Antitrust Myths vs. Climate Collaborations
The Real Story

Collaborating to advance climate goals is not corporate collusion. It's about creating shared value while safeguarding competition and consumer choice. Some government voices have pushed a false narrative that Ceres and global investor initiatives have engaged in antitrust violations. Here are the facts: antitrust laws protect competition and consumers; they do not prohibit investors from independently deciding to address climate-related risks and opportunities or engaging companies in their portfolios to express their views. Indeed, there is nothing more natural than companies listening to their investors.

According to antitrust law experts, these accusations of antitrust violations are baseless. Despite repeated mischaracterizations, the facts—and the law—make clear that there have been no antitrust violations. It is inappropriate for the government to use false pretenses to intimidate private sector leaders and silence constitutionally protected free speech. Whether it's reducing methane emissions, setting ethical standards, or driving innovation in greener technologies, collaboration benefits the market and the public while maintaining vigorous competition.

MYTH: Working with competitors to protect the environment violates antitrust laws.

FACT: Antitrust law targets illegal practices like price-fixing or market allocation—not voluntary collaborations to mitigate risks. Industry action, long practiced through associations, remains safely within legal boundaries.

- **Example:** Diamond companies voluntarily came together in 2003 to establish the Kimberley Process Certification Scheme, a global initiative to prevent the trade of conflict ("blood") diamonds. By setting a standard that ensures ethical sourcing, the industry has helped promote transparency and sustainability without limiting competition.
- **Example:** A report from Members of the U.S. House of Representatives noted: "There is no theory of antitrust law that prevents private investors from working together to capture the risks associated with climate change. There is certainly no antitrust law that prevents investors from asking corporations how they plan to transition to a climate- resilient economy."

MYTH: Climate collaboration is equivalent to secret collusion.

FACT: Clear, transparent efforts—such as establishing safety standards or reducing emissions—are not collusion. Collaborative climate initiatives boost consumer protection and market competition.

- **Example:** In the 1990s, major clothing manufacturers united to enforce stricter overseas labor standards, collaborating ethically to eliminate child labor while continuing to compete on quality and consumer pricing.
- **Example:** In 1999, the International Organization for Standardization (ISO) introduced the ISO 13216 standard for child seat anchoring systems to replace unreliable seat belt installations. This universal system improves safety and eases installation, while manufacturers continue to compete, offering consumers more choices.

MYTH: Global Investors Vote Together to Commit Antitrust Violations.

FACT: Ceres advocates for market-driven action on financial sustainability issues and does not engage in illegal practices such as price fixing, bid rigging, or collusion. Claims that Ceres or Climate Action 100+ and Net Zero Asset Managers violate antitrust laws are deeply flawed. Investor initiatives don't control individual investment or proxy voting decisions, and antitrust laws target price-fixing—not aligned votes.

- **Example:** A Morningstar analysis found that even when climate resolutions gained over 40% support on key-shareholder votes, the "Big Three" asset managers only voted together one-third of the time (even though they were members of one or both initiatives at the time). Collaborating to address shared risks does not mean investors give up their independence.

MYTH: Collaborating to reduce fossil fuel dependency is an antitrust violation since it is a market restriction on oil or coal companies.

FACT: There is no antitrust violation when companies or investors work together to limit emissions in the oil and gas sector. The goal of reducing emissions through the reduction of methane leaks, for example, does not restrict market competition.

- **Example:** Many companies, banks and investors have collaborated to address methane emissions, an effective strategy that can improve environmental outcomes without hurting corporate profits. Methane reduction initiatives, such as better detection and measurement technology, use of non-emitting equipment, and stricter regulations on emissions, allow companies to operate more efficiently. This type of collaboration focuses on reducing harmful emissions and improving sustainability without the need to reduce fossil fuel consumption directly.
- **Example:** According to the Antitrust and Sustainability Landscape Analysis from the Columbia Center, accusations that climate initiatives are "boycotting" oil and gas or coal companies by promoting financial institutions to restrict capital, debt, or insurance provision to the fossil fuel industry are off base because "membership is voluntary, and financing decisions are taken on an individual firm level basis. Indeed, many firms continue to finance new fossil fuel projects."

MYTH: Ceres operates as a "climate cartel" using dark money and bullying tactics.

FACT: There is no basis to suggest that Ceres engages in illegal, anticompetitive conduct like price fixing, bid rigging, or customer allocation, which are considered "hardcore cartel conduct" under antitrust law. Such conduct is illegal, subject to criminal penalties, and centers on illegal collusion, not collaboration. Ceres' funding is transparent and compliant with legal standards for nonprofit organizations.

- **Example:** In the Ohio v. American Express Co. (2018) case, the Supreme Court ruled that agreements limiting competition only violate antitrust law if they harm consumers' interests in the relevant market. The Court found that certain business practices can be legitimate, as long as they do not hinder market competition from consumers' perspective. Ceres' advocacy for sustainability action, such as encouraging corporate responsibility, does not restrict competition or involve the kind of illegal conduct associated with cartels.

MYTH: Coal Prices Increased Because Investors Voted to Increase Prices.

FACT: Market dynamics like geopolitical instability and supply chain disruptions drive price fluctuations—not coordinated investor action. There is no evidence that investor votes have manipulated market pricing. There is no evidence to suggest that investors, as an organized group within Ceres or a climate collaboration, made any decisions or took any action to manipulate or influence coal prices deliberately.

- **Example:** Following Russia's invasion of Ukraine in late February 2022, coal prices spiked significantly due to disruption to the market.
- **Example:** In November 2024, 11 states filed antitrust claims against BlackRock, Vanguard, and State Street, alleging they reduced coal production and competition by acquiring minority stakes in coal companies. The complaint lacks merit. Coal output has actually risen since 2021, and proxy votes did not align with production trends. An independent report noted that the allegations "fall short" of proving an antitrust violation, as any purported anti-competitive effects are outweighed by "pro-competitive" justifications.