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OFFICE OF THE
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Florida Attorney General's Office News Release

Attorney General James Uthmeier Announces Investigation into Glass Lewis & Co. and Institutional Shareholder Services Inc. for ESG and DEI Policies

TALLAHASSEE, Fla.—Today, Attorney General James Uthmeier directed an investigation into proxy advisors Glass Lewis & Co. and Institutional Shareholder Services Inc. (ISS) for potential misrepresentations related to their Environmental, Social, and Governance (ESG) and Diversity, Equity, and Inclusion (DEI) investing policies in violation of the Florida Deceptive and Unfair Trade Practices Act and possible unlawful collusion in adopting and enforcing these policies in violation of the Florida Antitrust Act of 1980. The Civil Investigative Demands are available [here](#).

“We won’t allow ESG goals to handcuff Florida businesses and threaten Floridians investments,” said **Attorney General James Uthmeier**. “If these proxy advisors use their overwhelming market power to advance partisan political agendas rather than maximizing shareholder value, we will hold them accountable.”

Glass Lewis and ISS provide vote recommendations to institutional investors and control a large share of the proxy-advisory market, with some estimates as high as 97%. Institutional investors, such as those who manage the portfolios of many Americans’ retirement accounts, rely on proxy advisors to direct them on how to vote their shares. Thus, the decisions of proxy advisors have a substantial influence over how major American companies are run.

Glass Lewis and ISS told their clients and the public that their decisions were not politically motivated and instead based purely on economic factors. Glass Lewis [claimed](#) that the company “evaluates all environmental and social issues through the lens of long-term shareholder value.” ISS has similarly argued that all its research is grounded in a “neutral and analytical perspective” and places its “clients’ interests first and above” its own. But pushing racial and gender quotas and attacking the concept of a meritocracy destroys long-term shareholder value.

Glass Lewis and ISS asserted that their ESG investment strategies improve financial performance. But the numbers tell a different story. ESG funds have broadly underperformed the market for years, [trailing](#) the S&P 500, posting double-digit losses in 2022, and [continuing to underperform](#) through 2024.

While these advisors represented ESG as a sound, apolitical investment strategy, their motivations for recommending ESG to investors may have been to advance particular ideological views. Investors were trapped with few alternatives for services because Glass Lewis and ISS control a large portion of the market and have the power to negatively impact corporations’ ratings if shareholders reject their advice or drop their services. These factors

suggest very real anti-competitive and consumer protection infirmities.

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