



STATE OF CONNECTICUT

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PRESS RELEASE

FOR IMMEDIATE RELEASE: September 19, 2019

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TREASURER WOODEN PRESSES FOR ACCOUNTABILITY IN CORPORATE LOBBYING ON CLIMATE CHANGE

Ahead of UN Climate Action Summit, CT Joins 200 Institutional Investors Urging Lobbying Transparency & Alignment with Paris Agreement Goals

HARTFORD, CT — Today, Connecticut State Treasurer Shawn T. Wooden announced that he has joined 200 investors calling on 47 of the largest U.S. publicly traded corporations to align their climate lobbying with the Paris Agreement goals on climate change. The call by investors comes ahead of the United Nations (UN) Climate Action Summit in New York City next week, and is intended to drive action well in advance of the next major UN climate negotiations in 2020.

Recognizing that inaction on climate change will negatively impact the value of investment portfolios, Treasurer Wooden and fellow institutional investors endorsed [Investor Expectations on Corporate Lobbying on Climate Change](#). In sending a strong message to companies that engage policymakers directly or indirectly through trade associations, the group of investors warned that lobbying on policies that are inconsistent with mitigating climate change are an investment risk. According to a 2019 report from [InfluenceMap](#), the top publicly traded five oil and gas companies spend nearly \$200 million annually on lobbying designed to delay or block policies to tackle climate change.

While the Trump Administration has moved to rollback federal standards limiting greenhouse gas and methane emissions, in addition to withdrawing the United States from the Paris Agreement in 2017, the [State of Connecticut remains committed](#) to being a leader on climate action. In addition to legal challenges to federal environmental standard rollbacks brought by the State of Connecticut, including the most recent on the [Environmental Protection Agency's "Dirty Power" rule](#), Treasurer Wooden is taking action as an investor and principal fiduciary of Connecticut's pension funds.

“As investors, we’re constantly assessing risk, and science says climate change is a present and growing risk — period,” said **State Treasurer Shawn Wooden**. “Attempts to undermine climate and common-sense energy policies run contrary to what can be plainly seen -- deadlier weather patterns and rising temperatures have cost the U.S. economy hundreds of billions of dollars. Climate change is real and

having immediate impact on our planet and our portfolio companies. And as shareholders of the very companies that are in a position to mitigate the impact of climate change, we expect these companies to invest in solutions, not climate denial.”

The 200 investors calling for action represent a combined \$6.5 trillion in assets under management, including the \$36 billion held by the Connecticut Retirement Plans and Trust Funds. The letter was sent by a group of lead investors, including the California Public Employees’ Retirement System and the New York State Common Retirement Fund, to companies in multiple industries, such as the airline, electric power, auto manufacturing, oil refining and retail industries. Ceres, a sustainability non-profit organization, coordinated outreach for the investor-led initiative in the U.S.

Earlier this year, Connecticut was among a similar coalition of investors signing onto an [Investor Statement Regarding Decarbonization of Electric Utilities](#). In response, earlier this week [Duke Energy](#) announced a new commitment of net-zero carbon emissions from electric generation by 2050.

Text of the letter:

Dear CEO

The signatories and supporting asset managers and owners, representing more than [\$6.5 trillion] in assets, are writing to share our expectations on the topic of corporate lobbying on climate change and to request information about how your company ensures that its lobbying activities are consistent with the goals of the Paris Agreement on climate change. We look forward to dialogue on this important issue.

As investors, we view fulfillment of the Paris Agreement’s goal—to hold the increase in the global average temperature to “well below” 2°C above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5°C— as an imperative. We are convinced that unabated climate change will negatively impact our clients, plan beneficiaries, and the value of our portfolios. The IPCC’s report issued in October 2018 makes it clear there is still time to avert serious consequences, but expanded action must begin immediately.

As investors, we are accustomed to managing risk and measuring our performance in terms of risk-adjusted returns. Climate change presents a very different challenge, however. We have entered a realm of increasing risk and uncertainty. Traditional techniques for managing these risks to our portfolios will only take us so far.

Similarly, corporate commitments to embrace energy efficiency and set greenhouse gas reduction goals are necessary and welcome, but to facilitate the deployment of capital at a necessary pace and scale, a strong public policy framework is needed.

Currently, there are critical gaps between the pledges and commitments national governments have made and the actions required to stave off the worst effects of climate change. Companies have an important and constructive role to play in enabling policy-makers to close the ‘ambition gap’ which would also contribute positively to the long-term value of our investment portfolios.

Accordingly, when evaluating your company's response to climate related risks and opportunities, we will consider the alignment of your lobbying activities with our shared goals for a stable climate.

Corporate lobbying activities that are inconsistent with meeting the goals of the Paris Agreement present several financial risks to investors:

- **Regulatory risks:** Delay in action now will likely result in the need for stronger and more drastic regulatory interventions later, leading to much higher costs for companies.
- **Systemic economic risks:** Delay in the implementation of the Paris Agreement increases the physical risks of climate change which elevates uncertainty and volatility in our portfolios and poses a systemic risk to global economic stability.
- **Reputational and legal risks:** Companies may face backlash from their consumers, investors or other stakeholders if they, or the organizations they support, are seen to be delaying or blocking effective climate policy.

We write to you today because companies have significant influence on climate and energy policies and we are concerned about lobbying activities that are inconsistent with addressing the risks posed by climate change. In particular we ask for a review of your own corporate lobbying activities as well as the trade associations and other politically active organizations of which you are a member that represent business interests but, unfortunately often lobby against public policy initiatives addressing the climate crisis. We understand these organizations do not always speak for all their members, and that it is not reasonable to expect full agreement on every issue.

Climate change, however, is a unique challenge that requires alignment at all levels of an organization.

We therefore ask you to take the following steps:

1. Ensure your own lobbying practices and those of trade associations in which you are a member align with the Investor Expectations on Corporate Climate Lobbying described in the [Appendix to this letter](#).
2. Review the lobbying positions taken by the organizations of which you are a member.
3. If these lobbying activities are inconsistent with the goals of the Paris Agreement, we encourage you to engage the organization to ensure its positions are updated. If the organization is unwilling or unable to demonstrate alignment with the Paris Agreement, consider taking the steps necessary to disassociate your company from these policies.

We are pleased to report that a dozen European companies have already committed to these steps.

Thank you for your consideration of the Investor Expectations on Corporate Climate Lobbying. We look forward to seeing greater transparency from your company on these issues. Our goal is to assess company progress using the enclosed Investor Expectations as guiding standards. We ask that you make public by November 8, 2019, the steps that your company has taken or will take to align with these Expectations.

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