WOKE FINANCE IS HURTING ALABAMIANS

Financial institutions are targeting Alabama industries, including agriculture, steel, and automotives.

- The world's largest money managers are targeting specific sectors—including agriculture, steel, and automotives—to force them to comply with the aspirational climate goals of the Paris Agreement.
- Members of initiatives like NZAM or CA100+—including State Street and Manulife—exercise influence by managing large amounts of money, including over 36% of the Alabama Trust Fund as of 2023.
- The Retirement Systems of Alabama invest their own funds, but some of the funds they buy—such as BlackRock's iShares ETFs—are using those assets as leverage in engagement with companies.
- These activist asset managers push their climate goals by pressuring companies to make farmers electrify their farm vehicles, change their fertilizer use, and switch to "lower-carbon alternatives to meat and dairy."
- Moreover, climate groups say the U.S. needs to cut its per capita ruminant meat consumption in half by 2050.
- These policies will hurt Alabama's farmers, who supported over $1 billion worth of exports in 2022.
- Climate activists also pressure steelmakers to use green steel certification schemes and expensive carbon pricing, which will harm Alabama's $1.8 billion manufactured-metals industry.
- Climate groups are also 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. These policies are expected to result in a "net loss of 14 million jobs," and are sure to hurt Alabama, where vehicles are the No. 1 export.

Money managers are also imposing ESG mandates on utilities like Alabama Power (the Southern Company). This makes Alabama's electricity supply dependent on China.

- Money managers are pressuring power companies to "align future capital expenditures with . . . limiting global warming to 1.5° C," which means ramping up solar and wind energy to nearly 70% of electricity generation.
- This increases dependence on China, which controls more than 80% of all manufacturing stages of solar panels, 60–80% of wind energy components, and up to 90% of the processing of critical minerals, like rare earths.
- At the same time, these asset managers pressure electric utilities to phase out gas and coal power by 2040, but coal and natural gas provided 59% of Alabama's net electricity generation as of November 2023.

Major banks are pressuring energy and auto companies with their lending practices.

- JPMorgan Chase and Bank of America have joined the Net-Zero Banking Alliance, committing to slash their financed emissions in the power sector by 69%–70% by 2030, and by 41%–44% for auto manufacturing.

How Alabama can push back: Legislative Solutions

- **Protect Alabama's Economic Interests:** Alabama can strengthen its 2023 law that prohibits state contracts with companies that boycott or penalize other companies for engaging in certain disfavored industries or for not meeting ESG criteria not required by law. It should remove an exception in that law for financial services, which would more robustly protect Alabama's economic interests.
- **Protect Alabama's Farmers:** Alabama can empower the state's agriculture commissioner and attorney general to investigate and take action when banks restrict services to farmers based on environmental policies. This will ensure Alabama's farmers are not frozen out of financing by banks that make net zero commitments.
- **Protect Workers' and Families' Savings:** Alabama can enact a law, enforceable by the attorney general or other executive branch official, clarifying that the fiduciary duty of those managing Alabama trust funds is to consider only financial factors.

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 the Glasgow Financial Alliance for Net Zero (GFANZ), which is grounded in the UN-backed Race to Zero campaign, and Climate Action 100+, which is partially led by the UN-affiliated Principles for Responsible Investment.

GFANZ and Climate Action 100+ have enormous sway, controlling trillions of dollars.

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 over 40% of global banking assets, including JPMorgan Chase, Bank of America, Wells Fargo, Citi, Goldman Sachs, and Morgan Stanley. Overseen by the UN, these members commit to align their financed emissions with net zero by 2050 or sooner. Similarly, members of GFANZ's Net Zero Asset Managers initiative (NZAM), 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 by phasing out fossil fuels.

Climate Action 100+ (CA100+) members collectively managed $68 trillion in assets in 2023. CA100+ members 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, steel, and mining.

These groups are using Alabama money to advance their own radical goals.

Asset managers influence company behavior by "engaging" with companies one-on-one on certain topics. If successful, asset managers can obtain change without any vote. These "engagements" are on behalf of all their shareholders. There is no practical way for an institutional investor to opt out of these efforts.

In fact, members of NZAM commit to "[i]mplement a stewardship and engagement strategy . . . consistent with [their] ambition for all assets under management to achieve net zero emissions by 2050 or sooner." Even outside of the assets committed to net zero, "[t]he commitment also ensures that several important actions—such as stewardship and policy advocacy—are comprehensively implemented."

BlackRock, for example, has asked all companies to "set short-, medium-, and long-term targets for greenhouse gas reductions" and "explain how their business model will be compatible with . . . net zero." In the 2022–23 proxy year, BlackRock held 1,662 engagements on environmental issues.

In 2023, Alabama pensions owned about $490,000,000 worth of stock in BlackRock iShares ETFs.