Companies often don't match climate talk and lobbying, study says

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Major corporations' advocacy for clean energy and climate policies falls well short of the nearly unanimous support for cutting emissions and boosting renewable energy in the United States, according to a report from sustainability nonprofit Ceres.

In an analysis of listed companies in the S&P 100 index, 9 out of every

10 acknowledge that climate change is a material risk to their industry. Yet only half of the 100 companies disclosed that they lobbied for climate policies aligning with the objectives of the Paris Agreement in the past three years, Ceres found.

In the case of Democrats' climate, tax and health care package, publicly stated support for the deal providing billions of dollars in various incentives for clean energy and decarbonization was even more sparse.

According to the findings released this week, 11 companies in the index—Alphabet Inc., Duke Energy Corp., Exelon Corp., Ford Motor Co., The General Motors Co., Intel Corp., Microsoft Corp., Morgan Stanley, Salesforce Inc., Southern Co. and Walmart Inc.—explicitly came out in support of the law.

Another 19 major companies, such as General Electric Co., BlackRock Inc. and Meta Platforms Inc., gave at least some support for federal climate action as lawmakers spent over a year negotiating the social spending package.

"Recent months have been game-changing," General Electric CEO Larry Culp said during the company's third-quarter earnings call last week.

"The Inflation Reduction Act provides much-needed certainty and stability for us and our customers, especially in onshore wind," Culp said, using the title of the climate, tax and health care measure. "The bill's $370 billion in tax credits over the next decade aligned tightly with GE's decarbonization technologies. Additionally, the Infrastructure and Investment Jobs Act provides at least $75 billion for investment in grid, nuclear and breakthrough technologies."

The latter measure is the bill signed into law in November 2021.

About 65 percent of the S&P 100 companies have called for government policies to reduce emissions and limit global warming to 1.5 degrees Celsius.

Nearly a third of companies in the index lobbied against at least some policies supporting the Paris Agreement's goals, according to the report. In some cases, corporations advocated both for and against climate legislation, although the report failed to specify why.

Ceres, which has worked with companies as well as investors to advocate for federal climate policy and climate risk disclosure, said its takeaway is that there appears to be a misalignment between companies' climate pledges and their advocacy. Those disparities will hinder future success for climate action in a deeply partisan Congress, the organization concludes.

"Lawmakers passed the most meaningful climate legislation in U.S. history with strong support from major companies who know that building a clean energy economy to fight the climate crisis is vital for business and the planet," said Anne Kelly, vice president of government affairs at Ceres.

"As heartening as it is to see more companies lobbying for robust climate action, our findings also show there is significant room for companies to grow in their roles as climate leaders," Kelly continued. "Truly successful companies have the confidence to align their climate policy advocacy with their publicly stated climate goals."

One problem is that many companies fail to consider whether the trade associations they belong to hamper their emissions and sustainability goals. Companies may pay dues to groups such as the U.S. Chamber of Commerce and the Business Roundtable even when they don't agree with every policy position, yet the trade associations are lobbying on their behalf to Congress.

Ceres found that few firms in its analysis have scrutinized trade associations' climate policies or address any misalignment between climate goals and policy positions and industry groups' advocacy.

"Until this misalignment is addressed, corporate leadership on climate policy will continue to represent a significant weakness in the U.S. business community's growing efforts to lead the transition to a clean, resilient, and sustainable economy," Ceres said in the report.

Moreover, activist investors are flagging misaligned political spending on climate and other environmental, social and governance issues. Shareholder proposals asking companies to address these disparities made up the bulk of resolutions related to political spending in the 2022 proxy season, according to findings from As You Sow, the Sustainable Investments Institute and Proxy Impact.

That shareholder pressure is slowly starting to pay off for the investor advocates: Exxon Mobil Corp. earlier this year released a report on its 2020 lobbying efforts on climate policies and other issues, including some information on its involvement in trade associations, thanks to a shareholder proposal that garnered majority support at the company's annual meeting last year.

As shareholders prepare to file their resolutions with the Securities and Exchange Commission for next year's proxy season, ESG investors are indicating that they will ramp up pressure on companies to address such disparities.

"Lobbying by third parties affects a multitude of issues, including obstruction of climate change mitigation activities, but also voter suppression, and spreading misinformation to discredit ESG investing," Marcela Pinilla, director of sustainable investing at Zevin Asset Management, said in a note to clients. "Our proxy voting policies reflect our disapproval of board members who fail to move the needle on their social and environmental commitments."

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