InfluenceMap

Corporate Climate Policy Footprint

The 25 Most Influential Companies Blocking Climate Policy Action Globally

November 2022

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Executive Summary

- The 2022 Climate Policy Footprint identifies the 25 most negative and influential corporations globally. It combines assessments from InfluenceMap's recognized platform for assessing corporate climate policy engagement with indicators to the judge relative economic and political clout of each company.
- The US oil sector dominates the list, with supermajors Chevron and ExxonMobil retaining the top two spots and four other companies (**ConocoPhillips** (4th), **Marathon Petroleum** (12th), **Valero Energy** (17th) and **Phillips 66** (18th)) also making the list. The sector's engagement has been characterized by a significant effort to capitalize on the invasion of Ukraine and lobby for new oil and gas production as well as rollbacks to climate policies.
- Other oil and gas players identified in the analysis include two Russian companies, **Gazprom** (9th) and **Rosneft** (14th). The analysis appears to reflect the extent to which geopolitical events have impacted the development of science-based climate policy in 2022.
- **BASF** has risen in the rankings to place 3rd this year (up from 6th in 2021). This analysis reflects intense European-level policy engagement from the German chemical giant over the last year. Other heavy industry players to make the list are focused in the steel sector, including two Japanese companies, **Nippon Steel Corporation** (8th) and **JFE Steel** (20th), alongside **ArcelorMittal** (22nd).
- Another sector that stands out are US utilities, with six companies (**Sempra Energy** (5th), **American Electric Power** (6th), **Southern Company** (7th), **Dominion Energy** (13th) and **Entergy Corp** (25th) all making the top 25 most negative and powerful globally.
- Placing 10th, Toyota remains the most negative and influential company from the transport sector, having placed 3rd in 2021. Two German transport companies **Lufthansa** (15th) and **BMW** (16th) are also identified on the list, following the companies' leading efforts to oppose EU climate regulations in 2021-22.
- The research demonstrates the importance of policy engagement when considering corporate climate performance and highlights the gaps with mainstream corporate climate targets, indicators, and metrics. For example, 80% of the 25 most negative and influential companies have made net-zero commitments, while 10 are given an A- or higher under CDP's 2021 Climate Disclosure Scores.

The climate policy footprint assessment is derived from InfluenceMap's ongoing analysis and rankings of the world's largest corporations and their industry associations on climate policy engagement and combines this with additional indicators to the judge the relative economic size (and hence political power) of each company.

It is noted that InfluenceMap's work covers all sectors and companies both positive and negative. This report deals with the most strategically negative corporations. A report analogous to this report but dealing with the world's most positive companies is the *A List of Climate Policy*.

Table 1: Top Ten Most Negative and Influential Companies on Climate Policy

Rank	+/- from 2021	Name	Sector(s)	Headquarters	Climate Policy Footprint
1	(+) 1	*Chevron*	Energy		-84
2	(-) 1	*ExxonMobil*	Energy		-76
3	(+) 3	*BASF*	Chemicals		-69
4	(+) 3	*ConocoPhillips*	Energy		-64
5	0	*Sempra Energy*	Utilities		-57
6	(+) 5	*American Electric Power*	Utilities		-57
7	(-) 3	*Southern Company*	Utilities		-53
8	New Entry	*Nippon Steel Corporation*	Metals & Mining		-52
9	(+) 8	*Gazprom*	Energy		-42
10	(-) 7	*Toyota Motor*	Automobiles		-42

Background

Measuring Corporate Climate Performance

Traditionally, corporate climate performance has been associated with an evaluation of climate-related risk inherent in company operations and accompanying risk management strategies, undertaken by ratings agencies such as MSCI. Voluntary disclosure initiatives, such as CDP and the Taskforce on Climate-Related Financial Disclosures (TCFD), have additionally sought to improve the quality of climate risk information disclosed by companies.

In the last couple of years, financial regulators have taken up this baton. For example, both the *European Financial Reporting Advisory Group* (EFRAG) and the *US Securities and Exchange Commission* (SEC) produced major proposals in March 2022 that would require registrants to disclose scope 1, 2 and 3 emissions, along with a range of other corporate climate indicators.

The risk-based approach to corporate climate performance focuses on the potential impact of climate change on the company but not on the impact of the company on the climate. Opponents of the US SEC's proposal (e.g., the *US Chamber of Commerce*) have argued that the information it requires falls outside the scope of what is 'materially' relevant for investors to assess individual company climate risk. In Europe, regulators have pioneered the concept of 'double materiality', creating the precedent for information not only relevant for the impact of environmental factors on the company, but also the impact of the company on the environment.

Corporate Net-Zero Commitments and Plans

Following the Paris Agreement and the IPCC's 2018 report which found that CO2 emissions must go to 'net zero' by 2050 to limit global warming to 1.5C, countries have been setting their own net-zero targets. Net-zero targets and commitments have also become a popular way for corporate, financial, and other non-state actors to signal their alignment with the Paris Agreement's goals. The *UN's Race to Zero campaign* currently counts over 7000 companies and 500 financial organizations amongst the list of entities that are committed to achieving net zero carbon emissions by 2050 at the latest.

However, many corporate net-zero targets are facing criticism for not being backed by objective or verifiable plans and have thus become associated with accusations of 'greenwash'. Such targets are increasingly coming to the attention of regulators, such as the *European Commission* and the *UK Advertising Standards Authority (ASA)*, that have both sought to address the use of net-zero claims in advertising which are not appropriately evidenced. In March 2022, the UN Secretary General launched a *High-Level Working Group* to investigate how best to hold non-state actors accountable for net-zero commitments.

The Importance of Policy Impact

The UN's climate science body, the Intergovernmental Panel on Climate Change (IPCC), has been increasingly clear on the need for strong and binding policy on climate from governments. The IPCC's 2018 special *report* on 1.5C warming, noted that moving towards 1.5C pathways implies "stringent and integrated policy interventions," while the IPCC's 2022 AR6 working group three report provides detailed, sector by sector guidance on the sorts of interventions needed to deliver the Paris Agreement's goals.

Despite this clarity, firm government action remains insufficient, illustrated in *Climate Action Tracker's* global analysis on the gap between government action and what needs to be done to limit warming to 1.5C. Concretely, the UN Environment Programme's Emissions Gap *Report* (Oct 2022) found that, with current policies, warming is estimated to be 2.8C by 2100.

The IPCC's Mitigation of Climate Change *report* (April 2022) identified "opposition from status quo interests" and "incumbent" fossil fuel interests "exerting political influence" over the policymaking process as a key barrier to progress towards delivering the Paris Agreement's goals. This finding has also been identified by international organizations, such as the OECD in its 2021 *report* "Lobbying in the 21st Century", and by political leaders, including *Barack Obama*, former Executive Secretary of the UNFCCC *Christiana Figueres*, and the current UN Secretary General, *Antonio Guterres*.

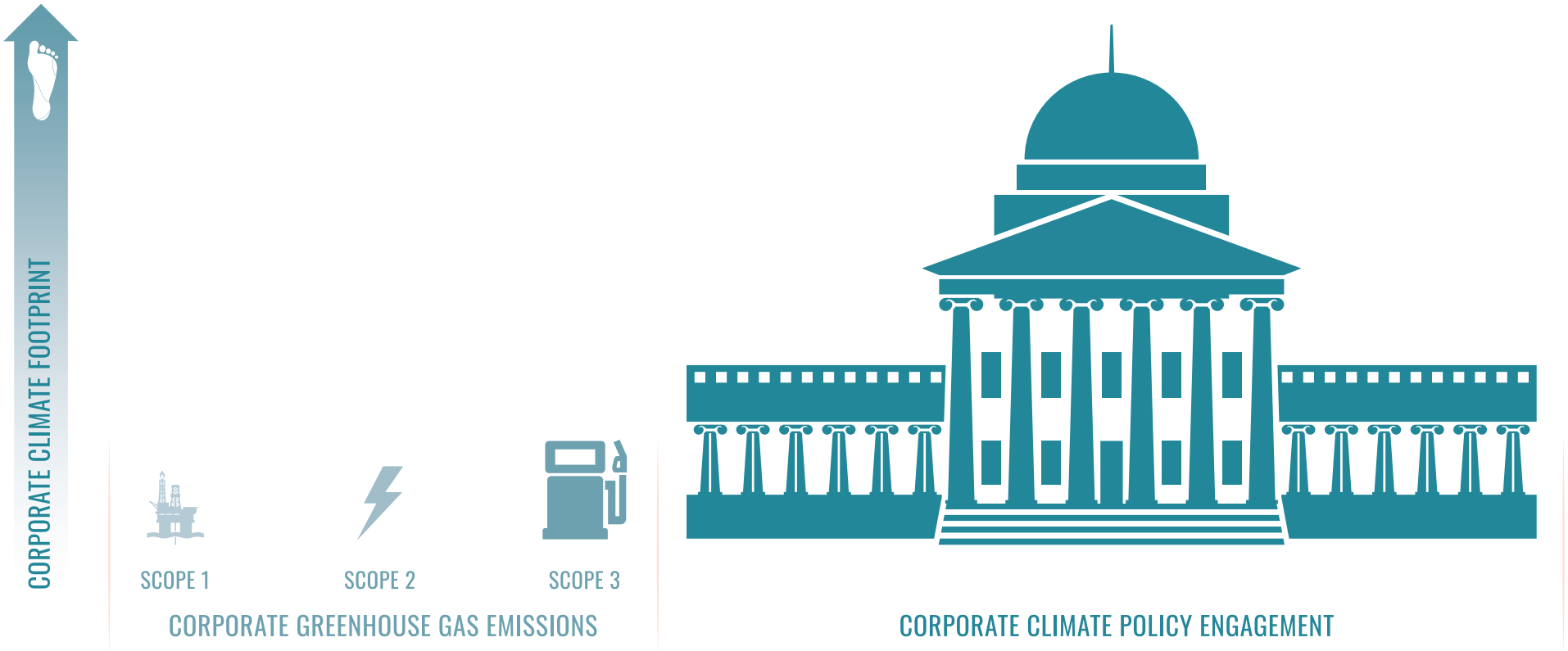
Despite this widespread recognition of the centrality of government climate policy, most mainstream assessments of corporate climate performance provide little to no understanding of whether companies are supporting or blocking Paris-aligned climate policy.

Such analysis, however, provides insight into a company's approach to necessary climate-related regulatory shifts. It is also highly relevant from the perspective of 'double materiality', as the adverse impact a company can have on climate by blocking climate policy might significantly outweigh the impact of its direct emissions, or that of its products.

As net-zero is impossible without government policy, an analysis of a company's policy engagement is a profound test of the authenticity of its net-zero targets. Any company with a net-zero target that is not constructively supporting Paris-aligned climate policy is arguably engaging in a form of greenwashing.

InfluenceMap first introduced the concept of *the Climate Policy Footprint* in 2017 to explain the impact that companies and their industry associations were having on climate change via their lobbying and messaging activities. This analysis provided a further dimension to measuring corporate impact on climate; a 'Scope 4' emissions assessment identifying the most influential companies and industry associations on climate change policy.

Image 1: Corporate "Scope 4" Emissions



The Climate Policy Footprint

This analysis highlights the most negative and influential companies on Paris-aligned climate change policy globally. It combines InfluenceMap's recognized system for assessing corporate climate policy engagement with additional indicators to the judge the relative political and economic clout of each company. Companies included in this analysis are drawn from InfluenceMap's LobbyMap platform and database, which includes assessments of over 400 of the largest industrial companies globally, as measured by the Forbes 2000 list. A full explanation of this methodology can be found in the appendix for this report, available at *this landing page*. Hyperlinks in the table below go back to online LobbyMap profiles for each company.

Table 2: The 25 Most Negative and Influential Corporations

Rank	Name	Sector(s)	Headquarters	Climate Policy Footprint
1	*Chevron*	Energy		-84
2	*ExxonMobil*	Energy		-76
3	*BASF*	Chemicals		-69
4	*ConocoPhillips*	Energy		-64
5	*Sempra Energy*	Utilities		-57
6	*American Electric Power*	Utilities		-57
7	*Southern Company*	Utilities		-53
8	*Nippon Steel Corporation*	Metals & Mining		-52
9	*Gazprom* [1]	Energy		-42
10	*Toyota Motor*	Automobiles		-42

1 *InfluenceMap's methodology only captures publicly available information on a company's policy influencing activities. It is likely that, for companies primarily operating in regions with low transparency, InfluenceMap has not been able to assess the full extent of the companies' influence. This is the case for Gazprom and Rosneft.*

11	*CenterPoint Energy*	Utilities		-39
12	*Marathon Petroleum*	Energy		-37
13	*Dominion Energy*	Utilities		-36
14	*Rosneft* [1]	Energy		-36
15	*Lufthansa*	Transportation		-36
16	*BMW Group*	Automobiles		-35
17	*Valero Energy*	Energy		-34
18	*Phillips 66*	Energy		-33
19	*Repsol*	Energy		-32
20	*JFE Steel*	Metals & Mining		-31
21	*Woodside*	Energy		-31
22	*ArcelorMittal*	Metals & Mining		-31
23	*OMV*	Energy		-31
24	*Dow Chemical*	Chemicals		-31
25	*Entergy Corp*	Utilities		-30

Key Trends

- Chevron and ExxonMobil remain the two most obstructive companies on climate change policy, respectively, having also placed 2nd (Chevron) and 1st (ExxonMobil) in 2021. The outsized negative influence of the US oil and gas industry is further registered with ConocoPhillips (4th), Marathon Petroleum (12th), Valero Energy (17th) and Phillips 66 (18th) and is characterized by a significant effort to capitalize on the invasion of Ukraine and lobby for new oil and gas production as well as rollbacks to climate policies. This includes policies such as the FERC's proposal to consider climate change in new gas pipelines approvals, methane regulation, including both the standards proposed by the EPA and the methane fee included first under the Inflation Reduction Act, and US state-level climate policy.
- Other oil and gas players identified in the analysis include two Russian companies, Gazprom (9th) and Rosneft (14th). This is despite difficulties in assessing the likely true reach and impact of these companies' political activities on climate, due to issues around transparency and disclosure. Nevertheless, the analysis underscores the extent to which geopolitical events in 2022 have impacted the development of science-based climate policy.
- Another sector that stands out is US utilities, with six companies Sempra Energy (5th), American Electric Power (6th), Southern Company (7th), Dominion Energy (13th) and Entergy Corp (25th) all making the top 25 most negative and powerful globally. There is now an increasingly significant divergence between this group and other utility companies, both in the US and globally, which are taking strategic and supportive positions on the energy transition. Following the US federal government's dramatic signal on climate via the Inflation Reduction Act in August 2022, US utility climate policy laggards now appear to stand in direct contradiction to where the region is heading on climate and energy transition policy.
- European chemical giant BASF has risen the rankings to place 3rd this year (up from 6th in 2021). This analysis reflects intense policy engagement, including widely supporting expanded oil and fossil gas production and infrastructure *in Germany* and *internationally* following the invasion of Ukraine and *opposing* the EU Commission's proposals on the Carbon Border Adjustment Mechanism and *reforming* the EU Emissions Trading System. Other heavy industry players to make the list are focused in the steel sector, including two Japanese companies, Nippon Steel Corporation (8th) and JFE Steel (20th), alongside ArcelorMittal (22nd).
- Placing 10th, Toyota remains the most negative and influential company from the transport sector, having placed 3rd in 2021. Toyota has improved its climate policy engagement transparency but continues to lead global automotive lobbying efforts to oppose policies to phase out internal combustion engine-powered vehicles. Two German transport companies, Lufthansa (15th) and BMW (16th), are also identified on the list. This follows BMW *leading advocacy* efforts against an EU 2035 zero-emissions CO2 target for light-duty vehicles in 2022, with Lufthansa also actively lobbying in 2022 against EU climate regulations including a *kerosene tax* and extending the *EU Emissions Trading system* to include international flights.

Industry Associations

The use of third-party groups such as industry associations is a critical component to most corporate policy engagement strategies. They allow companies to pool resources and take advantage of well-resourced lobbying operations with specialist knowledge and proven tactical expertise in different regional, political, and legislative contexts. They also allow companies to maintain public distance from their most regressive policy positions, which are outsourced to such groups. Industry associations, in turn, can claim that their positions are representative of large parts of the economy, significantly strengthening arguments that highlight risks to "jobs and growth" to counter regulatory threats.

The table below list the ten most influential and negative industry associations in InfluenceMap's database that have ties with the 25 most influential and negative companies listed above. Details of the methodology behind this assessment can be found in the appendix for this report, which can be downloaded *here*.

Table 3: The Ten Most Negative and Influential Industry Associations

Rank	Name	Sector(s)	Headquarters	Climate Policy Footprint	Key Members
1	*American Petroleum Institute*	Energy		-96	Chevron, ExxonMobil, ConocoPhillips, Sempra, Marathon Petroleum, Phillips 66, Repsol, Dow Chemical
2	*American Fuel & Petrochemical Manufacturers*	Energy		-92	Chevron, ExxonMobil, BASF, Marathon Petroleum, Valero Energy, Phillips 66, Dow Chemical
3	*US Chamber of Commerce*	All Sectors		-82	Chevron, ExxonMobil, ConocoPhillips, Sempra, American Electric Power, Southern Company, Dominion Energy, Phillips 66, Dow Chemical, Entergy Corp
4	*BusinessEurope*	All Sectors		-81	ExxonMobil, BASF, BMW Group, Repsol, ArcelorMittal, OMV
5	*Canadian Association of Petroleum Producers*	Energy		-68	Chevron, ExxonMobil, ConocoPhillips, Phillips 66

6	*California Chamber of Commerce*	All Sectors		-66	Chevron, Sempra, Toyota Motor
7	*Japan Iron and Steel Federation*	Materials		-63	Nippon Steel Corporation, JFE Steel
8	*American Gas Association*	Energy		-59	Sempra, Southern Company, CenterPoint Energy, Dominion Energy, Entergy Corp
9	*German Association of the Automotive Industry*	Automobiles		-57	ExxonMobil, BASF, BMW Group
10	*Federation of German Industries*	All Sectors		-57	ExxonMobil, BASF, Lufthansa, BMW Group, ArcelorMittal

Comparison to Mainstream Climate and ESG Indicators

Despite the critical importance of corporate engagement with climate change policy, mainstream climate performance indicators do not appear to correlate with a company's corporate climate policy footprint. The table below compares InfluenceMap's assessment of the 25 most negative and influential companies on climate globally with mainstream climate and ESG indicators.

Metric or Indicator	Description	Analysis
Net-Zero Targets and Plans	Net-zero targets and commitments have also become a popular way for corporate, financial, and other, non-state actors to signal their alignment with the Paris Agreement's goals. The Science Based Targets Initiative assess corporate net-zero targets and plans against science-based criteria, covering issues like GHG emissions coverage, target date and ambition.	A vast majority (20) of the 25 most negative and influential companies globally have communicated net-zero targets. Only two of these companies (BMW and Lufthansa) have these targets validated by the Science Based Targets Initiative. InfluenceMap's analysis shows both BMW and Lufthansa are actively opposed to climate policy mechanisms that IPCC considers necessary to achieve 1.5C warming.
CDP Climate Scores	CDP's climate program scores voluntary corporate climate disclosures on as scale from D- to A for comprehensiveness, as well as for "awareness and management of environmental risks and best practices associated with environmental leadership".	9 out of the 25 companies that InfluenceMap finds to be the most influential and negative on climate policy globally rank A- under CDP's system, with Toyota given an A. 5 companies did receive an F from CDP for not responding their questionnaire.
MSCI ESG Metrics	MSCI provides top line assessments of a company's resilience to ESG risks relevant for its sector. MSCI uses a "Key Issue Framework" to identify the most important ESG issues for each sector and provides further breakdown of whether the company is in 'laggard', 'average' or 'leadership' categories in relation to these issues.	ESG Ratings also do not correlate with InfluenceMap's Carbon Policy Footprint analysis, with 14 of the 25 companies assessed in the 'average' bracket and 6 given 'leadership' ratings. In addition, Gazprom and Woodside are recognized by MSCI as leaders on carbon emissions, while Toyota, Valero Energy and Dow Chemical are recognized as leaders in "Opportunities in Clean Tech."

Wider analysis, covering additional indicators and companies, is needed. However, these findings suggest that such indicators and rankings are at risk of being used by corporate climate policy opponents to help them maintain their 'pro-climate' images, whilst they remain strategically opposed to Paris-aligned climate policy pathways. In addition, while not the focus of this report, it is likely that corporate climate policy leadership is also not being picked up in these metrics. Even though, arguably, this is a very good indicator of strategic alignment with Paris goals and a true indicator of net-zero authenticity. InfluenceMap will pick up this theme in an update of its 2021 "A-list" report, due for release in Q1 2023.