



CHIEF FINANCIAL OFFICER  
**JIMMY PATRONIS**  
STATE OF FLORIDA

June 7, 2022

Mr. Lamar Taylor  
Interim Executive Director & Chief Investment Officer  
State Board of Administration  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32317

Dear Director Taylor:

Last December, I was proud to join Governor Ron DeSantis and Attorney General Ashley Moody in voting to remove proxy voting authority from fund managers hell-bent on sending Florida Retirement System (FRS) dollars to China. Upon completion of the assigned deliverables from the Winter meeting, I think it's prudent to use that same passion in pushing back against a recent movement plaguing our financial institutions. We need an honest dialogue on Environmental, Social and Governance ratings – otherwise known as “ESG” – and how fund managers that work for the State Board of Administration (SBA) may be too bought-in to this anti-American, anti-Israel, and anti-freedom ideology, that's disguising itself as a sophisticated business practice.

Recently, the financial services company Morningstar Inc. dumped a product of Sustainalytics, which is in the business of issuing ESG ratings on companies across the globe. While I believe that the entire enterprise of ESG has a stench of anti-trust violations, I am concerned that certain funds may be utilizing ESG rating products for investment purposes, which could be in violation of Florida law related to discrimination towards Israel. Ultimately, the SBA needs to report on whether ESG scores are being used as a de-facto boycott against Israel, so the Trustees can take actions against these firms.

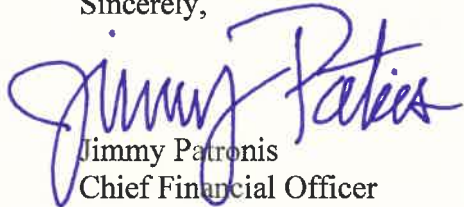
Based on media reports it appears Sustainalytics overly scrutinized Israel because they heavily relied on unfair reports from the United Nations, which has a history of treating dictators like royalty while hammering democracies like the United States and Israel. While I believe it was a good move for Morningstar to dump the Sustainalytics product, we should not be naïve about Wall Street's incestuous love affair with ESG. This ESG scoring method has become so important to global markets that 50 agents in Frankfurt, Germany raided Deutsche Bank's asset management subsidiary DWS Group over investments related to the criteria. This is real money, it's a magnet for corruption among the elite, and last time I checked, the Trustees of the State of Florida did not sign up for any of it. As part of our Winter meeting the Trustees underscored that SBA may only operate in the fiduciary interest of participants, so any ESG-focused funds would be barred from FRS investment.

Director Taylor  
Page Two  
June 7, 2022

The cult of ESG has morphed into a business model that is totally divorced from the facts on the ground. Proponents of ESG are making money to tell businesses that it's acceptable to invest in the People's Republic of China, which is anti-democratic, one the greatest polluters in the world, and are documented human rights abusers. Meanwhile, Israel is being docked points on their ESG scores for defending themselves and their democratically elected government. This is grotesque and it's something the State of Florida does not tolerate.

Thank you in advance and I look forward to your assessment.

Sincerely,



Jimmy Patronis  
Chief Financial Officer