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By Elizabeth Meager

Industry groups' lobbying is highly regressive because influential fossil fuel members — for whom climate policy progress could be existential — force a 'lowest common denominator' mentality, sources say

At a glance

- Companies' publicly advocating for progressive climate policy is often held back by their membership of obstructive trade associations
- Business support can determine whether environmental regulation lives or dies, as seen with various pieces of US legislation in recent years
- Chief sustainability officers say this misalignment can be "devastating" but that companies get too many other benefits from trade association membership to make a real stand

When Donald Trump was elected the 47th US president earlier this month, he did so with considerable help from corporate America. But corporate money is not just deeply embedded in political campaigns, it also has a major influence on the success or failure of specific legislation.

The biggest culprits blocking progressive climate policy are mainstream trade associations, analysis by non-profit think-tank InfluenceMap finds. These groups are increasingly misaligned from their members on key issues such as the Inflation Reduction Act and mandatory climate-related disclosures (see chart). This is more important than ever as the US gears up for Trump 2.0.

Analysis suggests there will be fewer checks and balances on Trump in his second term, with aggressive environmental deregulation widely anticipated. Corporate America will have an important role to play in defending policies such as the IRA, which they say have been fundamentally good for business, but history suggests that their industry groups will not be fighting alongside them.

The ambition-to-advocacy gap

Publicly advocating for progressive climate policy is one of the most meaningful sustainability-related actions a company can take, according to the We Mean Business Coalition. In 2021, 400 American businesses publicly backed President Joe Biden's 50 per cent emissions reduction target by 2030, and climate envoy John Kerry directly referenced that support as crucial to its success.

Yet despite the sustainability ambition seen from certain companies across the US over the past decade, there is a notable gap between ambition and advocacy, says WMBC — and much of that is down to their membership of trade associations that repeatedly block climate policy.

The Securities and Exchange Commission's attempt at mandating sustainability reporting is a prime example. Despite the reporting of non-financial information becoming the norm around the world — and US companies already being subject to many of these frameworks — industry groups including the US Chamber of Commerce and the Business Roundtable quickly fired off legal complaints against the SEC rule.

Misaligned priorities

A spokesperson for the Business Roundtable told Sustainable Views that while its members "are committed to combating climate change and are leading the way in transparent, voluntary climate-related disclosures", the association viewed the rule's breadth and scope as "counterproductive and beyond the SEC's statutory authority".

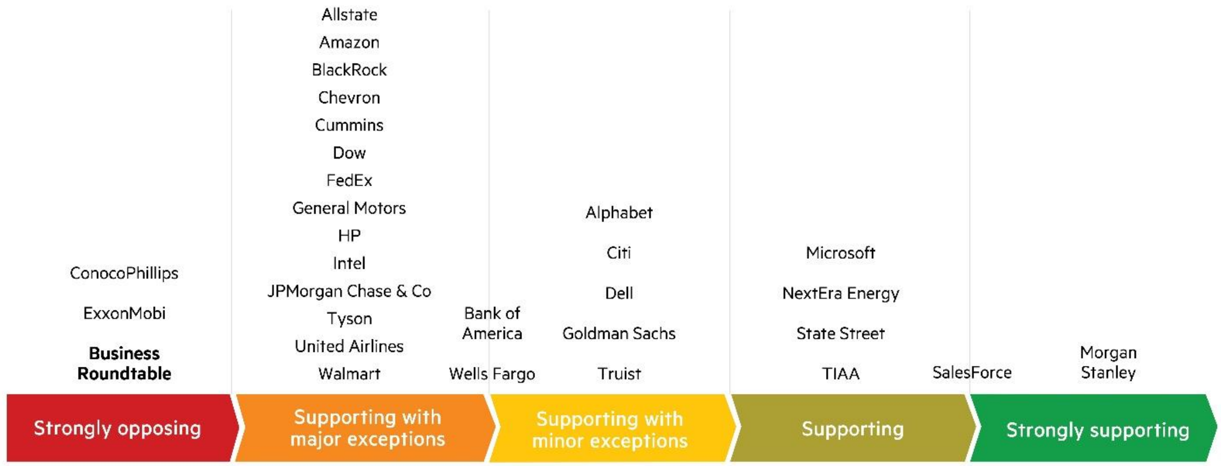
The Chamber of Commerce did not respond to a request for comment.

The SEC's rule, which had already been watered down from earlier proposals, is even less likely to see the light of day since the re-election of Trump, who has vowed that on his first day in office he will sack the SEC head responsible Gary Gensler.

California's climate disclosures could have gone the same way were it not for big corporations speaking up in support of it, says Deborah McNamara, executive director of ClimateVoice, a non-profit that encourages workers to push their employers towards progressive climate policy. While the chamber's California branch fought against the rule, many of its members, including Salesforce, Microsoft and Google, broke from their association and backed the bill publicly.

These associations ostensibly represent thousands of businesses across the country, at least 37 of which have said in public business filings that their policy position is not aligned with that of their trade associations. Yet they remain members.

Business Roundtable vs members on climate disclosure policy



Source: InfluenceMap

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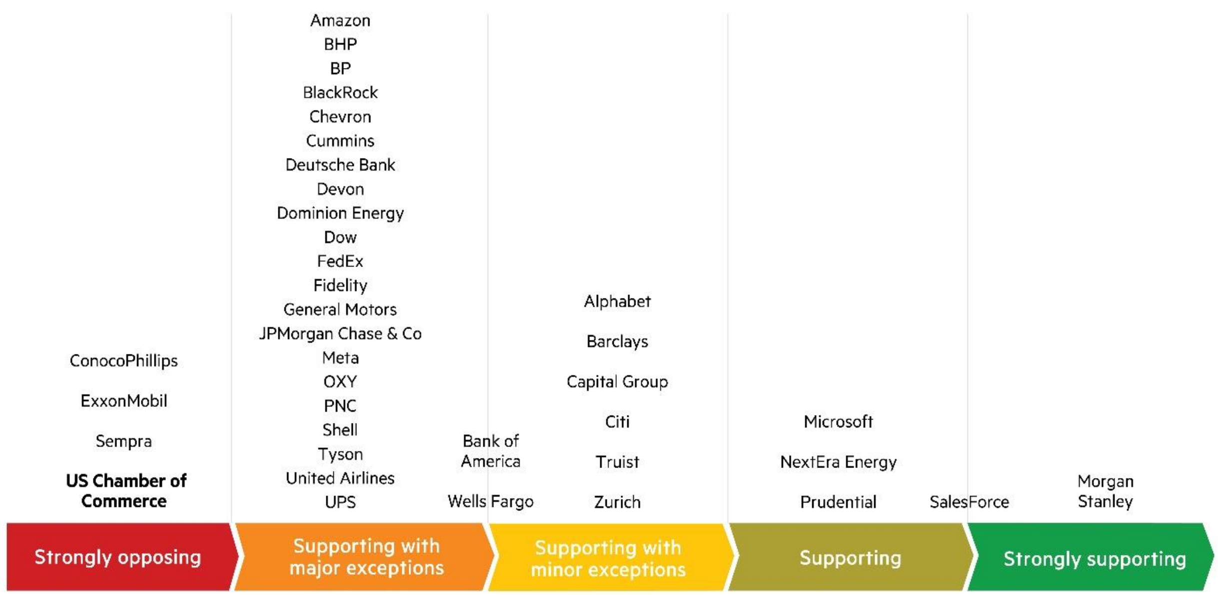
US Chamber of Commerce vs members on climate disclosure policy



Source: InfluenceMap

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Cock-up or conspiracy?

Sustainable Views spoke to the former chief sustainability officers at three large US-headquartered tech companies, all based in California. All said they regularly felt that their companies' trade associations — most notably the chamber — did not accurately represent their companies' views on climate policy. They said this misalignment can be down to poor communication of a company's net zero strategy.

"Just because the board and sustainability team have signed off on a science-based target, that doesn't mean that regulatory affairs, tax teams and lobbying firms are on board or have been told," WMBC deputy policy director Dominic Gogol told Sustainable Views.

But sometimes it is more about weighing up the advantages against the disadvantages.

"To a tech company, the chamber is very aligned on policy issues related to cyber security, data privacy and tax, and so the government affairs team would acknowledge climate misalignment. But it's not such a detractor that it outweighs the benefits we get in other areas," says one former tech CSO who spoke on the condition of anonymity. "It's heartbreaking and devastating for a climate person to hear that, but it's the reality."

As Bruce Freed, president and co-founder of the Center for Political Accountability, told Sustainable Views, this is a "cop-out" because trade associations depend on corporate fees to survive. Companies can, and should, tell associations to stop obstructing progressive policies, he added.

Industry groups land on these positions because of a small number of members — typically fossil fuel companies — "who are incredibly motivated and forceful", adds the former CSO. "For them it's existential; and then, for the rest of your members, climate policy is a 'nice to have', but the crisis may not be an existential threat to business."

How to fix it?

McNamara says ClimateVoice "fully acknowledges" the argument that leaving trade associations because of a poor record on climate alone is not a realistic possibility for companies.

Companies reached peak climate-related discontent with the chamber in 2009, following opposition by its senior executives to Environmental Protection Agency efforts to curb carbon emissions. In the space of two weeks, several companies including tech giant Apple publicly left, directly citing the chamber's comments on climate policy.

But given the overwhelming advantages of trade association membership that companies consistently cite — such as alignment on tax, data privacy and cyber security regulation — this strategy will not work for everyone. Besides, it may not be the most successful at achieving change, says another former tech CSO, who says: "In the short term there's definitely some gain [from leaving], but how long is a news cycle? If you really want to make systemic change, you have to do that from within."

ClimateVoice advocates for an 'audit, leave, then lead' approach. Companies are increasingly embracing the first step, with dozens including in their sustainability reports analysis of their trade associations' climate policy positions versus their own. Investors have also become more active in this area, with at least 54 resolutions filed since the start of 2024 calling on companies to report their climate lobbying, including via trade associations.

"As much as I'd like to say this improved transparency is down to non-governmental organisations, ultimately it's investor pressure," says WMBC's Gogol. "These reports are very worthwhile, and we'd like to see them normalised and understood by policymakers too. If a company is meeting with a minister, that minister should know its climate credentials in advance."