



What's this ESG thing all about?

ESG – Environmental, Social
& Governance



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I. Introduction

What do I think about ESG?

We all care about the environment, and thanks to exercising the Freidman doctrine and our respect for property rights, we have the most prosperous citizenry in the world, along with the cleanest and safest air and water of any major country



ESG, Stakeholder Capitalism and Conscious Capitalism are all veiled attacks on private property rights and economic liberty.

They are campaigns to co-opt, or take control of commercial enterprises from the owners. Much of it is illegal, all of it is immoral. Ultimately, it's socialism

To the degree the movements are successful, will be the degree that human flourishing will be diminished.

II. “Business” Through My Lens

“Business” Through My Lens



Our mission has been to improve human beings' access to the hydrocarbons that empower our lives. It is by pursuing this mission that we fulfill our core responsibility, which is to **maximize cumulative profits for our shareholders.**

Business Success

Capitalism in Practice

People

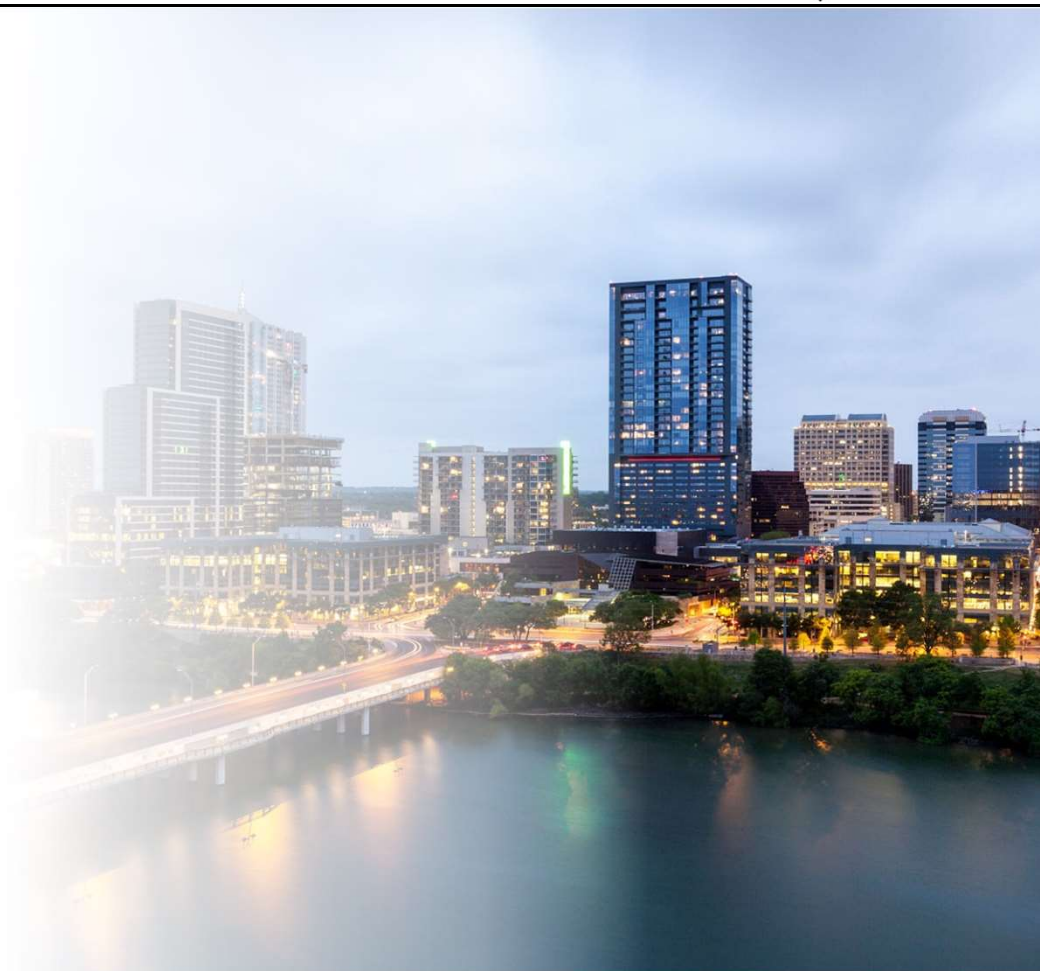
Stewards of our
Communities

Governance

Stewards of the
Environment



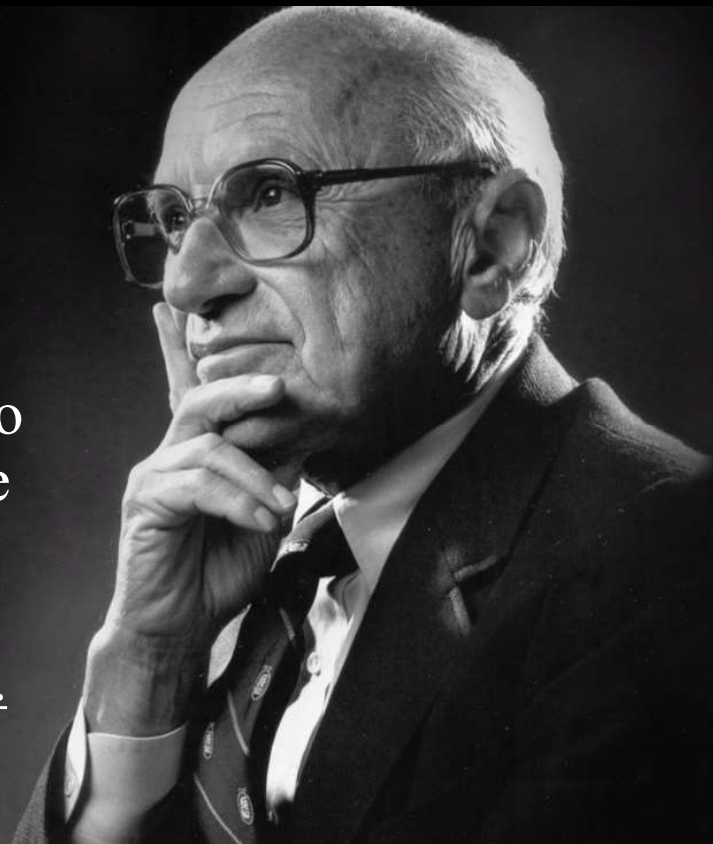
To maximize cumulative profits over time
businesses must achieve positive outcomes
for all their [legitimate] stakeholders



The Friedman Doctrine

In 1970 Milton Friedman wrote a NYT essay titled *A Friedman Doctrine*:

“The Social Responsibility of Business is to Increase Its Profits”. The core tenant of the doctrine is that business decisions should always be made with the financial interest of shareholders in mind first and foremost.

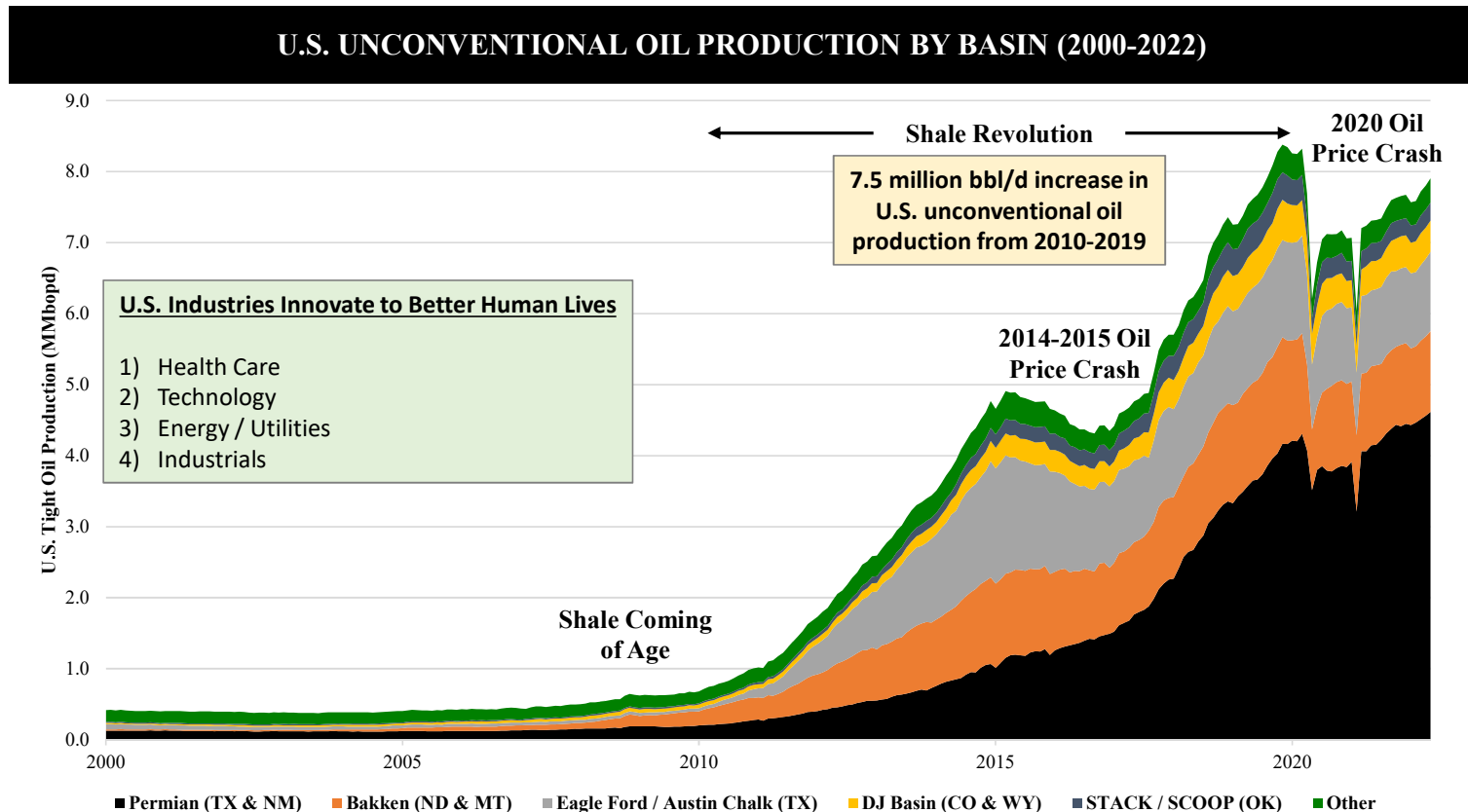


III. Empirical Validation of “The Harmony of Capitalism”

Empirical Validation - Shale Revolution



Private sector innovation in the pursuit of profits



Why did the shale revolution happen in the US?

“Property is surely a right of mankind as real as liberty.”

-John Adams

“The right to life is the source of all rights – and the right to property is their only implementation. Without property rights, no other rights are possible. Since man has to sustain his life by his own effort, the man who has no right to the product of his effort has no means to sustain his life.”

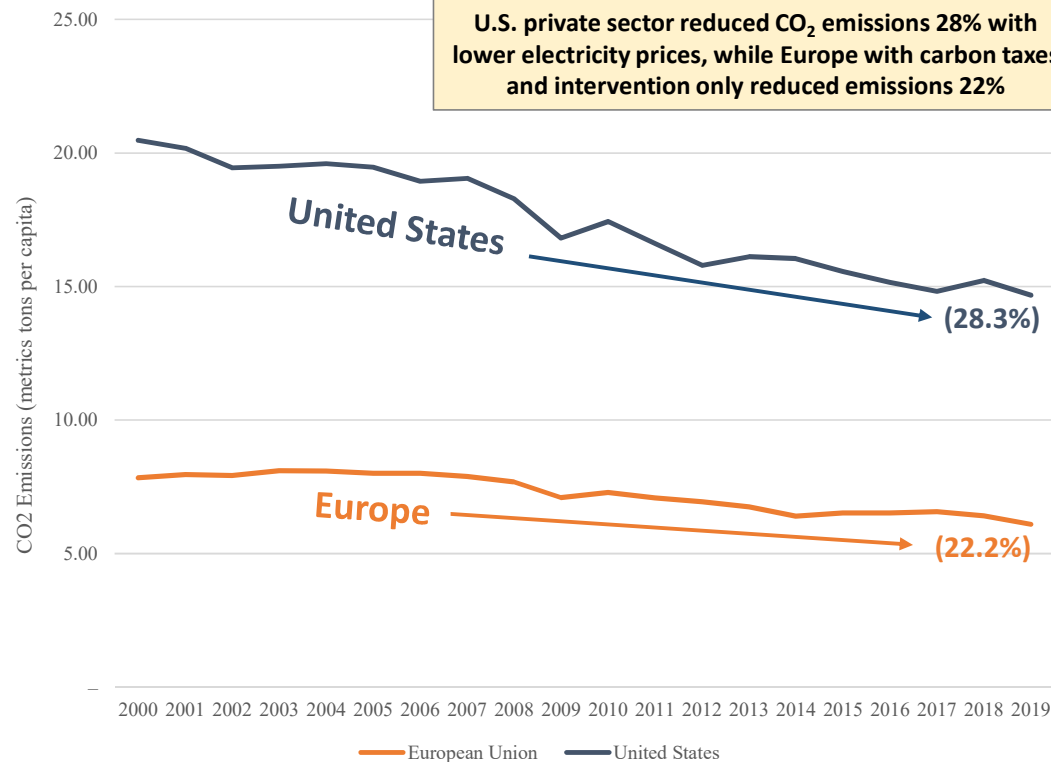
-Ayn Rand

Empirical Validation – U.S. Free Markets Economically and Environmentally Outperform

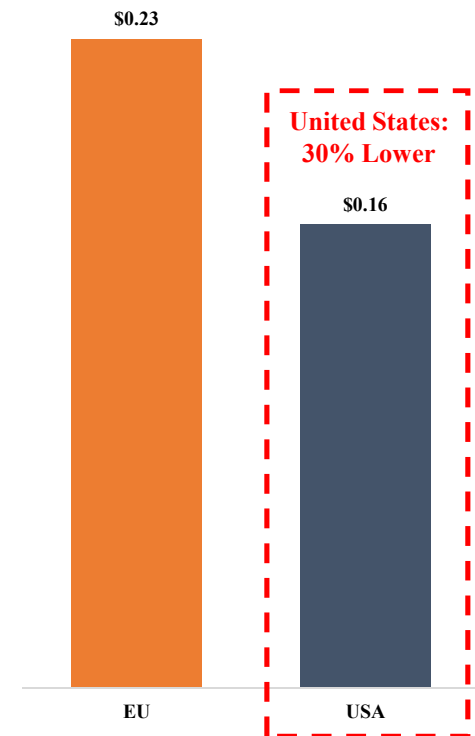


Europe, despite carbon taxes and substantial government intervention, under performed American free markets both economically and environmentally

CO2 EMISSIONS METRIC TONS PER CAPITA (2000 – 2019)



Household Electricity Prices by Country (kWh, U.S. Dollar)



Source: World Bank.

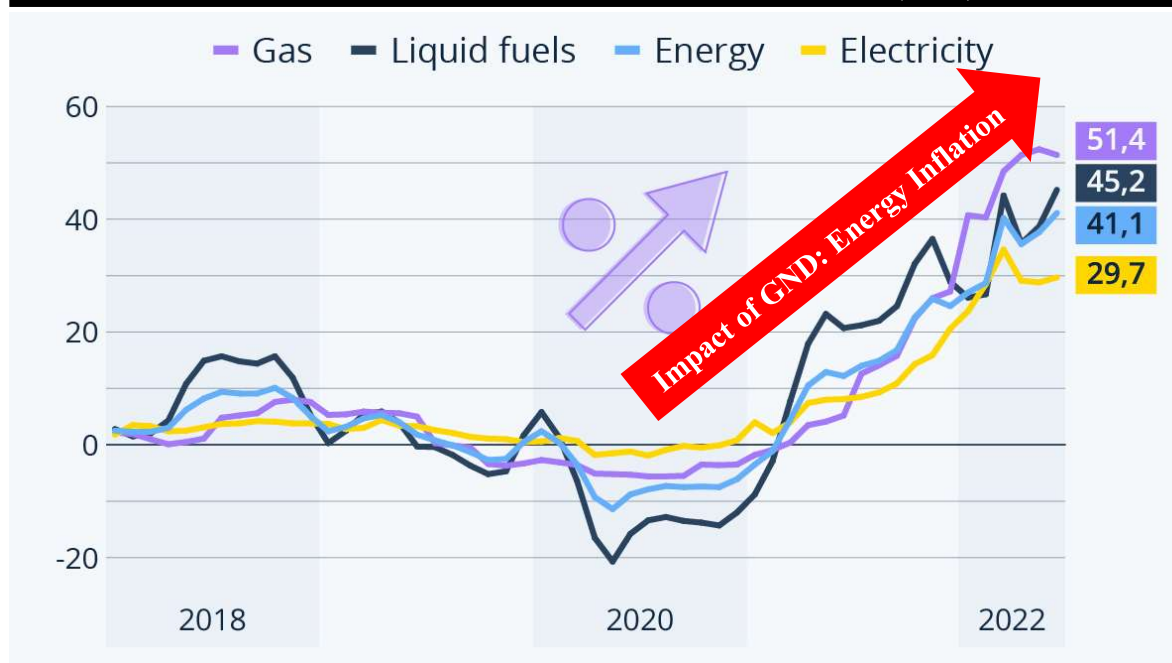
Energy Prices are Rising Across Europe With No End in Sight



European governments' GND policies create dependence on Russian Gas and a worsening energy crisis

- Power prices in most countries are 10x what they were last year. If your business spent 4% of their revenue on electricity it's now 40% and you can say goodbye to profits and keeping the doors open.
- The UK is implementing price caps on residents which will cost \$170 billion, minimum and not address demand at all. It amounts to a naked short on natural gas and it could be financially devastating.
- Switzerland is considering jailing anyone who keeps their house warmer than 67 F this winter for 3 years.
- The EU is considering a mandatory energy reduction of 15% complete with redistributing "war time profits" of energy companies benefitting from high prices.

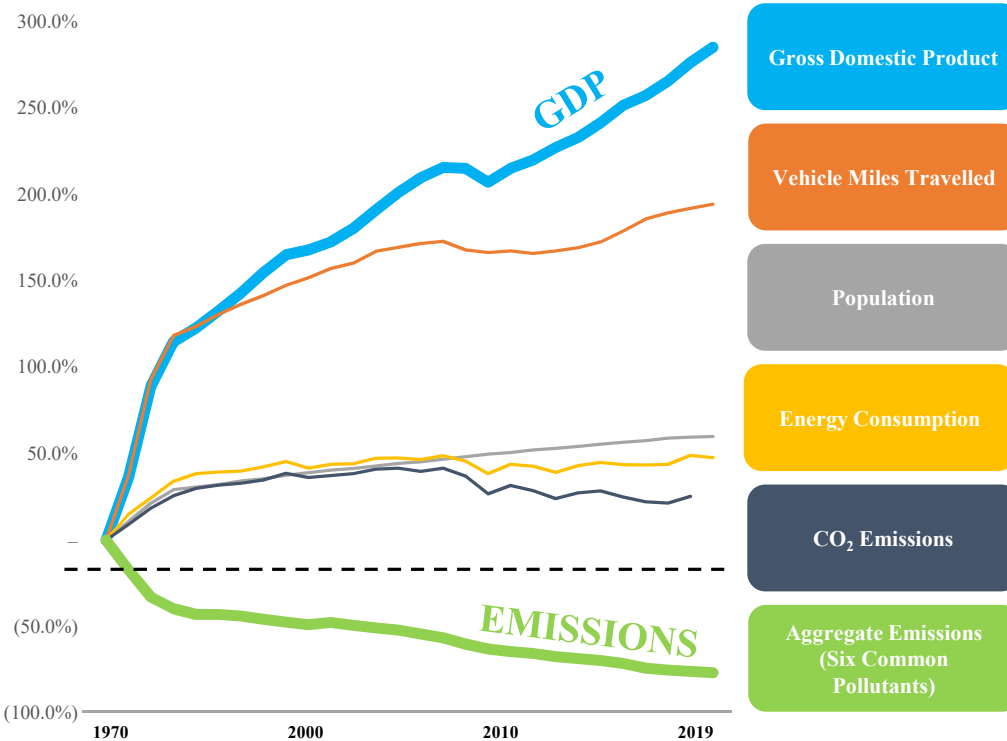
MONTHLY RATE OF INFLATION IN TERMS OF ELECTRICITY, GAS, LIQUID FUEL AND ENERGY AS A WHOLE IN THE EU (in %)



Empirical Validation – All Stakeholders Win



COMPARISON OF USA GROWTH AREAS & DECLINING EMISSIONS (1970-2020)



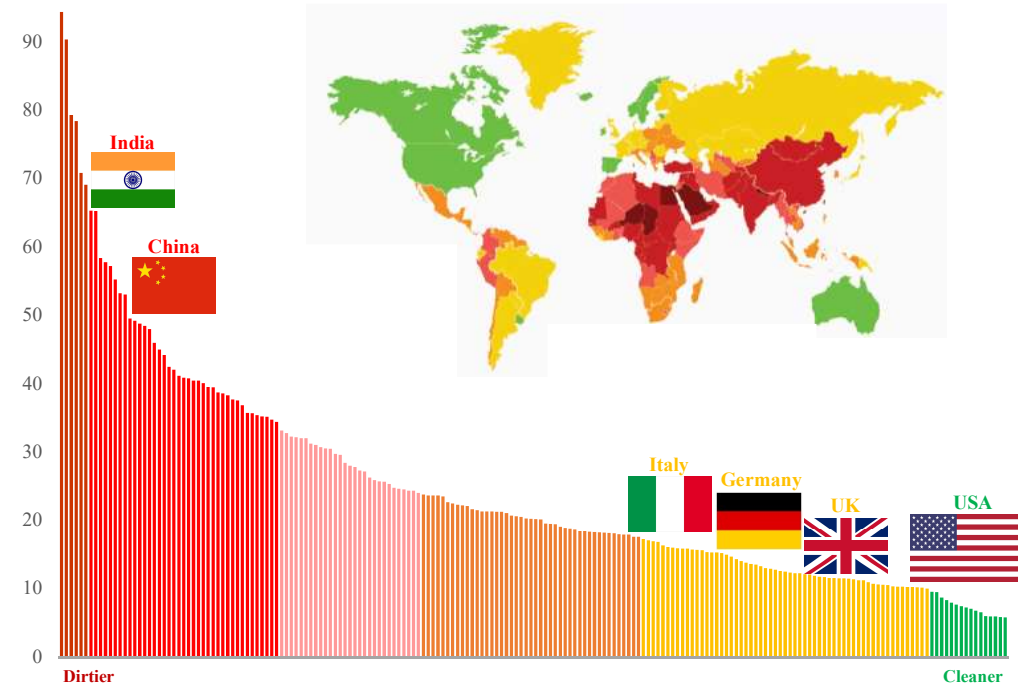
Economic Growth with Cleaner Air

Between 1970 and 2019, the combined emissions of the six common pollutants (PM_{2.5} and PM₁₀, SO₂, NO_x, VOCs, CO and Pb) dropped by 77 percent. This progress occurred while the U.S. economy continued to grow, Americans drove more miles, and population and energy use increased.

Source: World Bank.

THE U.S. IS A WORLD LEADER IN CLEAN AIR

PM 2.5 Levels
100



Harmony of Capitalism

Companies Innovating in free markets to create value for their owners, thereby benefitting all their stakeholders

There is no better empirical validation of property rights and capitalism than the United States, and the fact that we enjoy the safest air and water of any major country in the world.

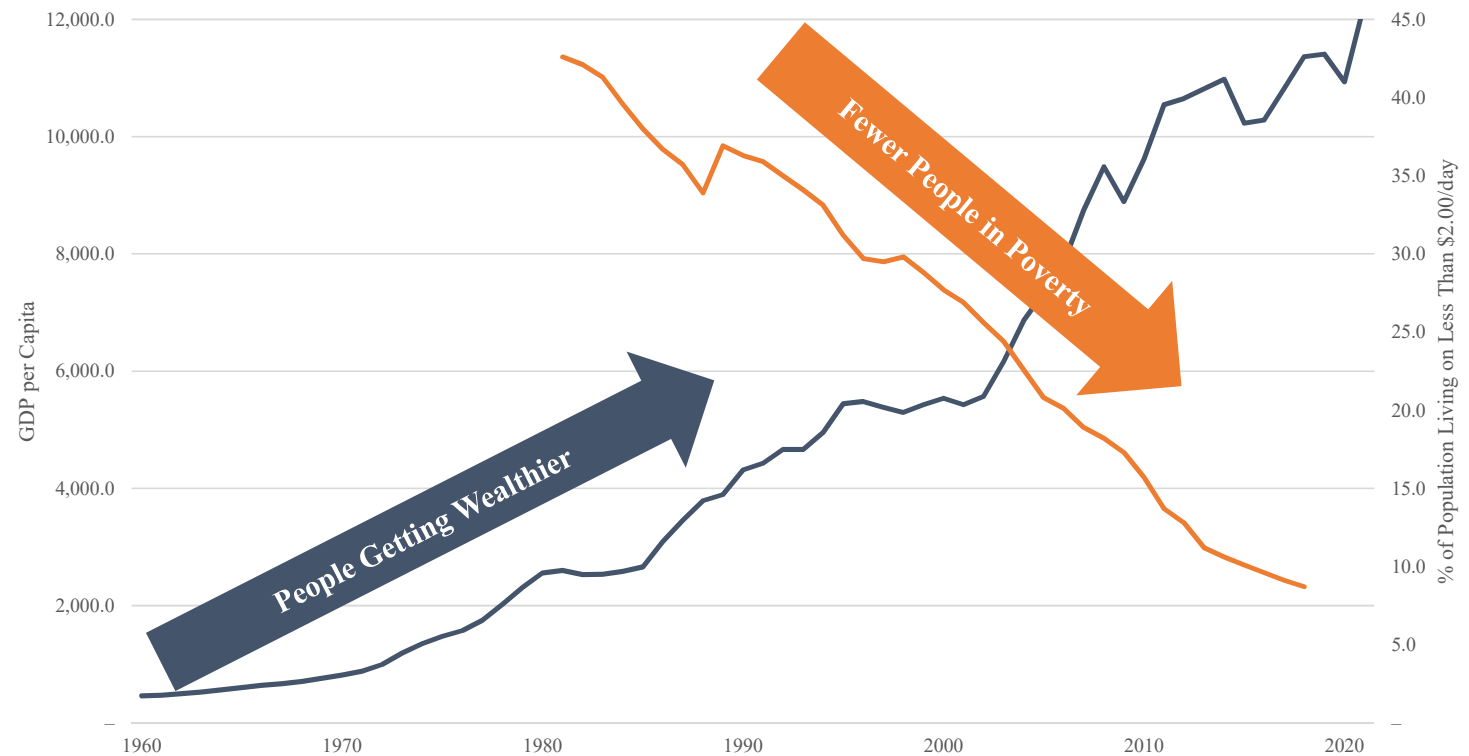
Capitalism = Human Flourishing



“Since the 1990s, nearly 1.1 billion people have escaped extreme poverty, which is 250,000 people every day or 200 people every minute”

- Kristalina Georgieva, World Bank

CAPITALISM GENERATES UNPRECEDENTED HUMAN FLOURISHING FOR SOCIETY



Source: World Bank.

IV. What is ESG?

ESG → ESG → ESg → ES. → ES

“ESG is the politization of
commercial enterprises”

- Greg Salmieri, University of Texas Senior Scholar of Philosophy

Stakeholder Capitalism



“Corporations are uniquely positioned to take action on complex issues ranging from climate change to income inequality to racial justice”

-EY CEO Carmine Di Sibio

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Stakeholder capitalism isn't a new idea

BY CARMINE DI SIBIO

April 16, 2021 at 8:31 AM CDT



The development of metrics for ESG performance is helping to implement stakeholder capitalism, writes EY CEO Carmine Di Sibio.

Conscious Capitalism

If “conscious capitalism” sounds like a contradiction in terms, no one could blame you. After all, capitalism has a strong track record of putting profit above all else. What difference does it make to put the word “conscious” in front of it? But sustainability and social responsibility have become much harder for business to ignore. As a result, more businesses are forging a new path, not just pay lip service to their impact on the wider world, but baking it into the structure of organizations.

From “Conscious Capitalism: Why its time has come, by Colin Mayer”

Producing profitable solutions to the problems of people and planet



Companies that embrace conscious capitalism – also known as stakeholder capitalism or purpose-driven business – aim to make money too, but in an ethical way. The idea is “to produce profitable solutions to the problems of people and planet, not to profit from producing problems for people or planet.”

- Colin Mayer, professor at Oxford University’s Saïd Business School



V. Business Responses to Woke

Political / Cultural / Regulatory Pressures

Terrible

Take the Bait & Betray Shareholders



TAKE THE BAIT

BP's Looney:

"It is clear to me, and to our stakeholders, that for BP to play our part and serve our purpose, we have to change – This is the right thing for the world and for BP."

"They're selling a profitable, long-life, long-reserve business. They're selling it and using those proceeds to fund alternative businesses that aren't going to generate free cash flow for the best part of this decade."

-Anish Kapadia, Reuters

September 20, 2021
3:48 PM CDT
Last Updated a year ago

Energy

Special Report: BP gambles big on fast transition from oil to renewables

By Ron Bousso

14 minute read



1/6

Solar panels are seen in this drone photo at the Impact solar facility in Deport, Texas, U.S., July 15, 2021. REUTERS/Drone Base



Better

Don't Capitulate & Honor Your Fiduciary Responsibility to your Owners

“We’ve concluded that management in our company can’t create value for shareholder by going into wind and solar.”

- Mike Wirth, Chevron Chairman & CEO



Chevron CEO explains why the oil giant's lower-carbon investments look past wind and solar energy

PUBLISHED WED, SEP 15 2021 7:33 PM EDT | UPDATED THU, SEP 16 2021 1:50 AM EDT



Kevin Stankiewicz
@KEVIN_STANK

SHARE f t in e

KEY POINTS

- Chevron Chairman and CEO Mike Wirth on Wednesday discussed the oil company's lower-carbon investments in renewable natural gas and hydrogen.
- "We've concluded that management in our company can't create value for shareholders by going into wind and solar," he told "Mad Money" host Jim Cramer.
- "I am a believer that green hydrogen is going to have a big role to play" in the energy transition, Wirth said.



Chevron Chairman and CEO Mike Wirth told CNBC on Wednesday the oil company's lower-carbon investments focus on areas such as renewable natural gas and hydrogen because it sees significant potential to create shareholder value.

"One of the things we've chosen not to go into is wind and solar," Wirth said in a "Mad Money" interview. "These are technologies that are relatively mature. There is plenty of capital that's available. The returns in wind and solar are actually being bid down, and we've concluded that management in our company can't create value for shareholders by going into wind and solar."

Best

Go on Offense with Objective & Principled Positioning

“It is simply not possible to discuss the environmental and social impacts of our industry without considering the environmental and human impacts of the absence of our industry...”



Liberty Releases 2020 ESG Report – *Bettering Human Lives*

June 03, 2021 06:50 AM Eastern Daylight Time

DENVER--(BUSINESS WIRE)--Liberty Oilfield Services Inc. (NYSE: LBRT) announced today the release of its inaugural Environmental, Social and Governance (ESG) report entitled *Bettering Human Lives*. The 2020 ESG report is organized in two broad sections. Part 1 underscores the importance of worldwide clean energy access by providing a comprehensive review of the relationship between energy, poverty and climate change. Part 2 details the company's focus on making a positive impact on society by operating with integrity, covering Liberty's governance systems, environmental excellence, strategic opportunities and community engagement.

“It is simply not possible to discuss the environmental and social impacts of our industry without considering the environmental and human impacts of the absence of our industry”

“It is simply not possible to discuss the environmental and social impacts of our industry without considering the environmental and human impacts of the absence of our industry,” commented CEO Chris Wright. “The progress in the human condition leading to the modern world was enabled by the surge in plentiful, affordable energy. Today, unfortunately, many people still lack access to life-enhancing modern energy. This presents the most pressing global energy

gaining a broader understanding of climate change science and downsides of the impacts of mitigation is a responsibility that seriously.”

human liberty: everyone should have the freedom and ing us to be a force for disruptive change in the service nnovation in an ever-changing environment, and a robust merican completions companies by sustaining these G aligns with the principles that have been a part of our DNA ship journey of providing an informative view of how ESG

rd (SASB) disclosure and is guided by other ESG standards to 2020 unless otherwise noted.

...The progress in the human condition leading to the modern world was enabled by the surge in plentiful affordable energy.”

-Chris Wright, CEO Liberty Oilfield Services

VI. My Own Specific Experiences

ESG –Political Corruption of Commerce



Blatant corruption in practice

Bud,

By tweeting these, everyone will agree that there is no misunderstanding (which as we discussed, perhaps there has been). While I have not gotten sign off from our firm's sustainability committee, I believe these should work."

"Agree the company activities should be aligned with the Paris Agreement"

"Believe that companies should have a commitment to achieve net zero emissions by 2050"

"Agree that climate change is occurring, and that carbon is contributing to climate change and global warming"

"Believe that man is contributing to the addition of carbon in the atmosphere"

Bud

Please see the below bullets which will make sure that our firm's sustainability policy is aligned with yours. By tweeting these, everyone will agree that there is no misunderstanding (which as we discussed, perhaps there has been). While I have not gotten sign off from our firm's sustainability committee, I believe these should work.

Please let me know if these are okay-I believe they are what we discussed this afternoon. Once you review, I will run them by the committee tomorrow.

We greatly appreciate our long standing relationship with you and want to work through this so we can move forward and help you build a great company.

Best

[Redacted]

[Redacted]

[Redacted]
Investment Banking and Capital Markets

[Redacted]

[Redacted]

[Redacted]
Houston, TX 77002

[Redacted]

Agree that company activities should be aligned with the Paris Agreement

Believe that companies should have a commitment to achieve net zero emissions by 2050

Agree that climate change is occurring and that carbon is contributing to climate change and global warming

Believe that man is contributing to the addition of carbon in the atmosphere

ESG Transition = Betraying Shareholders to Virtue Signal

Warburg Pincus “Transition” Exit from Brigham Minerals



Warburg Pincus Dials Back Investing in Oil and Gas

The firm won't make investments tied to fossil fuels from its next global buyout fund

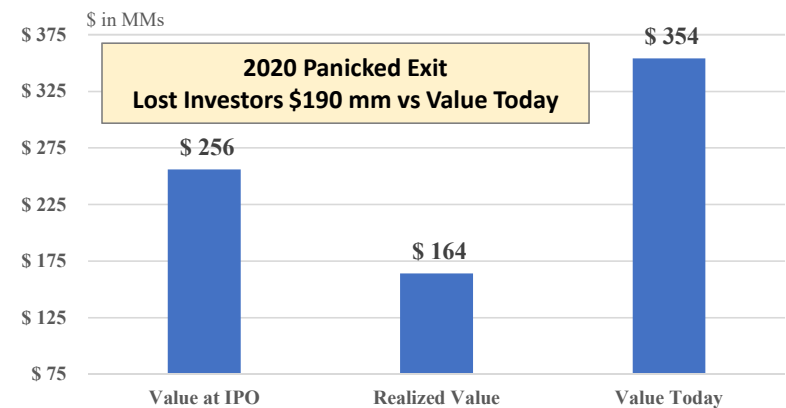
By [Luis Garcia](#)

Updated July 22, 2020 7:00 am ET

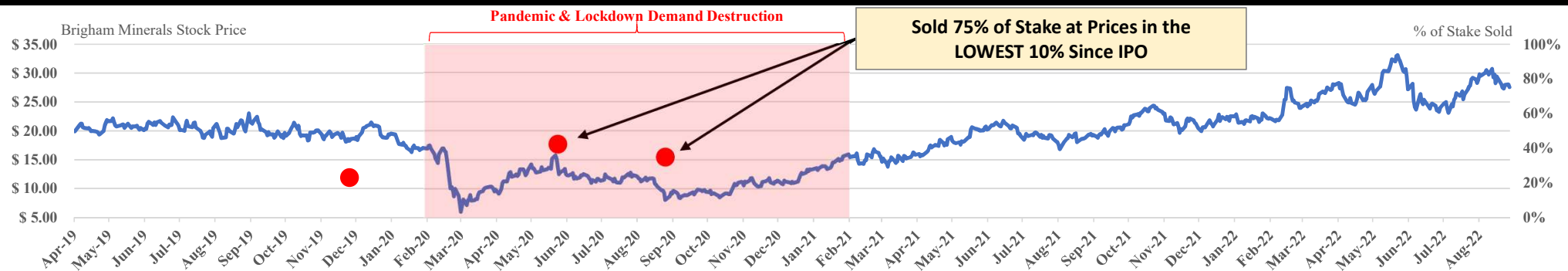
Warburg Pincus is telling investors it won't make any deals linked to fossil fuels from its next flagship fund, joining other private-equity firms that are reducing their investment presence in the oil-and-gas sector.

“Warburg Pincus will begin a transition away from investing in companies that are dependent on hydrocarbon pricing in the core global fund,” said a person familiar with the firm's plans.

Warburg's Stake in Brigham Minerals



Warburg's Exited Fossil Fuels at the Bottom of the Cycle



The “ESG” Scam

The ‘ESG’ Scam Rates Slave-Using Chinese Firms Higher Than Clean American Energy Producers

The ‘ESG’ Scam Rates Slave-Using Chinese Firms Higher Than Clean American Energy Producers

BY: CHUCK DEVORE | JUNE 28, 2022 | 7 MIN READ

“That a firm in China that relies on slave labor for key portions of its supply chain has a better social score than an American firm that pays landowners who freely sell them their mineral rights betrays an upside-down ethic where freedom is slavery and ignorance is strength. Of course, that hasn’t stopped 174 institutional owners from investing in Xinyi Solar, among the largest being JP Morgan, Invesco, and Vanguard.”

“So, here’s the bottom line from the self-righteous global elites: Chinese-government-owned coal, fine; Chinese slave-provisioned solar power, good; Chinese state-owned natural gas, better; American domestic natural gas and oil, terrible.”

-The Honorable Chuck DeVore, Vice President of National Initiatives for the Texas Public Policy Foundation



Green Energy... The Greatest Deception in Modern History



Inside the Congo cobalt mines that exploit children



Ctrl + Click to access video:

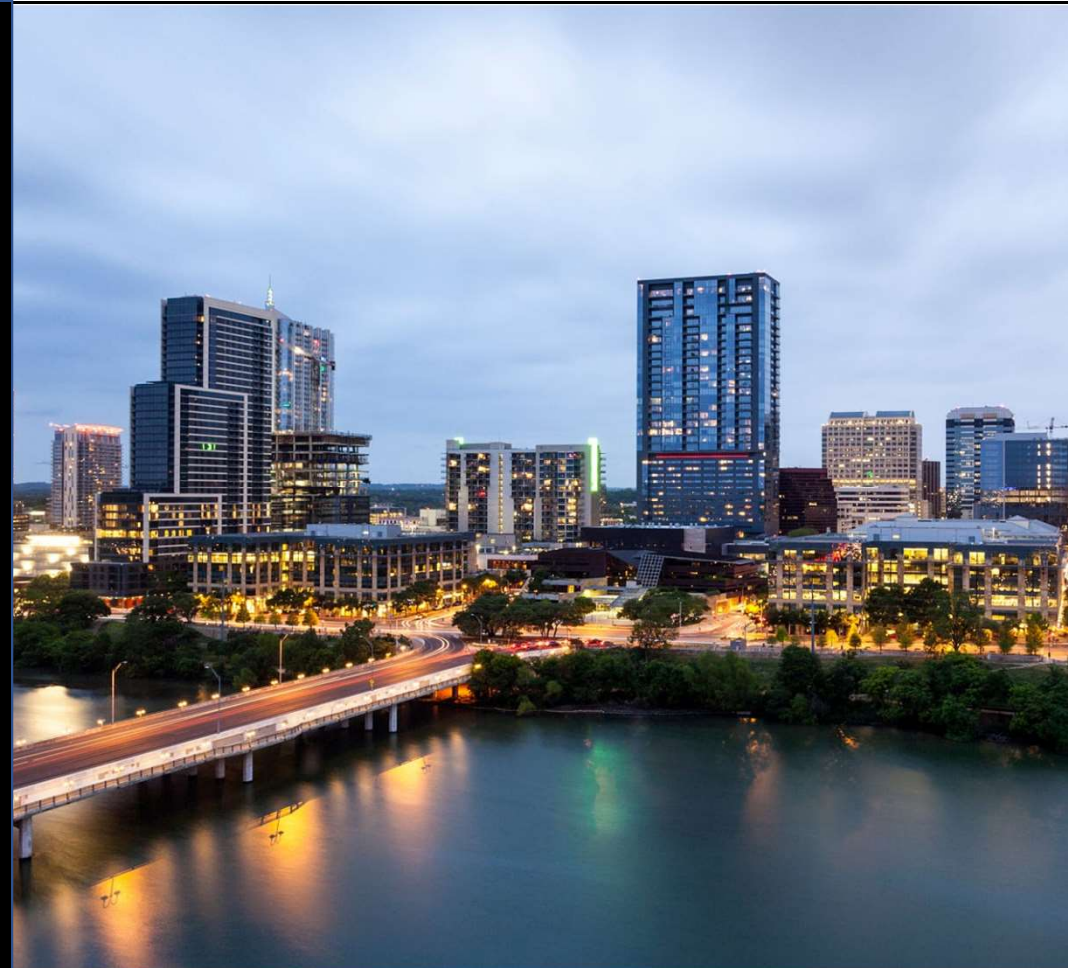
https://twitter.com/Resist_05/status/1556141946652872705

About the “S”



We hire 100% based on merit, seeking individuals who further our mission. ~~We do not hire based on race or gender.~~ As Dr. Martin Luther King stated, people should “not be judged by the color of their skin, but by the content of their character”

- Excerpt from “Who We are” Chairman’s Letter for Atlas Sand



VII. Conclusions & What to Do

What do I think about ESG?

We all care about the environment, and thanks to exercising the Freidman doctrine and our respect for property rights, we have the most prosperous citizenry in the world, along with the cleanest and safest air and water of any major country



ESG, Stakeholder Capitalism and Conscious Capitalism are all veiled attacks on private property rights and economic liberty.

They are campaigns to co-opt, or take control of commercial enterprises from the owners. Much of it is illegal, all of it is immoral. Ultimately, it's socialism

To the degree the movements are successful, will be the degree that human flourishing will be diminished.

What is this ESG thing all about?



Resources



“ESG poses as a moral and financially savvy movement. In reality it is an immoral and financially ruinous movement that is destroying the free world's ability to produce low-cost, reliable energy.”

**“Talking Points on the anti-energy, anti-development, and anti-America ESG movement”
- Alex Epstein**



[Ctrl + Click to Access Article](#)

What Business Leaders Can Do

I. Don't Take the Bait, Don't Support the Division/Destruction

We are scrubbing “ESG” from our language and documents, replacing with more precise terminology such as “the environment”, good “governance” and “bettering human lives”.

II. Reinvigorate Good Governance & Corporate Integrity

Respecting & honoring property rights - fulfill your fiduciary obligation to the shareholders/owners, recognizing that to do so over the long haul you must provide good outcomes for all your stakeholders.

III. Be a Principled Leader

For the sake of human flourishing.

Political Avenues - State Anti-Energy Discrimination Bills



CASE STUDY: Texas
State Pensions: ~\$300
billion

+

State Bank Accounts:
>\$100 billion

+

State Contracts:
Tens of Billions /yr

=

**MAJOR Purchasing
Power Leverage**

State Anti-Energy Discrimination Bills:

TX - SB 13 (5/21); OK - HB 2034 (3/22); WV - 262 (3/22)

Getting the Politics Out of Pensions!

1. State Comptroller/Treasurer evaluates public filings (and information submittals) to identify companies that trigger the “boycott” definition
2. State gives notice to companies of their status as a listed company (subject to divestment by state) due to their anti-fossil fuel stance
3. Offers the company the opportunity to clarify/change its activities
4. Company must cease boycotting activity to avoid state divestment

Texas Comptroller Announces List of Financial Companies that Boycott Energy Companies



TEXAS COMPTROLLER

FOR IMMEDIATE RELEASE

August 24, 2022

**Texas Comptroller Glenn Hegar
Announces List of Financial Companies
that Boycott Energy Companies**

**Also includes 349 “ANNEX II” Funds
that are now ineligible for public pension
investment**

Blackrock, Inc

BNP Paribas SA

Credit Suisse Group AG

Danske Bank A/S

Jupiter Fund Management

Nordea Bank ABP

Schroders PLC

Svenska Handelsbanken

Swedbank AB

UBS Group AG

States Pushing Back to Protect Public Pensions



State	Bill	Comments
Kentucky	SB 205	-Prohibits Contracting with or Investing in Companies that Coerce Climate Commitments in Exchange for Business
Florida	Ex. Order	-Proxy Voting Cannot be Delegated & Shall Prioritize Returns
Idaho	SB 1405 & HCR 52	-Proxy Voting Cannot be Delegated & Shall Prioritize Returns -Social Scoring Denounced
New Hampshire	HB 1469	-Social Scoring Prohibition
North Dakota	SB 2291	-ESG Study Bill
Oklahoma	HB 2034	-Prohibits Contracting with or Investing in Companies that Coerce Climate Commitments in Exchange for Business
Tennessee	SB 2649	-Prohibits Contracting with or Investing in Companies that Coerce Climate Commitments in Exchange for Business
Texas	SB 13	-Prohibits Contracting with or Investing in Companies that Coerce Climate Commitments in Exchange for Business
West Virginia	SB 262	-Prohibits Contracting with or Investing in Companies that Coerce Climate Commitments in Exchange for Business

State Attorneys General Also Pushing Back



State of West Virginia
Office of the Attorney General



State of Arizona
Office of the Attorney General

Patrick Morrissey
Attorney General

Mark Brnovich
Attorney General

July 13, 2022

Vanessa A. Countryman
Secretary, Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Submitted Electronically via SEC Internet Comment Form

Re: Supplemental Comments on Proposed Rule Amendments titled “The Enhancement and Standardization of Climate-Related Disclosures for Investors” by the Attorneys General of the States of West Virginia, Arizona, Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Utah, Virginia, and Wyoming (SEC File No. S7-10-22)

Dear Secretary Countryman:

The Attorneys General of the States of West Virginia, Arizona, Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Utah, Virginia, and Wyoming submit these additional comments on the Securities and Exchange Commission’s proposed rule, “The Enhancement and Standardization of Climate-Related Disclosures for Investors.”¹ We submit these supplemental comments given an important post-deadline development—a U.S. Supreme Court decision that confirms that the SEC should not finalize the Proposed Rule.



KEN PAXTON
ATTORNEY GENERAL of TEXAS

FOR IMMEDIATE RELEASE

August 22, 2022

www.texasattorneygeneral.gov

PRESS OFFICE: (512) 463-2050

Communications@oag.texas.gov

Paxton Launches Investigation Into Ratings Company’s Use of ESG Factors That Potentially Violate Consumer Fraud and Anti-BDS Laws

Beware the never-ending onslaught of slogans/package deals:
Global Warming, Climate Change, Critical Race Theory, BLM, Diversity
Inequality, Inclusion...

“The political philosophy of collectivism is based on a view of man as a congenital incompetent, a helpless, mindless creature who must be fooled and ruled by a special elite with some unspecified claim to superior wisdom and a lust for power.”

- Ayn Rand