


CONCERNED WOMEN *for* AMERICA


The ABCs of "ESG"


You have either heard of it, or you will, but the radical ideology known as "ESG" is harming you.

ESG stands for "**Environmental, Social, and Governance.**" It is a set of standards used to measure, at its core, a company's "wokeness." The more woke a company is—think Green New Deal policies, abortion travel policies, and diversity quotas—the better its "ESG score," and the more access the company attains for capital, credit, and other financial perks.

The economic pressure is real. Companies are increasingly changing internal policies to meet these leftist standards, and the impact is all around us. Here are the top three areas of concern:

 **Asset Management:** Many companies offer investment portfolios that are ESG-friendly to bolster businesses that are sufficiently woke. And it does not stop with private companies. The Biden Department of Labor, for example, is encouraging fiduciaries for retirement plans and pensions "to consider climate change and other environmental, social, and governance factors when they select retirement investments and exercise shareholder rights, such as proxy voting." Without even knowing it, shareholders who are not careful support woke companies that hate their values and punish the companies that they support. It is no matter that ESG-focused investments have many times resulted in a worse economic return for shareholders. Nor are financial firms very concerned about enforcing ESG in China as long as the investment there is profitable.

 **Banking:** Poorly scored companies risk experiencing reduced or eliminated access to capital and credit. If your bank fully embraces the ESG model and you want a loan, it will look at your business not only for its pecuniary value but also for its alignment with ESG. Your business may be a "bad" investment, no matter how well it does financially. Does your business provide abortion coverage? Does it support LGBTQ+ causes? Does your business align with the Black Lives Matter idea of "Diversity, Equity, and Inclusion" (DEI)? Unless there are abortion travel policies or race quotas, expect low marks. An ESG-controlled economy means capital withheld from profitmaking business activity and capital funneled to underperforming business activity. Left unchecked, the end result is that all American companies—including Main Street small businesses—are weak and woke.

 **Consumers:** ESG reinforces corporate "wokeism." The consequence is a culture that devalues the unborn, commodifies women and sex, harms children through indoctrination, etc., and also punishes any consumer who does not show allegiance to this radical, leftist ideology.

What can be done? Put the pressure back on the financial institutions rather than the other way around. We support states that are fighting back by barring state pension funds from considering ESG factors in investment decisions. If you are a shareholder, pay attention to your vote. If you have a relationship with your bank, learn their views on ESG. And if you are a consumer, as best you can, pursue alternative options to woke companies.