WOKE FINANCE IS HURTING TENNESSEANS

Financial institutions are targeting Tennessee industries, including food and agriculture, and automotives.

- The world's largest money managers are targeting specific sectors—including agriculture and automotives—to force them to comply with the aspirational climate goals of the Paris Agreement.
- Members of initiatives like NZAM or CA100+—including Fiera Capital, Martin Currie, and J.P. Morgan—manage large amounts of citizens' retirement savings, including billions of dollars for Tennessee state pensions.
- These money managers are using their influence to pressure companies to get farmers to electrify their farm vehicles, change their fertilizer use, and move toward "lower-carbon alternatives to meat and dairy products."
- Moreover, climate groups say the U.S. needs to cut its per capita ruminant meat consumption in half by 2050.
- These policies will harm Tennessee's food and agriculture industry, which had over $1.6 billion of exports in 2023.
- CA100+ is 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 harm Tennessee's auto industry, which employs more than 142,000 workers.

Money managers are also imposing ESG mandates on utilities like Appalachian Power, Piedmont Natural Gas, and Chattanooga Gas. This makes the Volunteer State'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 35% of Tennessee's net electricity generation as of November 2023.
- Climate Action 100+ targets AEP (Appalachian Power), Duke Energy (Piedmont Natural Gas), and the Southern Company (Chattanooga Gas) for "engagement" on climate issues. In particular, AEP is a "key focus company" of CA100+ and has been "receptive to engagement" in response to CA100+'s demands.

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

- JPMorgan Chase and Bank of America joined the Net-Zero Banking Alliance, committing to slash their financed emissions in the power sector by 69%–70% carbon intensity by 2030, and by 41%–44% for auto manufacturing.
- These policies are sure to harm Tennessee, which totaled over $5.8 billion in automotive exports in 2022.

How Tennessee can push back: Legislative Solutions

- **Protect Tennessee's Economic Interests:** In 2022, Tennessee passed a law prohibiting the state treasurer from entering into contracts with banks that have a policy against financing companies in the fossil fuel industry. This law could be strengthened by broadening its scope to include all state contracts for financial services; covering other discriminatory practices, such as penalizing agriculture or firearms businesses; and allowing for enforcement by the Attorney General.
- **Protect Workers' and Families' Savings:** In 2023, Tennessee passed a law clarifying that the state treasurer has a fiduciary duty to make investment decisions for state funds based on financial factors, not environmental, social, and governance motives. This law could be strengthened by expanding it to other officials and hired asset managers that handle investment funds and by allowing for enforcement by the Attorney General or other executive official.
- **Protect Tennessee's Farmers:** Tennessee can empower the Commissioner of Agriculture and Attorney General to investigate and take action when banks restrict services to farmers based on environmental policies.

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 Climate Action 100+, which is partially led by the UN-affiliated Principles for Responsible Investment, 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+ (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.

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.

These groups are using Tennesseans' hard-earned savings to advance their own radical goals.

Asset managers influence company behavior by "engaging" with them one-on-one and voting at annual meetings on shareholder proposals and board directors, using shares paid for with Tennessee funds. In 2022, Tennessee's pension funds ranked 48 out of the 50 states for their support of ESG resolutions, meaning that only two other states' asset managers were more supportive of pro-ESG resolutions.

For example, Martin Currie, which manages over half a billion dollars for the Tennessee Consolidated Retirement System (TCRS), applies its climate engagement & escalation policy for all client assets—even those clients "not yet committed" to net zero. It pressures companies to align their business and capital expenditures with net zero; implement short-, medium-, and long-term GHG emission reduction targets; increase racial diversity; and ensure their lobbying and trade associations do not run counter to ESG ambitions. To illustrate: Martin Currie voted for Microsoft to disclose race-based pay statistics and report on whether its lobbying activity aligned with "racial justice."