

Summary of InfluenceMap's Climate Policy Engagement Alignment Assessment for Climate Engagement Canada's Focus List Companies

Indicator 1: Real-World Climate Policy Engagement (Performance Band)

A comprehensive assessment of a company's climate policy engagement, accounting for both its own engagement and that of its industry associations. Companies will receive an overall 'Performance Band' score of A+ to F.

Sub-indicator 1(a): Direct Climate Policy Engagement (Organization Score)

A measure of how supportive or obstructive the company's direct engagement is of Paris Agreement-aligned climate policy, with 0% being fully opposed and 100% being fully supportive.

Sub-indicator 1(b): Indirect Climate Policy Engagement via Industry Associations (Relationship Score)

A measure of how supportive or obstructive the company's industry associations are of Paris Agreementaligned climate policy, with 0% being fully opposed and 100% being fully supportive.



Indicator 1: Real-World Climate Policy Engagement

InfluenceMap's Indicator 1 evaluates the extent to which a company's real-world climate policy engagement (direct and indirect via industry associations) is aligned with the goals of the Paris Agreement¹.

Companies receive an overall 'Performance Band' score against this indicator. The Performance Band (expressed as a grade from A+ to F) is a comprehensive assessment of a company's climate policy engagement, accounting for both its direct corporate engagement and that of its industry associations.

The Performance Band is displayed on <u>Climate Engagement Canada</u>'s website in the following way:



Yes, meets criteria: Performance Band scores **from A+ to B** indicate **broad alignment** between the company's overall climate policy engagement and the Paris Agreement;



Partially meets criteria: Performance Band scores from **B- to D+** indicate **mixed engagement** with Paris-aligned climate policy, i.e. partial alignment between the company's overall climate policy engagement and the goals of the Paris Agreement.



No, does not meet criteria: Performance Band scores from **D** to **F** indicate **misalignment** between the company's overall climate policy engagement and the Paris Agreement.



Not Applicable: If **limited evidence is available** on a company's direct climate policy engagement (Organization Score) and industry association links (Relationship Score), the Performance Band does not receive a score.

Assessment timeframe for InfluenceMap Indicator 1

- Company assessments against InfluenceMap's Indicator 1 published on the CEC website provide a snapshot of the company's real-world climate policy engagement at the end of InfluenceMap's data collection period for the Climate Engagement Canada Benchmark 2024 assessments (i.e., March 1st, 2024).
- However, InfluenceMap updates its assessments on its website on a weekly basis, as new information becomes available. Please refer to the InfluenceMap <u>website</u> for the most upto-date assessments and underlying evidence.

¹ InfluenceMap uses external and authoritative benchmarks to provide a robust assessment of whether a company's climate policy engagement activities are aligned with the Paris Agreement's goals, either: (1) Government Policy Benchmarks; (2) Science-Based Benchmarks. See Appendix for more details.



Sub-indicator 1(a) - Direct Climate Policy Engagement (Organization Score)

An assessment of a company's direct climate policy engagement (i.e. climate policy engagement carried out by the company) is represented by the Organization Score.

The Organization Score is a measure of how supportive or obstructive the company's direct engagement is of Paris Agreement-aligned climate policy. It is expressed as a percentage from 0 to 100, with 0% being fully opposed and 100% being fully supportive of policies aligned with the Paris Agreement.

On <u>Climate Engagement Canada</u>'s website, focus companies receive one of the following scores against this sub-indicator:



Yes, meets criteria: Organization Scores of **75% and above** indicate **broad alignment** between the company's direct climate policy engagement and the Paris Agreement.



Partially meets criteria: Organization Scores from **50% to 74%** indicate **mixed** direct engagement with Paris-aligned climate policy, i.e., partial alignment between the company's direct climate policy engagement and the goals of the Paris Agreement.



No, does not meet criteria: Organization Scores **below 50**% indicate **misalignment** between the company's direct climate policy engagement and the Paris Agreement.



Not Applicable: Companies found **not to have sufficient data available with respect to their direct engagement with climate policy** are not assigned an Organization Score

- Engagement Intensity (expressed as a percentage from 0 to 100) tracks how actively or intensely a company engages with climate policy, irrespective of whether its engagement is positive or negative.
- Engagement Intensity scores below 5% indicate extremely low levels of transparent engagement with climate policy. A lack of sufficient evidence of direct climate policy engagement leads to a company receiving an N/A for Organization Score.



Sub-indicator 1(b) – Indirect Climate Policy Engagement (Relationship Score)

An assessment of a company's indirect climate policy engagement (i.e. climate policy engagement carried out by a company's industry associations) is represented by the Relationship Score. The Relationship Score (expressed as a percentage score from 0 to 100) is a measure of how supportive or obstructive the aggregate of a company's industry associations are of Paris Agreement-aligned climate policy, with 0% being fully opposed and 100% being fully supportive.

This score draws on InfluenceMap's assessments of over 250 key industry associations, which are assessed in exactly the same manner as companies. This database is not exhaustive and may not cover all industry associations of which a company is a member. The Relationship Score also incorporates an assessment of the strength of the relationship between a company and an industry association².

On <u>Climate Engagement Canada</u>'s website, focus companies receive one of the following scores against this sub-indicator:



Yes, meets criteria: Relationship Scores **75% and above** indicate broad alignment between the climate policy engagement of the company's industry associations and the Paris Agreement.



Partially meets criteria: Relationship Scores from **50% to 74%** indicate mixed engagement with Paris-aligned climate policy by the company's industry associations, i.e. partial alignment between the company's indirect climate policy engagement and the goals of the Paris Agreement.



No, does not meet criteria: Relationship Scores **below 50%** indicate misalignment between the climate policy engagement of the company's industry associations and the Paris Agreement.



Not Applicable: Companies found **not to maintain significant links to industry associations actively influencing climate policy** (as per InfluenceMap's database) are not assigned a 'Relationship Score'.

² Industry associations with whom the company has a stronger relationship will have a greater impact on its overall Relationship Score. For example, a stronger weighting will be attributed where a company has a representative on the board of an industry association. This weighting will be reduced if a company publicly acknowledges a misalignment with an industry association on climate change policy.



Appendix A: Relationship between indicators assessing climate policy engagement for Climate Engagement Canada's Focus List Companies

There are two indicators assessing climate policy engagement on Climate Engagement Canada's website:

- Disclosure Framework (assessed by other CEC Net Zero Benchmark partners, not InfluenceMap): Indicator 7 of the Disclosure Framework 'Climate Policy Engagement' assesses whether a company has highlevel commitments and disclosures in place related to climate policy engagement. Disclosure Indicator 7 assesses aspects of corporate disclosures on a binary yes/no basis.
- Alignment Assessment (assessed by InfluenceMap): The 'Alignment Assessment' complements Indicator 7 and assesses the Paris-alignment of a company's real-world climate policy engagement as well as the accuracy and comprehensiveness of corporate disclosures on climate policy engagement. InfluenceMap indicators provide a more granular assessment of company performance which goes beyond a binary yes/no basis.

InfluenceMap's alignment assessment complements the annual Net Zero Benchmark findings by evaluating whether these disclosures match its real-world climate policy engagement activities, providing an independent verification of high-level corporate commitments and disclosures on climate policy engagement.



Appendix B: Detailed Methodology for Assessing InfluenceMap Indicator 1, Real-World Climate Policy Engagement

The <u>Global Standard on Responsible Climate Lobbying</u> – instigated by investors and launched in March 2022 – states that companies should adopt climate policy positions in line with the Paris Agreement and engage accordingly. As a research partner to CEC, InfluenceMap's system for tracking, assessing and scoring companies and their key industry associations on their ongoing climate change policy engagement activities is a key resource for investors. Full details of the methodology are <u>accessible here</u>.

- How does InfluenceMap define policy engagement? InfluenceMap's definition of "policy engagement" is based on the UN <u>Guide for Responsible Corporate Engagement in Climate Policy</u> (2013), which defines a range of corporate activities as engagement, such as advertising, social media, public relations, and direct contact with regulators and elected officials.
- How does InfluenceMap define climate policy? InfluenceMap's system considers existing, evolving, and likely future climate-related policy measures proposed by mandated bodies. "Mandated bodies" are defined here as various levels of government or government-authorized bodies responsible for or supporting efforts to implement Nationally Determined Contributions (NDCs) in their regions.

 InfluenceMap's system also captures high-level corporate communications that influence the broader public narrative concerning these policies (e.g. concerning the role of different low-carbon technologies).
- What policy areas does InfluenceMap track? InfluenceMap assesses corporate positions on distinct climate-related topics, which are organized into "queries". These queries include top-line statements (e.g. 'Support of UN Climate Process'), engagement on specific climate-related regulations (e.g. 'Carbon Tax', 'GHG Emission Regulation'), and comments related to the 'Energy Transition & Zero Carbon Technologies'. In 2022, InfluenceMap also expanded its methodology to include analysis of corporate engagement with land-use related climate policy. InfluenceMap does not assess communications related to a company's operational commitments and business model.
- How does InfluenceMap collect evidence? Each company's engagement activities on climate-related policy are assessed using publicly accessible data sources to gather reliable and representative evidence. InfluenceMap uses seven data sources: (1) organizational website disclosures; (2) social media channels; (3) CDP responses; (4) direct consultation with governments, including those obtained via freedom of information request; (5) reliable media reporting; (6) CEO and top management statements; (7) and financial disclosures and investor communications.
- How does InfluenceMap assess evidence? Each individual item of evidence is assessed on a five-point scale between +2 and -2, where +2 indicates full support for Paris and IPCC-aligned policy and -2 indicates



active opposition. Using a five-point scale enables a more nuanced analysis of the grey areas within corporate positioning on climate policy, compared to a binary yes/no assessment.

- What benchmarks does InfluenceMap use to assess evidence? InfluenceMap does not take an internal position on climate policies. Each item of evidence is analyzed against external and authoritative benchmarks to provide a robust assessment of whether a company's climate policy engagement activities are aligned with the Paris Agreement's goals. There are two types of benchmarks used:
 - Governmental Policy Benchmarks: corporate positions on specific climate-related
 policies are assessed against the original ambition of the policy as proposed by
 government or government-authorized bodies mandated to deliver on the goals of the
 Paris Agreement (e.g. state and federal governments, regional governing bodies such as
 the EU Commission, statutory agencies such as Australia's Climate Change Authority);
 - 2. Science-Based Benchmarks: corporate positions on technology and energy pathways (e.g. fossil fuels, electric vehicles) are assessed against the latest findings of the Intergovernmental Panel on Climate Change on achieving 1.5°C-aligned emission reductions. InfluenceMap applies its 'Developing Country' benchmarks to countries outside the top 100 based on GDP per capita, which account for the comparative lack of resources and higher systemic barriers for rapidly implementing climate policy.
- How does InfluenceMap assess industry associations? InfluenceMap's system also considers a company's 'indirect' climate policy engagement via industry associations. InfluenceMap's database contains over 250 key industry groups globally, similarly scored on their climate policy engagement. The relationships between the companies and these industry associations are also tracked, enabling an aggregate analysis of each company's 'indirect' climate policy engagement via its industry associations.
- How is the overall assessment calculated? Metrics describing each company's overall climate policy engagement direct and indirect via industry associations are produced by InfluenceMap's proprietary platform, with weightings to adjust for factors such as sector (e.g. specific queries are more heavily weighted in different sectors) and time (e.g. more recent evidence is heavily weighted in the final score).
- How often are InfluenceMap assessments updated? InfluenceMap updates its assessments of real-world climate policy engagement on a weekly basis as new information becomes available. Evidence is collected and archived from the previous five years, with recent evidence collected in the last 1-2 years heavily weighted in the system, evidence older than 3 years largely weighted out of the calculation, and evidence older than 5 years weighted out entirely.

InfluenceMap's assessments are freely available and in the public domain on InfluenceMap's <u>website</u>, along with access to all underlying evidence.