FLORIDA DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF THE CHIEF FINANCIAL OFFICER
Chief Financial Officer Directive 2023-01

WHEREAS, the Florida Deferred Compensation Plan is the supplemental retirement plan for employees of the State of Florida. Participants may defer a portion of their income, through a payroll deduction each pay period, to be invested and sheltered from taxation until withdrawn after separation of service.

WHEREAS, more than 93,000 state of Florida employees are enrolled in deferred compensation with total assets equaling $5.1 billion.

WHEREAS, currently, the state of Florida's Deferred Compensation Program has three investment providers with over 78 funds to choose from.

WHEREAS, State of Florida employees have the flexibility to choose how they invest their savings in the Florida Deferred Compensation Plan and which investment provider they choose, however employees may not be aware of non-pecuniary goals of individual funds.

WHEREAS, certain asset managers have leveraged proxy votes to force companies to adopt Environmental, Social, and Governance (ESG) practices which run counter to the Deferred Compensation Plan's fiduciary responsibilities to participants.

WHEREAS, ESG standards are undemocratic and un-American because global asset managers are using proxy votes to re-engineer society, through billion-dollar industries, circumventing the democratic process.

WHEREAS, ESG efforts have been scrutinized by Congressional members as violating antitrust laws and harming consumers because companies are working together to punish certain industries.

WHEREAS, in December 2021, the Trustees of the State Board of Administration (SBA) voted to remove proxy voting authority away from asset managers in an attempt to protect returns, adhere to our fiduciary duties and rein in continued promotion of ESG standards.

WHEREAS, on January 17, 2023, the Trustees codified the vote through a formally approved measure to protect Florida's investments from woke environmental, social, and corporate governance, ensuring that all investment decisions focus solely on maximizing the highest rate of return.

WHEREAS, this past December, CFO Jimmy Patronis divested $2 billion worth of assets from a major proponent of ESG standards.

WHEREAS, Florida Governor Ron DeSantis and legislative leaders have expressed intent of ridding ESG in Florida this upcoming legislative session.

WHEREAS, participants within the Deferred Compensation Plan are unknowingly routing a portion of their compensation to ESG products that prioritize social change over investment returns.

WHEREAS, certain financial products may not be explicitly labeled as "ESG Funds," but may use alternative terms such as "sustainability" "equity" "social responsibility" and others.

WHEREAS, these funds seek to achieve investment objectives other than maximizing returns for shareholders.

WHEREAS, the Deferred Compensation Program owes a fiduciary duty to its public-employee participants.

NOW THEREFORE, BE IT RESOLVED THAT I, JIMMY PATRONIS, in accordance with the authority vested in me by Article IV, Section 4 of the Florida Constitution, and Sections 17.30 and 20.121(1), Florida Statutes, hereby direct the Division of Deferred Compensation to order all participating asset managers to remove ESG investment funds as options for participants in the Deferred Compensation Plan.

IN TESTIMONY WHEREOF, I have hereunto set my hand to be affixed, this 23rd day of January 2023.

Jimmy Patronis
Chief Financial Officer
State of Florida