

**MEMO# 35984**

January 13, 2025

## **U.S. House of Representatives Judiciary Committee Releases Interim Staff Report**

[35984]January 13, 2025TO:ICI Members

ESG Advisory Group

SEC Rules CommitteeSUBJECTS:ESGRE:U.S. House of Representatives Judiciary Committee  
Releases Interim Staff Report

On December 13, 2024, the U.S. House of Representatives Judiciary Committee (the "Committee") released an Interim Staff Report titled: SUSTAINABILITY SHAKEDOWN: HOW A CLIMATE CARTEL OF MONEY MANAGERS COLLUDED TO TAKE OVER THE BOARD OF AMERICA'S LARGEST ENERGY COMPANY (the "Report").[\[1\]](#)

The Report notes that the "the Committee has investigated the adequacy of U.S. antitrust laws in light of increasing commitments among left-wing environmental activists and major institutional investors to impose environmental, social, and governance (ESG) goals on the U.S. economy" and that the "Committee's oversight has revealed substantial evidence that a 'climate cartel' of financial institutions—from the 'Big 3' asset managers to 'blue-state' public pensions to the proxy advisor duopoly—collude to pressure American businesses to commit to 'net zero' and scale down disfavored production."

It states that "[t]hrough climate coalitions—including the Glasgow Financial Alliance for Net Zero (GFANZ), the Net Zero Asset Managers initiative (NZAM), Ceres, and Climate Action 100+— investors form coordinated pressure campaigns to target U.S. companies and demand that they disclose, reduce, and enforce 'net-zero' climate commitments," and that "[w]hen companies refuse to surrender and comply, the climate cartel colludes to fire company board members and replace them with climate cartel-aligned members."

The Report "primarily focuses on the climate cartel's 'net-zero' pressure campaign against America's largest energy producer: ExxonMobil Corporation." The Report claims that "[a]s part of its climate crusade to '[s]hrink and pivot the oil and gas sector to clean energy,' the climate cartel targeted the U.S. oil and gas giant using its predictable pressure campaign sequence" which is asserted to "Target Disfavored Companies," "Force Disclosures," "Force Reductions" and "Enforce Demands." Among other allegations, the Report claims that the "climate cartel's elaborate and collusive scheme" included "position[ing] activist fund Engine No. 1 as the public face of the campaign to maintain credibility and mask its 'net-zero' agenda," "collud[ing] with European investment firms and 'blue-state' pensions," "collud[ing] with the 'Big 3' asset managers to secure a 'critical mass' of votes for the ExxonMobil board 'refreshment'" and "collaborat[ing] with the proxy advisor duopoly to recommend in favor of the board 'refreshment'...." The Report stated that "the climate cartel secured 'three climate activists' on the ExxonMobil board of directors," and that the

"[i]n the year following the campaign, ExxonMobil made a series of 'net-zero' commitments for the first time." It stated that "the climate cartel ... continues ... to pressure other U.S. companies to surrender to its 'net-zero' climate agenda."

The Report notes that "[f]ollowing the Committee's investigative efforts, at least 70 investors have withdrawn from Climate Action 100+ for reasons including obligations under 'antitrust and competition laws'" and the Committee "remains committed to continuing its investigation of the climate cartel's anticompetitive conduct to inform potential legislative reforms."

In a related development, on December 20, 2024, the Committee demanded information from more than 60 U.S.-based asset managers regarding their involvement with the Net Zero Asset Managers (NZAM) initiative.<sup>[2]</sup>

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#### Notes

<sup>[1]</sup> Available at <https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/2024-12/2024-12-13-Sustainability-Shakedown-Report.pdf>.

<sup>[2]</sup> See Judiciary Committee Probes 60+ Companies over ESG Ties, available at: <https://judiciary.house.gov/media/press-releases/judiciary-committee-probes-60-companies-over-esg-ties>.