

## Investors question companies on 'disconnect' with manufacturers' carbon stance

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Investors are challenging companies over their relationships with a trade organisation that is seeking to derail US carbon regulations.

Letters were sent to 43 companies on the board of the US's National Association of Manufacturers (NAM), asking them to explain apparent contradictions between their willingness to address climate change within their operations and their support for NAM, which is seeking to thwart the Environmental Protection Agency (EPA) from regulating greenhouse gases (GHG).

Investors are concerned that these companies have decided to support NAM's position or that there are different constituencies within these companies moving in different directions, said Stu Dalheim, Bethesda, Maryland-based director of shareholder advocacy for Calvert Investment Management, which led the initiative along with Walden Asset Management.

The initiative is supported by 23 investors representing approximately \$202 billion in assets under management.

"There's a disconnect here that we want to address," Dalheim said. "It's really designed to get these companies to have an internal discussion, consider this as an issue of governance and raise questions within NAM."



**Timothy Smith, Walden Asset Management:  
Stopping short of asking firms to quit NAM**

### **Company carbon actions at odds with NAM stance – investors**

A letter sent to Dow Chemical praised its actions to address climate change and sustainability, and its establishment of strong emissions goals with measurable baselines and targets. The letter also praised the company for its constructive engagement in public policy on climate change with other businesses as part of the US Climate Action Partnership.

But the company's internal policies are at odds with its work through NAM, which supported a legislative effort by Senate Minority Leader Mitch McConnell (R-Kentucky) in March to strip the EPA of its ability to regulate GHGs under the Clean Air Act. *Environmental Finance* was unable to reach Dow Chemical for comment before publication.

Companies that received similar letters include: 3M Company, Abbott Laboratories, AT&T, AEP, Air Products & Chemicals, Alcoa, Bayer, Boeing, Clorox, ConAgra Foods, Conoco Phillips, CR Bard, CSX, Deloitte, Devon Energy, Ecolab, Eli Lilly, Ernst & Young, Exxon Mobil, Ford Motor, General Electric, General Motors, Grant Thornton, HJ Heinz, Illinois Tool Works, Ingersoll Rand, Intel, Johnson Controls, KPMG, Merck, Nucor, Pfizer, PPG Industries, Praxair, Pricewaterhouse Coopers, Procter & Gamble, Ryder Systems, Shell Oil, Sherwin-Williams, Southern Company, Toyota Motor and Verizon Communications.

The letters do not ask the companies to renounce their NAM membership, but to explain the nature of the relationship, which seems to be undercutting their efforts on sustainability issues, said Timothy Smith, senior vice-president at Walden.

“Our goal is not to call for companies to leave, but to be transparent,” he said.

Many of these companies are environmental leaders and the investors want them to show that NAM does not speak for all businesses when it opposes the EPA rules and to be more proactive in ensuring their environmental policies are reflected within the association. “We’re trying to get them to speak out,” he said.

### **Climate regulations would ‘protect’ investors – letter**

The EPA rules will not be as expensive for member companies as NAM claims, the investors argue, since regulators must look for cost-effective control technologies.

The letter also cited growing investor support for EPA regulation of GHG emissions.

“As investors, we feel exposed to risks related to climate change,” Dalheim said. The EPA rules “will help protect us as investors over the long term”.

A similar effort was already underway with the US Chamber of Commerce, which has been more aggressive in opposing efforts to regulate GHGs and has lost several members due to its stance. NAM was not as proactively involved until it released a strong letter in support of the McConnell amendment, Smith noted.

“I think we’re going to see a lot more actions by the Chamber and NAM and others to undercut and disempower the EPA,” he said.

**Gloria Gonzalez**