WOKE FINANCE IS HURTING HOOSIERS

Money managers hurt Hoosiers by imposing expensive ESG mandates on utilities like Duke Energy, Indiana Michigan Power, and AES Indiana.

- A group of the world's largest money managers are using their collective influence to force companies to comply with the aspirational goals of the Paris Agreement through Climate Action 100+.
- Members of Climate Action 100+, like BlackRock, are able to exert influence over companies because they manage billions of dollars for the Indiana Public Retirement System.
- They are using this influence to pressure electric utilities to phase-out gas and coal power by 2040, while coal and natural gas supply nearly 90% of Indiana's net electricity generation.
- Climate Action 100+ specifically targets Indiana energy providers Duke Energy, AES, and American Electric Power Company (Indiana Michigan Power) for "engagement" on climate issues.

Even worse, major banks have put similar pressure on companies in their lending practices.

- JPMorgan Chase and Bank of America joined the Net-Zero Banking Alliance, committing to slash their financed emissions in the power sector by 69%-70% carbon intensity by 2030, and 41%-44% for auto manufacturing.

These financial institutions are also targeting auto manufacturers, as well as agriculture.

- For the automotive industry, Climate Action 100+ is pushing auto companies to align with the IEA's Net Zero by 2050 scenario by eliminating sales of new internal combustion engine passenger cars by 2035. Policies like these will raise vehicle prices and hurt blue collar auto manufacturing jobs.
- Our automotive sector should focus on offering the best products at the most competitive prices, not enacting woke finance's preferred climate policies, which are sure to harm manufacturing, a major Indiana industry.
- These groups push the climate agenda on agribusiness, too. They want companies to transition to "lower-carbon alternatives to meat and dairy products," electrify farm vehicles, and target fertilizer use.

How Indiana can push back: Legislative Solutions

Protect Hoosier Pension Funds

- Enact a law, enforceable by an executive branch official, clarifying that the fiduciary duty of those managing Indiana's pension funds is to consider only *financial factors*, for a *financial purpose.*
- Commitments to promote ESG goals are evidence of a motive to promote non-financial purposes.
- This will benefit retirees by shifting assets to asset managers focused on financial purposes.

Protect State Contracts and Investments

- Enact a law, enforceable by an executive branch official, prohibiting state contracts with companies that boycott or penalize companies for actions that do not violate the law, including:
  - engaging in mining, energy, agriculture, firearms, or commercial timber
  - not meeting corporate board composition criteria based upon protected characteristics
  - not meeting aspirational environmental or social standards

MORE INFORMATION ON WOKE FINANCE ORGANIZATIONS

United Nations-inspired climate initiatives push the Paris Agreement on U.S. companies.

In the past few years, numerous financial initiatives have arisen to coordinate asset managers, banks, and others financial institutions to comply with the aspirational climate goals of the Paris Agreement—even though the Paris Agreement is not legally binding on U.S. companies.

Some of the most notable groups are Climate Action 100+ , which is partially led by the UN-affiliated Principles in Responsible Investing, and the Glasgow Financial Alliance for Net Zero (GFANZ), which is grounded in the UN-backed Race to Zero campaign.

Climate Action 100+ and GFANZ have enormous sway, controlling trillions of dollars.

Climate Action 100+ members collectively manage $68 trillion in assets and include two of the "big three" asset managers—BlackRock and State Street Global Advisors. They target certain companies and pressure them to commit to "[t]ake action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal." Their sector strategies target power companies, agriculture (food & beverage), aviation, and steel.

GFANZ boasts that its members represent "over $130 trillion of private capital" that is "committed to transforming the economy for net zero." Its Net-Zero Banking Alliance represents nearly 40% of global banking assets, including JPMorgan Chase, Bank of America, Wells Fargo, Citi, Goldman Sachs, and Morgan Stanley. Overseen by the UN, they commit to align their financed emissions with net zero by 2050 or sooner. Similarly, GFANZ's Net Zero Asset Managers, including Blackrock, Vanguard, and State Street, commit to "play [their] part to help deliver the goals of the Paris Agreement" by managing assets in line with net zero greenhouse gas emissions by 2050 or sooner and fossil fuel phase out.

These groups are using Hoosiers' hard-earned savings to advance their own radical goals.

Through these initiatives, financial organizations are advancing radical climate and social policy. Money managers should be focused on making money in a tough stock market. Banks should provide credit based on financial metrics. Instead, they are using Hoosiers' money to force U.S. companies to comply with the UN's aspirational climate goals—while China and others prioritize energy security and national interests.

Unless Indiana pushes back against this sweeping agenda, its citizens will suffer. Energy costs will go up, while reliability goes down. Jobs will be destroyed. National security will be jeopardized. Now is the time for Indiana to fight back.