WOKE FINANCE IS HURTING VIRGINIANS

Money managers hurt Virginians by imposing expensive ESG mandates on utilities like Dominion Energy, Appalachian Power, and AES.

- 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 and J.P. Morgan are able to exert influence over companies because they manage large amounts of citizens' retirement savings, including for VRS.
- They are using this influence to pressure electric utilities to phase-out gas and coal power by 2040, while coal and natural gas supply over 60% of Virginia's electricity.
- Climate Action 100+ specifically targets Virginia energy providers AES Corp., Dominion Energy, and American Electric Power Company (Appalachian Power) for "engagement" on climate issues.

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

- Wells Fargo, Bank of America, and JPMorgan Chase have all joined the Net-Zero Banking Alliance, committing to slash their financed emissions in the power sector by 60%-70% carbon intensity by 2030.

These financial institutions are also targeting aviation and agriculture, two major Virginia industries.

- For the food and agricultural sector, Climate Action 100+'s agenda includes pushing companies to transition to "lower-carbon alternatives to meat and dairy products," electrify farm vehicles, and target fertilizer use.
- Our agricultural 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 Virginia's largest private industry.
- For aviation, Climate Action 100+ advocates for "constraining air travel demand" and mandating the use of biofuels in order to meet its 1.5°C pathway objectives, targeting companies operating in Virginia like Boeing and Lockheed Martin. These policies will hurt Virginia's aerospace industry.

How Virginia can push back: Legislative Solutions

Protect Virginian Pension Funds

- Enact a law, enforceable by an executive branch official, clarifying that the fiduciary duty of those managing Virginia'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 other 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 Virginians' 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 Virginians' 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 Virginia 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 Virginia to fight back.