



HOW INDIANA’S ASSET MANAGERS ARE PUSHING ESG

Environmental, social, governance (ESG) policies risk failing Hoosiers on a [multitude of fronts](#). They put Hoosier energy at risk, threaten the auto and agricultural industries, and fundamentally undermine representative government. As Indiana considers legislation to protect Hoosiers from the threat of the ESG movement, here are a few things Hoosiers should know.

MEET INDIANA’S WOKE ASSET MANAGERS

The fact is, Indiana currently invests with some of the most woke asset managers in the world. According to the latest retirement system report from Summer 2022, over \$16 billion of Indiana’s retirement savings are currently invested with the following ten members of Climate Action 100+. As part of Climate Action 100+, Indiana’s asset managers have [publicly committed](#) to use client funds, like Hoosiers’ retirement funds to “reduce greenhouse gas emissions” to comply with the Paris Agreement. Membership in the Net Zero Asset Managers (NZAM) requires a similar commitment.

	NZAM	CA100+	
Northern Trust	X	X	\$4,048,900,415 ¹
BlackRock	X	X	\$2,933,062,832 ²
PIMCO		X	\$2,595,254,606 ³
CoreCommodity		X	\$1,609,219,467 ⁴
PanAgora		X	\$1,995,904,405 ⁵
Baillie Gifford	X	X	\$933,705,023 ⁶
Goldman Sachs		X	\$867,513,811 ⁷

¹ [DC Fixed income fund](#) (p.115) - \$75,770,000; [DC Inflation Linked Fixed Income](#) (p.115) - \$50,688,000; [DB Fixed Income - Inflation-Linked](#) (p.114) - \$1,937,653,430.65 and \$1,974,332,984.43; [Special Death Benefit Fund Assets](#) (p.122 and 268) - \$10,476,000.

² [DC Large Cap Equity](#) (p.115) - \$1,215,797,000; [DC Int’l Equity](#) (p.115) - \$132,874,800; [DB Public Equity](#) (p.112) - \$136,051,896.17 and \$403,537,689.17; [DB Fixed Income](#) (p.114) - \$927,243,557.32; [DB Real Assets](#) (p.127) - \$117,557,889.59.

³ [DC Fixed Income Fund](#) (p.115) - \$37,885,000; [DB Fixed Income](#) (p.113 and 114) - \$1,716,799,685.66, \$839,126,916.67, and \$1,443,004.06.

⁴ [DB Commodities](#) (p.114 and 115) - \$905,408,467.20 and \$703,811,000.00.

⁵ [Panagora Div Risk 12v](#) (p.116) - \$1,995,904,405.

⁶ [DC Int’l Equity](#) (p.115) - \$33,218,700; [DB Public Equity](#) (p.112) - \$765,455,954.95 and \$135,030,367.85.

⁷ [DB Fixed Income](#) (p.113) - \$867,513,811.

Wellington	X	X	\$864,562,780 ⁸
State Street	X	X	\$781,143,403 ⁹
Loomis Sayles		X	\$37,885,000 ¹⁰
TOTAL			\$16,667,151,742

This means that over \$16 billion of Indiana’s retirement system is committed to ESG goals like phasing out coal and natural gas plants by 2040¹¹; electrifying farm equipment,¹² and targeting fertilizer use. The state of Indiana’s asset managers have publicly committed to seeking the demise of two of the state’s key industries – energy and agriculture.

The Indiana Public Retirement System (INPRS) is now America’s 54th largest retirement fund, public or private according to [Pensions & Investments](#)’ ranking of America’s 1,000 largest retirement funds. Pensions & Investments rankings also found that INPRS paid \$277 million to external money managers, which is the sixth most in the nation. Indiana’s pension fund is no small player in the financial marketplace.

EXAMPLES OF INDIANA ASSET MANAGERS PUSHING ESG

There are a number of examples of how Indiana’s asset managers are using state funds to push ESG.

- Blackrock recently used its shareholder votes to pressure companies AutoZone¹³ and Skechers¹⁴ to align their emissions with the Paris Agreement.
- Blackrock pushed energy company Phillips 66 to set emissions reduction targets for its products, which is akin to asking an energy company to sell less of its product.¹⁵
- Blackrock pushed energy company ConocoPhillips to lobby in line with the Paris Agreement.¹⁶

It’s not just climate change. State funds are also being used to push other woke policies at companies.

- Blackrock pressures companies to “promote racial justice” to accelerate the company’s progress on social issues.¹⁷

⁸ [DB Commodities](#) (p.115) - \$864,562,780.

⁹ [DB Fixed Income](#) (p.113) - \$368,364,403.46; [Retirement Medical Benefit Account](#) (p.122 and 271) - \$412,779,000.

¹⁰ [DC Fixed Income Fund](#) (p.115) - \$37,885,000.

¹¹ <https://www.climateaction100.org/wp-content/uploads/2020/12/CA100-Progress-Report.pdf> (p.21).

¹² <https://www.climateaction100.org/wp-content/uploads/2021/08/Global-Sector-Strategies-Food-and-Beverage-Ceres-PRI-August-2021.pdf> (p. 23,24, 27).

¹³ [AutoZone Proxy Statement](#) (p.21). [BlackRock Proxy Vote](#) (December 15th, 2021).

¹⁴ [Skechers Proxy Statement](#) (p.5). [BlackRock Proxy Vote](#) (May 26th, 2022).

¹⁵ [Phillips 66 Proxy Statement](#) (p.67). [BlackRock Proxy Vote](#) (May 12th, 2021).

¹⁶ [ConocoPhillips Proxy Statement](#) (p.120). [BlackRock Proxy Vote](#) (May 11th, 2021).

¹⁷ [Abbot Laboratories Proxy Statement](#) (p.91). [BlackRock Proxy Vote](#) (April 23rd, 2021).

- Indiana’s asset managers are even too left-wing for Google. Against the recommendations of Google management, Blackrock asked Google to conduct a “racial equity audit” to report on Google’s impact on “BIPOC communities.”¹⁸

QUESTIONS FOR INPRS

The Indiana Public Retirement System (INPRS), which administers retirement plans for the state of Indiana, has confidently claimed that asset management firms sign on to climate initiatives for “marketing” or to promote an ESG-specific strategy that Indiana is not a part of. The reality is, INPRS has either been hoodwinked by woke financial firms, or have taken their side against Indiana pensioners. It certainly raises a number of questions. The existing [fiduciary duty policy](#) of INPRS in Section 5.1 reads that:

All Service Providers will maintain a prudent investor profile, consistent with their fiduciary responsibility to invest the assets solely in the interests of the System’s members and beneficiaries.

And service providers is [defined as](#):

all external parties who perform investment-related services for the System or Retirement Funds, including, but not limited to, Consultants, Custodians, Investment Managers, Legal Counsel, data aggregators, securities litigation monitors, etc.

Joining the Net Zero Asset Managers (NZAM) initiative, as a number of Indiana’s asset managers have, requires making ESG commitments across [all assets under management](#), including Indiana assets:

Across all assets under management: ...Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner.

The NZAM FAQ makes clear that there are no exceptions for this engagement and voting commitment. Combined with the reporting components of the commitment, it makes explicitly clear the commitment to be a member of NZAM demands real action [not just empty statements](#).

INPRS has also claimed that its policy does not imply that every service provider has an inherent fiduciary responsibility to INPRS. Instead, they argue “fiduciary responsibility” refers to the applicable fiduciary responsibility, which is determined by the contract signed between the service provider and INPRS. That does not match a reading of the policy, which plainly defines the fiduciary responsibility not by contract, but by referencing the traditional sole interest standard. The “sole interest” standard makes clear that an asset manager can’t put himself in a position that conflicts with the interest of the beneficiary – in Indiana’s case, Hoosier pension holders.

¹⁸ [Alphabet Proxy Statement](#) (p.78). [BlackRock Proxy Vote](#) (June 1st, 2022).

[Indiana's Attorney General Opinion](#) in September 2022 states that asset managers belonging to Climate Action 100+ have demonstrated a mixed motive that violates the sole interest fiduciary standard in Indiana law. This suggests INPRS is violating its own investment policy, which could subject all of the trustees to personal liability, and raises some questions for the board:

- When did the board realize over \$16 billion of retirement funds were invested with asset managers who belonged to Climate Actions 100+ or NZAM?
- What instructions have been provided to asset managers like Blackrock to ensure that when they speak to companies, and vote for directors, they are solely focused on financial return? How does the board monitor compliance with those instructions?
- Was the board aware that asset managers like Blackrock are using Indiana funds to push companies to align their operations with UN treaties like the Paris Agreement that have no legal effect in the United States?
- Was the board aware that asset managers like Blackrock are using Indiana funds to suppress political speech when it conflicts with the Paris Agreement?
- Was the board aware that asset managers like Blackrock are using Indiana funds to pressure companies to "promote racial justice" and conduct "racial equity" audits?
- Has the board conducted any legal analysis to determine whether it is lawful for state funds to be used to suppress political speech or promote racial quotas?

INPRS originally testified neutral on HB 1008, only to then take a position claiming HB 1008 as introduced would cost Indiana \$6.7 billion dollars. This raises further questions of what kind of pressure woke asset asset managers and their consultants on the retirement board may be applying behind the scenes, claiming they wouldn't do business with Indiana.