

# WOKE FINANCE IS HURTING SOUTH DAKOTANS

*Money managers hurt South Dakotans by imposing expensive ESG mandates on utilities like Xcel Energy and MidAmerican Energy.*

- A [group of the world's largest money managers](#) is targeting specific companies, including [Xcel Energy](#) and [Berkshire Hathaway](#)—which owns [MidAmerican Energy Company](#)—to force them to comply with the aspirational climate goals of the Paris Agreement.
- [Members of Climate Action 100+](#) like Sanders Capital and The TCW Group can exert influence over companies because they manage large amounts of citizens' retirement savings, including [over \\$100 million for the South Dakota Retirement System](#).
- They are [pressuring electric utilities to phase-out gas and coal power by 2040](#), while coal and natural gas provide [over 23% of South Dakota's electricity](#).

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

- [Wells Fargo](#), [Bank of America](#), and [Citi](#) 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 food and agriculture, key South Dakota industries.*

- Climate Action 100+ is upending the agriculture and food sectors by pressuring companies to [reduce emissions in their supply chain](#), increasing costs for farmers and consumers.
- They are pushing companies to go green by [electrifying farm machinery](#) and promoting [lower-carbon alternatives to meat and dairy products](#).
- South Dakota, [a top producer of bison, beef cows, sheep and lambs, and cattle and calves](#), will bear the costs of this climate agenda.
- Climate Action 100+ also pushes companies to align their lobbying practices and trade association memberships with net zero, assessing them based on if they [lobby for climate policies and against agricultural subsidies](#).

## **How South Dakota can push back: Legislative Solutions**

### **Protect South Dakota's Pension Funds**

- Enact a law, enforceable by the AG or an executive branch official, clarifying that the fiduciary duty of those managing SD'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 the AG or 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 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 South Dakotans’ 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 South Dakotans’ 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 South Dakota 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 South Dakota to fight back.**