



Chairman LaRe, Vice Chair Puzzulli, and Ranking Member Dell'Aquila, and members of the Ohio House Financial Institutions Committee, thank you for the opportunity to testify on behalf of HB 4 this morning.

House Bill 4 is an acknowledgement that more and more business practices are being driven by non-traditional and non-financial criteria.

Rather than determining the credit-worthiness and value of a business or industry based upon objective measures such as profit, return on investment, consumer demand, and other material performance measures, a social credit score, called ESG, is being used to transform society and “reset” the global financial system.

ESG is an acronym for environmental, social, and governance. It's a system of rating companies based on many non-financial factors such as climate mitigation and social justice. ESG puts our free-market system at risk, it is a significant threat to individual liberty, and funds invested in companies that publicly embrace ESG do sacrifice financial returns for its investors.

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In November 2020, the U.S. Office of the Comptroller of the Currency (OCC) found financial institutions devoted to ESG practices had over nearly a two-year period attempted to de-bank and/or deny services to numerous industrial sectors, including health care and social service providers, independent automated teller machine operators, firearm manufacturers, the agriculture industry, and multiple energy industries that are vital to U.S. infrastructure and power generation, such as coal mining, coal-fired electric generation, and oil exploration. ²

Larry Fink, BlackRock CEO said, “Behaviors are going to have to change and this is one thing we are asking companies, you have to force behaviors and at BlackRock we are forcing behaviors.”

¹ “An Inconvenient Truth about ESG Investing.” *Harvard Business Review*, 31 Mar. 2022, hbr.org/2022/03/an-inconvenient-truth-about-esg-investing, <https://hbr.org/2022/03/an-inconvenient-truth-about-esg-investing>

² Pamilyn Miller, Administrator, Food and Nutrition Service. [FR Doc. 2020–25761 Filed 11–24–20; 8:45 am] BILLING CODE 3410–30–P DEPARTMENT OF THE TREASURY Office of the Comptroller of the Currency 12 CFR Part 55, <https://www.occ.gov/news-issuances/federal-register/2020/85fr75261.pdf>



Individual citizens and independent businesses cannot fight the combination of large business entities and government pursuing ESG and Net-Zero 2050 initiatives. It is up to the states to protect the rights and liberties business owners and provide consumer protection.

Many of ESG metrics imposing environment controls are directly linked to the agricultural industry and food production. Agriculture is vital to the state of Ohio. Our farmers face tremendous obstacles, but the threats coming over the horizon will push many off the farm. We can't ignore the happening around the world and hope it won't impact us at home.

The realities of ESG and access to capital can be observed in the current Netherlands farm crisis. Land and water use, fertilizer policies and other efforts are forcing agriculture producers in the Netherlands out of business as shown recently in the documentary, No Farmers No Food. In an attempt to force farmers out of farming or to switch to greener farming practices banks in the Netherlands have been told to cut their loans to farms by 10%.³ Ireland is forcing farmers to cut their agricultural emissions 25% by 2030 with the goal of net zero emissions, as a country, by 2050. Dairy is Ireland's number 1 industry, yet the government plans to cull 200,000 cows over the next three years. Corn yields would be greatly impaired without nitrogen fertilizer, weeds would overtake fields without intervention, yet ESG opponents demean herbicide use and carbon emissions from combines, tractors, and as well as other farm equipment.

More examples in Europe, as regulators and investors have put pressure on the financial industry to invest more heavily in low-carbon footprint sectors and move away from the heavier-emitting sectors. Aside from just coal exclusions, banks are now dropping clients if they have potential ESG risks, they are denying loan requests, and raising prices on some clients and industries.⁴

³ Pascoe, Robin. "Cut Loans to Farmers to Help Them Go Green, Minister Tells Banks." *DutchNews.nl*, 6 Dec. 2022, www.dutchnews.nl/2022/12/cut-loans-to-farmers-to-help-them-go-green-minister-tells-banks/. Accessed 13 Nov. 2023. <https://www.dutchnews.nl/2022/12/cut-loans-to-farmers-to-help-them-go-green-minister-tells-banks/>

⁴ "Banks Ditching Clients due to ESG Risks." *Nasdaq.com*, 2021 <https://www.nasdaq.com/articles/banks-ditching-clients-due-to-esg-risks-2021-10-07>

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Throughout history the greatest threat to our agricultural producers has been Mother Nature or a wave of pestilence that infects crops or livestock. Today, however, the emerging threat and greatest danger to our farmer's livelihood involves ESG, access to capital, and their freedom to farm.

Equally important, HB 4 ensures that public pension investments decisions are made with sole purpose of maximizing the return on investment. HB 4 will not upend current practices within Ohio's retirement systems. It simply reinforces existing prudent investor standards and ensures fiduciary duty is adhered to. Ohioans who have paid into state retirement systems over the course of their careers are relying on the solvency of those systems to sustain them during their golden years. And at the end of the day if the state's pension plans do not have enough money to pay out the promised (contractual) benefits, the state – or should I say the taxpayers – are the one's writing the check to cover the shortfall.

If financial institutions or fund managers are not using ESG methods or any form of social credit scoring, this bill requires nothing. It simply puts in place guardrails to protect consumers, retirees, and access to capital.

Chair LaRe and members of the committee thank your time. I would be happy to answer any questions.