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Cos. Undercut Own Enviro Goals With Political Giving: Report

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By Sue Reisinger | Feb 24, 2022, 4:04 PM EST ·

Some 75 leading public companies — including Walmart, Microsoft and AT&T — are undercutting their own climate change commitments by making political donations that support conflicting environmental policies, according to a new report.

The report, "Hollow Policies," was released Wednesday by the Center for Political Accountability, a nonpartisan, nonprofit advocacy organization based in Washington, D.C. It said the companies have made public commitments to reduce greenhouse gas emissions, but

RAGA played a key role in funding the attorney general races.

Walmart spokesperson Randy Hargrove told Law360 Pulse on Thursday, "Historically we've supported organizations of both parties like the Republican Attorneys General Association and the Democratic Attorneys General Association. Our political contributions do not mean we support every view of an elected official."

Hargrove pointed out that during the same time period discussed in the report, Walmart's contributions to the Democratic Attorneys General Association included $125,000 in 2015-2016, another $125,000 in 2017-2018, and $240,000 in 2019-2020.

In addition, he cited his company's 2021 environmental, social and governance, or ESG, report in which Walmart committed to science-based targets for emissions reduction, including achieving zero emissions in operations by 2040 and engaging suppliers to reduce supply chain emissions by 1 billion metric tons by 2030.

In a similar statement, a Microsoft spokesperson told

Law360 Pulse, "We recognize that to make progress on the issues that matter to our customers and to our business, we must engage with officials who hold a range of views.

"Given the breadth of our policy agenda, it's unlikely we'll agree with any official on every issue, but we've learned that engagement — even when individuals hold different positions — is an essential part of achieving progress."

AT&T did not immediately respond to a request for comment.

Bruce Freed, president and co-founder of the Center for Political Accountability, said he's not trying to tell companies who or who not to contribute to.
"But companies are associated with the consequences of their direct and indirect spending," Freed added, "and they need to weigh the risk, which has increased exponentially."

Investors, employees and customers are scrutinizing political spending much more closely today, he said.
"Companies are adopting value statements and they need to take those statements into account in political

spending decisions and when assessing the risk," Freed added.

The climate change issue is not theoretical, he said, because "investors are looking at the dollar-and-cents business impact of the effects of climate change."

Arthur Laby, co-director of the Rutgers Center for Corporate Law and Governance and a former assistant general counsel of the U.S. Securities and Exchange Commission, agreed there is a growing focus on ESG. "It has sparked shareholder interest in corporate political spending," Laby told Law360 Pulse, "and on whether corporations are supporting candidates and causes that are consistent with the corporations' public commitments."

As transparency increases, he added, "boards can expect to see stronger shareholder demands to ensure that political spending and lobbying track a corporation's commitment to pursuing ESG-related goals."

Justin Klein, director of the Weinberg Center for Corporate Governance at the University of Delaware, agreed that corporate political spending "is a hot topic on the minds of boards and general counsel."

Klein cited statistics showing 30 shareholder proposals in 2021 demanding more transparency and accountability on companies' political spending, with six of them winning majority votes — a high number.

Everyone is entitled to support whatever political candidate they want with their own funds, Klein said.
, he added.

Klein also noted that the SEC has an ESG task force looking at whether it is a violation when a company verbally commits to an issue and then takes an opposite action.

Kevin Brennan, co-head of the Investment Engine and director of Investment Systems at Bridgewater Associates and a member of the Center for Political Accountability's board of directors, spotlighted the risks of conflicted spending in the report's foreword. "While these cases are just that, 'cases,' ... the risks of unintended consequences this dissonance poses to corporations and investors are significant and need to be addressed," he wrote.

He added that the report "should serve as an important reminder to corporations to reassess their political contribution policies, including expanded transparency, to ensure alignment with their public and internally defined goals."

--Editing by Marygrace Anderson.