Plymouth Institute for Free Enterprise

Stop ESG and DEI

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TOPLINE: DEI and ESG are racist and economically destructive.

BACKGROUND: Although now ubiquitous in large corporations, government, and academia, diversity, equity, and inclusion (DEI) programs are racist and immoral. They reject the principle that everyone is equal under the law and treat people differently based on their race, ethnicity, or sex, rather than merit or character.

Pursuit of Environmental, Social, and Governance (ESG) criteria by investment and corporate managers usually constitutes a violation of fiduciary duties.

Action Items (Congress, the Executive Branch, and States):

- **Prohibit employment discrimination *in favor of or against* any person** based on race, color, ethnicity, religion, biological sex, or national origin.
- **Prohibit requiring, as a condition of employment or promotion, that federal employees or contractors undergo any training or other program teaching** that a particular race, color, ethnicity, religion, biological sex, or national origin is superior, inferior, systematically oppressed, privileged, etc.
- **Close government DEI offices** and **stop agencies from conducting DEI training**.
- **Prohibit the use of funds for DEI purposes** and prohibit federal contractors from engaging in racist practices**.**
- **Clarify that fiduciary responsibilities consider only factors that are financially material** to investors, defining *material* to exclude social and political objectives.
- Require that any ERISA fiduciary, registered investment adviser, or broker-dealer **get individualized written consent from investors or beneficiaries before investing or voting based on anything besides risk-adjusted financial return**.
- **Ensure that state retirement funds are invested solely to achieve a return for state employees** who are pension plan beneficiaries.
- **Modify state rules governing shareholder derivative lawsuits so that directors who violate their fiduciary duties to shareholders face consequences**.
- **Amend the Uniform Prudent Management of Institutional Funds Act** to ensure that state universities and institutions invest funds for the highest return.

How It Would Make Life More Affordable:

- Both DEI and ESG misallocate scarce resources, making the economy less efficient, raising prices and reducing investment returns.

Related Legislation: The Dismantle DEI Act (H.R. 925, S. 382); Protecting Prudent Investment of Retirement Savings Act (H.R. 2988); Protecting Americans' Retirement Savings From Politics Act (H.R. 8286); SEC Act (H.R. 257); ESG Act (H.R. 2358).

BOTTOMLINE: DEI and ESG must be eradicated. They are racist and harmful to employees, investors, and society.