



ICGN

International Corporate Governance Network

Inspiring good governance & stewardship

ICGN Lifetime Achievement Awards Ceremony

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Remarks by Jon Lukomnik

"System level investing recognizes that the health of the economy and the capital markets determines 75-94% of return.

"But, here in the United States, some politicians have started an anti-sustainability crusade, saying we should be more short-term and externalize more costs. They probably don't know the finance theory underpinnings of system level investing, but it gets caught up in their anti-ESG zealotry.

Their campaign is both cynical and fundamentally ignorant economically. It would be laughable, except for the money and power behind it.

"No one likes getting sued. I was speaking with a trillion dollar plus asset manager who had gotten a subpoena from red state attorneys general. It cost \$1 million to comply with the document request and in legal fees. People are being silenced.

"So, to be clear: What I'm about to say is on the record.

"Let me tell you a quick story. Texas has a law that mandates state agencies stop doing business with asset managers whom the State Comptroller deems to have boycotted fossil fuel companies.

"About a year-and-a-half ago, the Texas Land Commission wrote to the Comptroller asking what it should do about several BlackRock private equity funds it owned. The law has exemptions, and the Land Commission could use them to keep its investments in the funds. Despite that, the Comptroller wrote back, asking the Commission "consider other paths". Basically, he was saying blacklist BlackRock.

"Here's the rub. Do you know what was in those private equity funds? Energy and power infrastructure investments. Oil and gas pipelines. So, if you follow the State Comptroller's logic, he was suggesting divesting from an energy infrastructure fund... to protect the energy industry?

"I guess...

"Look, as an investor I know I'm going to be wrong a bunch of times. The market humbles us. So I accept different opinions. I accept disagreements. We can have rational discussions about the role of fossil fuels. But what we can't have – from either the right or the left – are laws telling us to not consider risk and opportunity when we are fulfilling our fiduciary duty. Or telling us to invest with officials' friends or to divest from their political enemies. In most places, that's called

corruption. Here, in the US, we call it dark money and campaign contributions.

"Here is my message: Don't be silenced. Sustainability opponents do not support market-based decisions, but crony capitalism. The ultimate result of that is an authoritarian kleptocracy that destroys economies.

"Silence is their servant.

"Truth and facts are the antidote.

"For almost three decades, the ICGN has, in the words of civil rights legend Bayard Rustin, spoken truth to power. Now is the time to speak more truth.

"More often.

"More forcefully.

" Louder."