

Steve Marshall
Alabama Attorney General



For **press** inquiries only, contact:

Amanda Priest (334) 322-5694

William Califf (334) 604-3230

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***Attorney General Marshall Forces Wall Street Giant to Pay \$29.5 Million
in ESG Lawsuit***

(Montgomery, Ala) – Alabama Attorney General Steve Marshall announced a settlement with The Vanguard Group Inc., a global investment company, that ensures it will not sacrifice consumer profits in the service of environmental ideology. Alabama, along with partner states, brought a first-of-its-kind antitrust lawsuit against Wall Street asset managers BlackRock, State Street, and Vanguard over their “ESG” initiatives in the coal industry. “Environmental, Social and Governance,” commonly referred to as “ESG,” is a set of investing principles that elevates goals like reducing carbon emissions, promoting gender and racial diversity, and achieving social justice benchmarks above the fiduciary duty to maximize returns for investors. The states allege that these companies were using customer accounts to advance environmental goals, and by driving up the cost of coal, they raised energy prices for everyday Americans.

"Wall Street has no business using working people’s retirement accounts to wage war on American energy. When you hand your retirement to an investment firm, you’re trusting them with your family’s future, not handing them a political blank check," Attorney General Steve Marshall said. "This settlement sends an unambiguous message that coordinated efforts to subordinate investor returns to political objectives will face legal consequences. Today, I’m glad that Vanguard has agreed to refocus on financial performance, not politics, but we still have work to do in our action against BlackRock and State Street."

The settlement, which also includes a commitment to empower investors with proxy voting, resolves claims made against Vanguard in a Texas-led multistate lawsuit first filed in November 2024. In a major victory last year, the district court denied motions to dismiss and allowed the action to proceed. This complaint also names two additional asset managers, BlackRock and State Street, as defendants. The coalition of attorneys general alleges that these companies have engaged in anticompetitive schemes that harm investors and U.S. energy companies – primarily by entering illegal agreements or pledges to restrict the supply of coal.

Under the settlement, Vanguard has pledged it will not use its shareholdings to direct its portfolio companies' business strategies, threaten to withdraw holdings unless portfolio companies agree to act or refrain from acting in a specified manner, or nominate directors or shareholder proposals to its portfolio companies. Vanguard has also agreed to pay \$29.5 million to the states. Additionally, Vanguard will offer proxy voting to investors in funds accounting for at least 50% of assets invested in U.S. equity funds it advises. This measure ensures that Vanguard's customers can make their voices heard on portfolio companies' business decisions, including whether companies should prioritize profitability over ESG or other goals.

