



PRESS RELEASE

LOUISIANA TREASURER JOHN FLEMING, MD

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State Financial Officers Express Concerns About DEI and ESG

Baton Rouge, LA: This week, Louisiana State Treasurer John Fleming, M.D., and 21 state financial officers sent a letter to the Chairman of the U.S. Securities and Exchange Commission (SEC) and the Acting Secretary of the U.S. Department of Labor (DOL) to “express serious concerns regarding breaches of fiduciary duties by activist investment managers and plan administrators.”

Dr. Fleming and the other members of the State Financial Officers Foundation (SFOF) highlighted the “ongoing misuse of American retirement plan assets to advance Environmental, Social, and Governance (“ESG”) and Diversity, Equity, and Inclusion (“DEI”) goals.” These actions violate “ERISA and securities laws by elevating political agendas to the same level as financial interests.”

Dr. Fleming states, “It is essential for the Securities and Exchange Commission and the Department of Labor to take immediate action to protect the retirement plans for millions of Americans.”

Judge Reed O’Connor of the U.S. District Court for the Northern District of Texas also identified these serious problems in his January 10, 2025, decision. He ruled that “American Airlines violated its fiduciary duty by continuing to invest its 401(k) plan assets with BlackRock even though it knew that BlackRock prioritized ESG goals over the beneficiaries.”

The court found that “By focusing on non-pecuniary interests, ESG investments often underperform traditional investments by approximately 10%.” Dr. Fleming noted that this type of ESG activism “negatively influences investment decisions and is harmful to the financial security of American families.”

Dr. Fleming and the SFOF members requested that the SEC and DOL implement concrete measures “to uphold fiduciary duty laws and protect retirement plans from activist corrosion” and recommended these steps:

- **Issue Comprehensive Guidance.** Investment decisions or proxy voting cannot be motivated, in part or entirely, by the goal of achieving ESG or DEI objectives within a portfolio.
- **Initiate Rulemaking.** Initiate formal rulemaking to reinforce and codify fiduciary obligations and ensure that retirement funds maximize financial security for beneficiaries.
- **Increase Oversight and Enforcement.** Establish robust mechanisms to monitor fiduciaries and asset managers’ ESG and DEI activities, including

heightened scrutiny of proxy voting activities.

Dr. Fleming and the 21 SFOF members urged the SEC and DOL to ensure that fiduciaries act solely in the financial interests of beneficiaries and protect retirement funds from the damaging impact of ESG and DEI-influenced investment decisions.

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