

Delta Air Lines: Climate Policy Engagement Overview

An investor briefing to inform voting on Proposal 5 at Delta Air Lines' 2021 AGM

April 2021

Executive Summary

- On June 17th 2021, Delta Air Lines investors will vote on a shareholder resolution requesting that the company reports on how its “lobbying activities (direct and through trade associations [...]) align with the Paris Climate Agreement” (see page 71 of Delta Air Lines' *2021 Proxy Statement*). This briefing provides an overview of Delta Air Lines' direct and indirect climate-related policy engagement. The briefing contains data from InfluenceMap's online platform, which tracks, assesses, and scores over 300 companies and 150 industry associations on their engagement with climate change policy against Paris-aligned benchmarks.
- InfluenceMap analysis indicates that Delta Air Lines has limited and poorly disclosed direct engagement on climate change policy, although evidence suggests the company has been unsupportive of efforts to regulate the aviation sector on climate, for example by supporting a jet fuel tax exemption in the US state of Georgia in 2018-19. A summary of the company's direct climate policy engagement, including access to the underlying data, is on *page 4*.
- Delta Air Lines does not transparently disclose on its use of industry associations to influence climate change policy. InfluenceMap's analysis of Delta Air Lines' indirect climate policy engagement via industry associations is available on *page 5*.
- Delta Air Lines is a member of several industry associations displaying highly strategic and negative engagement with climate legislation and regulation. This includes membership to *Airlines for America (A4A)*, *International Air Transport Association (IATA)* and the *US Chamber of Commerce*. A4A has actively advocated against Paris-aligned climate policy for aviation in the US in 2019-20, while IATA has led efforts in 2020 to weaken the emissions reduction potential of the global CORSIA offsetting scheme during the COVID-19 pandemic. A detailed overview of these industry associations' climate policy engagement is available on *page 6*.

Background: Proposal 5 on corporate climate lobbying

Engagement with companies over their climate policy engagement is now firmly on the investor agenda on climate change. It is an integral part of the *Climate Action 100+* (CA100+) investor-engagement process, which now has over 545 investor signatories with a total of \$52 trillion in assets under management.

As a research partner to CA100+, InfluenceMap maintains a global system for tracking, assessing and scoring companies on their engagement with climate change against Paris-aligned benchmarks, currently covering around 300 companies along with 150 of their key industry associations.

InfluenceMap refers to the UN's *Guide for Responsible Corporate Engagement in Climate Policy* as a guide for what constitutes engagement. This can include advertising, social media, public relations, sponsoring research, direct contact with regulators and elected officials, funding of campaigns and political parties and participation in policy advisory committees.

This briefing provides an overview of Delta Air Lines' direct and indirect climate policy engagement, to inform shareholder voting decisions on the shareholder resolution summarized in Table 1 below. The resolution will be voted on at Delta Air Lines' Annual General Meeting (AGM) on June 17th 2021.

Table 1: Key Information for Proposal 5 at Delta Air Lines' 2021 AGM

Proposal 5: Report on corporate climate lobbying in line with the Paris Agreement			
Lead Filer:	BNP Paribas AM (France)	AGM Date:	June 17 th 2021
Proposal Summary: <i>The full resolution text is available here.</i>	"Shareholders request that the Board of Directors conduct an evaluation and issue a report within the next year (at reasonable cost, omitting proprietary information) describing if, and how, Delta Air Lines' lobbying activities (direct and through trade associations and social welfare and nonprofit organizations) align with the Paris Climate Agreement's goal of limiting average global warming to well below 2 degrees Celsius, and how the company plans to mitigate risks presented by any such misalignment."		

Following growing investor scrutiny on corporate lobbying behavior, companies are increasingly facing shareholder resolutions on climate policy engagement. The number of resolutions filed in this category has significantly increased in the last three years, becoming the most popular amongst the climate-relevant resolution universe *monitored by InfluenceMap*: 17 in 2020, compared with 8 in 2018 and 13 in 2019.

This trend appears to be continuing in 2021, with investors filing record numbers of resolutions specifically calling for Paris-aligned policy engagement. InfluenceMap is producing a series of investor briefings on companies facing these resolutions in 2021, with more information available [here](#).

Summary of Delta Air Lines’ climate policy engagement

Overview

InfluenceMap’s methodology, available [on our website](#), uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the stated intentions of governments looking to implement the Paris Agreement, or the advice of [IPCC science](#). This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company’s climate policy engagement, and those of its industry associations, are Paris-aligned.

InfluenceMap’s online profile of Delta Air Lines, including access to the underlying data which forms this assessment, can be found [here](#). The analysis of Delta Air Lines’ industry association relationships, including detailed profiles for each association, can be explored via the "Details of Relationship Score" tab. An overview of this assessment is provided in Table 2 below.

Table 2: Overview of InfluenceMap’s assessment of Delta Air Lines

Delta Air Lines		
Performance Band	E	Performance Band (A+ to F) is a full measure of a company’s climate policy engagement, accounting for both its own engagement and that of its industry associations. A+ indicates full support for Paris-aligned climate policy, with grades from D to F indicating increasingly obstructive climate policy engagement.
Organization Score	35%	Organization Score (0 to 100) expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement, with scores under 50 indicating “internal” misalignment between the Paris Agreement and the company’s detailed climate policy engagement.
Relationship Score	32%	Relationship Score (0 to 100) expresses how supportive or obstructive the company’s industry associations are towards climate policy aligned with the Paris Agreement, with scores under 50 indicating “external” misalignment between the Paris Agreement and the detailed climate policy engagement of the company’s industry associations.
Engagement Intensity	5%	Engagement Intensity (0 to 100) is a measure of the level of policy engagement by the company, with scores above 12 indicating active engagement, and scores above 25 indicating highly active or strategic engagement.

Summary of direct climate policy engagement

InfluenceMap's analysis of Delta Air Lines' direct climate policy engagement is based on 19 independent data points, 14 of which have been logged since 2020. InfluenceMap analysis indicates limited transparent, direct engagement on climate policy from Delta Air Lines, as registered by the low Engagement Intensity metric in the table above. By contrast, the company is a member of several US industry associations displaying highly strategic and negative engagement with climate legislation and regulation (see page 5).

This section contains embedded links to InfluenceMap's platform where over 30,000 pieces of assessed evidence are archived. Registration may be required for some parts of the site.

- **No clear support for climate action:** InfluenceMap has been unable to find direct evidence of Delta Air Lines' position on, or engagement with, the Paris Agreement in the company's direct corporate disclosures. The company also does not appear to explicitly support the need to limit the global temperature increase to 1.5°C or 2°C in line with IPCC guidance. In comparison, peer companies such as International Airlines Group and easyJet have directly stated support for emissions reductions *in line with a 1.5°C target* or reaching *global net-zero emissions before 2050*, respectively.
- **Low transparency on climate policy engagement:** Delta Air Lines appears to have low transparency regarding its position on, and engagement with, climate policy in 2021. Delta Air Lines provides a *disclosure* of its engagement with climate-related regulations in its "2019 Corporate Responsibility Report" in a section titled "Climate risk and strategy". However, the *disclosure* only appears to list climate policy items Delta is tracking, and provides no further detail on the company's desired outcomes, nor the engagement activities undertaken to influence such policies.
- **Supporting a jet fuel tax exemption in Georgia:** In 2018-19, Delta Air Lines appeared to *support* measures that would restore a tax exemption for jet fuel sales in the US state of Georgia, reducing the policy's climate effectiveness, according to the Seattle Times. A 2019 *media statement* from a Delta spokesperson argued "by doubling the tax rate that airlines pay in the State of Georgia and making Georgia the highest jet fuel tax state in the country among States with hub airports, it would make the state less competitive and give commercial aviation reason to grow somewhere other than the state of Georgia." A report from the Atlanta Journal suggests the jet fuel tax exemption was later *permanently re-instated* in Georgia in 2019. The exemption *appears to remain in place* in 2021, despite *reports* from Reuters suggesting the Georgia House of Representatives threatened to remove the exemption in April 2021 in retaliation after Delta criticized Georgia's new election laws.

Summary of indirect climate policy engagement via industry associations

InfluenceMap's platform tracks and analyzes the climate policy engagement of over 150 industry associations using the same benchmarks and scoring process as applied to companies. This gives an assessment of each association's engagement against Paris-aligned benchmarks. This section details InfluenceMap's analysis of key industry associations of which Delta Air Lines is a member.

- **There is a lack of transparency concerning Delta Air Lines' use of industry associations to influence climate policy.** Delta Air Lines *disclosed* a list of industry associations it holds membership to within its "2019 Political Contributions & Activity Report". However, Delta Air Lines has *not disclosed* the extent to which it is aligned with these associations on climate change policy, nor how the company exerts its influence within these groups.
- InfluenceMap analysis indicates that Delta Air Lines likely **holds three memberships** to industry associations with misaligned climate policy engagement (ranked as a D or below by InfluenceMap's system), including **one membership** to an industry association with strongly misaligned climate policy engagement (ranked as an F or below). These include *Airlines for America*, the *International Air Transport Association*, and the *US Chamber of Commerce*.
- Delta Air Lines Senior Vice President, Heather Wingate, is a member of the Board of Directors for the **US Chamber of Commerce**, which has strongly misaligned climate policy engagement. Delta Air Lines CEO, Ed Bastian, is on the Board of Directors for **Airlines for America**, which also has misaligned climate policy engagement.
- With limited direct engagement, it appears that Delta Air Lines may instead rely on its industry associations for a significant proportion of its climate policy engagement. *Airlines for America* and the *International Air Transport Association* have both actively advocated against Paris-aligned climate policy for aviation, focusing their efforts in the US and at a global level, respectively.

Table 3 below gives an overview of three key industry associations, with examples of recent obstructive climate policy engagement. Detailed profiles for all Delta Air Lines' industry associations can be explored via the "Details of Relationship Score" tab on InfluenceMap's *company profile*.

Table 3: Evidence of recent climate policy engagement by Delta Air Lines' key industry associations

Industry Association	Performance Band	Examples of recent climate policy engagement
<p><i>International Air Transport Association (IATA)</i></p>	<p>E+</p>	<ul style="list-style-type: none"> • April 2020: Appeared to <i>oppose</i> the introduction of an EU jet fuel tax in a 2020 EU consultation response, questioning its legality. • March-June 2020: <i>Led lobbying efforts</i> at the International Civil Aviation Organization (ICAO) to <i>weaken</i> the global CORSIA offsetting scheme by proposing a change to the regulation's baseline date in a policy paper during the COVID-19 pandemic, weakening the emissions reduction potential of the legislation. This change was <i>adopted</i> by the ICAO in June 2020. • February-August 2020: Appears to have lobbied EU Commission officials in a <i>private February 2020 meeting</i>, and in an August 2020 <i>consultation response</i>, to oppose the inclusion of aviation in the EU Emissions Trading Scheme, and to replace it with the weaker global CORSIA offsetting scheme. • February-April 2020: Stressed concerns around <i>competitiveness</i> regarding an EU blending mandate for sustainable aviation fuel in a February meeting with EU Commission officials, and emphasized the "<i>risks</i>" of a blending mandate in a 2020 EU consultation response. • 2019-2021: Appears to have consistently <i>opposed</i> all climate-related taxes for aviation in its public communications. This includes opposing aviation ticket taxes in <i>France, Germany, Switzerland</i> and the <i>UK</i>.
<p><i>Airlines for America (A4A)</i></p>	<p>E</p>	<ul style="list-style-type: none"> • October 2020: Urged the US government to certify the International Civil Aviation Organization's (ICAO) global CO₂ standard for aircraft into law but with <i>major exceptions</i> - including that the standards were no more ambitious than global rules. Similar standards were <i>finalized</i> by the US Environmental Protection Agency in December 2020. • April 2020: <i>Opposed</i> a potential EU jet fuel tax in an EU consultation response, questioning its legality. • July 2020: Supported industry-led proposals to <i>weaken</i> the emissions reduction potential of the global CORSIA offsetting regulation by changing its baseline date during the COVID-19 pandemic. This change was <i>adopted</i> by the ICAO in June 2020. • March 2020: <i>Opposed measures</i> to add green conditionality to US airline bailouts related to COVID-19. • December 2019-August 2020: <i>Opposed</i> the expansion of the EU Emissions Trading Scheme to non-EU flights as "illegal" in an August 2020 consultation response, and suggested it would undermine CORSIA in a <i>private meeting</i> with EU Commission officials in December 2019.
<p><i>US Chamber of Commerce (The Chamber)</i></p>	<p>F</p>	<ul style="list-style-type: none"> • January 2021: In a press release, the Chamber appeared to strongly oppose Biden's executive orders to revoke the permit for the <i>Keystone XL pipeline</i> and pause <i>oil and gas leases</i> on federal lands. • 2017 to 2020: The Chamber lobbied policymakers heavily to weaken and roll back national fuel economy standards. In August 2019, it <i>wrote a letter</i> to the US Secretary of Transport seeking to lower the fuel economy standards. In September 2020, the Chamber took <i>legal action</i> to support the revocation of California's right to enact its own, stronger fuel economy standards. • February 2019: The Chamber took legal action to <i>support</i> the Atlantic Coast Pipeline.