

United States Senate

June 16, 2022

National Association of State Retirement Administrators
444 North Capitol Street, NW
Suite 548
Washington, D.C. 20001

Dear State Retirement Plan Administrator:

I write to express my serious concerns with the growing movement to invest the savings and retirements of hardworking Americans in funds driven by environmental, social, and governance (ESG) principles. Such investment decisions, which are not made using purely fiscal factors, may jeopardize the nest eggs of families across America and their ability to retire comfortably.

Today, a significant portion of ESG investments are being made via public pension funds, which are overseen by state or local officials like yourselves. Further, the federal government, along with outside groups, have been pushing for new rules that would allow investments to be guided by social causes and corporate goals, even if it adversely affects the return to the employee.

With an ESG focus on everything from pensions and loans to complex derivatives, assets are set to balloon to \$50 trillion worldwide by 2025, according to estimates from Bloomberg Intelligence.

For years, I have been concerned that politically motivated investing strategies by woke politicians will reduce hardworking families' long-term wealth and ability to retire with dignity.

For example, large investors, such as Blackrock, Vanguard and State Street, which currently invest a significant share of public pension funds in the United States, are unilaterally making choices on behalf of American investors – choosing what they believe in and what they think is right or wrong based on ESG principles, not what's in the best financial interests of the individual. Most Americans, and certainly your own plan's investors, would likely be surprised and furious to know these large Wall Street institutions are using their hard-earned dollars to advance their own liberal, political agendas.

I have been clear—American families deserve to have their investments under their control and used according to their interests. The ESG movement is a slippery slope that is forcing states and public pension plans bend the knee to the woke capitalists or suffer financial harm.

It is with these concerns that I am writing you today and request your prompt response to the following questions:

1. What portion of your public pension and investment plan portfolios are invested in funds applying ESG principles? How do you provide your investors with meaningful and ample information on the risks of investing in ESG funds versus traditional investment funds based on sound, traditional financial factors?
2. Does your pension plan consider ESG alongside traditional fiduciary factors in making investing decisions?
3. How are you protecting state and local government employees from investments driven by non-financial factors, like ESG, which may lead to lower overall returns on investment and smaller retirement benefits long-term?
4. How does your pension plan's offerings protect your investors from the radical ESG agenda being pushed by the nation's largest fund managers, including Blackrock?

I urge you to take a critical look at how your pension and investment plans invest in these risky ESG-motivated funds and urge you to consider preventing public pensions from making investments using ESG principles going forward for the protection of your plan's investors. Thank you in advance for your timely response to these important inquiries.

Sincerely,



Rick Scott
United States Senator