

To: Interested Parties
From: Unlocking America's Future
RE: Tennessee's Lawsuit Against BlackRock Latest in Series of Harmful, Unpopular Attacks on Responsible Investing (aka ESG) Backed by Special Interests
Date: December 20, 2023

This memo highlights the latest developments related to Tennessee's attempt to block responsible investing (aka ESG), and contextualizes the issue amidst a growing and coordinated set of attacks.

On December 18, the state of Tennessee [filed a lawsuit](#) against BlackRock, the world's largest financial asset manager, in an attempt to block the company from considering climate change impacts as part of its long-term investment strategy.

Tennessee's lawsuit is just [one of the many](#) efforts attacking responsible investing being pushed at the state and federal levels. Recent examples are aplenty.

- **Federal.** The Judiciary Committee of the U.S. House of Representatives [targeted](#) BlackRock and other investment firms with subpoenas. This is the latest in a series of actions by House Republicans targeting and investigating businesses for considering responsible investment principles in their investments.
- **Texas.** The Texas Legislature and Attorney General Ken Paxton are restricting financial firms who consider responsible investments in their business with the State and [pushing policies](#) that prevent insurers from using ESG guidelines to determine risk.
- **Kansas.** The Kansas Legislature [passed legislation](#) preventing the state and local governments from using ESG principles to invest their funds or award contracts.
- **Arkansas.** The General Assembly in Arkansas [passed a bill](#) that would require the state and local governments to divest of certain investments that use metrics related to responsible investing.
- **Oklahoma.** Oklahoma enacted an anti-ESG law that seeks to ban six major firms from doing business with the state in a move that could [cost taxpayers](#) tens of millions of dollars.

These attacks on responsible investing hurt everyday Americans, resulting in billions of dollars of losses from pensions and harm to local economies.

- The Kansas State Division of the Budget [projected](#) reduced returns of \$3.6 billion over 10 years for the Kansas Public Retirement System if anti-ESG investment restrictions were adopted.
- The Arkansas Public Employees Retirement System [estimated](#) that they could lose \$30 million to \$40 million per year due to an anti-ESG bill that would require the State Treasurer and public

entities to divest assets from certain institutions that use ESG-related metrics. The Arkansas Teacher Retirement System [estimated](#) that the system could lose an additional \$7 million or more per year as a result of the legislation.

- An [analysis](#) by the Wharton School of the University of Pennsylvania and the Federal Reserve Bank of Chicago found that Texas municipalities will be paying \$300 million to \$500 million in additional interest because of the state's anti-ESG law – and that's just on the \$31.8 billion borrowed in the first eight months after the law went into effect.
- An analysis by the economics consulting firm ESI for the Sunrise Project [found](#) that taxpayers in six states — Kentucky, Florida, Louisiana, Oklahoma, West Virginia, and Missouri — could be on the hook for up to \$700 million in excess interest payments if restrictions on sustainable investing are implemented.

Attacks on responsible investing are unpopular among Americans across the political spectrum.

- [Poll](#) after [poll](#) shows that Americans do not support attacks against responsible investing.
- Both Democrat and Republican state officials have denounced these attacks, citing the [economic impact](#) of legislation that would block sustainable investments.
- More than half of [national likely voters](#) (53%) support their state investing public retirement funds in assets related to clean energy.

Corporate polluters and special interests are behind the attacks on responsible investing.

- Fossil fuel companies are “the major driver in the fight against sustainable finance,” according to [documents](#) obtained by InfluenceMap.
- Many of the politicians spearheading these attacks are simultaneously [raking in](#) tens of millions of dollars in contributions annually from oil and gas companies.
- Leonard Leo, the conservative kingpin known for remaking the judiciary, has spearheaded several [initiatives](#) and [organizations](#) to target responsible investing.