

Corporate Political Responsibility Taskforce

Expert Dialogue with Amy Meyer & Eliot Metzger

Meyer & Metzger - Module #1

Elizabeth Doty: Welcome to the Corporate Political Responsibility Task Force Third Expert Dialogue. My name is Elizabeth Doty and I'm the Director of the CPRT, Erb Institute's Corporate Political Responsibility Task Force. At the University of Michigan, I'm delighted to be moderating today's conversation with Amy Meyer and Eliot Metzger of the World Resources Institute, Center for Sustainable Business.

Thank you for joining us today. The Corporate Political Responsibility Task Force, or CPRT, is an initiative of the Erb Institute. A 25 year long partnership between the Ross School of Business and the School for Environment and Sustainability at the University of Michigan. Led by Managing Director Terry Nelodov and Faculty Director Tom Lyon, the Erb Institute is known for its leadership in three [05:08:00] areas.

Teaching and Learning. Business engagement with groups like the CPRT, and scholarly and applied research. The CPRT's mission is to help companies better align their approach to political influence with their commitments to purpose and values, sustainability, and stakeholders. As we're seeing, corporate political responsibility is an increasingly pivotal element in managing stakeholder trust, addressing systemic issues, and rebuilding public trust in institutions.

I'm very excited to be talking to two incredible experts. Today we are just going to scratch the surface. I can tell already, Amy Meyer is the program manager for Corporate Climate Advocacy at the WRI Center for Sustainable Business. She leads their efforts to mobilize positive business influence on climate legislation at the state and federal levels.

She has a master's in urban planning from MIT and has served as a senior consultant with Navigant, uh, providing energy efficiency consulting to utilities, state and local governments, and private industry, and has done some incredible research [05:09:00] on barriers, uh, companies face when trying to, uh, act on climate policy.

Eliot Metzger is the Director of Sustainable Business and Innovation at the WRI Center, and he's partnered with Fortune 500 companies in a range of industries to develop and test, uh, innovations from disruptive business models to internal carbon pricing, climate policy lobbying, clean energy investment, um, thought leadership on the water energy nexus, and, a full range of topics, and he tends to focus on urgent sustainability issues that can sometimes be the elephant in the boardroom.

Amy and Eliot, welcome.

Thank you for this report, The Seven Barriers to U. S. Business Climate Policy Leadership and How to Address Them. It's a very interesting kind of premise behind the report, and I know the WRI has a history of being rigorous, science based, evidence based, working on science based targets, um, for climate. So we're going to go in a moment into [05:10:00] detail on those barriers, but I'd like to start with just the premise of the report as Business climate policy leadership.

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Why focus there? Why? Why do you prioritize that when we hear so many companies, for example, making commitments to manage their own operations with these net zero commitments? Why focus on business role in climate policy leadership?

Eliot Metzger: I can take a first stab. Um But I should start just by saying thanks for inviting WRI to join the conversation.

We do look forward to this is very much a conversation. There's folks on the line that have a lot of background here and a lot of insights to share as well. We're going to share what we've learned over the last 10, 15, 20 years. Um, but excited to hear, you know, others views here. I think the idea of this being leadership, Very much the case we I think going back to things like the greenhouse gas protocol and companies that are started like inventory their, their emissions just learning doing the math on how much they were emitting, um, led them to see that they need to set their own targets but then now the companies have set their own [05:11:00] targets for years they realized that just by getting their house in order, it's not addressing the climate crisis and so they need bigger scalable change and that's where policy comes in.

Unfortunately, a lot of companies have shied away from engaging on policy for a number of reasons. Um, it's, it's been one of those things that hasn't been included in that definition of leadership, but over the last few years, a lot more. Of those definitions of climate leadership are inclusive of policy engagement.

Now, there is that expectation from everyone from employees, future employees, investors, um, customers that companies, you know, see this as part of that, that leadership criteria. Um, so that's, that's sort of how we've been sort of framing the paper and framing the research is how do you get companies that have shied away for so many years.

To overcome the barriers, um, preventing them from acting on the policy side as well as the sort of internal, um, greenhouse gas and climate action.

Elizabeth Doty: Right, makes sense. And we have heard a lot from [05:12:00] prior conversations. Companies are really, the trigger for a lot of their interest is the employee voice. So you're really echoing that, that that is one of the vehicles right now calling companies to reconsider their leadership.

How big, how important is the policy side? Amy, I read in the report just a reiteration of how much we need to reduce emissions, um, what it's going to take to just stick to a 1.5 degree, uh, increase. So how important is policy compared to say, you know, your internal operations or your. Supply chain.

Amy Meyer: It's incredibly important. Um, even if you know, I like to run through the scenario in my head of even if every single company in the world were to set internal targets to align with Paris aligned with the 1.5 degree future. Um, we still wouldn't be where we needed to go because there's entities outside of the private sector that are part of this, um, [05:13:00] admitting system and even looking at the companies who do set internal targets, you know, they're, they're setting these targets, but there's no accountability mechanisms in place for them actually meeting the target.

So right now we're in a scenario where. You know, more and more companies are stepping up, and we are seeing progress. Um, you know, there are companies who are really making progress and cutting their emissions, but that's not the case for for all of them. And it's certainly not happening at a pace and a scale that's necessary, given how Um, how critical

this this climate crisis is all that I think this morning there was flooding and in Europe, um, and a lot of death involved there.

You know, it seems like it's, you know, the climate crisis is really accelerating. So having companies pay attention to policy and just acknowledging the role they play in our political system in the United States, um, whether they're intending to influence climate change, Um, it's climate specifically or not, um, they're having an impact with their political donations through their trade [05:14:00] associations, um, through their lobbyists, they, they are having an impact on policy.

So I think it's that dual, you know, needing there to be more and acknowledging that they're already taking part, even if they, they aren't intending to.

Elizabeth Doty: Very interesting. Yeah. So in a way, almost collateral damage from business as usual. So I would like to, let's go there briefly and preview. Some of the barriers you see two companies, you know, prioritizing this.

I will mention that one thing that stood out to me from the report was that many companies net zero commitments or even the negative commitment that we know about, uh, rely on public policy as part of their assumptions, right? So, um, but let's go into what are those barriers to taking the, you know, to reprioritizing and considering this, uh, as serious as you are pointing to if you could just do a quick preview. This is the core of the report, right? And there's much more to it. A preview of what are the barriers internal and external. Um, [05:15:00] and, uh, and what surprised you as you uncovered these, you know, in the journey of crafting the report.

Amy Meyer: Yeah, I I love this graphic. I think it presents a great, um, great summary of the paper. You know why companies should engage in policy, both the business case and the outside pressure. But then when they try and do this there, there are some barriers and internally speaking up in the left of the honeycomb here, we identified through conversations with companies as well as Um, I think it's really important for us as outside actors who work with companies in this space that having the right organizational chart, having the right people in the right roles with right skills and most importantly, coordinating with one another having that cross functional system in place is critical to aligning sustainability strategy with political engagement strategy.

There has to be an organizational structure that reflects the [05:16:00] drive for alignment. And we also have a basic, you know, knowledge gap of not knowing what this science is, how the policies will impact your business. Um, it's very much a combination of the complexity of climate change and the complexity of our regulatory and legislative systems, um, that it can be difficult for companies to navigate that, um, having competing priorities, you know, climate change is not everyone's number one issue.

Um, unless it's a, you know, an existential threat to your business as you know, our fossil fuel and heavy emitting companies. You might find it so it can be hard to elevate climate to the degree that you're, um, pushing the way you need to or putting it ahead of, of other of other issues like taxes or trade issues.

We also have quarterly reports, you know how, um, just the short term financial view that companies tend to take and that the culture we have in the [05:17:00] US of really prioritizing the needs of the stakeholder or excuse me, the shareholder, not the stakeholder. Um, so there's a lot going on inside and then outside you have, you know, this fear of a backlash.

You have what we call political wins, which is just what's even happening in Congress. And is there a bill for you to engage on? And then trade associations, it's kind of stands on its own there as an intermediary, but this is a huge mechanism that lobbying occurs through in the United States and companies belong to multiple trade associations, pour a lot of money into them, but don't always know how those trade associations are lobbying on issues such as climate change.

So these were the 7 that we kind of distilled everything into.

Elizabeth Doty: In a moment, I want to dive into those internal ones, and then we'll dive into the external. Um, and I think we have folks on the call who can help us with, um, with both of those. But first, I'd like to ask just if there are any very high [05:18:00] level questions, Adam, that you're seeing, um, and if you could come on video with us briefly.

Are you seeing any questions in the chat that we can address at this very high level before we dive in, uh, more, uh, more in depth?

Guest: Tom actually, um, just posted a really good question that, um, I would, you know, love to see him kind of post himself. Um, uh, if he feels comfortable doing so.

Tom Lyon: This is a great, uh, analysis of the barriers. And, you know, when I hear the competing priorities, when it makes perfect sense, you know, for most companies, This isn't their highest priority because it's long term. It only affects them somewhat, you know, et cetera.

For big fossil fuel companies, it's an existential issue. So it makes perfect sense that they're highly organized. But political scientist Mancur Olson perfectly well predicted that you have lots of free riding when you have a big collective action issue [05:19:00] that requires lots of people to come together.

So it seems like the natural solution is the creation of a business lobby, a business association focused around climate. And I can't help but think back to the U. S. Climate Action Partnership, um, you know, in the late 2000s, 2007, 2008, that, you know, is now remembered for not quite managing past climate policy, but I think it could also be remembered for being an incredibly close Attempt, you know, or business really came together working with NGOs like W.R. I. To put together a sensible climate policy. And, you know, I'm really interested in what barriers did you find to creating something like that?

Eliot Metzger: Yeah, I can speak a little bit. Tom. The U. S. Cap example is a great one. Um, I was just coming back to W.R.I. Um, around that time. Um, and I was, I was really excited.

I was, I was still fairly naive. [05:20:00] Um, I still am, but I, at that point, I was very naive and thinking this was going to be the thing that we're going to tip the scale and we're going to have climate policy. In fact, when I was interviewing at an organization around that same time, I was looking for jobs. I asked somebody, why would you leave this position now?

I was talking to the person whose job I would take. We're about to pass a climate change bill. This is so exciting. Why not? Why would you leave? Um, I thought they, you know, they were the thing that was going to be finally the thing we overcome all the barriers. Um, we actually learned a lot of lessons, uh, during your U.S. cap and the aftermath of Waxman-Markey and things like that. Um, some of that's in the paper. Um, I think that the latest iteration of some of those collaborations, you can see within industries. Um, Amy, I think has a lot. She could she could say about the food and beverage industry and some of the things they've done to organize.

I'll let her speak on that. She's much more expert than I am. Um, but on the energy side, you have started to see. Energy consumers large commercial industrial energy consumers [05:21:00] start to form groups that would advocate for policy or sort of represent them in the halls of Congress. There's a few that I could list to me I'll put them in the chat here, if I have some time, while we're discussing it but I think you are starting to see that you need a lot more of it.

Oftentimes you're representing those that have the most to lose or those within a trade association that have the most to lose are the most vocal members. Um, but I think you're right, we need someone to represent the positive climate voice and be that advocate, because the companies themselves mean a lot of the people we work with within companies are stretched way too thin to engage deeply and follow the day to day politics of this.

Um, I think the other thing that I'll add is, is you are starting to see more companies hire focused lobbyists and sustainability policy advocates. Um, that's been a more recent development. I think that's kind of interesting. Someone with that role within the organization, sometimes even based in D.C., but with the sustainability hat on with, with their lobbying role.[05:22:00]

Um, so that's kind of promising, but it's definitely not mainstream yet. Um, but it would be nice to see some, some of that association building because it is a collective action problem. You're right.

Amy, do you want to speak to the food and beverage associations? You know, things they've launched.

Amy Meyer: Yeah, I think there's been some interesting models of sustainable food and beverage Association is um, a good example of that where four of the of the big food and beverage companies in the US kind of pulled out of The U.S. Chamber, and they also pulled out of the, um, I'm going to forget the big the big food and beverage trade association blanking on the name right now, but they pulled out of their existing trade associations to create their own for company operations that they felt better represented their views on not only the climate, but also things like health.

Um, and in agriculture, um, and how to approach those things and they had more control over it in that, in [05:23:00] that sense. So I think that's a, you know, a good example of, we're seeing more companies kind of stepping up and doing things similar to that. But 1 thing that occurs to me, Tom, with your question and looking at the US cap model is I think the world's changing. Um, well, obviously climate change, the world is the world is changing. Um, but obviously society is going through, um, some serious changes here. And one thing that I found interesting is just the role of business on something like. Carbon pricing. Um, Senator Whitehouse put out a new carbon pricing bill recently.

And, you know, I was talking to my colleagues, but okay, do we want to get the companies rallied around this? And they said, actually, we don't want the companies anywhere near this. We don't want business to come out and support because that might scare away the environmental justice folks. Um, and I thought that was a very interesting point in it.

You know, it kind of came back to, okay, well, if business can engage, um, we don't want them to not [05:24:00] engage, but then it pulled on the, on the point of who companies are giving political donations to, um, who's getting elected to Congress. There's, you know, I think there's more ways that companies can impact, um, You know, climate policy beyond just the U.S. cap model. And I think we're seeing that come into more and more focus.

There's a lot of attention on political donations around the January 6 events and giving to members of Congress who refused to endorse the results of the election or verify those. Um, and there's been similar questions on climate of, you know, our companies looking at climate positions when they give money and overwhelmingly.

I think the answer is no, that that's not their main case. And, um, that's something that I think we need to pay attention to. And just looking at where society is going of making these changes. And I guess a lot to say that I don't know that a US cap model is going to be. The future of business [05:25:00] engagement.

Tom Lyon: Amy, can I ask you a follow-up question? Because I don't know the White House proposal per se, but the citizens climate lobby always advances a fee and dividend approach, which is explicitly progressive because it collects the money, gives it back to people on a per capita basis. And so You know, low income people are going to get a check that more than outweighs how much they spend on energy and you would think companies might be able to spin that, you know, in a legitimate positive way.

Amy Meyer: Yes. So, I, I don't want to speak for the environmental justice community. Um, it's a very nuanced issue and I think we're seeing increased backlash against the carbon price right around the time that companies have become more comfortable with it. So it's, uh, you know, that's that's the way the cookie crumbles, I suppose.

But there's the reasoning as I understand it is that when you put a price on pollution, um, you're not removing that pollution [05:26:00] from. low income areas from disadvantaged areas. You're just putting a price on it. And even if people are getting money back in their pocket, it's not removing the, you know, the pollution from from their lungs.

Um, it's just when you put a price on it, it's gonna fall to, you know, the most disadvantaged areas are going to continue being the areas where that pollution occurs because you're not eliminating it. You're moving it around in an accounting system, even if slowly, you know, you're starting to get, get bits of carbon out of the atmosphere.

Um, so I think there's a lot of concerns about, um, allowing that to, to continue. And in the new bill, there's some, some different mechanisms in place that seek to address that. Um, I think that particularly focus in on the need to eliminate pollution from those highly disadvantaged areas. Um, so I think it's it's becoming it's becoming complex, more complex in it than it even was.

But it is sort of, uh, we're seeing carbon [05:27:00] pricing fall a little bit out of out of favor, which is scary.

Elizabeth Doty: I want to thank Both of you for the thoughtfulness here. I know, as I said, we've just scratched the surface. There is not only this report, which is an excellent conversation starter, it would be great for anyone in an association in a company to bring for conversation with their peers and potentially for companies to bring to their trade associations about the stakes and the practical barriers in a rigorous, neutral, but very frank way.

There's also your, um, your AAA model. The AAA framework, advocate, align, and allocate on climate policy. And then you actually go into great detail kind of convergence around policies. Those are practical ways people could take the conversation here, either listening to it or joining us [05:28:00] today.

