Abstract

This study examines the impact of climate policy uncertainty (CPU) on corporate philanthropy using data from Chinese listed companies (2007–2022). We find that growing CPU significantly reduces corporate donation. This negative relationship remains robust after controlling for various confounding factors, addressing potential endogeneity and selection bias concerns. Heterogeneity analysis reveals that non-state-owned enterprises (non-SOEs), politically unconnected firms, companies with lower female executive representation, and those operating in heavily polluting industries demonstrate greater sensitivity to CPU by reducing donations more substantially. In contrast, firms located in cities with higher public climate awareness exhibit less pronounced negative responses. Further investigation identifies that CPU affects corporate philanthropy passively through increased financial distress risk and higher debt financing costs, and actively through precautionary cash holding motives and strategic reallocation of resources toward green investments. These findings contribute to our understanding of how CPU influences corporate social responsibility (CSR) decisions and have important implications for policymakers seeking to promote stable corporate philanthropic behaviors while pursuing climate action objectives.