The Role of the Private Sector in the Pursuit of the Paris Agreement – Assessing Climate Lobbying and National Climate Policies

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Abstract:

The private sector has a large sway on national climate policies. Nationally Determined Contributions (NDCs) are, by definition, national documents and, as such, it might not be intuitive to imagine the private sector swaying them. However, the private sector actually has quite a bit of influence on national climate policies. This project focuses on the correlation between corporate climate lobbying and such climate policies, highlighting how lobbying sways these policies and impacts Nationally Determined Contributions. Using a mixed-methods approach, this project evaluates quantitative data on countries' climate policy scores under the Climate Change Performance Index, and qualitative data from sources such as the UNFCCC Global Stocktake. Two case studies are used to prove the main argument – the impact of Toyota and Fortum’s lobbying on Japan and Finland’s national climate policies respectively. The discussion suggests a correlation between corporate climate lobbying and climate policy outcomes. This relationship necessitates engagement from all relevant stakeholders. As such, recommendations are given primarily around enhancing lobbying disclosure and transparency and involving stakeholders at all levels - from grassroots activists to business leaders - to ensure that corporate lobbying acts help rather than hinder national climate policies.

I. Introduction and Hypothesis

a. The Paris Agreement and the Nationally Determined Contributions (NDCs)

The Paris Agreement is a legally binding international agreement that was adopted in 2015 following COP21 – the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC). The primary aim of the Paris Agreement is to limit the increase in global temperature to below 2 degrees Celsius above pre-industrial levels, with an aspiration to stay below 1.5 degrees (UNFCCC n.d., "The Paris Agreement"). One of the action points resulting from the Paris Agreement is that all countries that are party to the UNFCCC will have to prepare, communicate, and maintain successive NDCs that they intend to achieve (UNFCCC n.d., "The Paris Agreement"). The UNFCCC itself is an international treaty established in 1992 to combat climate change and it has close to universal membership, with 198 countries party to the Convention (UNFCCC n.d., "What is the UNFCCC"). The Paris Agreement is often described as flexible because of its bottom-up nature (Streck 2020, 7) and because of the NDCs, which due to their country variance and inclusion of countries' specific climate priorities, have allocated a good measure of flexibility. NDCs are akin to climate contracts; they are countries' commitments to reduce their national emissions in order to mitigate climate change, and their commitments to engage in policies to adapt to the unabated changes and impacts already caused (UNFCCC n.d., "The Paris Agreement"). They are overall pivotal to climate action as they contain information on country targets, policies, and measures as well as information on either the needs for, or the provision of, finance, technologies, and capacity building for these actions, showcasing each country's intended efforts, plans, and focus areas.

Despite their importance and while submitting NDCs is mandatory - such that all parties to the UNFCCC are mandated to submit their NDCs every five years to the UNFCCC secretariat

- their content is voluntary. This means that their achievement is not legally binding and there is no enforcement mechanism to the Paris Agreement (Stankovic, Hovi, and Skodvin 2023, 2). Given that their implementation is voluntary, while they often serve as the primary climate policy documents for most countries, there are minimal consequences for countries that do not adhere to their specified NDCs. Nonetheless, the implementation and ambition of these commitments are critical to the achievement of the Paris Agreement's 1.5°C goal

b. The Role of the Private Sector

Generally, the private sector has a multifaceted role in climate action. They are responsible for reducing emissions within their own operations and value chains. Moreover, they are often associated with providing climate finance to developing countries such that "[p]rivate climate financing must play a pivotal role as emerging markets and developing economies seek to curb greenhouse gas emissions" (Ehlers, Gardes-Landolfini, Natalucci, and Ananthakrishnan 2022). However, something that is not as often addressed within the greater climate community, and especially not by grassroots climate activists, is the private sector's impact through their lobbying. Lobbying is an attempt to influence "legislation and regulation to favor their [the private sector's] business. Lobbying occurs at all levels of government" (Interfaith Center on Corporate Responsibility n.d., "Corporate Lobbying") and corporate climate lobbying can have a dual impact on climate policies - either advancing or undermining climate them – and that reflects on countries' NDCs

c. Hypothesis on the Impact of Private Sector Lobbying on National Climate Policies

Thus, this paper hypothesizes that climate lobbying by the private sector can and has been significantly swaying national climate policies – both supporting and hindering rigorous climate action. This impact on countries' climate policy efficiency is analyzed through the Climate Policy score under the Climate Change Performance Index (CCPI).

d. Objectives of the Project

This project explores the intricate relationship between private sector involvement in climate lobbying and countries' efficiency in implementing their climate policies and commitments i.e. their NDCs. It aims to demonstrate a clear link between corporate lobbying efforts and government policy actions, ultimately providing practical recommendations for various stakeholders. Grassroots climate activists ought to integrate in their activism the promotion of positive and transparent corporate climate lobbying. This ensures that there is no fundamental disconnect between companies' public advocacy and their actual lobbying activities. For business leaders, the project underscores the importance of viewing climate change and the risks associated with it as a strategic priority and engaging in positive climate lobbying. For governments, this project highlights the profound impact of lobbying on policy outcomes and encourages prioritizing environmental sustainability over profit in legislative agendas.

II. Methodology

a. Internship Experience:

While I have signed a Non-Disclosure Agreement (NDA) and as such cannot discuss my work in detail, my role as the Climate Lobbying Intern at the Interfaith Center on Corporate Responsibility (ICCR), during the spring of 2024, fundamentally shifted my understanding of corporate influence on climate policy. Coming from a background in development and activism, primarily focused on public sector and non-governmental efforts, this internship offered me a new perspective on the private sector's role in environmental advocacy, beyond climate finance. This was pivotal in choosing the focus of my project. My firsthand participation in conversations around corporate lobbying disclosure has given me insight into the sway corporate climate lobbying has on national climate policies. These insights are crucial for grassroots activists and the broader climate community to have as they navigate engaging in environmental advocacy in a corporate-dominated world. Thus, the knowledge and experiences I gained have been deeply integrated into this project. This project aims to not only show the sway corporations have on climate policy and advocate for greater transparency and accountability, but also to provide an overview of the current state of this niche issue in climate activism. This project functions as a bridge between my pre-internship understanding and the new perspective I gained, and as a call to action urging grassroots climate activists to engage with advocating for greater lobbying disclosure. It also urges corporate entities and investors to prioritize ethical lobbying practices, and governments to prioritize social over private benefit.

b. Quantitative Analysis

This project includes a quantitative evaluation of Japan and Finland's climate policy scores using the Climate Change Performance Index (CCPI). It also utilizes other platforms such as the Climate Action Tracker (CAT) and Climate Watch Data to assess their progress regarding curtailing emissions. The CCPI is a tool for enhancing transparency in both national and international climate politics. It utilizes a standardized framework and evaluates the climate performance of 63 countries and the European Union, covering four categories including Climate Policy (CCPI n.d.). The Climate Action Tracker (CAT) is an "independent scientific project that tracks government climate action and measures it against the globally agreed Paris Agreement… it quantifies and evaluates climate change mitigation targets, policies and action" (Climate Action Tracker n.d.). Climate Watch is managed by the World Resources Institute and is an online platform designed “to let users analyze and compare the Nationally Determined Contributions (NDCs) under the Paris Agreement” as a contribution to the NDC Partnership (Climate Watch Data n.d.). Additionally, Toyota and Fortum’s lobbying activities will be analyzed using data from InfluenceMap, which is an independent think tank that analyzes how corporates impact climate change (InfluenceMap n.d.), and LobbyMap, which is a platform operated by InfluenceMap and tracks corporate climate policy engagement (LobbyMap n.d.).

c. Qualitative Analysis

The qualitative side of this project will include an assessment of global progress towards achieving the NDCs, utilizing the UNFCCC Global Stocktake (GST). The Global Stocktake is “like taking inventory. It means looking at everything related to where the world stands on climate action and support, identifying the gaps, and working together to chart a better course forward to accelerate climate action” (UNFCCC n.d., “Why the Global Stocktake is Important for Climate Action this Decade”). Furthermore, the project will focus on examining national documents such as the Japanese NDCs and the Finish National Climate Act, official lobbying statements by Fortum, and select case studies of private sector influence by Toyota and Fortum in Japan and Finland respectively. This will allow for an assessment of the relationship and potential correlation between corporate lobbying efforts and governmental climate policies and actions. The aim is to gain nuanced insights into how lobbying impacts policy development and the implementation of NDCs.

d. Case Studies

Country case studies have been chosen for their particular relevance to the project’s objectives, with Japan representing low performance on climate policy and Finland representing relatively high performance. Japan received a “very low” climate policy score of 2.5 from the CCPI, and

Finland received a “medium” score of 17.86 (Burck et al. 2024, 15). No country has yet achieved a score beyond “medium” in the climate policy section (Burck et al. 2024, 14), which is why Finland was chosen. This project will explore the lobbying activities of specific corporations within these countries: Toyota in Japan, which has a LobbyMap score of D (LobbyMap 2024, “Toyota”), and Fortum in Finland, which has a score of C+ (LobbyMap 2024, “Fortum”), this grading follows a scale gradient where A+ is the highest score and E- is the lowest.

III. Data and Analysis

a. NDC Implementation Status and the GST

This section will provide an overview of the current progress in NDC implementation globally, following the UNFCCC Global Stocktake (GST) conducted in 2023 and utilizing the Climate Action Tracker (CAT) and Climate Watch. The GST is an important mechanism of the Paris Agreement that is codified in Article 14 which states that “[t]he Conference of the Parties… shall periodically take stock of the implementation of this Agreement to assess the collective progress towards achieving the purpose of this Agreement and its long-term goals (referred to as the "global stocktake")” (UNFCCC 2015, 18). As such, its primary purpose is to evaluate the effectiveness of the actions taken by countries to mitigate climate change and adapt to its impacts. The GST is designed to promote transparency and accountability by providing a comprehensive overview of where the world stands in terms of climate action (Feyertag 2023); it is structured over a five-year cycle and the three-step process begins with an information collection phase, where data is gathered from various sources. Then a technical assessment of the compiled information is conducted, and global progress is evaluated in three main areas: mitigation, adaptation, and implementation and finance (Feyertag 2023). The final phase is the political phase which involves high-level dialogues among parties to discuss the outcomes of the technical assessment and aims to encourage parties to enhance their ambitions in subsequent NDCs (Feyertag 2023).

The results of the first-ever GST indicate that there is a shortfall in the reduction of emissions. The United Nations reported that "the world is significantly off track in meeting the goals of the Paris Agreement" (United Nations 2023); specifically, current national pledges are 20.3 to 23.9 gigatons of CO2-equivalent below what is necessary to keep warming to 1.5 °C by 2030 (United Nations 2023). This means that even if all countries achieve their current NDCs, far more ambitious commitments are required, with the synthesis report stating that "much more ambition in action and support is needed in implementing domestic mitigation measures and setting more ambitious targets in NDCs to realize existing and emerging opportunities" (UNFCCC Secretariat 2023, 18). The GST addressed several challenges related to NDC implementation by countries. However, this project specifically focuses on corporate lobbying, presenting it both as a challenge and a potential opportunity. It is important to note that the GST does mention the private sector multiple times. The overall importance of their engagement is highlighted and recognized such that "making finance flows – international and domestic, public and private – consistent with a pathway towards low GHG emissions and climate-resilient development entails creating opportunities to unlock trillions of dollars and shift investments to climate action" (UNFCCC Secretariat 2023, 35). The GST also addressed initiatives such as the Global Financial Alliance for Net Zero and other initiatives where the private sector attempts to develop their own net zero targets and transition strategies as well as address the climate risks for their sector. Despite the GST's emphasis on the private sector's role, the primary focus remains on their financial engagement rather than their political influence.

b. The Private Sector and Shareholder Advocacy

Overall, the private sector has a large role to play in climate action; the Paris Agreement itself "encourages not only governments but also sub-national governments, corporations and civil society to contribute to reaching ambitious climate goals" (Streck 2020, 5). As climate change kept gaining notability, the interest and participation of the private sector increased (Streck 2020, 6). Furthermore, climate change has been acknowledged as a "major source of systemic risk in the financial system" (European Central Bank n.d.), which also garnered greater participation from the private sector. This greater participation can have both a positive and a negative dimension. The positive dimension includes a greater allocation of private funds to climate action, conversely, private engagement comes with private interests which are enough to encourage the private sector to participate in and sway climate negotiations (Streck 2020). One of the ways the private sector attempts that is through lobbying, where "[p]rivate actors are seeking to influence negotiation outcomes to achieve direct or indirect benefits" (Streck 2020, 11). Lobbying can be done "through direct lobbying, or indirectly through third-party organizations such as business associations" (ICCR n.d., "Corporate Lobbying"). Business associations, which are organizations funded by businesses to advocate for their collective interests through lobbying, engage policymakers on business-relevant issues. Thus, they significantly influence public policy debates with their focus on corporate profitability.

The topic of corporate climate lobbying and that side of private sector engagement, although not as widely discussed, is not invisible to the public eye, and particularly not to investors. There are organizations such as LobbyMap which "is the world's leading platform measuring corporate climate policy engagement" (LobbyMap n.d.) and provides an evaluation of leading companies' and their business associations' influence on national climate policies. Additionally, there are organizations whose purpose is to engage in shareholder advocacy and encourage investors to ask businesses to lobby for positive climate action – amongst other topics. These organizations include the Interfaith Center on Corporate Responsibility (ICCR) which "is a coalition of faith- and values-based investors who view shareholder engagement with corporations as a powerful catalyst for change" (ICCR n.d., "About"). ICCR advocates for investors to go against lobbying abuse and advocate for disclosure to ensure that corporate interests are not prioritized over public interests, and transparency is ensured for responsible lobbying (ICCR n.d., "Corporate Lobbying"). One of the issues ICCR is concerned with is whether companies are disclosing the lobbying they are conducting and whether companies are considering climate change as the systemic risk that it is and addressing that appropriately. Ceres is another "nonprofit advocacy organization working to accelerate the transition to a cleaner, more just, and sustainable economy" (Ceres n.d.), they are more specialized in sustainability than ICCR who also tackle other issues, but Ceres also aims to inspire investors to unite and influence companies' practices (Ceres n.d.).

There are coalitions such as the We Mean Business Coalition that work "with the world's most influential businesses to take action on climate change" (We Mean Business Coalition n.d., "About") who tackle things from a slightly different angle. Their focus is on guiding businesses directly on how to do better for the environment, for example through providing a framework for Responsible Policy Engagement (RPE) which "enables companies to reap the business benefits of responsible advocacy and respond to rising stakeholder expectations" (We Mean Business Coalition n.d.). Such coalitions understand the value businesses bring and their role in achieving national emission reduction targets and address the "critical role corporate advocacy plays in driving climate policy" (We Mean Business Coalition 2023, 8), highlighting that companies may have net zero goals, but often they do not align those with their lobbying and political activity. Hence, they work to encourage companies to engage in RPE and spell out the benefits to them. Further guidance for corporations can be found in handbooks such as *The 5th P (Persuade)* which was released by the Race to Zero – a global initiative mobilizing non-state entities, such as corporations, to reduce global emissions by half by 2030 - to "consolidate existing critical resources on net zero advocacy, policy, and engagement and to summarize best practice" (UNFCCC Climate Champions n.d.).

More recognition of the role of corporate climate lobbying comes from the Principles for Responsible Investment (PRI) which are supported by the United Nations and work to achieve a sustainable global financial system by "fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation" (Principles for Responsible Investment n.d., "About"). According to the PRI, Investors are increasingly focusing on corporate engagement with climate policy and have come to recognize its impact in shaping governmental responses to climate issues. However, investors recognize that corporate interests, often represented through trade or business associations, may obstruct climate action which would put investors at risks such as reputational and financial risks (Principles for Responsible Investment 2018, 5). In the realm of climate policy, some associations prioritize short-term gains over long-term global value. Most trade associations involved in climate policy tend to oppose progressive regulatory actions, for example, the US Chamber of Commerce has resisted mandatory climate policies aligned with the Paris Agreement (Principles for Responsible Investment 2018, 7). As such, the PRI introduced an initiative aimed to enhance transparency in corporate climate advocacy, scrutinize the involvement of third-party organizations in climate policy, address discrepancies between corporate policies and the actions of these organizations, and articulate clear investor expectations regarding climate engagement (Principles for Responsible Investment 2018, 5).

There have been multiple attempts to align the private sector with the Paris Agreement for example through the Science Based Target Initiative (SBTi). The SBTi is a "corporate climate action organization that… develop[s] standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest" (Science Based Targets n.d.). A study conducted at Concordia University has found that the adoption of SBTs by companies is linked with enhanced climate action, however, more research is needed to distinguish between "substantive and symbolic target-setting and understand how companies plan to achieve established SBTs" (Bjørn et al. 2022, 53). More importantly, the current methods for tracking emissions, setting goals, and managing SBTs, as well as the lack of transparency and disclosure, provide an enabling environment for businesses to claim emission reductions that are not accurate, which could potentially lead to inadequate overall reductions in emissions (Bjørn et al. 2022, 53). There is also the Global Standard on Responsible Corporate Lobbying, which was launched by investors and "urges companies to commit to responsible climate lobbying, disclose the support given to trade groups lobbying on their behalf, and take action if it runs counter to the world's climate goal" (Jessop 2022). The Global Standard has fourteen indicators (Climate Lobbying 2022) which can be used to benchmark companies' lobbying; however, most companies do not tend to perform well when compared to the Global Standard. For example, META, which received a score of C+ from LobbyMap (LobbyMap 2022), receives a low evaluation when compared to the Global Standard. The launch of the Global Standard proves that proactive shareholders are dedicated to engaging with companies worldwide, both collectively and individually, to emphasize and enhance companies' accountability and performance in climate lobbying. Shareholders recognize that any lobbying efforts aimed at delaying, weakening, or obstructing governmental climate actions contradict their interests. This awareness may lead to the filing of resolutions at the shareholder meetings of non-compliant companies (Jessop 2022).

c. Private Influence on Public Climate Action

According to the Climate Change Performance Index (CCPI) – and specifically focusing on the Climate Policy category – the "1.5°C target is still alive, but just barely… countries worldwide are not on track to meet their commitments" (Burck et al. 2024, 14). This section aims to shed light on the relationship between corporate lobbying and successful climate policy implementation through a comparative analysis using two case studies – Japan and Finland.

The Climate Action Tracker (CAT) has rated Japan's climate efforts as "Insufficient." Japan's latest NDCs, submitted in 2021, set a goal to reduce emissions by 46% by 2030 from 2013 levels, with an aspirational target of 50% (UNFCCC 2022, "Japan's Nationally Determined Contribution"). CAT rates this target "almost sufficient" based on domestic efforts required and "insufficient" in terms of Japan's fair contribution globally (Climate Action Tracker n.d., "Japan"). Furthermore, CAT deems Japan's current policies and actions as "Insufficient" against modeled domestic pathways, which means that Japan's current commitments fall significantly short of aligning with the 1.5°C warming limit. According to CAT, Japan's implemented policies are projected to achieve a 31% to 38% reduction in emissions by 2030 relative to 2013 levels, which is below its NDC target of a 42% reduction (Climate Action Tracker n.d., "Japan"). Additionally, CAT rates Japan's 2050 net-zero target as "Poor," and thus Japan is likely to miss its NDC target (Climate Action Tracker n.d., "Japan"). According to Climate Watch, "Japan is the World's 8th largest emitter, with a total share of 2.24%" (Climate Watch Data n.d., "Japan"). Furthermore, according to Climate Transparency, Japan is not on track for the 1.5°C goal, and, in 2020, Japan allocated nearly USD 3 billion to fossil fuel subsidies (Climate Transparency 2022, "Japan"). Among the G20 nations, Japan is the leading financier of public energy projects, with 86% of this financing directed towards fossil fuels (Climate Transparency 2022, "Japan"). Thus, all of the statistics presented confirm that Japan is doing poorly in regards to climate policy.

Looking at Toyota's climate lobbying might explain Japan's insufficient climate action. According to LobbyMap – who give Toyota a grade of D - Toyota "has strategic, mostly negative engagement with climate policy globally in 2022-24" (LobbyMap 2024, "Toyota"). Additionally, Toyota's transparency regarding its indirect influence through industry associations is inconsistent. In January 2024, Toyota released its third industry association review, in which it did not detect any instances of significant misalignment with these associations. However, Toyota maintains prominent roles in several conservative groups that do not lobby for climate action or proactive climate policies (LobbyMap 2024, "Toyota"). Shareholders in Toyota also are not particularly supportive of climate disclosure, where they "rejected a resolution urging greater disclosure of its climate lobbying" (Leussink 2023). It is also important to note that in the summer of 2022, the Japanese government had planned to eliminate the sale of fossil-fueled cars by 2035 (Patterson 2023). However, just before the decision was finalized, the then-CEO of Toyota held discussions with the leadership of Japan's Liberal Democratic Party and intervened to prevent the government from implementing a complete ban (Patterson 2023). Japan's endeavors toward climate action are often obstructed by Toyota, which has hindered emissions reduction initiatives both domestically and internationally and has also been labeled as the automaker with the most detrimental impact on global climate policy for two consecutive years (Patterson 2023).

Finland, on the other hand, in 2020 "emitted 61.7 million tonnes of CO2 equivalent representing 0.13% of global emissions" (Climate Watch Data n.d., "Finland") as opposed to

Japan's 2.24%. Additionally, Finland ranks in 5th place on the CCPI Climate Policy index, putting it in second place after the Netherlands because the top three places are left empty (Burck et al. 2024, 15). Furthermore, Finland passed "arguably the world's most ambitious climate target into law. It aims to be the first developed country to reach net zero, in 2035, and net negative – absorbing more CO2 than it emits – by 2040" (Lo 2022). Finland is on track to reaching its goal, with its relatively low usage of fossil fuels and its utilization of nuclear power in its energy mix (Shine 2023). Finland's climate strategy centers on its National Climate Act, which outlines emission reduction targets which entail reducing emissions by 60% by 2030, 80% by 2040, and 90% to 95%, by 2050, relative to 1990 levels (Finnish Ministry of the Environment n.d.). As per the Act, Finland is mandated to achieve carbon neutrality by 2035 at the latest. Annual Climate Reports are released to assess progress toward meeting the targets and the effectiveness of the measures undertaken (Finnish Ministry of the Environment n.d.). The reason Finland has such aggressive climate policies is mainly due to its climate-conscious businesses and their lobbying (Heath 2020). This is mainly due to Finnish businesses recognizing climate change as a significant opportunity rather than a burden (Heath 2020). Finnish industries, small and large, represented by the Climate Leadership Coalition, have been proactive in lobbying for more robust environmental standards.

Looking at Fortum, which was given a grade of C+ by LobbyMap, "Fortum's top-line messaging on climate policy is positive. The company stated support for the EU 2050 climate neutrality target and reducing emissions to limit warming to 1.5°C… and also supported the UN Paris Agreement" (LobbyMap n.d., "Fortum"). Fortum has provided a partial overview of its trade associations' stances and involvement in specific climate-related policies but omitted two industry associations - Hydrogen Europe and SolarPower Europe - that are actively involved in climate policy from its disclosure (LobbyMap n.d., "Fortum"). In terms of direct lobbying, Fortum only partially discloses its activities (InfluenceMap 2023). Fortum is not a perfect company in terms of its lobbying, despite their claims that "[t]ransparency is an inbuilt principle in all Fortum's operations… We communicate about our lobbying objectives proactively and transparently… Fortum's climate policy advocacy is strongly based on climate science, and support for the Paris Agreement is the core principle underpinning it" (Fortum n.d.). According to InfluenceMap, Fortum only meets some criteria when it comes to the accuracy of its climate policy engagement disclosure, which evaluates how accurately companies report their climate policy engagements (InfluenceMap 2023). Nevertheless, compared to companies like Toyota, Fortum demonstrates a relatively better commitment to climate advocacy. This contrast between Finland's aggressive climate policies and Japan's weak climate legislation shows the critical role that corporate advocacy plays in the climate policy sphere, as shown by Fortum's positive stance on climate compared to Toyota's negative one. Proving the sway corporate climate lobbying has on shaping government climate policy.

IV. Discussion and Recommendations

a. Influence of Private Sector Lobbying

The relationship between corporate climate lobbying and the shaping of national climate policies, as well as the implementation of NDCs is overall complex but clearly significant. A multitude of studies, initiatives, and analyses demonstrate a clear correlation between corporate lobbying activities and the direction and intensity of climate legislation and policy frameworks.

Given the accumulated evidence, it is then possible to strongly claim that climate lobbying by the private sector can and has significantly swayed national climate policies, both supporting and hindering rigorous climate action, which has affected the degrees to which countries have implemented their NDCs. On the positive side, companies that prioritize sustainability and recognize the long-term benefits of stringent environmental standards have pushed for ambitious climate policies. Conversely, certain sectors, particularly those with vested interests in fossil fuels and traditional industrial practices, have leveraged their lobbying power to delay or weaken policy measures that would mandate a shift away from carbon-intensive operations. This negative influence often aims to protect short-term economic interests at the expense of long-term environmental goals. Although Correlation does not always mean causation, the consistent alignment between corporate lobbying activities and subsequent policy outcomes suggests a causal relationship. Moreover, the effectiveness of NDC implementation is often reliant on the domestic political and economic landscape, which is frequently shaped by corporate interests.

b. The Way Forward

Enhanced transparency and stricter regulations are essential to mitigate the negative impacts of corporate lobbying. Governments are recommended to require companies to publicly disclose their detailed lobbying activities and expenditures. This would allow all stakeholders, including civil society and activists, to hold corporations accountable for their impact on climate policy. Additionally, it is vital to continue to ask the private sector to align their lobbying activities with science-based targets to ensure that their lobbying supports, rather than undermines, national climate goals. Developing guidelines and standards for responsible lobbying, such as the Global Standard for Responsible Lobbying, is important to provide a framework for companies to engage in positive climate lobbying. However, it is also important to put more pressure on companies to abide by such standards and frameworks. Therefore, legislative and policy reforms aimed at enhancing transparency and aligning business practices with climate goals are recommended. The SEC climate disclosure rule, which includes "disclosures relating to climate-related risks and risk management as well as the board and management's governance of such risks" (Sec adopts climate-related disclosure rules 2024), is a good start, but also adopting reforms similar to the Finnish Transparency Register Act which aims to improve the transparency of lobbying and decision-making processes within the political system (Fortum n.d.) would be more impactful. Furthermore, business leaders need to align business interests with climate goals, this is not just ethical, but it is also a strategic move since climate change presents businesses with a systemic risk (Ramani 2020) and responsible lobbying can mitigate systemic risks and enhance long-term business viability.

Grassroots climate activists are often unconcerned with the private sector beyond the issue of Climate Finance, and as such they do not advocate enough for responsible lobbying and shareholder advocacy. However, this is something that needs to change so they can play a role in pressuring, monitoring, and influencing private-sector lobbying. Grassroots activists must be capacitated on the power and influence of corporate lobbying so that they can advocate for the continuous scrutiny of corporate lobbying and so they can join the movement calling for stronger regulations and transparency. Keeping the public informed and engaged exerts pressure on both corporations and governments to uphold high standards of accountability and environmental leadership.

V. Conclusion

The goal of this project was to shed light on the complex relationship between corporate climate lobbying and national climate policies and provide actionable recommendations for all relevant stakeholders. It has proven that corporate lobbying undeniably sways national climate policies and, consequently, affects the implementation of NDCs. This lobbying has been shown to both support and hinder climate policies, purely depending on the private interests of the lobbying corporations involved. As such, it is important to hold corporations accountable and governments not only need to prioritize social interest over private interest, but also need to implement and enforce frameworks that promote transparency and accountability in corporate lobbying. It is also important to engage business leaders in the climate action conversation and raise their awareness of the systemic risks that are presented to their industries by climate change. That way business leaders will understand that responsible climate lobbying is more than just an ethical move, but also a strategic one that is beneficial to them. Finally, grassroots activists must be capacitated and informed on shareholder advocacy and the role of climate lobbying in swaying national climate policy creation and implementation, so that they can advocate for greater transparency in lobbying.

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