WOKE FINANCE IS HURTING KENTUCKIANS

Money managers hurt Kentuckians by imposing expensive ESG mandates on utilities like Louisville Gas and Electric and Kentucky Utilities.

- A group of the world's largest money managers is targeting specific companies, including PPL Corp. (Louisville Gas and Electric and Kentucky Utilities) to force them to comply with the Paris Agreement.
- Members of Climate Action 100+, like BlackRock, manage large amounts of retirement savings, including $4.5 billion for the Kentucky Public Pensions Authority, which gives them the power to influence companies.
- Climate Action 100+ members are using this influence to pressure electric utilities to phase out gas and coal power by 2040, while coal and natural gas generate over 92% of Kentucky's utility-scale net electricity.

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

- Wells Fargo and Morgan Stanley have joined the Net-Zero Banking Alliance, committing to slash their financed emissions intensity in the power sector by 58-60% by 2030.

These financial institutions are also targeting auto manufacturing, a crucial Kentucky industry.

- 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 crucial blue-collar auto manufacturing jobs in Kentucky.
- Woke finance's climate policies force manufacturers to deal with "barriers" such as increased expenditures. This will likely cause harm across the manufacturing sector, which supplies over 13% of Kentucky jobs.
- These groups push the climate agenda on food and agriculture, too. They want companies to transition to "plant-based alternatives to meat and dairy products," electrify farm vehicles, and target fertilizer use.

How Kentucky can push back: Legislative Solutions

Protect Kentucky's Pension Funds

- Enact a law, enforceable by the AG or an executive branch official, clarifying that the fiduciary duty of those managing Kentucky'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 Kentuckians' 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 Kentuckians' 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 Kentucky 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 Kentucky to fight back.