How can investors help prevent corporate policy capture?

Preventable Surprises

CORPORATE LOBBYING ALIGNMENT PROJECT
MAY 2021

About Preventable Surprises

Preventable Surprises is a 'think-do' tank focused on systemic ESG risks in the financial system. We are a global network of thought leaders and positive mavericks, professionals willing to challenge the status quo and persuade the financial sector to better address systemic risks. Legislators, regulators, the media, NGOs, and consumers each have a role to play in building a more transparent and sustainable market system, yet much of the power lies with corporations and their investors. Preventable Surprises focuses on institutional investors because, through the trillions of dollars in assets under their management, they have enabled corporate and market dysfunction and understand how to fix these problems.

About the Corporate Lobbying Alignment Project

The Corporate Lobbying Alignment Project (CLAP) is an applied research and engagement project launched in June 2020 to make corporate political capture a central component of investors' approach to ESG stewardship and integration. It seeks to leverage information on the state of play for key sectors and share lessons learned from past investor engagements. Through research interviews, a series of events and the production of an asset manager report card, the programme engages the global investment community to help prioritise and inform areas for action.

Acknowledgements

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The case for investor engagement on corporate policy capture

This report presents key findings from the 2020-21 Corporate Lobbying Alignment Project (CLAP), as well as a report card assessing the world's top 50 global asset managers on their approach to corporate policy capture. The report card is designed to engage the global asset management community and its stakeholders in a constructive dialogue on the changes required to better address negative lobbying and policy capture risk across sectors and geographies.

Overall, we find that:

- Corporate policy capture is a pervasive, global challenge. The latest Organisation for Economic Cooperation and Development (OECD) report on lobbying and corporate influence highlights how the COVID-19 pandemic has renewed concerns about powerful private lobbies benefitting at the public's expense across much of the world, as evidenced by corporate battles over access to government handouts[1] and corruption in public procurement of medical supplies.[23] From the financial services sector to aviation, healthcare and mining, lobbying plays an essential role in enabling businesses to operate.[4]

- Crucially, corporate policy capture often conflicts with the stated long-term environmental, social and governance (ESG) objectives of investors.

- The global asset management community is just beginning to engage public policy, legal, and stewardship teams on these issues but must now communicate expectations more clearly to counteract negative lobbying and the risk of policy capture.[5]

- To date, asset managers have engaged most visibly on corporate climate change lobbying conduct as part of the Principles for Responsible Investment (PRI)'s Inevitable Policy Response work stream,[6] the ClimateAction100+ group, and through a coordinated Corporate Lobbying Transparency Campaign in the USA.[7] There has also been renewed focus on political finance in the USA following the 2020 Presidential election. Investors now have an opportunity to update their engagement strategies to more consistently include systemic issues where public policy plays a crucial role.

- So far, there is no established process for asset managers to address negative corporate lobbying and influence. Progress is however possible: this report proposes 12 steps that asset managers, asset allocators, and other institutional investment stakeholders can draw on.

- With support from institutional investors, G7 governments can lead by example and emphasise the need to reinforce anti-corruption principles and update corporate lobbying and influence rules to provide greater transparency and comparability of disclosed information.

- These conversations are uncomfortable, but essential: the financial sector itself is adept at wielding political influence and managing regulatory outcomes, and should use its knowledge of the corporate lobbying and influence system to support its integrity.

The OECD describes corporate lobbying's potential as a positive force in democracy that can enable communication between stakeholders. But the Principles for Transparency and Integrity in Lobbying it developed in response to the 2009 Global Financial Crisis (GFC)[8] also showed how negative lobbying becomes a mechanism for powerful private groups to influence laws and regulations at the expense of the public interest and long term economic and social stability. Negative lobbying and influence tactics may be wielded to exercise undue influence over regulatory outcomes, enable unfair competition,[9] access government resources,[10] and facilitate cartel-like behaviour[11] to the detriment of effective policy making and fair competition. At its worst, multichannel corporate influence campaigns[12] and uncontrolled political finance can undermine democratic institutions as the aftermath of the 2020 US presidential elections demonstrated.[13]

At the same time, academic research since the GFC has shown how companies engaged in negative lobbying may consider this to be an effective short term strategy with a good return on capital, for example when compared to longer-term investments in human capital development, technological innovation, or a systematic approach to managing climate change-related transition risks.[14] Direct and indirect spending via trade associations on lobbying, political campaigns, and other influence channels can result in favourable regulatory changes, and several studies find the returns on these investments can be significant. For example, one study finds that for each dollar spent lobbying for a tax break, firms received returns of more than $220.[15]

The conflict between short-term or narrow interests on the one hand, and long-term systemic stability on the other illustrates the inherent challenge faced by universal investors with long-term interests. The all-too-frequent prioritisation of the former should be cause for concern because it can undermine necessary policy actions on systemic risks as well as amplify sector and country-level risks. This is an invitation for investors to be more assertive in affirming and publicly communicating their long-term interests with companies, trade associations, and policymakers. The case for Forceful Stewardship,[16] which Preventable Surprises has made for investors to address systemic climate risk, also applies to corporate policy capture.

Yet investors are not and should not be alone in addressing policy capture. Doing so requires more engaged citizens, stakeholders, and regulators. Better, more comprehensive, and uniform lobbying rules should level the playing field and create more transparency for all companies seeking to compete in national and global markets. In a perfect world, transparency and integrity in regulation would be the norm. But legislators and civil servants, who are the focus of much corporate influence spending and revolving door benefits,[17] need more support to act. Researchers at the International Monetary Fund (IMF) have argued that regulators have generally been better at managing than preventing crises,[18] suggesting that lobbying impacts the approach to regulatory culture and enforcement of existing rules. The tendency towards reactive regulation is also present in the approach to negative corporate lobbying: regulators seek to respond to crises rather than prevent policy capture from triggering significant value destruction for private investors, pension savers, and taxpayers.[19] Investors and other long-term financial system stakeholders should therefore also engage with regulators to address biases that may enable policy capture and a weakening of regulatory integrity.[20]

In 2020-21, the CLAP worked with an international community of institutional investors, NGOs, academics, and policymakers to assess how companies engage in influence, lobbying, and political 'rent seeking' practices, and to make policy capture a core part of ESG stewardship and integration. Thematic roundtables and discussion notes covered negative lobbying by corporations and trade associations in sectors such as energy, chemicals, technology, or finance. We invited investors to consider when well established lobbying practices become negative to the extent of undermining public policy processes and amplifying systemic risks, for example linked to climate change, public health administration, biodiversity collapse, or economic inequalities. Box 1 illustrates how these risks become relevant for investors. Finally, we invited participants to develop adequate responses, including focused engagement and shareholder resolutions targeting the content and purpose of company and trade association lobbying, and collective engagement with policymakers to support better rules on transparency, regulation of revolving door appointments, and all forms of political influence and spending.

This moment in history could spark significant momentum for coordinated investor action on corporate lobbying. The public at large - regardless of political affiliation - understands and is dissatisfied with corporate influence in the policy making process.[21] So are finance and corporate executives, who express their views in a private but also increasingly in a public capacity.

It is incumbent on all stakeholders to maintain this momentum and to chart new approaches to healthier public policy and regulatory systems. Investors concerned with the impact of negative lobbying, influence on public policy outcomes, and the integrity of democracy[22] can use the 12 steps identified in the following section to map better and stronger approaches. The report card results show that asset managers can all do more to engage externally with consistent, updated proxy voting practices and proactive support for policy action on systemic risks. Asset managers can also leverage the CLAP report card and its indicators to plan internal behaviour changes, as a basis for discussion with stewardship teams, corporate counsel, and boards of directors. Stakeholders and concerned investors can use this report as a basis to reframe the public narrative on negative corporate lobbying and policy capture, including as investment risks that must be addressed rather than ignored.

Box 1: Negative lobbying practices as a market risk multiplier

CLAP analysis of key sectors considered how negative company and trade association lobbying can amplify investment risks:

Firm and industry-level risks

Negative and misaligned lobbying may affect direct returns through reputational risks,[23] damage to employee, customer, or stakeholder relationships, or threats to ESG ratings that drive stock prices down or limit access to debt capital[24] or project insurance. One example: Boeing's handling of airplane safety, which relied heavily on influence over the US regulator, an approach with fatal consequences that also damaged the company's reputation and its share price.[25]

Systems-level risks

Misaligned lobbying can create systems-level risks that can damage industry or sector-level return profiles, as well as damage the interests of pension beneficiaries and other long-term clients, including governments.[26] For example, academic analysis and evidence from ongoing financial industry crises[27] suggest that corporate capture of financial regulatory processes has contributed to reduced oversight capacity,[28] regulatory uncertainty and complexity, created excessive leverage and threats to the integrity of the financial system.[29] In the automotive industry, lobbying against emissions standards and the transition to electric vehicle fleets has damaged the future competitive profile of incumbents who have sought to stifle the technology transition.[30] In addition, the dominance of corporate interests in lobbying can undermine civil society's ability to accurately represent constituents, invest in long-term public goods such as education and health systems, maintain civic institutions, or protect the public interest in areas such as the regulation of Artificial Intelligence, privacy, employment law and tax policy. Finally, company and trade association success in controlling both national and international policy agendas in areas such as climate change[31] or biodiversity preservation contributes to the amplification of these existential environmental risks.[32]

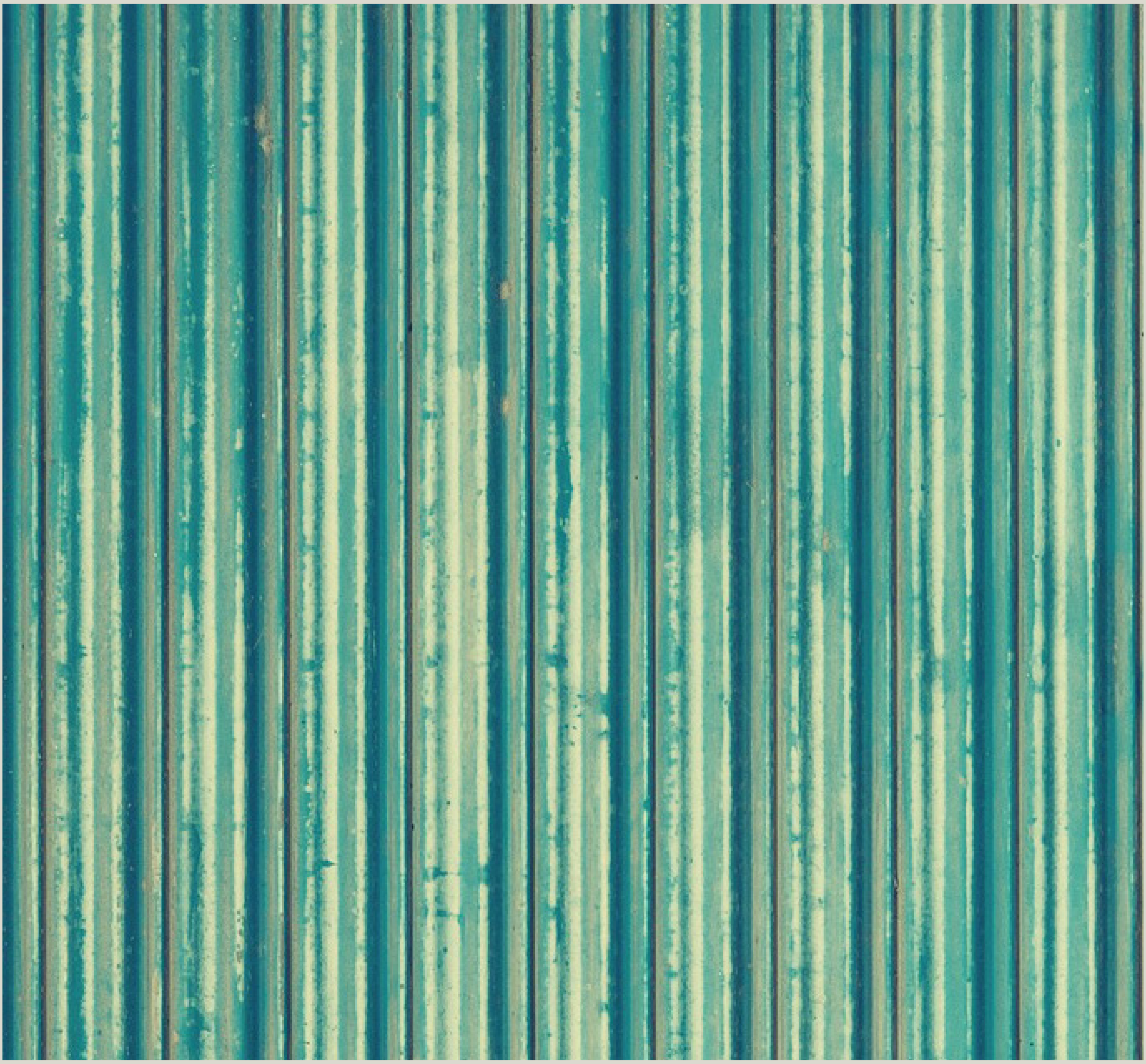
Reputational risks for asset managers

Asset managers should be concerned about the reputational damage to their own organisations from gross lobbying misalignment on issues such as sustainable finance, climate change, tax policy, voting rights,[33] and fee disclosure for example. From a portfolio perspective, investing in companies whose lobbying conduct undermines public policy may lead to financial losses. Greensill Capital, Bear Stearns, and Enron are all examples of businesses that appeared to rely on policy capture as a core business strategy to enable high risk activities up until the point of implosion.

Business risk

Alongside the reputational, legal, and financial risks associated with negative lobbying and policy capture, the process may also alienate clients, who, to varying degrees, are increasingly concerned with environmental, social, economic, and political stability.

Getting better data, changing behaviours, and making compelling arguments



12 steps for ESG investors to address negative corporate lobbying and policy capture

Preventable Surprises has identified 12 steps across 3 complementary areas of intervention for investors: better data, changing behaviours and strengthening arguments. This list is intended to stimulate a public debate and inform structured action plans by investors and their networks.

Complementarity is key: better data and disclosure models are essential but do not suffice to change behaviour. Rather, data serves as an accessory to changing behaviour based on compelling arguments. Our list starts with the data but could also start at the end.

Domestic and global industry associations, such as the Principles for Responsible Investment and the International Corporate Governance Network, are equally key: they are in a unique position to accelerate the uptake of corporate policy capture by their members and facilitate collaboration and engagement. Their leadership is all the more important as the topics are uncomfortable.

A. Better data

Lobbying disclosure remains limited and uneven across jurisdictions. Pervasive conflicts of interest, particularly revolving doors between regulators, trade associations and regulated companies have suppressed regulatory action towards robust lobbying conduct and spending disclosure. With formal standards still weak, investors can support better disclosures in several ways:

1. **Support** or lead the filing of **shareholder resolutions demanding systematic lobbying disclosure**.[34] Investors can approach the top 5 companies by market capitalization in each of the 11 GICS sectors.[35] Concentrated sectors such as pharma, communications technology, agrichemicals, oil and gas, mining, and banking are particularly relevant, because there are fewer companies to engage with, and because they could then influence other sectors.[36]

2. **Publicly advocate** for better disclosure and accountability on political spending.[37] Effective investor intervention requires knowing how much investees and trade associations are spending on political donations, where the money is going, and whether funds are being spent to undermine democratic institutions and the public policymaking process. Asset owners should request the same from their asset managers.

3. **Advocate** with financial regulators and ESG data standard setters for consistent corporate disclosure standards on lobbying and influence conduct and spending. Investors should communicate an expectation for a level of comparability in corporate lobbying and influence disclosures equal to the basic standards provided by the International Accounting Standards Board for the presentation of audited accounts and financial statements.[38] Investors should also lead by example and report on their own lobbying and influence activities.[39] This should include publishing a complete list of their trade association memberships: the CLAP report card shows how this information is not yet readily accessible by clients or investors in asset management firms.

B. Changing behaviours

4 **Develop** and publish a shared set of investor expectations, consistent with ESG objectives, on corporate lobbying and influence that address the full scope of corporate and trade association conduct that may undermine action to address systemic issues such as climate change, employment standards, environmental health, and global tax reform.[40] Request companies to adopt responsible lobbying policies. These best practices should be publicly communicated to trade associations and member companies with the expectation that they uphold them.

5 **Engage** with portfolio companies on political spending issues across jurisdictions. While particularly visible in the United States, the issue has global relevance. Asset owners should ask portfolio companies and appointed asset managers to clarify political donation policies and to explain donations to organisations that seek to undermine the integrity of electoral democracy. Investors could also support company leadership to commit to cease political finance activities, as exemplified by IBM's global policy.[41]

6 **Revise** ESG screening criteria to include information on all forms of lobbying conduct, political finance, and influence spending. Investors can work together to add criteria to their individual and shared screening protocols, and to their RFP processes regarding corporate political and influence spending policies, disclosures, and accountability.

7 **Incorporate** lobbying questions into new and existing stewardship activities. Investors should focus on how company and trade association lobbying can either help or hinder the real world change that companies say they are committed to supporting. Investors should focus on how company and trade association lobbying can either help or hinder the real world change that companies say they are committed to. These could be modelled on investor engagement questions on climate change lobbying used by the Climate Action 100+ group.

8 **Request** board-level engagement on lobbying - both externally and internally for asset managers. Request meetings with corporate counsel and heads of global public affairs to understand board-level policies and find out who is responsible for deciding company influence spending and trade association positioning. Externally, investors should publicly request that company boards of directors provide direct oversight for lobbying conduct and political spending activities.[42] ESG leaders and government affairs teams can also support behaviour change in their own organisations to reduce the extent of negative lobbying.

9 **Engage in targeted dialogue** with credit rating agencies regarding the incorporation of ESG risks into ratings methodologies, and on the need for greater simplicity and transparency in ratings on structured finance products.[43] This engagement should include requests to ESG ratings and data arms of the credit rating agency conglomerates to incorporate lobbying and trade association conduct in ESG scoring methodologies.

C. Make compelling arguments

10 **Say why corporate capture matters.** Investors should proactively and publicly explain why they see corporate policy capture as a systemic problem that impacts markets. They have the expertise: CLAP research shows that ESG and public affairs teams have a strong understanding of lobbying practices and existing gaps in regulatory or ethical oversight on revolving door appointments, sponsored academic research, political finance, and other influence channels.

11 **Reframe systemic debates.** The global asset management community must counter negative influence narrative campaigns, such as those that stake job creation on the need for continued fossil fuel sector subsidies.[44] Across a range of issues, they could emulate Carbon Tracker's 'stranded assets' thesis linking the structured wind down of the global fossil fuel sector with climate targets. The stranded assets thesis has gone from a niche narrative in 2013[45] to mainstream market analysis by BlackRock and the G20 central banking community.[46]

12 **Support the application of the precautionary principle in financial regulation.**[47] The precautionary principle seeks to improve decision-making under conditions of uncertainty. The principle indicates that if an action or policy has a suspected risk of causing harm to the public then, in the absence of a clear consensus among researchers, the burden of proof that it is not harmful falls on those taking an action rather than on those who seek to prevent it.

This year, with the Biden administration returning to international financial regulatory fora with force, and with the UK hosting the G7,[48] institutional investors have an opportunity to request all G7 governments to lead by example and emphasise the need to reinforce anti-corruption principles, and to update corporate lobbying and influence rules to provide greater transparency and comparability of disclosed information. This could include a formal update and a reaffirmation of government commitments to uphold the OECD's Principles for Transparency and Integrity in Lobbying.[49]

Box 2: Investors, corporate lobbying risks & the precautionary principle

Investors seeking to respond to corporate capture could learn from the application of the precautionary principle, which seeks to improve decision-making under conditions of uncertainty, to environmental, human health, and financial system risks. It has been used by the World Health Organisation to guide decision-making on global public health risks and is embodied in international treaties on environmental protection.[50] The principle has a central place in United Nations (UN) efforts to prevent dangerous climate change but has not yet been applied in a systematic way to manage investment risks linked to policy capture and negative lobbying.

The precautionary principle considers that if an action or policy carries a risk of harm to the public then, in the absence of a clear consensus among researchers, the burden of proof that it is not harmful falls on those taking the action rather than on those who seek to prevent it. In several jurisdictions, prudential financial regulators have adopted measures consistent with the precautionary principle to manage risks to financial system stability. In particular, prudential banking regulation and supervision are designed to increase the resilience of credit institutions and to support the stability of the financial system overall, but these aims have often been undermined by policy capture and negative corporate influence over regulatory priorities. At the international level, the Financial Stability Board at the G20 has sought to engage on climate risk to dampen systemic impacts, and the Bank for International Settlements provides frameworks to manage the failure of individual financial institutions to reduce its systems impact, even where such failure appears highly improbable.

Action points for stakeholders in the institutional investment chain

Asset owners and asset managers address policy capture risks using the 12 steps proposed above and their governance rights. Effective solutions will also require the involvement of other participants in the institutional investment system. The table below highlights action points for financial system stakeholders to enable a coordinated response to corporate policy capture.

TABLE 1: Action points for stakeholders in the institutional investment chain

Stakeholder	Action points
Asset owners	• Require commitment to lobbying alignment in RFPs and asset manager appointment processes
Asset managers	• Develop internal lobbying and influence policies • Publish lobbying and influence policy that governs internal practices • Prioritise engagement on corporate capture in stewardship activities
Companies	• Create policy on lobbying and political finance* • Adopt transparency on the hiring of lobbyists and former politicians • Explain how lobbying and influence activities align with public commitments to support goals on climate change and other shared societal challenges
Trade associations	• Publish lists of corporate members, and details of member involvement in policy-specific programmes • Publish details of influence campaigns beyond registered lobbying
Retail investors	• Request fund manager policies on corporate lobbying • Engage with retail fund regulators and consumer protection advocates to demand disclosure of lobbying alignment data alongside other ESG data disclosures
Investment consultants	• Identify and advise investor clients on market risks linked to negative lobbying
Proxy advisors	• Advise clients to support shareholder resolutions call for enhanced disclosure on lobbying spending across sectors
ESG ratings providers	• Include lobbying and influence data in corporate ESG scores and publish the underlying methodology
Credit rating agencies	• Identify legal risks linked to policy capture and negative lobbying and their potential impact on corporate credit scores in key sectors (e.g., pharma and tech)
Regulators	• Increase transparency of lobbying practices, publish stronger guidance on 'revolving door' practices, and uphold OECD Integrity Principles with regulated entities
NGOs/Financial Media	• Engage in public discussion on the risks associated with policy capture and lobbying and ensure that your own organisation's integrity is not compromised by relationships with board members,** corporate donors, or by the need to maintain political support.

** Examples include the Responsible Lobbying Framework: https://www.responsible-lobbying.org/the-framework, the B Team: https://bteam.org/our-thinking/reports/addressing-trade-association-misalignment-on-climate-policy; the Erb Institute's Corporate Political Responsibility Taskforce: https://erb.umich.edu/partner-with-erb/corporate-political-responsibility-taskforce/ ; and the Responsible Asset Allocator Initiative: https://www.newamerica.org/responsible-asset-allocator-initiative/.*

*** The case of NGO Pollution Probe in Canada is a small but illustrative example of corporate capture. The board of one of Canada's oldest environmental NGOs is controlled by the largest law firms servicing the oil, gas and mining sector, and other board members are drawn from these same sectors. This type of arrangement leads to cognitive dissonance and invites allegations of hypocrisy, undermining the effectiveness of the organisation's work: https://www.pollutionprobe.org/about/board-of-directors/*

CLAP asset manager report card: the opportunity for progress in 2021

The inaugural CLAP asset manager report card considers the global approach to lobbying and influence of the world's 50 largest asset managers by assets under management (AuM). With over $66 trillion in combined AuM, the global reach and influence of this group mean that they could have significant positive impacts on lobbying practices, if they chose to act. Of the 50 asset managers, 31 are headquartered in North America, 15 in Europe, and 4 in Asia. The report card indicators include information on asset managers' internal lobbying policies as well as on their stewardship conduct and proxy voting record on lobbying disclosure shareholder resolutions. As there is little structured, publicly available information on these questions, the report card uses a simple set of indicators designed to evidence action, engagement, and awareness (full details are available online)[51]. The lack of structured information also means that the indicators only cover a fraction of the 12 steps this report proposes. We expect future (and necessary) editions of the report card to be more comprehensive. For the time being, the existing indicators suffice to describe and benchmark current practice and identify immediate opportunities for progress.

> The report card shows that all asset managers could easily act to better identify risks, request enhanced disclosure from companies and make clear their intention to reduce the extent of negative lobbying as part of their engagement with companies and trade associations.

Asset managers can make lobbying a priority issue

Out of the group of 50 asset managers in the CLAP report card, only 23 identify corporate or trade association lobbying as a priority issue in their engagement and/or stewardship statements and reports. Within this group the majority are headquartered in North America and the others in Europe. This regional difference is likely a product of the tumultuous political environment under the Trump administration and associated pressure on asset managers to address concerns around opaque political finance structures.[52] Asset manager interviews conducted as part of the report card exercise indicate that interest in lobbying conduct and trade association membership in the US peaked in response to the Capital riots in January of 2021, but in Europe, Japan, and Canada the issue remains largely taboo.

Asset managers need to exercise proxy rights in a consistent manner

The CLAP report card shows that the world's largest asset managers can improve the consistency of their support for shareholder resolutions on lobbying disclosures: of the 50 asset managers, only 10 voted for climate lobbying disclosure resolutions across all four of our sample companies.[53] Regionally, 6 of the 10 asset managers that voted for the climate lobbying disclosure resolutions are headquartered in Europe, and only 2 of the 15 Europe based asset managers voted against these resolutions. Significantly, almost half of the North America based asset managers voted against all four sample climate lobbying disclosure resolutions. These are stark regional differences. Given the important role of lobbying on climate policy in determining global progress towards Paris Agreement emissions reductions targets, one should expect much more consistent support for climate lobbying disclosure resolutions across all regions.

Bringing corporate public policy lobbying into ESG stewardship programmes

The leading asset manager on this year's CLAP report card, BNP Paribas Asset Management has stewardship policies that clearly identify public policy as an engagement theme.[54] Their proactive engagement on public policy, their stewardship focus on lobbying disclosure, and their documenting of this commitment in a Public Policy Stewardship Strategy on Sustainability is unique. The document provides a simple model for other asset managers to build on to define and communicate their approach to public policy engagement across their global operations. Investors considering implementing similar policies should think about expanding beyond traditional ESG sustainability issues to include other areas where regulatory engagement by asset managers has significant impacts on policy outcomes, such as global tax policy and employment law.

As regards climate change specifically, only 12% of the 50 asset managers in the report card show public support for the Institutional Investors' Group on Climate Change (IIGCC) Investor Expectations on Corporate Climate Lobbying statement or for similar position statements.[55] This is a missed opportunity for more systematic investor engagement on increasing alignment between corporate lobbying and public commitments. As investor and country commitments to net-zero targets multiply ahead of COP26, lobbying alignment and endorsement of the IIGCC and UN-PRI climate lobbying recommendations[56] should become the norm. We expect more asset managers to prioritise this issue in 2021.

FIGURE 1: Asset managers who endorse IIGCC investor expectations statements on climate lobbying or similar principles

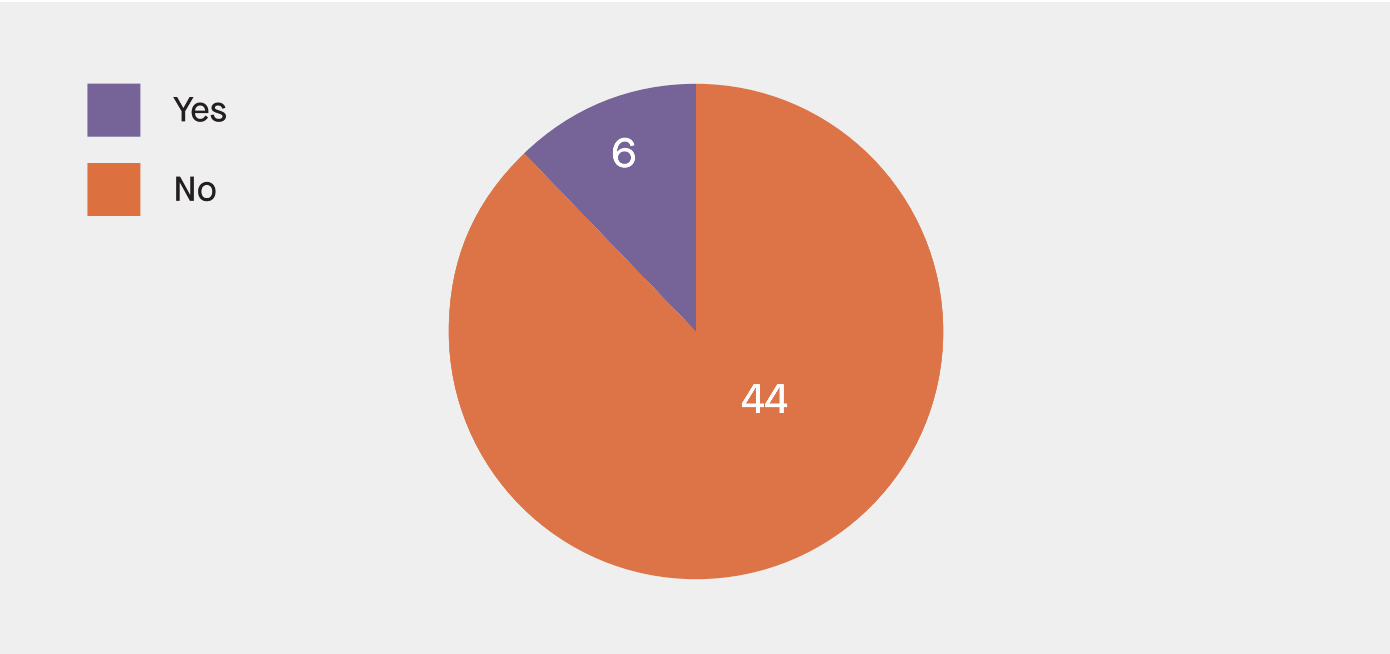
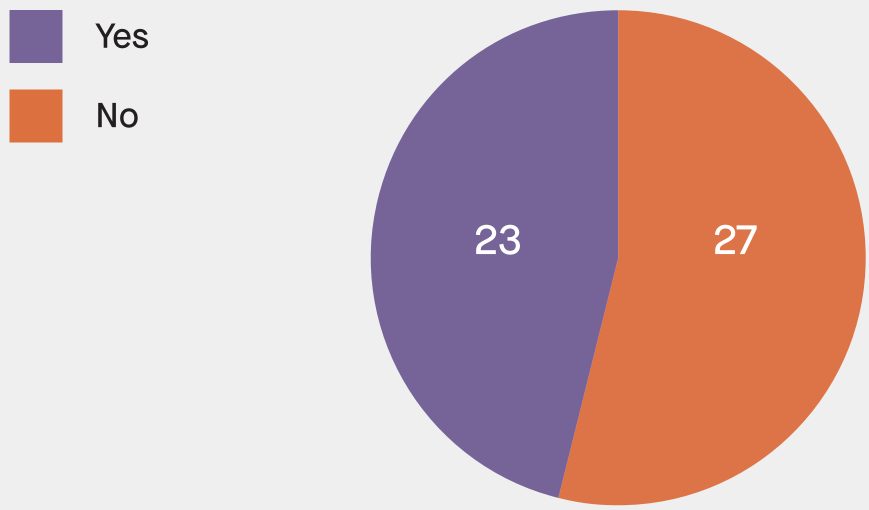


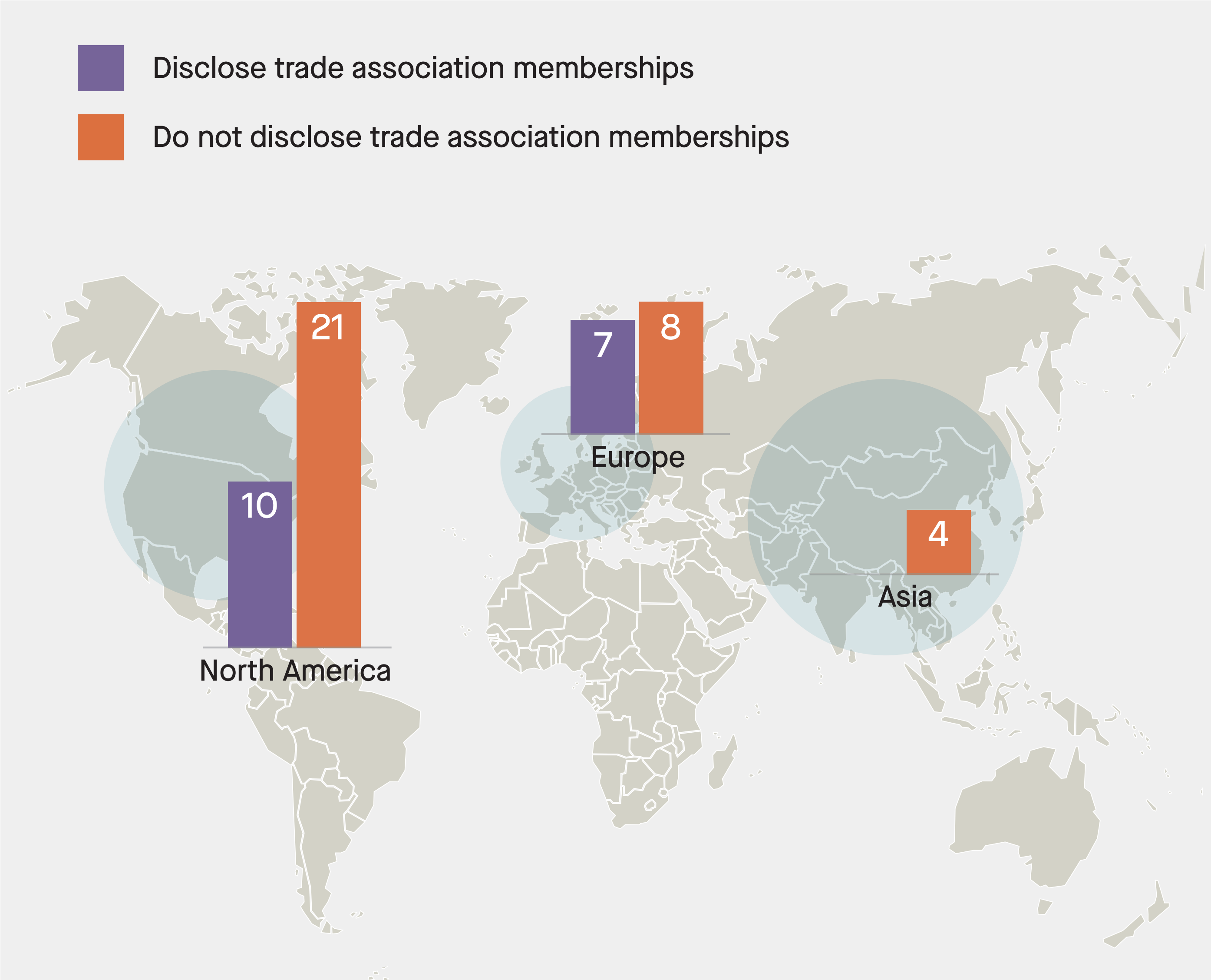
FIGURE 2: Asset managers who identify lobbying as an engagement issue in stewardship policy



Bring in-house practice in line with external demands

Negative lobbying and associated political influence practices cut across all markets. As the issues of political finance, 'dark money,' and trade association influence rise up the investor agenda in the United States, we also expect global interest to grow beyond the current focus on climate change. Investors should not wait for risks to materialize to set up consistent global policies, starting with internal actions. Greater awareness of and action on lobbying risks should include engagement with trade associations and public disclosure of trade association memberships. Within asset management, this information often sits with corporate counsel and is not well understood or accessible by ESG stewardship teams, opening up to potential inconsistencies Asset managers can improve their own disclosure, in line with their public commitments to ESG transparency. As more large asset managers and their parent banks make commitments related to support for stakeholder capitalism,[57] net-zero climate targets,[58] racial and social equity,[59] democratic stability, and the rule of law, there will be a need for greater awareness and communication of alignment between internal policy commitments and the lobbying and influence practices of external industry and trade associations on these same issues. At present, only 17 (10 in North America and 7 in Europe) of the 50 asset managers provide public information on their own trade and industry association memberships, and on associated climate policy alignment between their internal company policy and trade association commitments to support climate action. Our discussions with asset managers show that they understand how disclosure could be improved.

FIGURE 3: Asset managers who publicly disclose their own lobbying trade association memberships



The final indicators we used in the report card are InfluenceMap's asset manager score on their lobbying record in relation to the European Commission's Sustainable Finance Action Plan and associated regulatory measures, and, for US asset managers, the ZPA Zicklin Index score which benchmarks the political disclosure and accountability policies and practices for election-related spending.[60] Both the InfluenceMap score and the CPA Zicklin Index also demonstrate the need for better alignment between asset manager public commitments to climate policy and democratic integrity, respectively, and their lobbying conduct. The lobbying misalignment demonstrated in both scoring tools shows that asset managers must develop cross-cutting lobbying policies that are simple and consistent enough to be implemented across a global organisation.[61]

1. CLAP ASSET MANAGER REPORT CARD

Asset Manager	Country	AUM (US $ millions)	Grade
BNP PARIBAS	FR	$1,257,603	B
AEGON	NE	$1,007,636	C
Allianz	DE	$2,539,842	C
The Capital Group	US	$2,056,991	C
DWS	DE	$859,379	C
HSBC	UK	$867,000	C
Manulife	CA	$798,498	C
MetLife	US	$600,030	C
UBS	CH	$1,413,000	C
WELLS FARGO	US	$1,091,100	C
AXA	FR	$1,085,547	D
BNY MELLON	US	$1,910,000	D
BlackRock	US	$7,429,632	D
Blackstone	US	$571,122	D
Credit Suisse	CH	$504,273	D
Federated Hermes	US	$575,874	D
Invesco	US	$1,226,173	D
Morgan Stanley	US	$1,131,824	D
NATIXIS	FR	$1,048,507	D
Prudential Financial	US	$1,550,982	D
Schroders	UK	$662,630	D
AMG	US	$722,500	E
Ameriprise Financial	US	$778,100	E
Amundi Asset Management	FR	$1,617,280	E
Asset Management One	JP	$490,837	E

*Asset manager logos are used here under the fair use legal doctrine as part of Preventable Surprises' charitable and educational work to enhance the integrity of the global financial system.
**Legg Mason was acquired by Franklin Templeton in 2020.
***Please contact Preventable Surprises with any questions or comments.

2. CLAP ASSET MANAGER REPORT CARD

Asset Manager	Country	AUM (US $ millions)	Grade
Dimensional	US	$609,337	E
Fidelity Investments	US	$3,043,134	E
Franklin Templeton	US	$698,305	E
Generali	IT	$559,930	E
Goldman Sachs	US	$1,859,000	E
JPMorgan Chase & Co.	US	$2,364,000	E
Legal & General	UK	$1,568,891	E
Legg Mason Global Asset Management	US	$803,534	E
M&G Investments	UK	$543,900	E
MassMutual	US	$567,000	E
MUFG	JP	$780,655	E
New York Life Investments	US	$596,573	E
日本生命 Nissay	JP	$688,267	E
Northern Trust	US	$1,231,300	E
nuveen	US	$1,060,770	E
Power Corporation of Canada	CA	$714,734	E
Principal	US	$735,300	E
Royal Bank of Canada RBC	CA	$592,337	E
Standard Life Aberdeen	UK	$638,141	E
State Street	US	$3,116,424	E
三井住友信託銀行 Sumitomo Mitsui Trust Bank	JP	$928,145	E
Sun Life Financial	CA	$841,264	E
T.Rowe Price	US	$1,206,800	E
Vanguard	US	$6,151,920	E
Wellington Management	US	$1,154,735	E

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Endnotes

1 'Maximum coronavirus loans for large firms increased to £200m' (19.05.2020): https://www.theguardian.com/business/2020/may/19/coronavirus-loans-large-firms-dividends; 'Trade groups push for more access to PPP loans in coronavirus relief package' (30/07.2020): https://thehill.com/business-a-lobbying/business-a-lobbying/509831-trade-groups-push-for-more-access-to-ppp-loans; 'Coronavirus: private equity's bailout moment' (24.04.2020): https://www.ft.com/content/f7cc82d7-70b9-40c3-b4a0-815ebc5d99d5

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53 The company resolutions used in this year's report card were climate lobbying disclosure resolutions at Boeing, Exxon Mobil, Citi Group, and Amazon. Please see appendix document for more details on the report card methodology: https://preventablesurprises.com/issues/corporate-lobbying-alignment-project-clap/

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61 Given the geographic constraints of the CPA Zicklin Index and feedback from participating asset managers, we expect to use a more open question format in future report cards to increase relevance across jurisdictions.

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