production, addressing hydraulic fracturing, flaring and fugitive methane emissions;
- Sustainability reporting, including strategies to address GHG emissions.

Going forward

In the 2013/2014 season we are building on the foundation of past resolutions as well as raising new central questions about climate change with the business community as a whole and fossil fuel companies in particular. There is no single request of companies that captures the issue in its entirety, therefore an approach utilizing a combination of asks that address different aspects of climate change is necessary.

Newer approaches (some recently tested) include:

- Requesting all companies to review climate change policies, goals and strategies in light of the Intergovernmental Panel on Climate Change's (IPCC) scientific findings and requisite public policies to reduce carbon emissions by 50 percent globally (80 percent in the U.S.) by 2050. In short, use the IPCC framework as the foundation to reframe GHG goals.
- Calling for companies (especially fossil fuel companies) to review their present public policy advocacy and move to support national, state and local policy and legislation addressing climate change. Conversely, to reverse lobbying, directly and indirectly, opposing the EPA's work on GHG emissions or legislation addressing climate change.
- Requesting that corporations review and assess public policy involvement related to climate change (e.g. membership in ALEC and Heartland Institute).
- Asking fossil fuel companies to study their carbon asset risk and its implication for their future balance sheet.

Key activities

Numerous organizations are working toward the common goal of raising the bar on how companies address climate change. The following table summarizes the variety of new activities and desired outcomes underway this year. When there is a clear lead, we've identified them, as well as provided other relevant details.

Note: Past actions on fracking, flaring, fugitive methane continue. Similarly, public policy advocacy on issues related to climate change, such as support for the EPA's new and existing power plant standards, continues this year.

Issue or Activity	Desired Outcome	Lead	Other Details
ESG reporting including GHG	Companies to disclose sustainability information in GHG programs	Ceres and multiple filers	Multiple filers with large and small cap companies
GHG goals, disclosure & policy	Companies will set GHG reduction goals referencing IPCC guidance	Multiple	Many investors are engaging companies on setting GHG goals. Walden created model engagement letters and resolution.
Fossil fuel companies – public policy	Companies review their positions, oversight and processes related to public policy advocacy on energy policy and climate change.	Ceres, Walden help co-ordinate	
ALEC campaign	Companies review/assess all orgs. they support that are involved in lobbying in legislature at federal, state or local level	AFSCME Walden	This is a specific, targeted effort regarding ALEC that fits within the broader framework of lobbying disclosure.
Carbon asset risk	Companies review exposure to climate risk and plans to manage risk. Letter sent to fossil fuel companies raising issue of not being able to burn all their reserves.	Ceres	Ceres provides organizational and thought leadership. Individual investors will lead engagement with specific companies.
Bank financing related to climate change	Banks assess GHG emissions resulting from lending portfolio and exposure to climate change risk in lending, investing and financing activities.	Boston Common Asset Mgmt., RAN	Led by BCAM; Letters going to companies with large involvement in financing carbon-intensive activities.
Support renewable energy at State level	Limit the efforts of ALEC and other organizations to obstruct or rollback renewable energy portfolio standards at the state level	Ceres, UCS	