FACT SHEET

THE 2018 CLIMATE ACCOUNTABILITY SCORECARD

# Climate Accountability at Peabody Energy

Since the Union of Concerned Scientists (UCS) issued its inaugural *Climate Accountability Scorecard* in 2016, the fossil fuel industry has faced mounting shareholder, political, and legal pressure to stop spreading climate disinformation and dramatically reduce global warming emissions from its operations and the use of its products. This follow-up study of eight major oil, gas, and coal companies (Arch Coal, BP, Chevron, ConocoPhillips, CONSOL Energy, ExxonMobil, Peabody Energy, and Royal Dutch Shell) found that they are responding to these growing mainstream expectations.

However, the organization's analysis also found that these companies' actions, on the whole, remain insufficient to prevent the worst effects of climate change. None of these companies have demonstrated a level of ambition consistent with keeping global temperature rise within the Paris climate agreement limits that some companies claim to support, many downplay or misrepresent climate science, and all continue to spread climate disinformation through trade and industry groups.

In 2018, we evaluated the same eight companies on 28 metrics that are largely the same as those we assessed in 2016 (Mulvey et al. 2016). The study focused on the period from July 2016 through June 2018. The metrics and criteria are separated into four broad subject areas: renouncing disinformation on climate science and policy, planning for a world free from carbon pollution, supporting fair and effective climate policies, and fully disclosing climate risks. For each area, we gave each company a score, ranging from "advanced" (which means that the company is demonstrating best practices) to "egregious" (which means that the company is acting very irresponsibly). Peabody Energy's score improved in one area and remained the same in the other three areas.

## Scorecard Highlights

Peabody Energy follows best practices in its disclosure, policies, and oversight related to political spending. For example:

- The company publicly discloses corporate contributions to political candidates, committees, and parties; payments to politically active tax-exempt groups; independent political expenditures made in direct support of or in opposition to a political campaign; and the positions and/or titles of company senior managers with authority over political spending decisions (Peabody Energy 2018a; Peabody Energy 2018b; Peabody Energy 2017b; Peabody Energy 2017c).
- The company has a detailed policy that governs its political spending from corporate funds. The company also discloses its public policy positions that become the basis for its spending decisions. A Peabody Energy policy states that senior managers have final authority over all of the company's political spending and that the board of directors must regularly oversee corporate political activity (Peabody Energy 2018a).
- The company has a specified board committee that oversees corporate political expenditures and an easily accessible web page dedicated to political disclosure (Peabody Energy 2018b; Peabody Energy 2018c).

## Scorecard Lowlights

- In its public statement on climate change, Peabody Energy downplays the need to reduce global warming emissions by omitting any discussion of climate

TABLE 1: Peabody Energy Company Overview

| Peabody Energy | Global miner, seller, and distributor of coal |
|---|---|
| Location of Headquarters | St. Louis, MO |
| CEO and Executive Chairman | Glenn Kellow |
| 2017 Annual Revenues | $5.578 Billion |
| 2017 Annual Loss | ($282.1 Million) |

DATA SOURCE: PEABODY ENERGY 2017A.

change, emphasizing the "essential" role of coal in the global energy mix, and describing emissions from the burning of fossil fuels as a "concern" that is part of the "landscape" rather than as the primary cause of global warming that is having significant and costly effects on our communities, our health, and our climate (Peabody Energy 2018d).
- Peabody Energy holds leadership positions in the American Legislative Exchange Council (ALEC), National Mining Association (NMA), and the US Chamber of Commerce (US Chamber), and it is also a member of the American Coalition for Clean Coal Electricity (ACCCE) (SourceWatch 2018; US Chamber 2018; ACCCE 2017; Peabody Energy 2017b; NMA 2016). It has not taken any steps to distance itself from climate disinformation spread by any of these groups.
- Peabody Energy has no plan or targets for reducing global warming emissions from its operations or from the use of its products (Peabody Energy 2017d).
- Peabody Energy does not use an internal price on carbon in its investment decisions (Peabody Energy 2017d).
- Peabody Energy actively supported the repeal of the Clean Power Plan without identifying a climate policy that it supports, and it used climate science disinformation to justify its opposition (Regulations.gov 2018).
- Peabody Energy publicly supported the United States' withdrawal from the Paris climate agreement (Peabody Energy 2017e).

## Recommendations

**PEABODY ENERGY SHOULD:**

- Definitively acknowledge climate science and the need for swift and deep reductions in emissions of heat-trapping gases instead of downplaying climate impacts and stressing the ongoing need for fossil fuels.
- Leave ALEC and ACCCE, publicly citing inconsistencies between the groups' positions on climate change and that of Peabody Energy.
- Use its leadership positions within the NMA and the US Chamber to demand an end to their disinformation on science and policy, and speak publicly about these efforts.
- Develop and publicly communicate a company-wide plan to bring emissions of heat-trapping gases from Peabody Energy's operations and the use of its products to net zero by mid-century, which would be consistent with the Paris climate agreement's global temperature goal.
- Explicitly endorse the Paris climate agreement, including its global temperature goal, and consistently support public policies and/or regulations to advance that goal.
- Renounce the use of climate science disinformation in public policy debates.

## Detailed Scoring

Peabody Energy's scores across all metrics, separated by area, are detailed below in Tables 2-5. For each metric and area, companies are scored on a five-point scale. In descending order, the possible scores are Advanced, Good, Fair, Poor, and Egregious. Arrows indicate a change in score from the 2016 scorecard.

Please see the methodology and data appendices online at *www.ucsusa.org/climatescorecard* for additional details.

TABLE 2. Renouncing Disinformation on Climate Science and Policy

| Metric | 2016 Score | 2018 Score | Rationale |
|---|---|---|---|
| Consistently accurate public statements on climate science and the consequent need for swift and deep reductions in emissions from the burning of fossil fuels | Fair | Poor ▼ | Peabody Energy's "Position Statement on Energy and Climate Change" includes no information on or reference to climate change (other than the title). Instead, it emphasizes the "essential" role of fossil fuels in general, and coal in particular, in the global energy mix. The statement also frames emissions from the burning of fossil fuels as a "concern" and part of the "global political, societal, and regulatory landscape," rather than acknowledging that swift and deep reductions in heat-trapping emissions are necessary to avoid catastrophic climate impacts (Peabody Energy 2018c). |
| Affiliations with trade associations and other industry groups that spread climate science disinformation and/or block climate action | | | |
| American Coalition for Clean Coal Electricity (ACCCE) | Poor | Poor | Peabody Energy was a member of ACCCE as of 2018, and the company has not taken any steps to distance itself from climate disinformation spread by the group (ACCCE 2018). |
| American Legislative Exchange Council (ALEC) | Egregious | Egregious | Peabody Energy director of state government relations, Michael Blank, was a member of ALEC's Private Enterprise Council as of 2016 (SourceWatch 2018). Peabody Energy has not taken any steps to distance itself from climate disinformation spread by ALEC. |
| National Association of Manufacturers (NAM) | Fair | Fair | The study found no evidence of membership. |
| National Mining Association (NMA) | Poor | Egregious▼ | While there was no evidence that Peabody Energy held a leadership role in the NMA during the 2016 scorecard study period, its president and chief executive officer, Glenn Kellow, is a director and executive committee member of the NMA as of 2018 (Peabody Energy 2018d; NMA 2016). The company has not taken any steps to distance itself from climate disinformation spread by the group. |
| US Chamber of Commerce (US Chamber) | Poor | Egregious▼ | Peabody Energy senior vice president of global government affairs, Michael Flannigan, joined the board of directors of the US Chamber in July 2016 (after the 2016 scorecard study period) and is still serving in 2018. The company has not taken any steps to distance itself from climate disinformation spread by the group (US Chamber 2018). |
| Policy, governance systems, and oversight mechanisms to prevent disinformation | Poor | Poor | Peabody Energy has no policy or commitment on record to avoid direct or indirect involvement in spreading climate science disinformation. |
| Support for climate-related shareholder resolutions | Fair | Fair | Peabody Energy did not hold an annual meeting in 2017 due to bankruptcy proceedings and did not face any climate-related shareholder proposals in 2018. |
| **Area score** | **Poor** | **Poor** | |

DATA SOURCES: COMPANY WEBSITES FROM JULY 1, 2016, THROUGH JULY 31, 2018. COMPANY REPORTS, PROXY STATEMENTS, US SECURITIES AND EXCHANGE COMMISSION FILINGS, AND SUBMISSIONS IN CLIMATE LIABILITY LITIGATION; PUBLIC STATEMENTS BY COMPANY REPRESENTATIVES; TRADE ASSOCIATION AND INDUSTRY GROUP WEBSITES; AND THIRD-PARTY SHAREHOLDER AND WATCHDOG GROUP WEBSITES FROM JULY 1, 2016, THROUGH JUNE 30, 2018; TRADE ASSOCIATION FEDERAL FILINGS FROM 2016.

TABLE 3. Planning for a World Free from Carbon Pollution

| Metric | 2016 Score | 2018 Score | Rationale |
|---|---|---|---|
| Company-wide commitments and targets to reduce greenhouse gas emissions | Egregious | Egregious | Peabody Energy has no plan or targets for reducing greenhouse gas emissions (Peabody Energy 2017d). |
| Use of an internal price on carbon in investment decisions | Egregious | Egregious | Peabody Energy does not disclose whether it uses an internal price on carbon in its investment decisions (Peabody Energy 2017d). |
| Commitment and mechanism to measure and reduce carbon intensity of supply chain | Poor | Egregious▼ | Peabody Energy has no public commitment to measure and reduce carbon emissions from its own operations. |
| Disclosure of investments in low-carbon technology research and development | Poor | Poor | Peabody Energy does not disclose investments in low-carbon technology research and development (Peabody Energy 2017d). |
| Disclosure of greenhouse gas emissions reduction plans | Poor | Poor | Peabody Energy does not disclose an emissions reduction plan to shareholders. |
| Disclosure of how company manages greenhouse gas emissions and associated risks | Poor | Fair ▲ | Peabody Energy provides a detailed description of actions it is taking to reduce, offset, or limit its own greenhouse gas emissions, but it does not disclose a timeline, reduction projects, financial opportunities from emissions reductions, or a larger context around individual projects (Peabody Energy 2017d). |
| Disclosure of greenhouse gas emissions | Poor | Poor | Peabody Energy provides insufficient data to inform investors of the magnitude and trend of the company's greenhouse gas emissions (Peabody Energy 2017d). |
| **Area score** | **Egregious** | **Egregious** | |

DATA SOURCES: 2017 AND 2018 US SECURITIES AND EXCHANGE COMMISSION 10-K OR 20-F FILINGS, CDP DISCLOSURES, SUSTAINABILITY REPORTS, AND ANNUAL REPORTS; COMPANY WEBSITES AND COMPANY PRESS RELEASES FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 4. Supporting Fair and Effective Climate Policies

| Metric | 2016 Score | 2018 Score | Rationale |
|---|---|---|---|
| CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Disclosure | Good | Advanced▲ | The company publicly discloses corporate contributions to political candidates, committees, and parties; payments to politically active tax-exempt groups; independent political expenditures made in direct support of or in opposition to a political campaign; and the positions and/or titles of company senior managers with authority over political spending decisions (Peabody Energy 2018a; Peabody Energy 2018b; Peabody Energy 2017b; Peabody Energy 2017c; Peabody Energy 2017f; Peabody Energy 2017g; Peabody Energy 2015). |
| CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Policy | Fair | Advanced▲ | The company has a detailed policy that governs its political spending from corporate funds. That policy also discloses the company's public policy positions that become the basis for its spending decisions. Peabody Energy policy states that senior managers have final authority over all of the company's political spending and that the board of directors must regularly oversee corporate political activity (Peabody Energy 2018a; Peabody Energy 2018b; Peabody Energy 2017b; Peabody Energy 2017c; Peabody Energy 2017f; Peabody Energy 2017g; Peabody Energy 2015; Peabody Energy 2012). |
| CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Oversight | Fair | Advanced▲ | The company has a specified board committee that oversees corporate political expenditures and an easily accessible web page dedicated to political disclosure (Peabody Energy 2018a; Peabody Energy 2018b; Peabody Energy 2017b; Peabody Energy 2017c; Peabody Energy 2017f; Peabody Energy 2017g; Peabody Energy 2015; Peabody Energy 2012). |
| Engagement with Congress on federal climate policies or legislation | Fair | Fair | Peabody Energy did not publicly engage with Congress on climate policies during the study period. |
| Consistent support for US policy action to reduce emissions | Egregious | Egregious | Peabody Energy actively supported the repeal of the Clean Power Plan without identifying a climate policy that it supports, and it used climate science disinformation by cherry-picking statements without context from Intergovernmental Panel on Climate Change (IPCC) assessment reports to justify its opposition (Regulations.gov 2018). |
| Support for Paris climate agreement* | N/A | Egregious | Peabody Energy publicly supported the United States' withdrawal from the Paris climate agreement (Peabody Energy 2017e; Stracqualursi 2017). |
| Company influence through international or national business alliances or initiatives that are supportive of specific climate policies | Fair | Fair | Peabody Energy has not signed onto any business alliances or initiatives supportive of specific climate policies. |
| **Area score** | **Poor** | **Fair ▲** | |

* Metric regarding Paris Climate Agreement moved from the "Planning for a world free from carbon pollution" Area to the "Supporting fair and effective climate policies" Area because nations have begun to craft and enact policies to implement their Paris Climate Agreement commitments. 2018 scores not compared with those from 2016.

DATA SOURCES: 2017 CENTER FOR POLITICAL ACCOUNTABILITY-ZICKLIN INDEX AND SCORING GUIDELINES; COMPANY WEBSITES, MAJOR NEWS SOURCES, CONGRESSIONAL TESTIMONY AND COMPANY COMMENTS FILED WITH REGULATIONS.GOV FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 5. Fully Disclosing Climate Risks

| Metric | 2016 Score | 2018 Score | Rationale |
| --- | --- | --- | --- |
| Disclosure of regulatory risks | Fair | Fair | Peabody Energy has identified specific existing and proposed laws and regulations relating to climate change that may affect the company but does not address how it in particular will it be affected by those regulations (Peabody Energy 2018e). |
| Disclosure of physical risks | Egregious | Poor ▲ | Peabody Energy generally acknowledges physical risks it faces, such as weather, but does not include discussion of climate change as a contributor to those risks (Peabody Energy 2018e). |
| Disclosure of market and other indirect risks and opportunities | Poor | Poor | Peabody Energy has acknowledged climate liability lawsuits filed in the United States and broadly mentioned other indirect risks and opportunities from climate change (such as competition with alternative fuels, divestment, lack of funding, and technological developments). However, it has not specified the potential impact on the company (Peabody Energy 2018e). |
| Disclosure of corporate governance on climate-related risks by board and senior management* | Egregious | Poor ▲ | Peabody Energy provides a broad overview of the board's role in environmental governance but does not specifically describe climate-related governance (Peabody Energy 2018f). |
| **Area score** | **Poor** | **Poor** | |

* Company scores may have improved because proxy statements were considered as a source in 2018 if referenced in the SEC 10-K/20-F governance disclosure.

DATA SOURCES: 2018 US SECURITIES AND EXCHANGE COMMISSION (SEC) 10-K OR 20-F FILINGS; PROXY STATEMENTS AND CDP DISCLOSURES, ONLY IF DISCUSSED IN SEC 10-K/20-F.

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