

# Nebraska State Legislature



March 23, 2022

Gail Werner-Robertson  
Council Chairwoman  
Nebraska Investment Council  
1526 K Street, Suit 420  
Lincoln, NE 68508

Dear Chairwoman Werner-Robertson,

In Nebraska, “The Good Life” isn’t just a statement on our road signs; it’s a motto that rings true to all Nebraskans who embrace our unique way of getting the job done, standing up for what is right, and embracing what makes our state successful. Of course, the work of our Nebraska farmers is at the core of much of this success. Our farmers not only feed the world, but are also a fundamental component of the world economy, making our state shine as a place of opportunity.

On all levels, we must do all that we can to retain this status and address issues which could harm the prospects of our future endeavors; especially related to agriculture.

Currently, the Nebraska Investment Council has funded a minimum of \$100 Million to Genstar Capital through at least two separate capital commitments of \$50 Million in 2017 and 2021. Genstar Capital is a firm promoting the divestment of cattle production – Nebraska’s largest industry – through its ownership of Institutional Shareholder Services (ISS).

ISS is a so-called “proxy advisor,” providing council to companies like Blackrock, Vanguard, and others regarding key decisions such as advancing board slates, M&A activities, and other major projects. While ISS is not well-known, it exerts an astonishing influence on corporate activities.

To that end, ISS has actively promoted so-called ‘Environmental, Social, Governance’ (ESG) policies which placed harsh restrictions on the cattle industry in the United States by pushing limitations on methane gasses. It has pushed this dangerous agenda by using its influence with investment firms such as Blackrock and Vanguard to push companies to unduly divest themselves from ‘fossil fuels.’

A 2019 report by Ana Albuquerque of Boston University, Mary Ellen Carter of Boston College, and Susanna Gallani of Harvard Business School presented to the Securities and Exchange Commission (SEC) details the extent of ISS’s power.

*Proxy advisors, in particular Institutional Shareholder Services (ISS), are regarded as powerful. As a consequence of their influence, management and shareholder activists lobby ISS to endorse their respective positions. As mentioned by Leo Strine, former chief justice of the Delaware Supreme Court, regarding the influence of ISS: [P]owerful CEOs come on bended knee to Rockville, Maryland, where ISS resides, to persuade the managers of ISS of the merits of their views about issues like proposed mergers, executive compensation, and poison pills. They do so because the CEOs recognize that some institutional investors will simply follow ISS's advice rather than do any thinking of their own.*

Polices such as these threaten Nebraska jobs and create alarming concerns for the food security of the United States. By creating clearly unnecessary burdens for Nebraska's beef industry, it could even leave America vulnerable to a lack of sufficient food supplies. We therefore ask for you to immediately begin advocating for the divestiture of all funds from Genstar Capital and demand that no future Nebraska investment funds are invested in this firm whose activities undermine Nebraska's interests.

Sincerely,



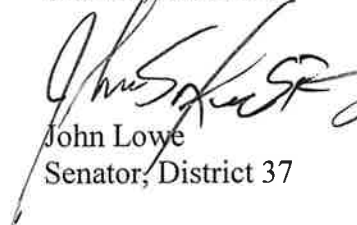
Tom Brandt  
Senator, District 32



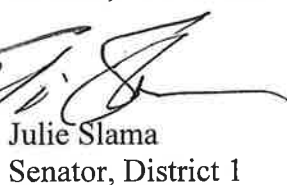
Myron Dorn  
Senator, District 30



Steve Halloran  
Senator, District 33



John Lowe  
Senator, District 37



Julie Slama  
Senator, District 1

CC:

John H. Conley  
Dr. Richard A. DeFusco  
John M. Dinkel  
Dr. Keith A. Olson  
The Honorable John Murante  
Randy Gerke  
Cecelia M. Carter