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What Green Rankings Don't Tell You

by Aaron Chatterji, Michael Toffel | Oct 22, 2012 4:45 AM EDT

Many companies that rank high on environmental impact surveys also spend millions lobbying for policies that aren't so green, Aaron Chatterji and Michael Toffel report.



Environmental rankings are based on extensive research about companies' environmental management processes and performance, and how transparent they are about their environmental impacts. However, we're still in the dark about a lot of things regarding corporate environmental records. Many firms, including some that score well in Newsweek's Green Rankings, also spend millions of dollars lobbying politicians on environmental issues and contributing to campaigns. These activities impact our elections, our regulations and ultimately can have a tremendous impact in worsening—or improving—the environment. But much of it is done behind closed doors. Green rankings ought to capture these corporate political and advocacy activities too, along with how companies are greening their operations and supply chains.

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by Ian Yarett, James Salo, Heather Lang



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Unfortunately, Supreme Court decisions like Citizens United are reducing transparency requirements for corporations, which makes information on political activities hard to come by. So it's difficult to get the full picture of a corporation's environmental impact.

We can get a glimpse from U.S. companies' voluntary disclosures of political



Methodology Webinar

Back in June, Newsweek and its research partners presented an online workshop about the methodology behind Green Rankings. Re-watch it here.

activities, thanks to research by the nonpartisan [Center for Political Accountability](#) and the University of Pennsylvania's [Zicklin Center](#) for Business Ethics Research, which recently reported political transparency scores for the top 200 companies in the S&P 500 Index.

We compared these companies' political transparency scores to their environmental transparency scores from the Newsweek Green Rankings, and what we found is surprising—and somewhat disturbing. Overall, the scores were very weakly correlated (with a correlation coefficient of 0.20). That means that firms that are transparent about their environmental activities do not necessarily tell us much about their political activity on the environment.

Take a look at the list of companies below. All of these score above average on transparency on environmental issues, but below average on political disclosure. For all the good work these companies might be doing to green their operations and supply chains, some could be working against environmental regulations—such as those to regulate carbon emissions—that could be game changers.

Interestingly, this group includes mining, chemical, and energy companies such as Duke Energy, Halliburton, Hess, Mosaic, and Newmont Mining – companies in environmentally intensive industries that face burdensome environmental regulations. The political activities of these companies could have a far greater environmental impact than their onsite environmental management activities, but because they do not disclose this information we will never know how green they really are. However, let's give credit where credit is due: at least these companies are disclosing their environmental activities. Companies like Broadcom, Celgene, Danaher and Sysco disclose little about their environmental and political activities.

Unless Congress finds a way to mandate more transparency of corporate political activities, it's up to companies to voluntarily disclose their donations and lobbying activities regarding environmental issues if they want to be recognized as environmental leaders. That's the future of green rankings.

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Company	Political Disclosure Score This CPA-Zicklin Index percentage score ranges from 0 to 100 with higher values indicating more political transparency.	Environmental Disclosure Score From Newsweek Green Rankings; ranges from 0 to 100 with higher values indicating more environmental transparency.
AT&T Inc.	28	56
American Electric Power Co. Inc.	36	79



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American International Group Inc.	17	51
Anadarko Petroleum Corp.	3	62
Apache Corp.	0	71
Applied Materials Inc.	6	54
Baker Hughes Inc.	6	73
Bank of America Corp.	15	87
Becton Dickinson & Co.	22	57
Biogen Idec Inc.	7	84
Boeing Co.	36	69
CSX Corp.	8	75
Carnival PLC	8	83
CenturyLink Inc.	10	57
Cisco Systems Inc.	15	62
Cognizant Technology Solutions Corp.	32	78
Consolidated Edison Inc.	1	79
Covidien PLC	18	64
Deere & Co.	10	66
Devon Energy Corp.	11	54
Duke Energy Corp.	22	87
Eli Lilly & Co.	35	71
FedEx Corp.	33	69
Franklin Resources Inc.	7	61
Freeport-McMoRan Copper & Gold Inc.	14	96

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by John Elkington

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For inquiries, please contact The Daily Beast at editorial@thedailybeast.com.

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by Newsweek

**AMERICA'S 20
GREENEST
POLITICIANS**



J. Scott Applewhite / AP Photo

**20. Barbara Mikulski, Senator (D),
Maryland**

LCV Score: 100 Total donations: \$4,406,285 Mining donations: \$0 Oil and gas donations: \$0 Environmental policy donations: \$14,600 Alternate energy donations: \$0 Environmental caucus memberships: None



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