

# It's time to lead on climate policy.

The following are three essential actions to execute a science-based climate policy agenda.



## Advocate

for policies consistent with achieving net-zero emissions by 2050.



## Align

your trade associations' climate policy advocacy with the goal of net-zero emissions by 2050.



## Allocate

advocacy spending to advance climate policies, not obstruct them.

Climate change poses an unprecedented threat to companies' operations, value chains, employees and communities. The economic costs of climate change – from damage to facilities, disrupted operations and supply chains and lost productivity – are already in the hundreds of millions of dollars and expected to reach trillions. While voluntary actions to reduce emissions are important, only public policy can deliver reductions at the speed and scale needed to limit the worst impacts of climate change.

***That's why climate policy advocacy is an essential element of corporate sustainability leadership.***



# The AAA Framework for Climate Policy Leadership: A Guide for Companies

## The Standard for Climate Leadership

Your political influence is a critical tool in the fight against climate change. Corporate leadership in the climate crisis means embracing a *science-based climate policy agenda* with the goal of achieving net-zero greenhouse gas (GHG) emissions -- producing no more climate pollution than can be removed -- by 2050. That's consistent with what the IPCC says is needed to limit the worst impacts of climate change. It means making climate policy a top advocacy priority -- on a par with tax or trade or any other core business issue -- and driving that advocacy from the C-suite.

## The AAA Framework: Advocate, Align and Allocate



## THE BUSINESS CASE FOR CLIMATE POLICY.

*Why support policies that drive down GHG emissions?*

### RISK REDUCTION

U.S. climate policy is essential for mitigating climate-related risks to your business and the economy, raising global ambition, and spurring action in other countries.

### COST REDUCTION

Swift action is critical to address the climate crisis at the lowest possible cost. The longer we delay, the more drastic and expensive the inevitable policy response will be.

### GOAL ACHIEVEMENT

Your success in meeting your climate goals may depend on policies that increase access to low-carbon energy and reduce emissions economy-wide.

### STAKEHOLDER EXPECTATIONS

Investors are increasingly asking companies to align their lobbying with the goals of the Paris Agreement. Climate leadership is becoming a key factor in attracting and retaining employees. And consumers expect businesses to be part of the solution to climate change.

### REGULATORY CERTAINTY

Prolonged uncertainty about climate policy is bad for business. By contrast, clear and predictable policies enable long-term planning and investment.

### A LEVEL PLAYING FIELD

Comprehensive climate policy ensures that all businesses play by the same rules, so companies that lead in reducing emissions aren't undercut by laggards.

### A SEAT AT THE TABLE

Sooner or later, there will be a public policy response to climate change. Companies that engage early will have an opportunity to shape it.

### REPUTATION

Supporting climate policy shows you're serious about environmental stewardship. And more people want to buy from companies that share their values and are making a positive impact.



## ADVOCATE for policies consistent with achieving net-zero emissions by 2050.

There's no silver bullet to get to net zero. It will require a portfolio of policies including a national system that ensures dramatic reductions in GHG emissions across the U.S. economy, complemented by targeted policies that accelerate low-carbon innovation, address barriers to clean energy and energy efficiency in buildings, industry and transportation, support farmers and forest landowners in reducing emissions and improving climate resilience, and ensure equitable outcomes for communities.

As a business, you are a highly credible messenger on the economic case for climate policy. You can speak to the need for strong limits on GHG emissions not only to reduce costs and risks of climate change to your own operations and value chain, but also to provide regulatory certainty, spur investment, boost the competitiveness of U.S. businesses and enable sustained economic growth.

**INTENSITY MATTERS:** your advocacy for climate policy must be stronger than the opposition's lobbying against it. The messenger also matters: making your CEO the company's chief climate advocate and spokesperson demonstrates the seriousness of your intentions.

### Here's how to lead:

- Talk to policymakers about why climate change is a business risk for your company, how you are reducing your own emissions and what climate policies you support. Bring up climate policy whenever you meet with elected officials, agencies and regulators – not just when environmental groups invite you. Testify at hearings and file written comments.
- Talk publicly about why climate policy is a bottom-line issue for your company. Address climate change and climate policy in every public forum you can and create new forums to talk about it.
- Mobilize your networks – your employees, suppliers, peers and customers – to advance climate policy, as you would for any other top advocacy priority.

### Here's how to get started:

- Take a position. Embrace the goal of net-zero emissions by 2050 and commit to advancing public policies consistent with it.
- Socialize your position internally. Get your employees, your CEO and trustees on board. Make sure your suppliers, peers and customers understand what you are doing and why.
- Promote your position publicly. Articulate why climate policy is a strategic imperative for your company, and why your business, environmental and climate policy goals are linked.



## ***ALIGN your trade associations' climate policy advocacy with the goal of net-zero emissions by 2050.***

It's no longer tenable for companies to say the right things on climate policy while allowing their trade associations – which have far greater political clout – to lobby against those policies.

### **Here's how to lead:**

- Speak out. Publicly distance your company from statements or lobbying against climate policy by your trade associations. Explain how it is inconsistent with your own emission reduction goals and with your support for climate policy.
- Change their position. Work to end trade association lobbying against climate policy through transparent and time-bound engagement with those organizations.
- If necessary, leave. Where attempts to change an association prove ineffective or insufficient, discontinue your membership.

### **Here's how to get started:**

- Conduct an audit. Complete a thorough assessment of your trade associations' lobbying activities on climate, and whether or not they're aligned with the goal of net-zero emissions by 2050. Make the audit results public and commit to re-auditing associations on a regular basis.
- Make a plan. Decide how to resolve cases of misalignment. What must happen in order for you to remain a member, and by when? Set explicit criteria and timelines for success and communicate them to your trade associations' leadership.

**SILENCE IS SUPPORT:** stakeholders will assume your trade association speaks for you unless you say otherwise. Further, companies seeking to change their associations from the inside will be evaluated based on visible outcomes. Does the association change its behavior or not?



## ***ALLOCATE advocacy spending to advance climate policies, not obstruct them.***

Direct advocacy and lobbying by trade associations aren't the only ways to influence policymakers. Through your political giving and funding of third-party organizations, you send a strong message about the kind of climate policy agenda you want to see enacted.

### **Here's how to lead:**

- Contribute to organizations and initiatives to advance climate policy.
- Stop contributing to those that oppose it.
- Ensure that the net effect of company contributions to candidates or elected officials (if applicable) is to advance climate policy, not obstruct it.

### **Here's how to get started:**

- Publicly disclose spending on organizations or activities that influence climate policy. Start by disclosing contributions to trade associations that lobby on climate policy.

**A FINAL WORD.** Until now, most measures of climate leadership have focused on governance (how climate is integrated into the company's goals, management systems and stakeholder engagement) and disclosure of climate risks and mitigation activities. While these are foundational elements of leadership, they do not constitute leadership actions in themselves. Ultimately, what matters is what companies do to advance climate policy through each pillar of the AAA framework: Advocate, Align and Allocate.