

### What is ESG?

- ESG (Environment, Social, Governance) is a politically-motivated investing and corporate decision-making framework that prioritizes interest groups and social causes over shareholders.
- ESG frameworks consider subjective, non-financial items, which progressives use to advance agendas such as racial/LGBTQ quotas, climate-related goals, abortion, and radical HR policies.
- Woke asset managers, banks and companies have committed trillions of dollars to ESG agendas.
- ESG is the marriage of Wall Street's desire to charge higher fees and the left's desire to push radical policy through corporations and unelected officials.

### Dangers of ESG

- ESG harms Christians and conservatives while undermining America's global competitiveness.
- Leftist activists use ESG to put pressure on corporate boards to coerce companies to enact progressive goals. Woke CEOs have also weaponized their companies against conservatives.
- Negative impacts of ESG on American companies include but are not limited to: misusing investor's funds for ideological purposes, alienating customers, dividing employees, the political weaponization of business against certain worldviews (i.e., cancelling clients, screening charitable donations, terminating business relationships, etc.), and increased energy costs.
- The Big 3 asset managers, BlackRock, State Street, and Vanguard, had an average combined stake in S&P 500 companies of 20.2% last year. They hold \$21 trillion in assets. They have begun backing activists in their fight to change corporations, which could alter the economy.

### Diminished Investment Returns, Higher Fees

- ESG portfolios have [underperformed](#) by 250 basis points for the past five years.
- Another long-term [study](#) noted that "ESG funds appear to underperform financially relative to other funds within the same asset manager and year, and to charge higher fees."
- CalPERS has [lagged its peers for a decade](#) and ESG commitments have [cost](#) it billions.
- Adopting ESG policies does not [cause](#) improved company financial performance. In fact, many companies cite ESG policies to cover for underperformance in turbulent times.

### Threats from the E

- The Big 3 backed an activist's proposal to overhaul ExxonMobil's board and make the company carbon neutral. They own 20.6% of Exxon. That activist owned 0.02% of Exxon stock.
- BlackRock [voted](#) against 255 corporate directors, refused to support leadership at 319 companies, and held 2,300 conversations with corporate executives on topics related to climate issues in 2020.
- ESG-driven "Green transition" will cost USA 5M jobs. Some states/regions will lose more jobs than others. The ones driving ESG often are "green energy" investors who stand to benefit.
- ESG has caused U.S. oil & gas companies to get de-banked. Alaskan oil production hit a 20-year low because the largest U.S. banks now refuse to finance Arctic drilling.
- U.S. inflation hit a 40-year high in 2022 led by energy costs. This affects the poor the most.
- America is now more dependent on oil and gas from Russia, OPEC, Venezuela, and others.
- Financial firms with \$130T in assets (i.e., other people's money) have pledged to fight climate change with their funds. The Biden administration has even excluded banks that didn't sign the pledge from certain meetings.

- Net [zero](#) requires decreasing worldwide electricity generation from coal and natural gas from 67% to 3% by 2050, no sales of internal combustion engine cars after 2035, and a global carbon tax.

#### Threats from the S

- 842 companies made a [perfect score](#) on the Human Rights Campaign’s 2022 Corporate Equality Index – pledging to advocate for LGBTQ policies. The HRC updates the criteria every year.
- Over 175 major companies are providing travel benefits for employees’ out-of-state abortions.
- Companies such as Amazon (publicly) and Fidelity and Vanguard (allegedly privately) use the Southern Poverty Law Center’s (SPLC) Hate List to vet their charitable distributions, denying donations from donors to respected Christian and conservative organizations such as the Alliance Defending Freedom and the Family Research Council.
- Bank of America, American Express, and others sponsored a 21-day [race-training course](#) for its employees that taught critical race theory content such as, “become woke at work,” instructing white employees in particular to “decolonize your mind” and “cede power to people of color.”
- Disney surrendered to activist pressure and opposed the Florida Parental Rights in Education law. The law prohibits the teaching of gender identity and sexual orientation in schools to kids in K-3<sup>rd</sup> grade. Disney executive producer Latoya Raveneau [said](#) that her superiors were “super welcoming ... to my not-at-all-secret gay agenda.”
- BLM global raised over \$90M in 2020, largely from corporate donations. It is currently under [investigation](#) by the state of CA for fraud.
- Corporations have also opposed religious freedom restoration acts, supported trans participation in female sports, boycotted Israel and Israeli companies, endorsed the Equality Act, announced racial quotas on hiring/promoting, and denounced state election reforms as “racist.”

#### Threats from the G

- BlackRock has a 30% board [diversity quota](#) for U.S companies (defined as a female or member of a “underrepresented group”). If such quotas are not met, BlackRock has [threatened](#) to sell shares or vote for executives’ pay cuts.
- Blackrock has imposed a [taskforce](#) which conducts “racial equity audits.” BlackRock [cited](#) “racial diversity” as a reason for voting against 1,862 directors at 975 companies last year.
- In 2017, State Street [voted against](#) the reelection of directors at 400 companies because these companies did not have a woman on their board.
- NASDAQ requires that firms have at least two diverse directors: “one who self-identifies as female and one who self-identifies as either an underrepresented minority or LGBTQ+”

Avoiding the ESG Trap: Keep your money from being used to advance an ESG agenda.

- Move your charitable funds out of a woke company to a nonpartisan DAF.
- Move your retirement/corporate funds out of woke banks. Tell them why.
- Vote your proxies for stocks you own.
- Avoid getting cancelled: [Assess your vendors for cancellation risks](#).
- Do your contracts contain clauses to protect you from viewpoint discrimination?
- Speak out against corporations using your money to advance bad policy.

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