

July 11, 2019

Larry Fink  
CEO, BlackRock  
1401 New York Ave NW  
Washington, D.C. 20005

Dear Mr. Fink:

I write to you regarding a subject about which we have previously corresponded: corporate funding of anti-climate organizations. The *New York Times* recently reported<sup>1</sup> that several major corporations in addition to a plethora of organizations tied to the fossil fuel billionaire Koch brothers are funding the Competitive Enterprise Institute (CEI), one of the worst and most influential climate denial front groups.

A recent report by the Environmental Defense Fund (EDF) makes two critical points. First, it states that “[w]hile voluntary actions by companies to reduce greenhouse gas emissions are important, *only public policy can deliver the pace and scale of reductions necessary to avoid the worst impacts of climate change*” (emphasis added).<sup>2</sup> Second, it declares that “[t]he most powerful tool companies have to fight climate change is their political influence.”<sup>3</sup>

The recent reporting by the *Times* on corporate funding of CEI perfectly illustrates the damage that such funding can do by providing the resources to anti-climate front groups to oppose good climate policy.

### **Competitive Enterprise Institute**

CEI has a long history as one of the leaders of the climate denial movement. In the late 90s and early 2000s, it was active in opposing the Kyoto Protocol.<sup>4</sup> The group also sought to influence public opinion by casting doubt on climate science and arguing that carbon dioxide emissions were beneficial; this effort included running television ads with the tagline “CO2: they call it pollution; we call it life.”<sup>5</sup> In Congress, CEI routinely lobbied against legislative efforts to

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<sup>1</sup> Tik Root, Lisa Friedman, and Hiroko Tabuchi, “Following the Money That Undermines Climate Science,” *New York Times* (July 10, 2019), available at <https://www.nytimes.com/2019/07/10/climate/nyt-climate-newsletter-cei.html>.

<sup>2</sup> “The Blind Spot,” Environmental Defense Fund (2019), available at [http://business.edf.org/files/2019/03/EDF008\\_Blind-Spot\\_digital.pdf](http://business.edf.org/files/2019/03/EDF008_Blind-Spot_digital.pdf)

<sup>3</sup> *Id.*

<sup>4</sup> See, e.g., “Why Kyoto is Not an Insurance Policy,” Testimony of Marlo Lewis, Jr., Vice President for Policy and Coalitions, Competitive Enterprise Institute, before the House Small Business Committee (July 29, 1998), available at <https://web.archive.org/web/20000303075318/http://www.junkscience.com/news3/lewis.htm>.

<sup>5</sup> See, e.g., “Global Warming – Energy,” Competitive Enterprise Institute, available at [https://www.youtube.com/watch?reload=9&time\\_continue=61&v=7sGKvDndJNA](https://www.youtube.com/watch?reload=9&time_continue=61&v=7sGKvDndJNA).

reduce carbon pollution.<sup>6</sup> During the Obama administration, CEI opposed administrative efforts to reduce carbon pollution, including the Clean Power Plan (CPP).<sup>7</sup> CEI also filed suit against the CPP.<sup>8</sup>

The election of Donald Trump as U.S. president has greatly expanded CEI's influence. Trump selected Myron Ebell, the director of CEI's Center for Energy and Environment, to lead the transition team at the Environmental Protection Agency (EPA),<sup>9</sup> setting the stage for the eventual raft of proposals rolling back Obama administration rules limiting carbon pollution. In December 2017, CEI's president even boasted of the access and influence his group enjoyed with the Trump administration, including at EPA.<sup>10</sup> In fact, the relationship between CEI and EPA has grown so entwined during the Trump administration that EPA reached out to Ebell for help in justifying its leadership's scientifically erroneous claims about climate change.<sup>11</sup>

CEI was also a vocal advocate urging Trump to withdraw from the Paris Agreement, including running television ads asking him to do so,<sup>12</sup> and was a key player convincing the House of Representatives to vote in favor of an anti-carbon pricing resolution.<sup>13</sup>

### **Corporate Funding of CEI**

Because CEI is not legally required to disclose its donors, it is difficult to ascertain the sources of the money that funds its anti-climate crusade. The *Times* reporting sheds some light on CEI's funding sources. In addition to the usual suspects made up of Koch-linked groups, oil industry players, tobacco companies, and coal-transporting railroads, six large corporations are funding CEI: Amazon, AT&T, Google, T-Mobile, Uber, and Verizon. PhRMA, the pharmaceutical industry trade association, is yet another CEI funder.

All of these companies claim to be concerned about climate change; many even recognize that climate change poses a serious risk to their profitability. And yet all fund an organization that is almost uniquely influential in its ability to negatively shape climate policy in the Trump administration.

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<sup>6</sup> See, e.g., "Waxman-Markey Bill 'Biggest Tax Increase in History,'" Competitive Enterprise Institute (May 18, 2009), available at <https://cei.org/content/waxman-markey-bill-%E2%80%98biggest-tax-increase-history%E2%80%99>.

<sup>7</sup> See, e.g., Clean Power Plan, Competitive Enterprise Institute, available at <https://cei.org/cleanpowerplan>.

<sup>8</sup> Petition for Review, *Competitive Enterprise Institute v. McCarthy*, Docket No. 15-1363 (D.C. Cir.), available at <https://cei.org/sites/default/files/CEI%20et%20al%20v%20EPA%20-%20Clean%20Power%20Plan%20-%20Petition%20Filed%20and%20Stamped%20-%2012222015.pdf>

<sup>9</sup> Robin Bravender, "Trump Picks Top Climate Skeptic to Lead EPA Transition," *Scientific American* (Sept. 26, 2016), <https://www.scientificamerican.com/article/trump-picks-top-climate-skeptic-to-lead-epa-transition/>

<sup>10</sup> President's Fall Policy Update, Competitive Enterprise Institute, available at <https://web.archive.org/web/20171228172938/https://cei.org/blog/presidents-fall-policy-update>

<sup>11</sup> Jean Chemnick, "EPA sought advice from Myron Ebell over its own experts," *E&E News* (June 12, 2019), <https://www.eenews.net/climatewire/stories/1060554837/>

<sup>12</sup> See, e.g., "Paris Climate Treaty TV Ad: Mr. President, Keep your Promise," Competitive Enterprise Institute, available at [https://www.youtube.com/watch?time\\_continue=29&v=9TBzRfkdXk4](https://www.youtube.com/watch?time_continue=29&v=9TBzRfkdXk4).

<sup>13</sup> July 17, 2018 letter to members of Congress, available at <https://www.ctr.org/sites/default/files/assets/7-17-18%20Coalition%20letter%20supporting%20anti-carbon%20tax%20resolution%20%28003%29.pdf>

**Amazon** was the largest corporate purchaser of renewable energy in the United States in 2016, and it has committed to power its global infrastructure with 100 percent renewable energy.<sup>14</sup> It is a signatory to the Corporate Renewable Energy Buyers' Principles.<sup>15</sup> Amazon has also set a goal of making 50 percent of shipments net zero carbon by 2030, with an eye towards eventually making all shipments net zero carbon.<sup>16</sup>

**AT&T** believes that "climate change is one of the world's most pressing challenges."<sup>17</sup> It is a founding member of the Climate Leadership Council, formed to advocate for a price on carbon.<sup>18</sup> Like Amazon, it is a signatory to the Corporate Renewable Energy Buyers' Principles.<sup>19</sup> It is also a signatory to the American Business Act on Climate Pledge, having committed to reduce its carbon emissions by 20 percent and support the Paris Agreement.<sup>20</sup> AT&T recognizes that climate change poses a threat to its business, having stated that "[c]limate change impacts everyone – financially and physically – even if we might not recognize it in our daily lives. It's important we know the risks and learn how to adapt. At AT&T, we're using the best available science and technology to visualize the impacts of climate change on our business."<sup>21</sup>

**Google** already informs investors that climate change threatens its operations, stating "[o]ur systems are vulnerable to damage or interruption from ... natural disasters [and] the effects of climate change (such as sea level rise, drought, flooding, wildfires, and increased storm severity)."<sup>22</sup> Google also tells its investors that "[c]limate change is one of the most significant global challenges of our time, and we've long been committed to improving our energy consumption. In 2012, we set a goal to reach 100% renewable energy for our operations. While we are still performing final analysis for the year, in 2017, we purchased a total wind and solar capacity of about three gigawatts, which we expect will be enough renewables to match the energy consumption of our global operations."<sup>23</sup> Google is a signatory to both the Corporate Renewable Energy Buyers' Principles<sup>24</sup> and the American Business Act on Climate Pledge.<sup>25</sup>

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<sup>14</sup> Energy and environment, Amazon, available at <https://www.aboutamazon.com/sustainability/energy-and-environment>

<sup>15</sup> About Us, Corporate Renewable Energy Buyers' Principles, available at <https://buyersprinciples.org/about-us/>

<sup>16</sup> Delivering Shipment Zero, a vision for net zero carbon shipments, Amazon, available at <https://blog.aboutamazon.com/sustainability/delivering-shipment-zero-a-vision-for-net-zero-carbon-shipments>

<sup>17</sup> Road to Climate Resiliency: The AT&T Story, AT&T, available at <https://about.att.com/content/dam/csr/PDFs/RoadToClimateResiliency.pdf>

<sup>18</sup> Founding Members, Climate Leadership Council, available at <https://www.clcouncil.org/founding-members/>

<sup>19</sup> About Us, Corporate Renewable Energy Buyers' Principles, available at <https://buyersprinciples.org/about-us/>

<sup>20</sup> White House Announces Commitments to the American Business Act on Climate Pledge, White House Office of the Press Secretary (Oct. 19, 2015), available at <https://obamawhitehouse.archives.gov/the-press-office/2015/10/19/fact-sheet-white-house-announces-commitments-american-business-act>

<sup>21</sup> "AT&T Survey Finds Most Companies View Climate Change as a Priority, but Have Not Yet Evaluated the Risks," AT&T (June 3, 2019), available at [https://about.att.com/newsroom/2019/climate\\_resiliency\\_survey.html](https://about.att.com/newsroom/2019/climate_resiliency_survey.html)

<sup>22</sup> Alphabet 2017 10-K, pg. 15, available at [https://abc.xyz/investor/static/pdf/20171231\\_alphabet\\_10K.pdf](https://abc.xyz/investor/static/pdf/20171231_alphabet_10K.pdf)

<sup>23</sup> *Id.*

<sup>24</sup> About Us, Corporate Renewable Energy Buyers' Principles, available at <https://buyersprinciples.org/about-us/>

<sup>25</sup> White House Announces Commitments to the American Business Act on Climate Pledge, White House Office of the Press Secretary (Oct. 19, 2015), available at <https://obamawhitehouse.archives.gov/the-press-office/2015/10/19/fact-sheet-white-house-announces-commitments-american-business-act>

**T-Mobile** has committed to sourcing 100 percent of its electricity needs from renewable sources by 2021.<sup>26</sup> It has also partnered with the Nature Conservancy to support clean energy across all 50 states.<sup>27</sup> And T-Mobile's parent company, Deutsche Telekom, has declared itself "[a]ll-in for climate protection."<sup>28</sup>

**Uber** is a signatory to the Step Up Declaration, an alliance of tech companies formed to harness new technologies to tackle climate change.<sup>29</sup> It has committed to increase the number of electric vehicles in its fleet and has invested in bikeshare companies. Uber has also pledged \$10 million to support sustainable mobility initiatives in cities around the world.<sup>30</sup>

**Verizon** has reduced its carbon intensity by 28 percent since 2016 alone and has set a goal of going carbon neutral by 2035.<sup>31</sup> Verizon's CEO has publicly stated his commitment to using the company as a force to combat climate change, and launched a green bond to spur investment in green technologies.<sup>32</sup>

Although **PhRMA** is not a company, its largest corporate members all share the belief that action is required to combat climate change. Many also acknowledge that climate change poses a risk to their operations.

For example, **Johnson & Johnson** states that it has "a responsibility to help abate climate change," and has committed to reduce its own carbon footprint as well as to work with its customers and suppliers to improve their sustainability practices.<sup>33</sup>

**Pfizer** warns its investors that "[c]limate change presents risks to our operations, including the potential for additional regulatory requirements and associated costs, and the potential for more frequent and severe weather events and water availability challenges that may impact our facilities and those of our suppliers. For example, in 2017, our manufacturing and commercial operations in Puerto Rico were impacted by hurricanes."<sup>34</sup>

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<sup>26</sup> Companies, RE100, available at <http://there100.org/companies>

<sup>27</sup> Our Partners, T-Mobile, available at <https://www.t-mobile.com/responsibility/sustainability/renewable-energy>

<sup>28</sup> Climate and Environment, Deutsche Telekom, available at <https://www.telekom.com/en/corporate-responsibility/climate-and-environment>

<sup>29</sup> Uber Stepping Up for Climate, Uber Medium (Sept. 13, 2018), <https://medium.com/uber-under-the-hood/uber-stepping-up-for-climate-25a9b621c894>

<sup>30</sup> Dara Khosrowshahi, "The Campaign for Sustainable Mobility," Uber Newsroom (Sept. 26, 2018), <https://www.uber.com/newsroom/campaign-sustainable-mobility/>

<sup>31</sup> Verizon goes carbon neutral by 2035, Verizon, available at <https://www.verizon.com/about/news/verizon-goes-carbon-neutral-2035>

<sup>32</sup> Hans Vestberg, "It's Earth Day. How will you disrupt climate change this year?" Verizon (April 22, 2019), available at <https://www.verizon.com/about/our-company/fourth-industrial-revolution/its-earth-day-how-will-you-disrupt-climate-change-year>

<sup>33</sup> Climate Policy, Johnson & Johnson, available at <https://www.jnj.com/about-jnj/company-statements/johnson-johnson-climate-friendly-energy-policy>

<sup>34</sup> Pfizer 2018 10-K, pg. 7, available at <http://d18rn0p25nwr6d.cloudfront.net/CIK-0000078003/6b8a74bb-3702-4c0a-a181-70df2b0e5c9b.pdf>

**Novartis** acknowledges that “[c]limate change, extreme weather events, earthquakes and other natural disasters could adversely affect our business” and adds that it has “adopted a more ambitious 2030 environmental sustainability strategy, aiming for carbon neutrality.”<sup>35</sup>

**Merck** tells investors that “climate change could present risks to its business. Some of the potential impacts of climate change to its business include increased operating costs due to additional regulatory requirements, physical risks to the Company’s facilities, water limitations and disruptions to its supply chain. These potential risks are integrated into the Company’s business planning including investment in reducing energy, water use and greenhouse gas emissions.”<sup>36</sup>

**GlaxoSmithKline** has stated that it is “committed to playing our part to address climate change. In 2018, we set new targets to cut our carbon footprint across the value chain, which are intended to be challenging but achievable.”<sup>37</sup>

### **A Role For Investors**

It is undeniable that these six companies and the pharmaceutical industry are making many positive steps to reduce their own carbon emissions. But all of this positive work is being negated by their funding of groups such as CEI that have been instrumental in sowing doubt about climate science and obstructing climate action in the United States.

There is a reason why the U.S. is alone among industrialized nations in not having taken serious steps to reduce carbon emissions, and that reason is the unmatched power and influence of dozens of corporate-funded front groups and trade associations that all work to obstruct climate action in this country. As EDF so cogently reminds us, “only public policy can deliver the pace and scale of reductions necessary to avoid the worst impacts of climate change.” As a U.S. senator who inhabits the world in which these groups are active, it is my opinion that public policy is unlikely to deliver in the United States as long as corporations continue to fund this network of anti-climate front groups and trade associations.

You are an institutional investor with a stated interest in sustainability. I encourage you to discuss with the management of the companies in which you invest the importance of ensuring that corporate funds do not support organizations that oppose climate action (unless of course it is the goal of the corporation to oppose climate action). Urging the companies in which you invest to green their own operations is not enough if these same companies simultaneously fund groups that block government efforts to reduce carbon pollution. Ultimately, it will require

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<sup>35</sup> Annual Report 2018, pgs. 23 & 30, Novartis, *available at* <https://www.novartis.com/sites/www.novartis.com/files/novartis-annual-report-2018-en.pdf>

<sup>36</sup> Merck 2018 10-K, pg. 19, *available at* [https://s21.q4cdn.com/488056881/files/doc\\_financials/2018/Q4/2018-Form-10-K-\(without-Exhibits\)\\_FINAL\\_022719.pdf](https://s21.q4cdn.com/488056881/files/doc_financials/2018/Q4/2018-Form-10-K-(without-Exhibits)_FINAL_022719.pdf)

<sup>37</sup> GlaxoSmithKline Annual Report 2018, pg. 32, *available at* <https://www.gsk.com/media/5349/annual-report-2018.pdf>

corporate America's robust support for climate action to overcome the power of the fossil fuel industry and its allied front groups and trade associations.

I hope that I can count on you to deliver this important message.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sheldon Whitehouse". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Sheldon Whitehouse  
United States Senator