CASE STUDY: UK "ESG" Billionaire Behind U.S. Climate Regulatory, Litigation Campaigns

DISCLOSING THE REAL "CLIMATE RISK"

Research and Analysis for

Government Accountability & Oversight

Toplines

- New research details how scores of millions of dollars are directed by a UK investor to finance "climate disclosure" campaigns now threatening U.S. companies through proposed rules from the Biden SEC, and to support U.S. climate litigation despite denials by grant recipients that funds are used for U.S.-targeted operations

- Agenda has driven billions to "ESG" managers — those invested in companies with (or claiming) "Environmental, Social and Corporate Governance" priorities — has helped create an ESG "bubble" now rapidly deflating

- ESG campaigning has appearance of being massive, sophisticated rent-seeking operation

- Self-described "opportunistic activist" hedge-fund ESG investor embodies, leads the practice, funding campaigns designed to scare investment away from non-ESG companies; "describes activism as a tool to protect his investments"

Key Points

- ➢ British billionaire and "ESG" hedge fund manager Sir Christopher Hohn has directed scores of millions of dollars to the climate advocacy industry driving investment to ESG

- ➢ Hohn funds global climate litigation-support infrastructure through a network of groups

- ➢ Profits from Hohn's hedge-fund operation are run from the UK to underwrite ESG, "climate risk disclosure" and climate litigation to, e.g., the U.S.

- ➢ Despite claims by grant beneficiaries that Hohn's charity "has a strict policy against funding any activities related to US litigation", funds granted to a Dutch group heavily financed by Hohn are then transferred to U.S. beneficiaries central to the U.S. climate litigation industry

- ➢ Foundation maintains strategic oversight of grantees, to second- or third-order beneficiaries

- ➢ Despite successful "ethical investor" branding campaign, Sir Christopher recently described his shareholder activism as "more opportunistic rather than fundamental"; "he describes[1] activism as a tool to protect his investments"

---

[1] https://www.institutionalinvestor.com/article/b1xs7nyw3yprmh/Chris-Hohn-Is-a-Hedge-Fund-Manager-Like-No-Other

- A senior Chinese Communist official serves[2] as an “independent climate advisor”

- This ‘philanthropic’ activism is reasonably viewed as an historically successful marketing and branding campaign benefitting Hohn’s ESG investment fund and increasing the value of his holdings

- While the policy advocacy is underwritten as charity, “climate disclosure” and climate litigation, like all ESG campaigning, may well be most properly viewed as necessary support mechanisms for a particular investor class’s chosen portfolio of investments

[2] https://unherd.com/2021/12/does-the-ccp-control-extinction-rebellion/

Summary

Some conversions are more believable than others. For instance, after his Damascus Road experience, St. Paul traded a life of selfish privilege for a life of selfless suffering and persecution. On the other hand, when a tobacco-, alcohol-, and nuclear weapons-investing billionaire finds religion in climate change and is fêted as the money then pours in to his business, the sincerity warrants scrutiny. Any mystery seems to disappear when the investor boasts that his activism is in fact opportunistic, to protect his investments.

That is the case regarding "ESG" investor, billionaire hedge-fund manager Sir Christopher Hohn, about whom scrutiny immediately reveals a complex web of charities he directs and influences with donor-managed contributions which happen to — as he says — "opportunistically" serve his investment portfolio, and management business.

ESG Bubble

> *"[T]he point is that flows have so far driven industry performance — more than commonly acknowledged. Just as retail traders were able to power seemingly deadbeat companies to dizzying highs this year from GameStop Corp. to AMC Entertainment Holdings Inc., prices of stocks bought by ESG investors will naturally rise -- even without any fundamental justification.*"

Justina Lee, "Trillion-Dollar ESG Boom Rings Bubble-Trouble Alarm in New Study: Funds would have "strongly underperformed the market from 2016 to 2021" without the huge inflows flooding the sector," Bloomberg.com, October 28, 2021

Indeed, published research — including by the Bank of International Settlements, no less[3], host to the Financial Stability Board (FSB) and the Task Force on Climate Related Financial Disclosure (TCFD), the latter having largely directed a recently proposed "climate risk disclosure" rule by the U.S. Securities and Exchange Commission (SEC)[4] which Hohn sought — suggests that the new disclosure regime may instead serve merely to enrich incumbent holders of "environmentally-friendly" assets, and cause a

---

[3] Sirio Aramonte and Anna Zabai, "Sustainable finance: trends, valuations and exposures," BIS Quarterly Review, 20 September 2021, https://www.bis.org/publ/qtrpdf/r_qt2109v.htm.
[4] See "The Enhancement and Standardization of Climate-Related Disclosures for Investors," CFR sec. 229.1505 (pp. 21469-21471 of the Federal Register version, https://www.sec.gov/rules/proposed/2022/33-11042.pdf).

movement of investment capital to firms with suboptimal investment returns because they are "doing good."

Hohn's operations are directly tied to tens of millions of dollars having flowed to pressure groups which helped bring about and even shape Biden administration regulations, and otherwise herd trillions of dollars of investment (e.g., through the threat of litigation liability) from creditworthy enterprises to now-overvalued ESG darlings, creating a dangerous ESG bubble. This includes bankrolling the "climate disclosure project" or CDP (it is also called the "Carbon Disclosure Project"). Public records also show Hohn directed tens of millions each to financing a CDP and a litigation campaign that further advances the "ESG investing" cause.

This also raises interesting concerns about potential abuse of "market power." The SEC repeatedly acknowledges in its proposed "climate risk disclosure" (CRD) rule that the parties demanding the Commission require disclosure of "climate risk" information are existing, large holders of "climate-friendly" investments, not retail investors.

That is to say those who have already put their money in "ESG," large investors who made a bet and have a pecuniary interest in the outcome, are the same ones pressing for a new disclosure regime that will help inflate the value of those assets, at the expense of the actual returns of the "ordinary investor" the SEC claims to be most concerned about. Hohn is chief among these.

This is why Institutional Investor recently wrote of Sir Christopher's activism, "Hohn's climate change efforts got a big boost in late March from U.S. regulators when the Securities and Exchange Commission proposed rule changes that would require companies to include certain climate-related disclosures in their registration statements and quarterly and annual reports…. 'That was an important moment,' Hohn says."

Sir Christopher's The Children's Investment Fund (TCI) and his Children's Investment Fund Foundation (CIFF) are the symbiotic hubs of this web. TCI collects the profits and CIFF coordinates the public pressure campaigns against and legal assault on entities in the business of providing the sort of reliable and the affordable energy necessary for economic vitality.

The results include a spectacular growth in Hohn's business and investment portfolio, from a campaign contributing to 'greenflation' and the unfolding global energy crises.[5]

[5] Although as recently as February 2022 media outlets were promoting a "narrative" that climate change was behind skyrocketing price increases and inflation (before the rhetorical pivot to claiming the Russian invasion of Ukraine was the culprit), Bloomberg and Blackrock correctly saw climate-change policy as the inflationary threat. See, e.g., Rachel Morison, "The Climate-Change Fight Is Adding to the Global Inflation Scare: BlackRock's Fink and others see price risk in green revolution," Bloomberg.com, June 18, 2021, https://www.bloomberg.com/news/articles/2021-06-18/the-climate-change-fight-is-adding-to-the-global-inflation-scare.

Analysis

The Children's Investment Fund Foundation is the philanthropic foundation owned and operated by British "[b]illionaire hedge fund founder Sir Christopher Hohn, an activist investor, whose TCI Fund Management has more than $40bn in assets."[6] New research and analysis obtained by Government Accountability & Oversight assesses the involvement of organizations under the control of Sir Christopher in climate change lawsuits and otherwise the climate industry (entities existing or prospering from the political and legal campaigns to impose "climate" policy), which includes underwriting "Environmental, Social and Corporate Governance" (ESG) pressure campaigns, including specifically "climate disclosure".[7]

ESG Bubble

"[W]ith pressure to invest into the "clean energy" asset class comes the risk that capital is misallocated, as investors prioritise urgent societal imperatives and optics over pure business nous and discipline. This [reflects an] approach of "demonstration investments" to back environmental causes… a new market doctrine that "everything renewable is great and everything fossil-fuel-related is awful".

Dambisa Moyo, "Lack of rigour risks creating ESG bubble," Financial Times, October 19, 2021

CIFF projects maintain strategic oversight of grantee organizations, within and without the CIFF network, and to second- or third-order beneficiaries of CIFF grants. As discussed below, this is important as it suggests that CIFF's climate grants can reasonably be viewed to benefit TCI's business rather than simply meeting the traditional definition of 'philanthropy' or 'charity'. Indeed, the campaign of charitable

[6] Lesley Hook and Camilla Hodgson, "Billionaire investor predicts energy crisis will spur green spending boom," Financial Times, March 14, 2022, https://www.ft.com/content/7ea53ae2-da8f-4166-91eb-b1d180b609e5?sharetype=blocked
[7] While litigation firms and NGOs are obvious components of a climate industry, consider also how the Securities and Exchange Commission's proposed "climate risk disclosure" rule requires covered entities to outsource to "GHG emissions attestation providers." So, the big accounting firms, big law firms and climate change consultants will all make a great deal of money out of this – likely on the scale of a billion dollars annually. This rule is a godsend to them. See, e.g., Jessica DiNapoli "PwC planning to hire 100,000 over five years in major ESG push". Reuters, June 15, 2021, https://www.reuters.com/business/sustainable-business/pwc-planning-hire-100000-over-five-years-major-esg-push-2021-06-15/.

giving not only leaves the impression of CIFF as being a marketing wing for TCI — arguably one of the most successful "guerilla" branding/PR campaigns ever[8] — but also a key part of the investment plan.

ESG: Causing Great Harms

When TCI buys a stake in a company, TCI notifies that company's board that TCI requires[9] the company to adhere to ESG and voluntary climate standards established by CIFF grantee the Carbon Disclosure Project.[10] This notice includes a warning that TCI will *"vote against all directors of companies which do not publicly disclose their emissions and do not have a plan for their reduction"*, and a requirement that the company must *"Advocate for regulations which drive the decarbonisation of their industry…"* – *i.e*., for the company to both decarbonize, to disclose parts of its business plan, and take part in climate activism, which activism seeks to make the voluntary disclosure rules *de facto* mandatory.

ESG is a political ranking system pretending to be a credit rating system that creates various "scores" based on a variety of fashionable political factors. Being like credit scores, it's entirely possible to bump up an ESG rating through policy — i.e., from BBB to AAA — seemingly making the investment less risky but through actions that had nothing to do with creditworthiness.

Even ratings agency Standard & Poor's (S&P) acknowledges ESG ratings do not correlate with creditworthiness but are a metric by which, "for example, banks are pressured to cut off capital to the oil, gas, coal, and firearms industries."[11] ESG is designed in particular to strangle hydrocarbon energy from access to the capital markets. Indeed, Institutional Investor writes, in a glowing profile of Hohn, "One goal is to end what he calls 'dirty finance,' which means financing fossil fuels and high emissions."[12]

Whatever the branding campaign surrounding it, ESG is itself reckless.[13] It causes the reduction of available finance to firms that provide essential goods and services. Enhanced scarcity of those goods and services of the kind we already are seeing is likely to prove perverse with so little consideration apparently being given to the adverse

[8] See, e.g., https://www.bizzabo.com/blog/guerrilla-marketing-examples.
[9] https://climatelitigationwatch.org/wp-content/uploads/2022/04/MOODYS-copy.pdf
[10] ESG engagement letters TCI has sent to the companies is available at https://www.tcifund.com/ESGEngagements. TCI states its policy at: https://www.tcifund.com/ESG.
"TCI requires the companies in which we invest to:
* Disclose greenhouse gas emissions and reduction targets
* Make full annual disclosure to CDP (www.CDP.net)
* Disclose a credible low-carbon transition plan consistent with the CA100 benchmark
* Reduce actual emissions at a pace consistent with the Paris Agreement"
[11] https://treasurer.utah.gov/wp-content/uploads/04-21-22-Utah-Letter_SP-Global_ESG-Indicators.pdf
[12] https://www.institutionalinvestor.com/article/b1xs7nyw3yprmh/Chris-Hohn-Is-a-Hedge-Fund-Manager-Like-No-Other. See also, e.g., https://www.etftrends.com/smart-beta-channel/focus-on-esg-could-be-taking-a-toll-on-coal/.
[13] https://www.wsj.com/articles/florida-utah-take-on-esg-farce-11650918518

consequences and the means of mitigating them. And it looks like ESG has created a bubble[14], been exposed as insincere,[15] and that its bubble[16] may[17] be popping[18]. These two points undermine the claim that this modern ESG twist on 1960s "socially responsible investing" is seemingly founded on[19] — that firms did not disclose to investors the risks that climate change poses to their investment.

There in fact appears to be no disclosure of the risks or economic harms of ESG investing.

ESG Bubble

> *"The trend in part reflects how larger investors — such as university endowments and pension funds — are exiting these investments in part to demonstrate their green credentials to their stakeholders."*

Dambisa Moyo, "Lack of rigour risks creating ESG bubble," Financial Times, October 19, 2021

The ESG movement organized by political and financial elites is having a grave impact already. By limiting access to capital, ESG imperatives have compounded perverse government energy and "climate" policies, which with related outcomes in utility commission "rate cases" exacerbate the U.S.[20] electricity[21] and oil and gas production and transmission systems' vulnerability to weather and geopolitically driven

---

[14] See, e.g., Catherine Bosley, "Green Investment Frenzy Runs Risk of Becoming a Bubble, BIS Says," Bloomberg.com, September 20, 2021, https://www.bloomberg.com/news/articles/2021-09-20/green-investment-frenzy-runs-risk-of-becoming-a-bubble-bis-says, reporting on a Bank of International Settlements paper by Sirio Aramonte and Anna Zabai, "Sustainable finance: trends, valuations and exposures," BIS Quarterly Review, 20 September 2021, https://www.bis.org/publ/qtrpdf/r_qt2109v.htm.
[15] "ESG Rules Bend With War: SEB Says OK to Invest in Defense Stocks Again, Wall Street Journal, March 2, 2022, https://www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-03-02/card/esg-rules-bend-with-war-seb-says-it-is-ok-to-invest-in-defense-stocks-again-iPvqQL3PW4Kr6UcuGDuj.
[16] Justina Lee, "Trillion-Dollar ESG Boom Rings Bubble-Trouble Alarm in New Study," Bloomberg.com, October 28, 2021, https://www.bloomberg.com/news/articles/2021-10-28/trillion-dollar-esg-boom-rings-bubble-trouble-alarm-in-new-study.
[17] James Mackintosh, "War in Ukraine Reveals Flaws in Sustainable Investing," Wall Street Journal, March 22, 2022, https://www.wsj.com/articles/war-in-ukraine-reveals-flaws-in-sustainable-investing-11648381059.
[18] Matt Wirz, "Russia War in Ukraine Exposes Weakness in ESG Fund," Wall Street Journal, April 1, 2022, https://www.wsj.com/articles/russia-war-exposes-weakness-in-esg-fund-11648765019.
[19] A 2016 email suggests that modern "ESG" began as anti-energy campaigning in 1999 then morphed into anti-coal advocacy then soon expanded to anti-hydrocarbon. See https://govoversight.org/wp-content/uploads/2022/05/Organic-ESG-SICS-Google-Groups-email.png.
[20] See, e.g., https://www.americanexperiment.org/is-xcel-energy-running-out-of-coal-for-the-winter/
[21] https://www.etftrends.com/smart-beta-channel/focus-on-esg-could-be-taking-a-toll-on-coal/

interruptions. For example, as winter approached in 2021 and natural gas prices spiked, utilities needed more coal and winter blackouts were widely discussed as likely in the event of a, e.g., Polar Vortex or merely very cold winter. Now, a summer of blackouts is widely feared, and reliability is a thing of the past.[22]

However, U.S. coal had already been isolated[23] from new lending by several banks; producers "struggle to access affordable sources of capital for new supply projects. That is partly due to a rising focus on environmental, social and governance-focused investing leading many financial service providers to avoid coal producers."[24] Another analyst wrote that "The lack of capital for coal facilities is partly due to pressure campaigns from environmental groups to force investors to divest from fossil fuel assets as part of their Environmental, Social, Governance (ESG) investor guidelines."[25]

That is, coal producers cannot access capital to expand output[26], with banks telling them they cannot lend because of an "ESG problem". At least one story blamed (remarkably) the resulting high coal prices for further expected electricity price increases[27] (which is true, as one of many factors all tied to bad policy and coercive pressure campaigns, but only in the same way it is true that electricity comes from the wall).

This self-fulfilling prophecy of shortages and energy price escalations poses major systemic problems. Consider how Germany soon shelved its ESG rules when the reality of its agenda hit home very early in the Ukraine war.[28]

---

[22] See, e.g., "NERC Warns of Mounting Reliability Risks, Urges Preparation for Challenging Summer," Power Magazine, May 2022, https://www.powermag.com/nerc-warns-of-mounting-reliability-risks-urges-preparation-for-challenging-summer/. Katherine Blunt, "Electricity Shortage Warnings Grow Across U.S.," Wall Street Journal, May 8, 2022, https://www.wsj.com/articles/electricity-shortage-warnings-grow-across-u-s-11652002380?mod=djem_EnergyJournal.

[23] See, e.g., https://www.forbes.com/sites/debtwire/2020/01/10/esg-advent-leaves-coal-assets--and-investors--stranded/?sh=4bfc843d7376.

[24] See, e.g., https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/us-coal-demand-is-rising-but-supplies-remain-tight-66708145.

[25] See, e.g., Isaac Orr, "Is Xcel Energy running out of coal for the winter?," Center for the American Experiment, October 29, 2021, https://www.americanexperiment.org/is-xcel-energy-running-out-of-coal-for-the-winter/.

[26] See, e.g., Will Wade, "Coal Piles at 24-Year Low at U.S. Utilities on Demand Surge," Bloomberg.com, October 26, 2021, https://www.bloomberg.com/news/articles/2021-10-26/coal-piles-drop-to-24-year-low-at-u-s-utilities-on-demand-surge.

[27] Ryan Dezember, "Red-Hot Coal Prices Threaten Even Higher Power Bills," Wall Street Journal, June 2, 2022, https://www.wsj.com/articles/red-hot-coal-prices-threaten-more-increases-in-power-bills-11654167025.

[28] Nicholas Comfort and Steven Arons, "German Regulator Shelves ESG Rules After Russia Energy Fears," Bloomberg.com, May 3, 2022, https://www.bloomberg.com/news/articles/2022-05-03/german-watchdog-shelves-esg-investing-rules-on-energy-price-jump?mc_cid=6bd8a7fda1&mc_eid=546d7a34dc.

Not long thereafter, erstwhile cheerleader Goldman Sachs began openly admitting ESG doesn't match the sales pitch (in the face of fleeing investors)[29], and even aggressive "ESG" promoter BlackRock "ditche[d] green activism over Russia energy fears [because] Fund titan says investing in traditional energy sources is now required to boost security."[30] Apparently seeing not only the societal and security consequences but the almost-certain bubble nature of "ESG," one of the principals at Oxford University responsible for developing the Stranded Assets campaign at the Smith School began linking to Bloomberg articles acknowledging ESG's "tarnished halo."[31]

Recently, "[s]peaking at the Future Investment Initiative conference in Saudi Arabia, [Blackstone's Steve Schwarzman] warned that an energy shortage could lead to "real unrest" across the world — and put forward a provocative culprit. A focus on E.S.G. is driving a credit crunch for oil and gas companies, Schwarzman and others say. So-called environmental, social and corporate governance investing principles have spurred investment giants to divest their holdings in oil and gas companies. That, according to Schwarzman, has made it hard for the industry to invest in new wells and other sources of capacity. "If you try and raise money to drill holes, it's almost impossible to get that money," he said. (Blackstone has invested in both fossil-fuel and renewable energy companies.) Some think the energy shortfall could be huge. JPMorgan analysts wrote this year that as much as $600 billion must be invested in oil by 2030 to meet continued demand."[32]

This contribution to rapidly escalating high energy prices, which preceded the Russian invasion of Ukraine, is the most apparent consequence of ESG. The suggested causes of 'greenflation' are shown in the charts below. Since the middle of the last decade, capital spending by energy companies has fallen (also in substantial part because market prices were low, prior to the Biden administration's regulatory campaign and ESG truly metastasizing in the capital markets); the cost of capital for fossil fuel projects has risen when the project is possible and capital available.

Despite the consequences, no longer theoretical but visible throughout the world today, these outcomes are entirely consistent with CIFF's explicitly stated goals, for example, "ending fossil fuel finance"[33]. In today's context, that imperative seems entirely callous, and is very likely to bring unnecessary suffering, hunger, poverty, and conflict into the world. Energy philosopher and author of, e.g., "The Moral Case for Fossil Fuels" Alex

---

[29] Natasha White and Frances Schwartzkopff, "Goldman Investigation Tarnishes ESG Halo as Investors Bail," https://www.bloomberg.com/news/articles/2022-06-15/investors-are-increasingly-skeptical-of-esg-this-is-why.

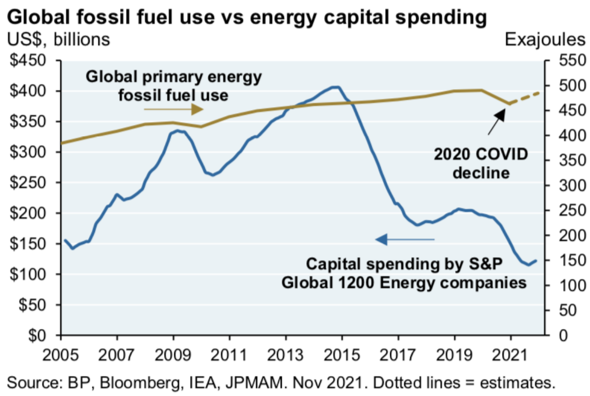
[30] Simon Foy, "BlackRock ditches green activism over Russia energy fears: Fund titan says investing in traditional energy sources is now required to boost security," The Telegraph, May 11, 2022, https://www.telegraph.co.uk/business/2022/05/11/blackrock-ditches-green-activism-russia-energy-fears/. See also, https://www.blackrock.com/corporate/literature/publication/commentary-bis-approach-shareholder-proposals.pdf.

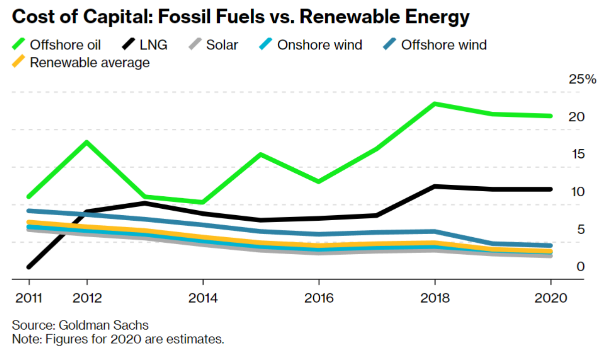
[31] https://twitter.com/bencaldecott/status/1536966769604284419?s=20&t=ZfWGaxdEMtzuD1xBlDNDTA

[32] Andrew Ross Sorkin, et al. "Why This Billionaire Is Worried About Green Investing," New York Times, October 27, 2021, https://www.nytimes.com/2021/10/27/business/dealbook/schwarzman-energy-crunch.html.

[33] https://ciff.org/team/michael-hugman/

Epstein argues, persuasively, that there is a strong anti-human influence in modern environmentalism which “calls for the rapid elimination of fossil fuels—the source of 80% of the world’s energy—without addressing the *cost* of doing so.”[34]





ESG: Cause of Unreliability is Itself Incredible

The ESG industry is rife with conflicts.[35] Utah officials recently wrote a letter to ratings agency S&P[36], described by the Washington Times editorial board as “no doubt prefatory to eventual litigation… [and] signed by the governor, the lieutenant governor, the attorney general and the entire congressional delegation”.[37] The letter took S&P to task for publishing ESG “credit indicators” as part of its credit ratings for states and state subdivisions and its “plans to publish ESG credit indicators to ‘augment’ its credit ratings”:

> “From an investment perspective, ESG is demonstrably unproven and therefore unreliable as an investment tool. Worse, we fear that just as conflicts of interest drove S&P’s ratings disaster during the financial crisis, undue political influences may be skewing S&P’s judgment once again.”

The Treasurer, et al., detailed how ESG “is a political score that, intentionally or not, can result in market participants using economic force to drive a political agenda.”

That political agenda of course is aligned with and rewards certain interests’ financial agenda. That rent seekers obscure their motives with grand gestures about ‘the children,’ ‘saving the planet’ etc. is not news, if regularly fallen for by sympathetic journalists.

---

[34] Alex Epstein, “Energy Talking Points,” https://energytalkingpoints.com/cop26-agreement/.
[35] See, e.g., Jean Eaglesham, “Wall Street’s Green Push Exposes New Conflicts of Interest,” Wall Street Journal, January 29, 2022, https://www.wsj.com/articles/wall-streets-green-push-exposes-new-conflicts-of-interest-11643452202
[36] https://treasurer.utah.gov/wp-content/uploads/04-21-22-Utah-Letter_SP-Global_ESG-Indicators.pdf
[37] Editorial, “Utah has had enough of ESG investing,” Washington Times, May 5, 2022, https://www.washingtontimes.com/news/2022/may/5/editorial-utah-has-had-enough-of-esg-investing/

Still, there seems to be little doubt that the ESG push — and those elements of climate campaigning that help prop it up, like "climate disclosure" and litigation — benefits these money managers[38], and that they have tremendous financial incentive in turn to invest in promoting those elements.

ESG includes "climate risk disclosure," a campaign seeking to coercively extract 'confessions' of financial vulnerability to the climate as projected in computer model scenarios (which themselves build in assumed sensitivity to a doubling of GHGs sharply higher than supported by the peer-reviewed literature, producing their overly (relative to the historical record) warm, often apocalyptic outcomes). This, too, drives capital toward ESG-approved investments.

ESG Bubble

"I show that the performance of ESG investments is strongly driven by price-pressure arising from flows towards sustainable funds, causing high realized returns that do not reflect high expected returns….

"Under the absence of flow-driven price pressure, the aggregate ESG industry would have strongly underperformed the market from 2016 to 2021. Furthermore, the positive alpha of a long-short ESG taste portfolio becomes significantly negative."

Philippe van der Beck, "Flow-Driven ESG Returns, Swiss Finance Institute[39]

One central purpose of ESG and 'climate disclosure' from the beginning, even in its rollout first as a campaign for 'voluntary' disclosures, appears to be to force the business sector into endorsing the most extreme of the relevant respective computer-modeled climate projections — i.e., their assumptions — as the obvious way to minimize regulatory and litigation risks to themselves. The economic and financial inefficiencies this creates extend beyond misallocating capital.

[38] See also, e.g., "JPMorgan and BlackRock unveiled the ESG index and ETF four years ago, proposing to combine data and ESG scores with ethical factors and exclusions. The fund grew slowly until 2020, when ESG entered the mainstream and the fund's assets swelled to $1.7 billion from about $600 million, according to data from Morningstar Inc. That same year, the World Bank found an income bias in "sovereign" ESG scoring in a study of ESG data companies, including those used by JPMorgan." Matt Wirz, "Russia War in Ukraine Exposes Weakness in ESG Fund," Wall Street Journal, April 1, 2022.
[39] van der Beck, Philippe, Flow-Driven ESG Returns (September 23, 2021). Swiss Finance Institute Research Paper No. 21-71, available at http://dx.doi.org/10.2139/ssrn.3929359.

The SEC's proposed "climate risk disclosure" necessitates, as a practical matter, outsourcing that "risk" analysis to consultants approved by the regulators. For example, accounting powerhouse PWC's projects hiring of 100,000 "ESG" staff,. Which is to say that the massive proposed SEC rule and the mashup of vague but consequential regulatory requirements will impose billions of dollars in costs and enrich the big accounting and law firms and various climate change consulting firms (who then will invest tens of millions of dollars in lobbying to keep the rule) at the expense of ordinary investors and market efficiencies.

ESG Bubble

"Some asset managers weigh investment decisions based on environmental, social and governance (ESG) factors alone."

"PwC planning to hire 100,000 over five years in major ESG push". Jessica DiNapoli "PwC planning to hire 100,000 over five years in major ESG push". Reuters, June 15, 2021

The ESG pressure campaign led by vested interests behind this imposition of regulatory fiat leads to a world in which the political Left can say that even the business sector agrees that climate change is a crisis, if of course also a world in which there is massive misallocation of capital driven by political imperatives. This in turn leads to a vicious feedback loop.

Climate litigation, discussed, *infra*, is complementary to the regulatory agenda of ESQ investors in helping create fear among lenders of supporting hydrocarbon interests, shrining capital available for critical investments.

TCI Investment Performance and Hohn, CIFF Activism: ESG, CRD and Litigation

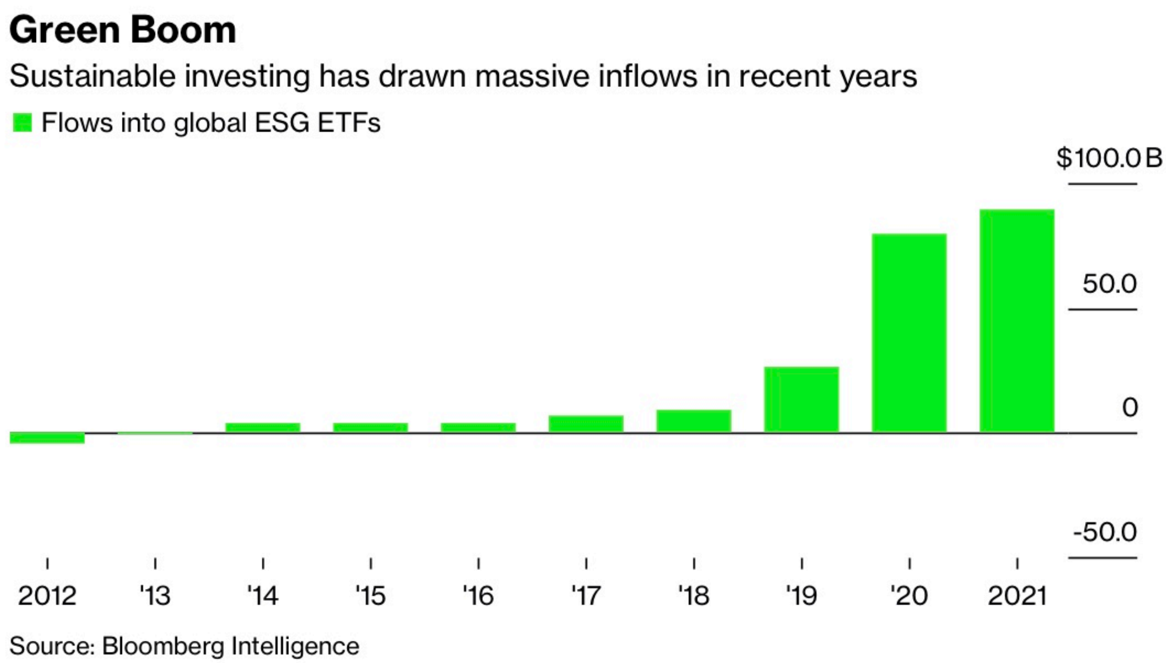
The March 2022 proposed U.S. Securities and Exchange Commission "disclosure" regime will also benefit the climate industry and progressive agenda generally, in teeing up a climate securities litigation bar to kill extractive and energy industries by a thousand cuts for, e.g., having purportedly misstated their reserves or other reports given the now-'admitted' inevitably carbon-constrained world. It thereby would benefit "ESG" holdings further.

Hohn, whose entities bankrolled the "Carbon Disclosure Project" with tens of millions of dollars, called the SEC's proposal to compel many more companies into this regime "an important moment" for him.[40] Hohn's $23 million investment in CDP from 2014 through 2020 (the last year for which figures are available) paid off: the SEC proposed rule cites

[40] https://www.institutionalinvestor.com/article/b1xs7nyw3yprmh/Chris-Hohn-Is-a-Hedge-Fund-Manager-Like-No-Other

to CDP at least 73 times (referring to it both as Climate Disclosure Project and Carbon Disclosure Project).

Hohn did so through CIFF. CIFF is funded from fees charged by Hohn's investment vehicle for managing investors' wealth, known as The Children's Investment Fund (TCI). TCI's most recent filings with the SEC reflect current investments worth $41.6 billion. "The Children's Investment Fund Management charges investors a management fee … and takes 20% of the profits made by the investment."[41] This represents enormous growth in recent years. In Q2 of 2015, TCI reported holdings of $4.3 billion.[42]



Following a lackluster first decade of operations, TCI then began to see better results, drawing more significant investment at the same time that vast sums flowed into "climate" pressure campaigns. TCI assets under management increased from $1.16 billion in Q1 of 2014 ($1.33 billion in 2021 dollars[43]) to $41.64 billion in Q3 of 2021 (update: grew by $2.8 bn in Q4, to appx. $44.44 bn) – mostly, it seems, from bringing in

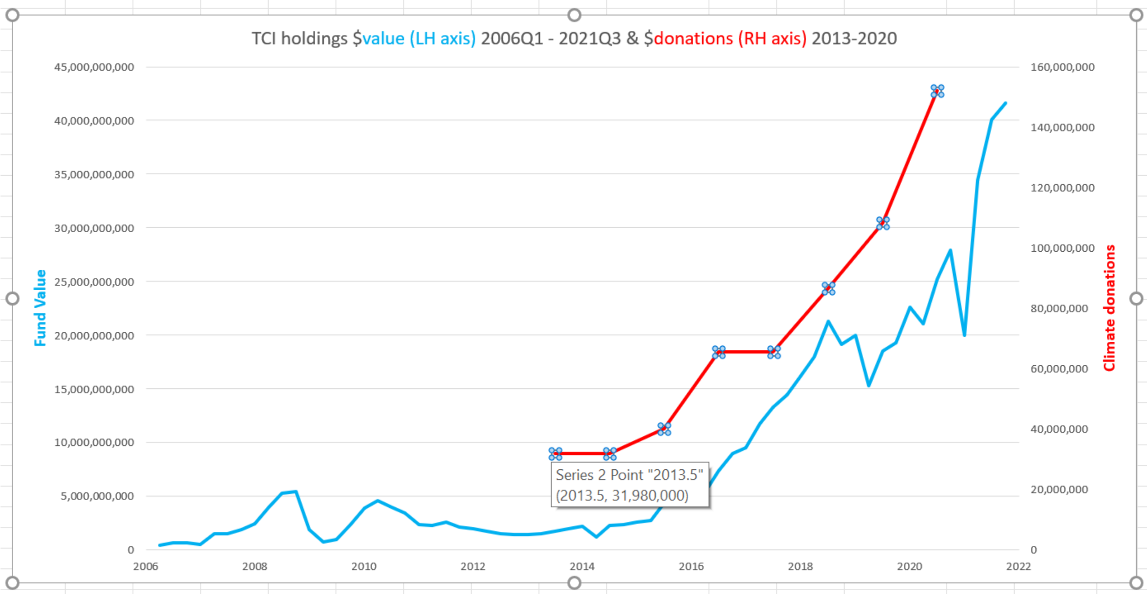
[41] https://www.influencewatch.org/for-profit/the-childrens-investment-management-fund-tci/#:~:text=The%20Children's%20Investment%20Fund%20Management%20charges%20investors%20a%20management%20feeprofits%20made%20by%20the%20investment "TCI charges a fee that decreases depending on how long an investor locks up their money. This starts at 1.5 per cent a year for a one year lock up, and drops to 1 per cent for a three year lock up." https://www.ft.com/content/4b2978da-a358-11e5-bc70-7ff6d4fd203a. However, see also, "Although TCI Fund Management, as it is known, stopped contractually making donations to the foundation after the 2008–'09 financial crisis, it has endowed the charity with a total of $2 billion." https://www.institutionalinvestor.com/article/b1xs7nyw3yprmh/Chris-Hohn-Is-a-Hedge-Fund-Manager-Like-No-Other

[42] See https://govoversight.org/wp-content/uploads/2022/05/CH_Holdings-version-1-scaled.jpg.

[43] https://www.officialdata.org/us/inflation/2014?endYear=2021&amount=1160000000

new money, rather than investment performance[44], a remarkable performance by any standard, reflecting a world-class marketing strategy.

Tracking that growth, CIFF's grants to climate organizations increased from $32 million in 2014 to $152 million in 2020.



Institutional Investor writes, "As for the $2 billion that [Hohn, through TCI] has gifted to his foundation over the years, it has doubled several times over, creating $7 billion in capital gains. It also reports that CIFF is giving out another $500 million in 2022 to the groups it supports.

CIFF makes charitable donations across a range of interests of which "climate" is one – the largest by about two times. Of interest for these purposes are the more than $152 million of grants in 2020 alone ($582 million 2013-20) to grantee organizations involved in climate change. Some climate-related grants appear instead as "energy," "litigation"

---

[44] TCI's growth 2014-2020 is approx. 3,600%, meaning it increased in size by approximately 36 times. Stocks in TCI's portfolio did well in that period, but research behind this analysis only accounts for at best around 400% in that way (roughly double the performance of S&P500), assuming compound growth, with no profit-taking. The analysis obtained by GAO's accounting for 400% growth in the stocks themselves over the period 2014-20 comes with several caveats, including: this comparison doesn't take account of undeclared holdings (we know that SEC filings are incomplete, and there is the prospect that some money was held by another vehicle that we have yet to locate) and hedge-fund practices such as shorting, which we know TCI did, that may have produced higher returns or bigger losses. It also omits shares held for only one quarter, from which no profit or loss can be estimated. On the other hand, this also assumes that no money was taken out of TCI for investors or for CIFF, even though we know that was not the case (CIFF grants we have found over the period just for "climate" were $582 million from 2013 to 2020, and $1,722,138,000 for all giving). Of course, one would need to know the precise buy/sell prices to be properly accurate, and so the model assessing the relative performance is illustrative. It merely offers a broad overview based on admittedly incomplete information to compare TCI performance with the S&P500, assuming rough equivalence between positives and negatives.

or “cross-cutting” gifts[45], somewhat obscuring CIFF’s ESG work. Institutional Investor writes “Of the $500 million CIFF plans to give out this year, $200 million is aimed at climate change, Hohn says”, which appears to similarly obscure the “climate” and ESG focus.

As further described below, CIFF makes some grants directly to organizations and are voluntarily declared in statutory filings to, e.g., the British charity regulator. Other grants are made to other pass-through grant-making organizations such as the European Climate Foundation (ECF) (which emails show is also enlisted to support U.S. campaigning by funders, e.g., the Hewlett Foundation[46]), the Netherlands-based Foundation for International Law for the Environment (FILE), and the US-based ClimateWorks Foundation. Though largely undisclosed, some of these grants have been identified by closer examination of grantees’ financial reporting and other documents.

By Hohn’s own recent words the focus on climate should not be viewed as a principle but a component of Hohn’s business plan. As with the level of management of the funds down to and through the ultimate-recipient activist, this suggests that CIFF’s climate grants do not meet a conventional definition of ‘philanthropy’ as ‘charity’. Consistent with this, a recent Institutional Investor piece lauding Hohn and based on interviewing its subject noted that, “Although TCI is still perceived by many Wall Streeters as an activist firm, Hohn plays down this part of the firm’s strategy. ‘Activism is now more opportunistic rather than fundamental for us,’ he says.”[47]

Two significant areas of overlapping interest emerge from analysis of these CIFF grantees active in the climate field. A third, CIFF’s Chinese interests, will be detailed in a longer analysis, though we do note that we found David Rose’s December 2021 assessment of Hohn’s organizations’ Chinese ties, “Does the CCP control Extinction Rebellion?”[48] intriguing.

- **CRD/ESG**. TCI’s investment strategy is notable for its ‘shareholder activism’ – taking significant positions (typically 1-2 per cent) and using this to force shareholder resolutions to adopt ESG standards. CIFF’s “philanthropic” activism augments this by funding organizations to engage in complementary campaigning to promote ESG standards to shareholders and shareholders’ associations. For example, CIFF supported the Carbon Disclosure Project with more than $23 million in grants 2014-20.
- **Litigation**. CIFF is the major backer of the litigation-support organization FILE, giving in excess of $23 million from FILE’s first year, 2018, through 2020, and

[45] See, e.g., https://ciff.org/grant-portfolio/say-on-climate/
[46] https://cei.org/sites/default/files/Christopher Horner - Government for Rent_0.pdf
[47] https://www.institutionalinvestor.com/article/b1xs7nyw3yprmh/Chris-Hohn-Is-a-Hedge-Fund-Manager-Like-No-Other
[48] David Rose, “Does the CCP control Extinction Rebellion?,” Unherd, December 15, 2021, https://unherd.com/2021/12/does-the-ccp-control-extinction-rebellion/.

> apparently giving or pledging $33.4 million from 2018 through 2024.[49] FILE itself, and the broader CIFF network, including the ECF and grantees such as environmental lawfare outfit ClientEarth ($30 million CIFF grantee, 2014-20), have strong personnel and grant links with environmental law projects at Oxford and Kings College. FILE underwrites Union of Concerned Scientists (UCS), and CIFF the Center for Climate Integrity (CCI), both having been revealed as leading U.S. climate litigation efforts behind the scenes.

Though each of these interests would be defended by CIFF on the basis of the good they *intend* to do or are presented as doing, this research suggests that there may be much more to the story.

Unwittingly candid documents such as hiring notices placed by CIFF grantee staffers on LinkedIn reveal that CIFF projects such as FILE maintain strategic oversight of grantee organizations, within and without the CIFF network, and to second- or third-order beneficiaries of CIFF grants.[50]

Ensuring proper expenditure of funds is certainly at some level is not only prudent but in some circumstances under U.S. tax law, required. However, upon further scrutiny and particularly with recent Hohn words in mind and for other reasons posited herein, it is reasonable to instead view the close, extended participation in the expenditures as consistent with CIFF being a *de facto* marketing wing for TCI.

Hohn's recent admission that his activism is "opportunistic" lends support to this theory that the massive support for pressure-group activism is in fact a business strategy as much or more than charity.

As Institutional Investor made clear — several times — "Although [Hohn] is often described as an activist investor… these days, he describes activism as a tool to protect his investments."

These are among the indicators suggesting that Hohn's ample support for climate disclosure, ESG and climate litigation with a comparatively shoestring (i.e., as a percentage compared to industry norms for marketing and advertising budgets) marketing budget in the form of CIFF grants is arguably one of the most successful "guerrilla" branding/PR campaigns ever. Indeed, Institutional Investor subtly noted that "As it turns out, the charitable policy became Hohn's defining distinction in a very crowded hedge fund industry that for decades had lured a steady stream of new entrants fantasizing about becoming the next hotshot hedge fund billionaire."

---

49 See https://ciff.org/grant-portfolio/foundation-for-international-law-for-the-environment/ and https://ciff.org/grant-portfolio/file/.
50 See, e.g., https://climatelitigationwatch.org/wp-content/uploads/2022/04/FILE-SeniorLawyer_highited.pdf.

What Opportunistic ESG Activism Looks Like

Hohn's characterization of his "opportunistic" activism to "protect his investments" casts a different light on his vocal claims to be driven — indeed, aggressively branding himself as being driven — by philanthropy and a personal commitment to the principles of ESG, for the children, and because climate change is an existential threat to their future. This self-interested activism and his record of investments that fall outside of any marketable definition of 'ethical', such as weapons manufacturers and tobacco firms, raises questions about the years of a claimed, almost confessedly obsessive interest in ESG by both TCI and CIFF.

CIFF directly and through ECF indirectly makes grants to a number of organizations (not fully enumerated here) operating in the same space as CDP, to create a movement of shareholder activists.[51] Climate Action 100 (also cited by the SEC in its proposed rule) is an 'investor-led initiative', claiming to represent *'700 investors, responsible for over $68 trillion in assets'*, and is a CIFF grantee (amount undisclosed). Say On Climate is a CIFF campaign financed as a "cross-cutting" grant that encourages shareholders to force companies to adopt business plans "consistent with" (national) emission reduction goals of the Paris climate agreement: the campaign received a three-year $105 million commitment from CIFF, "[t]o focus corporate, investor and Financial Institutions' "net-zero" commitments on short-term (5-10 year) targets, … and securing regulatory changes that mandate economy-wide climate action plans and accountability. The Carbon Tracker Initiative is a CIFF and ECF grantee and is a think tank that aims *to "map both risk and opportunity for investors on the path to a low-carbon future"*[52], which it achieves in part by producing metrics of companies in the energy sector, largely to discourage investment in fossil fuel companies.

One consequence of this activism is materially assisting in the development of an apparent ESG 'bubble'. By driving investors to ESG-compliant companies and by creating fear among investors and management of non-compliant companies' ability to generate revenue, TCI may be adding value to stock by buying a company that is not yet ESG-compliant, forcing its compliance thus making it acceptable to a growing number of institutional investors, and then selling the stock.

---

[51] Roughly speaking, at today's GBP-USD exchange rates, CIFF's grant to CDP Worldwide in 2020 represents 30% of the grantee's income. However, it is not clear how financially independent from CDP Worldwide its regional subsidies are. The Annual Report of the North America subsidiary of CDP claims receipts of $11 million, of which 47% came from "philanthropic grants". https://cdn.cdp.net/cdp-production/cms/reports/documents/000/005/234/original/CDP_NA_2019-20_Annual_Report.pdf?1591886351. Though CIFF is not acknowledged, several of the funding organizations are themselves CIFF grantees: ClimateWorks Foundation ($9.4m from CIFF in 2016-20), the We Mean Business Coalition via CDP Worldwide, and The Science Based Targets Network, via Rockefeller Philanthropy Advisors ($6.6m 2019-20). Also notable is the acknowledgements to Bloomberg Philanthropies in both the Worldwide and North American CDPs' Annual Reports.

[52] https://ciff.org/grant-portfolio/say-on-climate/

ESG Bubble

"In fact, ESG bets would have backfired spectacularly without this influx of cash -- leaving Wall Street portfolios at the mercy of volatile capital flows."

Justina Lee, "Trillion-Dollar ESG Boom Rings Bubble-Trouble Alarm in New Study: Funds would have "strongly underperformed the market from 2016 to 2021" without the huge inflows flooding the sector," Bloomberg.com, October 28, 2021

This approach to investing makes Hohn's claim to the Financial Times worth scrutinizing that, "We are the antithesis of the classic hedge fund", that "We are the opposite. They are hedged, we are long. We take risk. They are short term whereas we are long term."[53] We do know the record shows he not only shorts — consider his experience with Wirecard to an estimated profit of 100 million GBP[54]— but an analysis of public information performed for GAO also indicates TCI held over half of its shares for four quarters or less.[55]

With any positive long-term effects of carbon emissions-reduction on American companies competing in a global market (in which competitors, e.g., China, are under no such real pressures), and on the economy itself, remaining to be seen, which is speculative even if there is true philanthropic rather than rent-seeking (financial) intentions behind this intervention, TCI and CIFF selling behavior during 2022 will inform whether this is analogous to a highly profitable pump-and-dump scheme.

Of course, there has been very little activity in terms of buying in and out of companies since the onset of a global pandemic in 2020. Indeed, any dumping will either be underway given an apparently bursting ESG bubble (apparent, and certainly in

---

[53] Miles Johnson, "Sir Chris Hohn's TCI returns market-beating 14%: Founder says operation is 'antithesis of the classic hedge fund'," Financial Times, December 15, 2015, https://www.ft.com/content/4b2978da-a358-11e5-bc70-7ff6d4fd203a.

[54] https://www.thisismoney.co.uk/money/markets/article-8443199/Sir-Chris-Hohn-makes-100m-Wirecards-collapse.html

[55] https://govoversight.org/wp-content/uploads/2022/05/TCIHoldingsFrequency.xlsx. This paper does not track when/if the nearly 90 companies that, e.g., CIFF took an interest in adopted ESG policies, relative to the acquisition, to discern if the investor does not buy 'already ESG' companies but only buys them prior to launching pressure campaigns which would then make the companies attractive to institutional or other 'ESG' investors, thereby increasing their own portfolio. Instead, this paper examines the case that the TCI/CIFF investment-activism axis is driven by the goal of increasing the market values of "ESG" investments, consistent with Sir Christopher's comments reported by Institutional Investor and as theorized could be transpiring in, e.g., van der Beck (supra).

hindsight, as early as late 2021[56]), or come well down the road, what with most of the companies TCI invested in having lost ground since the fourth quarter of 2021 as ESG underperformed the broader markets amid a recovery-driven boom for traditional energy.

Whether or not these developments have been brought about from genuine philanthropic intent seems surely immaterial from the perspective of most people and businesses struggling to pay energy bills and meet the rising cost of living.

Regardless, these ESG campaigns have succeeded in badly compounding the impacts of perverse “climate” policies to date, while those behind it have made a great deal of money promoting this.

Litigation — at Least $33.4 Million

CIFF and ECF fund numerous organizations that are active in using the courts to force companies and governments to take ‘climate action’ or find them culpable for extreme weather events, or compel tighter regulations, respectively. This litigation supports the political movement to terminate the targeted industries (which would also lead to profit from ESG-friendly “competitors” who cannot reasonably compete on a playing field not engineered with these interventions).

CIFF’s 2020 Annual Report cites “Strategic Litigation” as a priority.[57] From 2018 to 2020, CIFF founded and funded the *Foundation for International Law for the Environment* and made grants to it in excess of $23 million, according to an analysis of CIFF’s annual reports.[58] CIFF's grant database webpage shows $21.9 million committed to FILE for 2020 to 2024.[59] Over the same period, CIFF provided original, then subsequently heavy funding for the Center for Climate Integrity (CCI), to the tune of $7 million also specifically to support litigation. CCI has been exposed as being the force quietly lobbying governmental plaintiffs to sue, even providing lawyers for at least one of them.

It was the appearance of FILE in 2018 — which Hohn underwrote, and which in turn is underwriting one of the early organizers of the U.S. climate litigation industry, Peter Frumhoff (see below) — that confirmed Hohn’s quiet but substantial involvement in funding and otherwise providing the supporting infrastructure for U.S. climate litigation.

Hohn and CIFF grantees are both known to the authors to insist that CIFF does not involve itself in the U.S. climate litigation. The evidence indicates otherwise. The evidence also show that this involvement is no casual fling but involves central players in the U.S. litigation campaign.

---

[56] See, e.g., Dambisa Moyo, “Lack of rigour risks creating ESG bubble,” Financial Times, October 19, 2021, https://www.ft.com/content/c6346a90-6c3c-48f9-bec3-5ae5057e1ed7.
[57] https://ciff.org/wp-content/uploads/2021/07/CIFF-2020-Annual-Report-SIGNED.pdf
[58] https://ciff.org/library/
[59] https://ciff.org/grant-portfolio/file/

Newly-Discovered Foreign Player in U.S. Climate Litigation — FILE

FILE is an opaque grant-making body that funds climate litigation around the world. Its founding staff are almost exclusively drawn from the CIFF ecosystem – from CIFF itself, from CIFF grantees the CDP, and climate lawfare outfit ClientEarth. The latter has received over $30 million from CIFF, and though it has brought only a few successful claims, it pioneered climate lawfare. Between 2014-20, CIFF made grants of nearly $17 million to the Environmental Defense Fund. We now know that FILE itself is funding principals behind the U.S. climate litigation industry.

The CIFF-ECF ecosystem has established teams of researchers working out of top British universities to serve both as litigation experts and expert witnesses, with bespoke scientific methodologies developed in partnership with the Intergovernmental Panel on Climate Change (IPCC), that courts may find hard to resist. For example, FILE has made (undisclosed) grants to the Oxford University Sustainable Law Programme at the Smith School of Enterprise and the Environment in partnership with the University's Environmental Change Institute. Established in 2021, this unit has already sought to demonstrate the application of 'attribution' modelling of extreme weather events to litigation, with the hope of determining culpability. The failure to be able to "attribute" is cited in emails from one U.S. state attorney general's office explaining why it did not file suit in 2015 when New York did.[60] The leading "climate" plaintiffs' lawyer, Vic Sher, explained in a talk at UCLA Law School (whose faculty served on his legal team) that he then helped arrange for new "attribution science", even down to arranging the baseline year for the study.[61]

In the U.S., FILE first appeared publicly as a player when listed in the biography of Peter Frumhoff of the Union of Concerned Scientists (UCS), in a publication by the U.S. EPA ("Invitation for Public Comment on the List of Candidates for the Environmental Protection Agency's Science Advisory Board, May 19, 2021"). That publication noted, *inter alia*, "Dr. Frumhoff's recent research has been supported by grants to UCS from the Foundation for International Law for the Environment, Grantham Foundation for the Protection of the Environment, Rockefeller Family Fund…"[62] Frumhoff's role in the U.S. campaign has been brought from the shadows by public record productions.

For example, one email obtained in Virginia Freedom of Information Act litigation against George Mason University reveals Frumhoff informing colleagues as early as July 2015 that, e.g., "Just so you know, we're also in the process of exploring other state-based approaches to holding fossil fuel companies legally accountable – we think there'll likely be a strong basis for encouraging state (e.g. AG) action forward and, in

[60] https://climatelitigationwatch.org/exxonknew-newly-revealed-emails-show-ag-declined-climate-nuisance-investigation-because-of-insufficiency-of-attribution-claims/
[61] https://climatelitigationwatch.org/proper-attribution-new-climate-paper-made-to-order-for-exxonknew-litigation/
[62] "Invitation for Public Comment on the List of Candidates for the Environmental Protection Agency's Science Advisory Board, May 19, 2021", https://legacy-assets.eenews.net/open_files/assets/2021/05/20/document_gw_06.pdf.

that context, opportunities for climate scientists to weigh in."[63] AG here stands for "attorney general," Frumhoff having briefed state AG offices[64] in recruiting them and co-hosted[65] a "secret meeting at Harvard"[66] Law School "about going after climate denialism—along with a bunch of state and local prosecutors nationwide."[67] Those AGs indeed led the initial US campaign of investigating and filing suit against hydrocarbon energy companies.

Just weeks prior, Frumhoff joined with a climate plaintiffs' lawyer named Matt Pawa briefed a handful of attorneys general and former U.S. Vice President Al Gore before a bizarre press conference whereby law enforcement teamed with an investor to vow using their offices however they could advance this activist investor's agenda.[68]
This leadership role goes all the way back to the movement's conception at a 2012 legal strategies meeting in La Jolla, California, convened to contemplate and develop a plan to compensate for the general failure of legislative efforts to impose this "climate" agenda nationally. One federal court has described this meeting as having "discussed, among other things … 'strategies to win access to internal documents' of fossil fuel companies."[69]

---

[63] https://climatelitigationwatch.org/wp-content/uploads/2018/08/FN-42-UCS-says-working-the-state-AGs-copy.pdf
[64] The Union of Concerned Scientists' role in attempting to influence government actors to pursue a certain agenda is illuminated at, e.g., Findings of Fact and Conclusions of Law, Exxon Mobil Corporation, Petitioner, Case No. 096-297222-18 (District Court of Tarrant County, TX), Opinion dated April 25, 2018, which is available at https://climatelitigationwatch.org/wp-content/uploads/2019/10/Tarrant-County-Facts-and-Conclusions.pdf ¶¶ 11,12, 16. See also, e.g., https://climatelitigationwatch.org/emails-suggest-ucusa-union-of-concerned-scientists-is-at-the-center-of-the-climate-litigation-industry/, https://climatelitigationwatch.org/wp-content/uploads/2018/08/FN-42-UCS-says-working-the-state-AGs-copy.pdf, https://climatelitigationwatch.org/fn-51-frumhoff-coordinated-with-ags-in-prior-briefings/, https://climatelitigationwatch.org/fn-frumhoff-has-made-this-argument-to-ags-in-prior-briefings/. See also "We will have as small number of climate science colleagues, as well as prospective funders, at the meeting." March 14, 2016, email from Frumhoff to Mote; Subject: invitation to Harvard University—UCS convening. Obtained under same PRA request cited in note 5, supra. https://climatelitigationwatch.org/wp-content/uploads/2018/08/FN-71-Frumhoff-to-Mote-for-AGs-briefing-UCS-fundraiser-copy.pdf
[65] "Confidential Review Draft—March 20, 2016, Potential State Causes of Action Against Major Carbon Producers: Scientific, Legal, and Historical Perspectives." https://climatelitigationwatch.org/wp-content/uploads/2018/08/Harvard-agenda-RICO-etc-scheme-players.pdf
[66] "I will be showing this Monday at a secret meeting at Harvard that I'll tell you about next time we chat. very [sic] exciting!" April 22, 2016, email from Oregon State University Professor Philip Mote to unknown party, Subject: [REDACTED], and "I'm actually also planning to show this in a secret meeting next Monday—will tell you sometime." April 20, 2016, Philip Mote email to unknown party, Subject: [REDACTED]. Both obtained from Oregon State University on March 29, 2018, in response to a January 9, 2018, Public Records Act (PRA) request by the Competitive Enterprise Institute. https://climatelitigationwatch.org/wp-content/uploads/2019/09/Mote-emails-re-_secret-meeting_-at-Harvard.pdf.
[67] https://climatelitigationwatch.org/on-the-subject-of-recruiting-law-enforcement-email-affirms-origin-of-prosecutorial-abuses/
[68] See, e.g., Terry Wade, U.S. state prosecutors met with climate groups as Exxon probes expanded, Reuters (Apr. 15, 2016), http://www.reuters.com/article/us-exxonmobil-states/u-s-state-prosecutors-met-with-climate-groups-as-exxon-probes-expanded-idUSKCN0XC2U2.
[69] Order, transferring Exxon v. Eric Schneiderman and Maura Healey from the Northern District of Texas to the Southern District of New York, Kinkeade, J., C.A. No. 4:16-CVK-469-K (N.D. TX, Mar. 29 2017),

That discussion was led by Pawa and Frumhoff, who was a host of the meeting. The campaign has led to attorney general investigations of private parties, and targeted more than 100 research and advocacy groups, scientists and other private parties and entities.[70]

The La Jolla strategy session was convened to contemplate the general failure of legislative efforts to impose this “climate” agenda nationally. The summary of the tort-bar portion of the meeting stated, *inter alia*:

> “State attorneys general can also subpoena documents, raising the possibility that a single sympathetic state attorney general might have substantial success in bringing key internal documents to light. In addition, lawyers at the workshop noted that even grand juries convened by a district attorney could result in significant document discovery.”[71]

Although the document was written for “other colleagues in the community — scholars, practitioners, and funders — who were not able to attend”, according to Frumhoff[72], participants and organizers knew it might nonetheless get out more broadly. As it did. Frumhoff noted in an email, “We will not be posting this report on the web, or otherwise releasing it publicly, and ask that you share the report with key colleagues with these limited distribution goals in mind. These goals notwithstanding, there’s always the prospect of broader than intended circulation and readership.”[73]

Ten years later, in April 2022 Frumhoff co-authored a paper with UCS colleague Delta Merner, “Identifying Gaps in Climate-Litigation-Relevant Research”.[74] Acknowledgements included “D.M and P.F. would like to thank the John D. and Catherine T. MacArthur Foundation, Grantham Foundation for the Protection of the Environment, and the FILE foundation for supporting this work.”

To fund UCS and Frumhoff and declare an arm’s-length distance from the U.S. climate litigation campaign is thoroughly unsupportable, and the attempt reflects poorly on those who try it.

---

https://www.mass.gov/files/documents/2017/03/zi/March%252029%252C%25202017%2520Order%2520of%2520the%2520United%2520State%2520Court%2520of%2520Appeals%2520for%2520the%2520Fifth%2520Circuit%2520Transferring%2520Case%2520to%2520Southern%2520District%2520of%2520New%2520York.pdf.

[70] See, e.g., Valerie Richardson, “Virgin Islands AG subpoenas Exxon communications in climate-change probe,” Washington Times, May 3, 2016, https://www.washingtontimes.com/news/2016/may/3/virgin-islands-ag-subpoenas-exxon-communications/.

[71] https://www.ucsusa.org/sites/default/files/attach/2016/04/establishing-accountability-climate-change-damages-lessons-tobacco-control.pdf

[72] https://climatelitigationwatch.org/missing-link-claim-dealt-another-blow-new-emails-show-ag-kamala-harris-office-helped-plan-la-jolla-climate-litigation-conference/

[73] Id.

[74] https://www.cssn.org/wp-content/uploads/2022/04/CSSN-Research-Report-2022_2-Identifying-Gaps-in-Climate-Litigation-Relevant-Research-An-Assessment-from-Interviews-with-Legal-Scholars-and-Practitioners.pdf

CCI — A Previously Unknown 'Cutout' Helping Drive Litigation

The major UCS funder Rockefeller Family Fund (RFF) is a U.S.-based originator of that climate litigation campaign now clogging US courts[75] with Frumhoff's enthusiastic assistance. Another party recently revealed to be leading these efforts expressly on RFF's behalf is the Center for Climate Integrity (CCI),[76] previously having been found to be behind the "Pay Up Climate Polluters" campaign promoting the litigation[77]. However, **Hohn's TCI-CIFF ecosystem originally, and heavily, underwrote CCI, to the tune of approximately $7 million which appears to have been spent specifically to support litigation**.[78]

CCI has of late been serially exposed in public records productions to be a stealthy, but very prominent player in approaching municipalities and state attorneys general urging them to file the purported climate nuisance and similar lawsuits on behalf of RFF (e.g., CCI appears in emails as "the lawyers advising Rockefeller family fund" [sic]), then quietly assisting the process along and then, brazenly, filing "friend of the court" briefs in support of the very lawsuits it quietly engineered.[79]

Working alone or through other local green groups, CCI is proved to have recruited Annapolis[80] and Anne Arundel County, Maryland[81], the City of Baltimore, City of Hoboken (NJ) (for which CCI is also providing outside counsel), and Minnesota Attorney General Keith Ellison[82] to file similar "climate" suits. Other records show CCI recruiting, without success (so far), Fort Lauderdale, Florida, and the attorneys general for Oregon and Washington State to also file suit.

As with UCS/Frumhoff, to fund CCI and declare an arm's-length distance from the U.S. climate litigation campaign is thoroughly unsupportable and discrediting to anyone who tries it.

---

[75] See, e.g., https://climatelitigationwatch.org/emails-suggest-ucusa-union-of-concerned-scientists-is-at-the-center-of-the-climate-litigation-industry/
[76] https://climatelitigationwatch.org/climate-litigation-bombshell-new-paper-exposes-ag-climate-suit-as-illicit-product-of-private-lobbying-misrepresentation-paid-cutouts/
[77] See, e.g., https://www.energyindepth.org/bombshell-rockefeller-family-fund-behind-the-pay-up-climate-polluters-campaign/.
[78] https://ciff.org/grant-portfolio/center-for-climate-integrity/
[79] "Private Funders, Public Institutions: 'Climate' Litigation and a Crisis of Integrity," Government Accountability & Oversight, May 18, 2021, https://climatelitigationwatch.org/wp-content/uploads/2021/05/GAO-EPA-CCI-RFF-Climate-Paper.pdf.
[80] https://climatelitigationwatch.org/wp-content/uploads/2021/04/CCAN-CCI-Anne-Arundel-lobbying.pdf
[81] See, e.g., https://eidclimate.org/annapolis-leaders-admit-activist-group-convinced-city-file-climate-lawsuit/.
[82] https://climatelitigationwatch.org/wp-content/uploads/2021/05/GAO-EPA-CCI-RFF-Climate-Paper.pdf

Why "Climate" Litigation?

As already supported above, ESG money managers branded as "green" investors like Hohn have tremendous financial incentive in turn to invest in promoting ESG and the climate campaigns that help prop ESG up, like "climate disclosure" and litigation elements. See, e.g., van der Beck, *supra*. Indeed, Hohn has realized enormous gains as a result of the ESG boom undoubtedly aided by these campaigns.

Though climate litigation has succeeded under different European systems, seeking different remedies, it has so far failed to persuade U.S. courts. Still, it carries huge risks to companies defending themselves: the possibility of losing, the cost of defense, and the reputational damage that comes from being made a pariah by such heavily financed and broadly promoted campaigning. With green NGOs and civil society organizations' proximity to liberal media, coverage in favor of the litigants is all but assured. In fact, sponsoring journalism has long been underway in the UK (including by Hohn interests), and "climate journalism" was recently acknowledged as a major area of donor focus in the U.S.[83]

Surely some litigants aspire to set precedent and participate as part of a movement trying to find a strategy that works, through trial and error. It also may be that the litigation is a shakedown, intended to persuade companies to settle out of court, and so to finance further climate campaigning and/or to reward litigation financing with these settlements. Certain defendants make that argument in pleadings.[84]

This is hardly undermined by the recent revelation that private donors were paying the lead tort firm, Sher Edling, LLP, millions of dollars to file these lawsuits (subsequently obtained information shows the firm received either $5,255,754 or $7,649,754 from just one source during 2017-2020).[85] This despite the suits being publicly styled as "contingency fee" cases — the governmental (taxpayer) clients have promised enormous sums out of any judgment or settlement ostensibly compensating their damages as a "risk premium," even as millions are quietly being paid to underwrite the firm. Contingency fees are, after all, premised on the risk the firm takes of not getting paid unless it prevails, and invests its time in the cases with that chance in mind.

This suggests the prospect that carrying matters to successful trial or settlement is not in fact the objective, but it is that "making the process the punishment," as the saying goes. This comes in the form of expensive legal and public relations battles (whose costs are paid by shareholders and consumers), and reputational damage, for those

---

[83] See, e.g., David Bauder, "Climate grant illustrates growth in philanthropy-funded news," February 16, 2022, Associated Press, https://abcnews.go.com/Entertainment/wireStory/correction-media-journalism-grants-82935641.

[84] See, e.g., "In keeping with his intent to unduly influence the public debate over climate change, the Attorney General seeks to compel Defendants to fund a "public education" campaign promoting the Attorney General's viewpoint on disputed questions of public concern." http://climatecasechart.com/wp-content/uploads/sites/16/case-documents/2020/20200727_docket-020-cv-01636_notice-of-removal-1.pdf

[85] https://govoversight.org/titanic-revelation-dicaprio-nabs-starring-role-in-private-financing-of-government-climate-lawsuits/. See also https://resourceslegacyfund.org/financial-information/.

who oppose the agenda of the self-interested ESG investors or who have chosen other paths to shareholder profit.

Possibly, success is viewed as putting the targets through the costs of the litigation process itself and through the burdens of civil discovery. It could well be that these suits really are simply part of a larger financial markets play.

There is also a third, less-explored possibility: that litigation, to some principals, is almost entirely performative. By acting as if grounds for climate litigation exists in reality, in part by funding groups who flood the courts with such lawsuits, the idea of liability (and inevitability) is created in the minds of investors. Whereas ESG and climate regulation in the finance sector is largely voluntary (if coercive, to be sure) and regulators so far cannot force compliance, the fear that an investment can be all but wiped out by litigation is nonetheless real. In this way, governments (and central banks) do not need to take responsibility for policies that will ultimately prove to be extremely dangerous and unpopular. Donors can simply construct ersatz organizations to *perform* as financial regulators – regulators that will have real power by creating the risk of never-ending and expensive regulation of the targeted industries, strangling their access to capital — while also creating the appearance that massive “black swan” liability for entire industries is in fact an inevitability, or at least strong possibility.

Meanwhile, the fiction may be sufficient to have driven, in the case of Climate Action 100 discussed, above, $68 trillion towards ESG-regulated investment. Just as finance is built on enforceable contracts, a litigation campaign underpins the quasi-regulatory regime. Climate plaintiffs recruited by donor-financed groups such as CCI may go to court knowing full well their low chances of success, but with legal fees and salaries fully covered by CIFF and ECF grantees and at least two “Collective Action Funds” now shown to be underwriting the lawyers, the effect of the fiction make it a win-win for their sponsors, satisfying activists and instilling fear for investors, all eagerly supported by (often, donor-sponsored) media.

Activists working in the field of climate finance have understood for some time it is easier to spook markets than to terrify the entire population into supporting draconian climate and energy policy. Hohn’s projects seemingly work to instill in investors’ minds the fear that an adverse regulatory outcome, and/or an inevitable climate liability judicial outcome could wipe out their value if not invested in ESG.

Consider, for example, claims made under the influential Stranded Assets hypothesis developed at the (CIFF grantee) Oxford University Smith School, by the organization’s Director of the Sustainable Finance Programme and Ben Caldecott, co-founder of ECF grantee The Conservative Environment Network. According to this influential 2014 campaign, investments in fossil fuels would become vulnerable to risks threatened by climate policy, shifts in demand due to competition from renewable energy, and legal action.

In view of renewable energy's failure to compete with conventional energy absent broad and systemic government supports (and government impediments to traditional energy production, transport and consumption) and the nonetheless failed climate policies across the west, the Stranded Assets hypothesis and the related campaigns described, above, look much more like high-rent and even governmentally encouraged extortion than academic study.

Since the 350.org #ExxonKnew campaign first manufactured a case that ExxonMobil executives had misled shareholders about the future risks of catastrophic climate change, these legal dramas have had a narrative conceit – *risk* – to replicate. But rather than extreme weather presenting the existential risk to companies and their reputations, the existential threat is climate policy such as Net Zero or Green New Deal, the slow progress of which, caused by lack of sufficient and sincere political will (rather than politicians viewing the issue as a potent money-raiser), has frustrated their advocates. The courtroom is the next-best place to manufacture this risk.

It seems reasonable to conclude that development of climate finance necessarily requires the credible threat of climate litigation. *Hohn's substantial investments in the Climate Disclosure Project, coerced ESG participation and of course climate litigation, combined with his fragile claims of being driven by "ethical investing" suggest that this campaigning is in fact in great part a campaign to support an investment model*. In other words, just as the climate movement used fear of a climate crisis to drive political change, ESG, carbon disclosure and climate litigation campaigns help make hedge funds specializing in ESG investing look more attractive.

Similarly reasonable and complementary, Hohn's ample support for climate disclosure, ESG and climate litigation with a comparatively shoestring (*i.e.*, as a percentage compared to industry norms for marketing and advertising budgets) marketing budget in the form of CIFF grants is arguably one of the most successful "guerilla" branding/PR campaigns ever.

According to a 2022 Bloomberg analysis of the world's top-performing hedge funds,[86] TCI's investments made $9.5 billion in profits in 2020-21, whereas CIFF gave $335 million in grants in 2020. For just, roughly speaking, 3.5 per cent of profits, TCI may have literally procured a favorable relationship with civil society, enormous social credit and consequently access to and cozy relations with European, British and American policymakers, and a David-vs-Goliath story to sell to sympatico journalists in liberal media – all institutions that hedge funds typically avoid the attention of, for their being cast by politicians, NGOs and journalists as the ruthless sharks of capitalism. *Green makes greed good again!* The social credit the modest marketing budget affords Hohn and TCI itself creates tremendous professional capital, which certainly translates into more (likely vastly more) money to manage for a fee.

[86] https://www.bloomberg.com/news/articles/2022-01-17/tci-leads-top-hedge-funds-creating-record-65-4-billion-in-gains.

Conclusion: What's the Harm? Plenty.

Through this aggressive underwriting of "ESG" regimes and litigation campaigns, TCI and CIFF have targeted, threatened, and undermined American firms' reputations and market value. Whatever the intent, these ESG and climate litigation campaigns have inarguably caused significant harm throughout the West.

For example, in late 2021 some U.S. traditional energy producers, particularly coal and related industries (e.g., rail), were unable to affordably access capital markets to ramp up production and transport in the face of a looming energy crisis (which continues today[87]), leading to serious energy security concerns. They were informed by lenders that loaning money to, e.g., coal, gave the banks an "ESG problem". This resulted not from regulation but pressure campaigns including from a Biden administration that made clear it has targeted hydrocarbon energy interests for extinction and that assisting them would not be well-received in Washington.[88]

ESG Bubble

"Pumping capital into politically-favoured sectors is a formula for stoking an unsustainable financial bubble, such as in housing finance, which was the root cause of the subprime mortgage blow up and the 2008 financial crisis.

"There is huge momentum behind net zero investing – encouraged by central banks and financial regulators – that has nothing to do with financial returns. The willingness of institutional investors to deepen the current economic crisis and undermine the strategic interests of the West is a new problem brought about by the rise of Environmental, Social and Governance (ESG)-investing that has swept the world of finance."

Rupert Darwall, "Rishi Sunak's net zero u-turn," The Spectator (UK), May 12. 2022[89]

---

[87] https://www.wsj.com/articles/electricity-shortage-warnings-grow-across-u-s-11652002380?mod=djem_EnergyJournal

[88] See, e.g., "President Costanza Takes On Inflation," Wall Street Journal, May 10, 2022, https://www.wsj.com/articles/president-costanza-on-inflation-joe-biden-prices-11652215621?mod=opinion_lead_pos1n

[89] https://www.spectator.co.uk/article/rishi-sunak-s-cop-speech-is-coming-back-to-haunt-him

This threatens U.S. national security.[90] The broader consequence of greenflation has pushed prices and the cost of living upwards, and destabilized manufacturing sectors in the U.S., UK and Europe. It has been a major contributor to European dependence on Russian energy, undermining the West's geopolitical position and global security. And it has made firms worldwide increasingly dependent on Chinese manufacturing and materials. Again, what CIFF grantees demand of their targeted industries and TCI demands of companies in which it invests, then pressures, is strongly contrary to America's interests but is precisely as those countries would have things.[91]

As journalist Bill Wirtz writes in the National Interest about how this agenda clearly disadvantages western countries adopting it, to the benefit (and pleasure) of adversaries, "Do environmental organizations support the efforts of foreign governments by increasing the dependence of NATO allies on Russia? Even if not deliberately, they do so indirectly as their advocacy leads to food inflation and economies that cannot argue from a position of strength."[92]

For any good that TCI can claim has been *intended* by its CIFF work, both entities have made a lot of money from campaigns distorting capital flows toward "ESG" investments. "Climate disclosure," climate litigation and ESG campaigning generally have all done a great deal of harm through successful imposition of their demands and the mere threat thereof. The key takeaway from a holistic analysis is the very real prospect that this climate campaigning is not at all as presented, but is instead both a spectacularly successful marketing wing of certain major investors, and a necessary support mechanism for their chosen portfolio of investments.

[90] https://www.realclearenergy.org/articles/2022/04/18/woke_investors_threaten_the_wests_security_827666.html

[91] https://www.cfact.org/2022/05/06/china-and-russia-rejoice-at-americas-quest-to-go-green/

[92] Bill Wirtz, "Is Russia Funding European Environmental Activists?: Russia might be funding European environmental organizations to support its position in the energy market and undermine competitors," The National Interest, June 7, 2022, https://nationalinterest.org/blog/buzz/russia-funding-european-environmental-activists-202846?mc_cid=a73ed7e7c4&mc_eid=546d7a34dc.