



Myth vs. Reality: Missouri's Bills to Combat ESG (SB 377 & SB 430)

Advocates commonly describe ESG as criteria for making strategic investment decisions to aid environmental or social causes one cares about. In reality, ESG policies risk failing Americans on a [multitude of fronts](#).

[SB 377](#) and [SB 430](#) would protect Missouri jobs and economic interests from the threat of the ESG movement by:

- Protecting Missouri's food and agriculture industries. This legislation will ensure Missouri tax dollars are not supporting Left-wing climate agendas that threaten to upend pivotal industries for Missouri, which [ranks in the top ten for corn, beef, and hog production nationally](#).
- Protecting Missouri's energy supply. Eversource recently raised rates as a result of its [commitment to renewable energy](#) and Ameren is [pledged to net zero](#) by 2045— this legislation will ensure that Missouri tax dollars are not supporting companies that are [pressuring electric utilities](#) to phase-out gas and coal power by 2040, which provide [over 74% of Missouri's electricity](#).

Opponents are spreading misinformation about the impact that SB 377 and SB 430 could have on Missouri. Here are the facts:

Myth 1: Isn't this just trying to solve a problem that doesn't exist for Missouri?

Reality: There is plenty of evidence of how the ESG movement threatens Missouri's economic interests. Missouri is right to push back against those threats. ESG policies hurt Missouri in two ways.

First, when companies target industries for economic boycott they cut off legal industries from desperately needed capital, restricting productivity. In Missouri this means agriculture and timber industries, which produce \$34.9 billion in added value and support more than 450,000 jobs, are under direct assault. 86% of Missouri farms are small farms, and ESG is big business picking on farmers making less than \$100,000 a year.¹

¹ <https://agriculture.mo.gov/economicimpact/county-pdf/MissouriAgForestryEconomicContributionStudy.pdf>

Second, when companies follow ESG policies in investment decisions instead of fiduciary responsibilities, Missourians are the ones who lose. For example, BlackRock declared that it would divest from coal in mid-2020 for ESG reasons.² Since July, 2020 the price of coal has increased from under \$50/ton to close to \$400/ton.³ Driving up the cost of energy prices hurts all Missourians since coal provides 74% of Missouri's electricity⁴.

Myth 2: SB 377 and SB 430 pick winners and losers among industries.

Reality: SB 377 and SB 430 detail what are examples of discriminatory behavior based upon ideological agendas. They do not provide a list of protected industries. The bills explain how an economic boycott means "refusing to deal with, terminating business activities with, or otherwise taking any commercial action that is intended to penalize, inflict economic harm on, limit commercial relations with, or change or limit the activities of a company" doesn't meet ESG favored goals. It does not preclude extension of fair treatment to any industry, rather it demands companies certify they are acting within business purposes.

SB 377 and SB 430 identify categories of business that are routinely targeted by ESG policies contrary to ordinary business purposes while also protecting any business that wants to uphold its social values in practice and protects individual companies from coercion in its daily operations.

Legislators are right to be clear in the law so there is no question on what defines discrimination.

Myth 3: SB 377 and SB 430 distort the free market.

Reality: The market is being distorted by the Left through blue states using finance as a form of regulation. Pension funds like New York's have committed to reach net zero across all of their assets.⁵ This means they expect asset managers to not only reach net zero for assets managed by blue states, but across all of the assets they manage. New York City Comptroller Brad Lander made this clear in his letter to BlackRock.⁶

This means large asset managers and their blue-state clients are working hand-in-hand to reshape public companies. Multiple blue state governments have joined Climate Action 100+ along with large asset managers to pressure companies to reach net zero. Those state treasurers or pension funds include California, New York, New Jersey, Illinois, Chicago, San Francisco, Seattle, and Oregon.

² <https://www.blackrock.com/corporate/investor-relations/2020-blackrock-client-letter>

³ <https://tradingeconomics.com/commodity/coal>

⁴ <https://www.eia.gov/state/?sid=MO#tabs-1>

⁵ <https://comptroller.nyc.gov/wp-content/uploads/2022/09/Letter-to-BlackRock-CEO-Larry-Fink.pdf>

⁶ Ibid.

Climate Action 100+ reported how the coordinated efforts of asset managers and blue state clients resulted in new board members at ExxonMobil.

*ExxonMobil shareholders elected three new board members to the company's board. This was backed publicly by three of the largest pension funds in the U.S. and Climate Action 100+ signatories – CalPERS, CalSTRS, and the New York State Common Retirement Fund. This followed extensive engagement coordinated by Climate Action 100+.*⁷

By doing nothing, financially-focused states like Missouri perpetuate a distorted market where activist blue states pressure asset managers and companies to meet the Left's environmental goals. Rather than doing nothing, Missouri should establish clear principles for their contracts and stop doing business with those that implement ESG driven boycotts. We have already seen the impact of West Virginia's law.⁸ This is what SB 377 and SB 430 would do.

Myth 4: SB 377 and SB 430 place an overwhelming burden on counties and other government entities to manage their contracts.

Reality: Where this type of legislation has been enacted, states have assigned responsibility for tracking and maintaining lists of offending companies to an appropriate state office, such as the Treasurer or Attorney General. Other state and local entities have been able to access the necessary information from the state to engage or void contracts.⁹ In Missouri's case the Commissioner of Administration is assigned with implementing the law.

Adjusting contracts to require compliance is a simple matter of including an additional clause that specifies the need for written certification and clarifies the terms of a violation. The administrative burden on agencies and offices amounts to no more than routine contract review requirements including a validation that the company is not engaged in an economic boycott.

The burden for the state is mitigated by allowing for determinations to be made using company provided written certification, publicly available company statements, and published government reports as sources. In both SB 377 and SB 430 the law also only applies to contracts over \$100,000 or contractors with more than ten employees.

⁷<https://www.climateaction100.org/wp-content/uploads/2022/03/Climate-Action-100-2021-Progress-Update-Final.pdf>

⁸ <https://www.washingtonexaminer.com/policy/economy/wv-riley-moore-esg-blacklisting-firms>

⁹ https://www.wvlegislature.gov/bill_status/bills_history.cfm?INPUT=262&year=2022&sessiontype=RS