

STATE REGULATION OF ESG INVESTMENT DECISION-MAKING BY PUBLIC RETIREMENT PLANS: AN UPDATED SURVEY

AS OF OCTOBER 2022

Ropes & Gray has been actively tracking the different approaches states have been exploring (or have already implemented in multiple cases) regarding the regulation of ESG investments by state retirement systems over the last several years.

In this alert, we describe the state initiatives adopted to date, as well as other initiatives, including those undertaken by the American Legislative Exchange Council, State Financial Officers Foundation and the U.S. Department of Labor.

INTRODUCTION

The growing divide in the ESG regulatory landscape between states became clear with the passage of legislation in Maine and Texas in 2021, which adopted contradictory ESG policies for state pension fund investments. Maine enacted legislation prohibiting investment by the Maine Public Employees Retirement System in the 200 largest publicly traded fossil fuel companies, as determined by the carbon in their reserves. Additionally, the law requires the retirement system to divest from these restricted companies by January 1, 2026. Similar legislation has been proposed in California, Hawaii, Massachusetts and New Jersey, among others, in recent months.

Conversely, the approach Texas took last year (which several other states have considered since) is to prohibit the state from entering into banking and financial contracts with financial companies that boycott firearms or energy companies. Several months ago, state officials in Texas began warning financial institutions that their boycotting activities endanger these companies' ability to do business with the state, which ultimately culminated in the publication of a list of companies considered to

be boycotters. Some government entities have started preemptively excluding targeted financial institutions from bond deals to avoid having to switch underwriters once the states finalize their list of restricted institutions. The state treasurers of Louisiana, Missouri and South Carolina each recently announced certain divestitures based on the ESG views of a manager.

This divide has deepened as more than a dozen states introduced new initiatives over the last year seeking to either divest state pension funds from gun and ammunition, oil and gas, and/or coal companies or, conversely, to require state pension fund divestment from companies that boycott fossil fuel companies. At least one state, Indiana, has considered measures both to divest from fossil fuel companies and to divest from fossil fuel boycotters. In August, the State Board of Administration (SBA), the governing body of the Florida Retirement System Defined Benefit Pension Plan, revised the plan's investment policy statement to say that investment decisions must be based only on pecuniary factors, and these do not include the consideration of the furtherance of social, political, or ideological interests. Moreover, the SBA may not sacrifice investment return or take on additional investment risk to promote any non-pecuniary factors when making investments or proxy votes.

Beyond legislation on divestment and state contracts, states are deploying task forces, investigations and report committees to encourage or discourage ESG investing. Additionally, some pension funds are adopting their own ESG investment and proxy voting policies, notwithstanding what their state mandates say. For example, only two weeks after the Texas fossil fuel boycott divestment bill took effect, the Teacher Retirement System of Texas announced that it would consider material ESG factors in its investment decisions.

Certain states (including Missouri and Arizona) have begun utilizing existing antitrust laws and restrictions on investments in companies that are part of the Boycott, Divestment and Sanctions movement (BDS) against Israel to launch investigations. Additionally, in early August, the state attorneys general of Arizona, Nebraska, Alabama, Arkansas, Georgia, Idaho, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Ohio, Oklahoma, South Carolina, Texas, Utah, and West Virginia sent a letter to a major asset manager regarding its use of ESG factors in managing state investments (including retirement assets). In response, the state treasurers of Maine, Nevada, Delaware, New Mexico, Illinois, Wisconsin, Massachusetts, California, Rhode Island, Vermont, Washington, Oregon, and Colorado, and the New York City Comptroller, released a letter in response arguing that the other states are focused on the short term and are using blacklists to obstruct the free market. States have also started to focus on interpretations of existing fiduciary duties to justify divestment of assets from certain managers based on ESG views. These actions show that states may act

in the ESG space even without passing new laws.

Meanwhile, at the federal level, investment managers are already awaiting final guidance from the U.S. Department of Labor regarding their fiduciary duties with respect to incorporating ESG factors in their investment decisions for ERISA plan clients. On October 6, a final rule was sent to the White House’s Office of Management and Budget for review, and it is expected to be publicly released before the end of 2022. The labyrinth of state laws and guidance in this area adds another layer of complexity that managers must work through as part of reviewing and updating their investment policies and marketing materials for any funds and managed accounts they oversee, which already accept or plan to accept money from these retirement plans.

These conflicting state laws and approaches may also pose challenges to managers as they work to discharge their own fiduciary duties to state retirement plans, especially when restrictions may prohibit a manager from considering investment factors it would otherwise view as significant for purposes of prudently investing state pension assets.

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STATE INITIATIVES

NOTE: *This alert is only a summary of the instruments described herein. It is not a complete description of those instruments.*

COLOR KEY:

Actions Promoting Integration of ESG Considerations in Investment Decisions
Actions Restricting Use of ESG Considerations in Investment Decisions
Actions Promoting Divestment from Fossil Fuel and/or Firearms/Ammunition Companies
Actions Targeting Entities that Boycott Fossil Fuel and/or Firearms/Ammunition Companies

STATE	INITIATIVE	STATUS	SUMMARY
Alaska	Governor to Introduce Legislation to Protect Alaska’s Economy	<ul style="list-style-type: none"> Announced (12/14/20) 	<ul style="list-style-type: none"> Announced Governor Mike Dunleavy’s intent to introduce legislation requiring state entities to end relationships with financial institutions that refuse to finance oil and gas exploration and development in the Arctic.
Arizona	Arizona Treasury Kimberly Yee Announced Newly Adopted Investment Policy Statement That Protects Taxpayer Dollars from ESG Policies (Link to Revised Policy)	<ul style="list-style-type: none"> Adopted and in effect (8/30/22) 	<ul style="list-style-type: none"> The updated investment policy statement of the State Treasurer’s Office has been amended to now require that all investments by or on behalf of the State Treasurer be based on a fiduciary standard of care and only consider pecuniary factors when evaluating an investment or discharging its duties with respect to the investment policy statement. A “pecuniary factor” means a material effect on the financial risk or the financial return of an investment based on appropriate investment horizons consistent with the investment policy statement. Non-pecuniary factors may not be considered and includes any factor that is intended to further, or is branded, advertised or otherwise publicly described by the offeror as furthering, any of the following: (1) international, domestic, or industry agreements relating to environmental or social goals; (2) corporate governance structures based on social characteristics, or (3) social or environmental goals. The updated policy also stipulates that fiduciaries entrusted with Treasury assets may not vote shares based upon non-pecuniary factors.

STATE	INITIATIVE	STATUS	SUMMARY
Arizona <i>(continued)</i>	Arizona AG Announces Action to Stop Coercive Investment Practices	<ul style="list-style-type: none"> Announced (11/17/21) 	<ul style="list-style-type: none"> Announced an investigation by the Arizona Attorney General's office regarding the ESG investment practices and Climate Action 100+ membership of major firms.
	HB2656: Certain Affiliations; Discrimination Prohibited; Statewide Concern	<ul style="list-style-type: none"> Introduced (2/3/22) Referred to committee (2/3/22) Passed in committee (2/21/22) Failed in the Arizona House of Representatives (3/8/22) 	<ul style="list-style-type: none"> Prohibits financial institutions doing business in Arizona from discriminating against persons based on political affiliation and other social credit, ESG or similar values-based or impact criteria. Asserts that the practice of discrimination against persons or entities by using their social credit or ESG score is a matter of statewide concern and that discrimination based on such scores not only threatens the rights and proper privileges of Arizona's inhabitants but menaces the institutions and foundation of a free democratic state. Stipulates a financial institution may offer investments or services that include subjective standards if the standards are explained and fully disclosed before a person enters into a contract for such services.
California	SB1173: Public Retirement Systems / Fossil Fuels: Divestment	<ul style="list-style-type: none"> Introduced (2/17/22) Referred to committee (3/2/22) Passed in chamber (5/25/22) Introduced in cross chamber (5/26/22) Referred to cross committee (6/2/22) 	<ul style="list-style-type: none"> Applies to the Boards of the Public Employees' Retirement System and the State Teachers' Retirement System. Prohibits investment in the 200 largest publicly traded fossil fuel companies as determined by the carbon content of the companies' reserves. Requires divestment by July 1, 2030 from restricted companies.
Connecticut	State Treasurer's Responsible Gun Policy	<ul style="list-style-type: none"> Announced (12/3/19) Adopted and in effect (2/19/20) 	<ul style="list-style-type: none"> Applies to the Connecticut Retirement Plans and Trust Funds. Prohibits investment in civilian firearms manufacturers. Requests banks and financial institutions that wish to work with the Office of the Treasurer to disclose their policies on guns. Requires the Office of the Treasurer to consider a financial institution's firearms policy when contracting for financial services.

STATE	INITIATIVE	STATUS	SUMMARY
Florida	Governor Ron DeSantis Eliminates ESG Considerations from State Pension Investments	Adopted and in effect (8/23/22)	<ul style="list-style-type: none"> ▪ The State Board of Administration (SBA)'s revised investment policy statement requires the evaluation of any SBA investment decision to be based only on "pecuniary factors." ▪ A "pecuniary factor" means a factor that the SBA prudently determines is expected to have a material effect on the risk and return of an investment based on appropriate investment horizons consistent with the fund's investment objectives and funding policy. Pecuniary factors do not include the consideration of the furtherance of social, political, or ideological interests. ▪ The SBA's updated policy requires the SBA not to subordinate the interests of the participants and beneficiaries to other objectives and not sacrifice investment return or take on additional investment risk to promote any non-pecuniary factors. The weight given to any pecuniary factor by the board should appropriately reflect a prudent assessment of its impact on risk and returns. ▪ The same overarching principles of not subordinating the interests of the participants and beneficiaries to other objectives and not sacrificing investment return or taking on additional investment risk to promote non-pecuniary factors also shall apply when deciding whether to exercise shareholder rights, including, proxy voting.
	Governor Ron DeSantis Announces "Initiative to Protect Floridians from ESG Financial Fraud"	Announced (7/27/22)	<ul style="list-style-type: none"> ▪ Governor DeSantis's proposed legislation for the 2023 Legislative Session is aimed at "protecting Floridians from woke capital" as it will (i) prohibit large banks, credit card companies and money transmitters from discriminating against customers for their religious, political, or social beliefs; (ii) prohibit State Board of Administration (SBA) fund managers from considering ESG factors when investing the state's money; and (iii) require SBA fund managers to only consider maximizing the return on investment on behalf of Florida's retirees. ▪ In particular, the proposed legislation will amend Florida's Deceptive and Unfair Trade Practices statute to prohibit what Governor DeSantis argues are discriminatory practices by large financial institutions based on "ESG social credit score metrics." Violations will be considered deceptive, and unfair trade practices will be punished according to the law.

STATE	INITIATIVE	STATUS	SUMMARY
Hawaii	HB557 HD1 / SB488: Employees' Retirement System; Investments; Divestment; Renewable Energy Sources	<ul style="list-style-type: none"> Introduced (1/25/21) Referred to committee (2/12/21) Carryover to next term (12/10/21) <p>Died in committee</p>	<ul style="list-style-type: none"> Applies to the Board of the Employees' Retirement System (ERS) of Hawaii. Requires the ERS to reevaluate its investments in coal, oil, natural gas, oil or natural gas services, and pipeline companies and over the next five years, divest of holdings in any companies that have a majority of their holdings invested in fossil fuels, rather than clean renewable energy sources. Effective: July 1, 2050. Related Note: The investment policy statement (IPS) of the ERS currently applies the principles of Responsible Investing in investment practices and decisions where possible and encourages money managers to apply Responsible Investing to their investment portfolios. The IPS says the realm of Responsible Investing includes consideration of ESG factors, where ESG describes the three main areas of concern that are the central factors in measuring sustainability and ethical impact of an investment in a company or business.
Idaho	S1405: Disfavored State Investments	<ul style="list-style-type: none"> Introduced (3/14/22) Signed into law (3/28/22) In effect (7/1/22) 	<ul style="list-style-type: none"> Prohibits public entities engaged in investment activities from considering ESG characteristics in a manner that could override the prudent investor rule. Allows public entities serving as fiduciaries to offer ESG-preferred investments only if the investments are optional and if sufficient alternatives are offered.
Illinois	PA 101-473: Illinois Sustainable Investing Act	<ul style="list-style-type: none"> Introduced (2/13/19) Signed into law (8/23/19) In effect (1/1/20) 	<ul style="list-style-type: none"> Directs state and local government entities that manage public funds to consider materially relevant sustainability factors, including corporate governance and leadership, environmental, social capital, human capital, and business model and innovation factors. Related Note: Effective February 24, 2021, the 2021 Proxy Voting Policy Statement allows the Treasurer's Office to vote against directors at companies where the board has failed in its oversight responsibilities (e.g., significant corporate misbehavior, repeated financial restatements or inadequate responses to systemic risks, including climate change, that may have a material impact on performance). It may also vote against directors at companies that have failed to set science-based emissions targets aligned to the goal of limiting global warming or failed to disclose material climate risk exposures and how the company manages and mitigates risks.

STATE	INITIATIVE	STATUS	SUMMARY
Indiana	Attorney General Advisory Opinion 2022-3: Indiana Public Retirement System and ESG Investments	<ul style="list-style-type: none"> Issued (9/1/22) 	<ul style="list-style-type: none"> Applies to the Indiana Public Retirement System (INPRS). Concludes that Indiana law prohibits the INPRS board (Board) from: <ul style="list-style-type: none"> Choosing investments or investment strategies based on ESG considerations. Investing for purposes such as to further ESG goals violates the Board’s fiduciary duties. Exercising rights appurtenant to investments (i.e., proxy voting) based on ESG or “extraneous” considerations. Retaining investment advisors that make investments, set strategies, engage with portfolio companies, or exercise voting rights appurtenant to investments based on ESG considerations. Investment managers and other agents delegated by INPRS assume the same statutory obligations and fiduciary duties as the Board.
	SB170: Pension Investments in Fossil Fuel Companies	<ul style="list-style-type: none"> Introduced (1/6/22) Referred to committee (1/6/22) <p>Died in committee</p>	<ul style="list-style-type: none"> Requires the board of trustees of the Indiana Public Retirement System (INPRS) to establish a plan to divest of any publicly traded company that has been identified as among the 200 largest reserve-owning fossil fuel companies based on the amount of carbon emissions in the company’s oil, gas and coal reserves and to complete divestment in restricted companies by December 31, 2029. Requires INPRS to submit a report to a pension management oversight and budget committee on or before November 1 of each year through 2029.
	HB1224: Government Investments and Contracts	<ul style="list-style-type: none"> Introduced (1/6/22) Referred to committee (1/10/22) <p>Died in committee</p>	<p>INVESTMENT/DIVESTMENT</p> <ul style="list-style-type: none"> Applies to the INPRS. Requires the Board for Depositories to maintain a list of financial companies that boycott energy companies. Requires divestment within 360 days if a listed financial company does not cease its boycott within 90 days of receiving the notice of the intention to divest. Does not apply to indirect holdings in actively or passively managed investment funds or private equity funds, but does require entities to request that the fund managers remove listed companies from the funds or create similar funds without holdings in these companies. <p>CONTRACTS</p> <ul style="list-style-type: none"> Prohibits governmental entities from entering a contract worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not boycott energy companies and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.

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Kentucky	AG Opinion 22-05: ESG Investment Practices of Public Pension Funds	<ul style="list-style-type: none"> Announced (5/26/22) 	<ul style="list-style-type: none"> Announced ESG investment practices are inconsistent with Kentucky law governing fiduciary duties owed by investment management firms to public pension plans.
	SB205: State Dealings with Companies that Engage in Energy Company Boycott	<ul style="list-style-type: none"> Introduced (2/22/22) Signed into law and in effect (4/8/22) 	<p>INVESTMENT/DIVESTMENT</p> <ul style="list-style-type: none"> Applies to state entities that make investments, deposits or transactions exceeding \$1 million annually. Requires the Treasurer to maintain a list of financial companies that boycott fossil fuel companies. Requires divestment within one year from listed companies that do not cease restricted activities within 90 days of receiving notice of the state governmental entity's intention to divest. Does not apply to indirect holdings in actively or passively managed investment funds or private equity funds, but requires the state governmental entity to request that the fund managers remove listed companies from funds or create similar funds without the listed companies. <p>CONTRACTS</p> <ul style="list-style-type: none"> Prohibits governmental entities from entering a contract for goods and services worth at least \$100,000 and paid at least partly with public funds unless the company verifies in writing that it does not boycott energy companies and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.
	HB123: Prohibition on Contracts with Companies Discriminating against Firearm Entities or Trade Associations	<ul style="list-style-type: none"> Introduced (1/4/22) Referred to committee (3/11/22) 	<ul style="list-style-type: none"> Prohibits Kentucky public entities from entering into a contract with a company for the purchase of goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not discriminate against firearm entities or trade associations and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.

STATE	INITIATIVE	STATUS	SUMMARY
Louisiana	State Treasurer Letter Divesting All Treasury Funds from BlackRock	Published (10/5/22)	<ul style="list-style-type: none"> The Louisiana State Treasurer announced that the state will divest all Treasury funds from BlackRock due to BlackRock's stance on ESG issues. \$560M had been removed to date and a total of \$794M will be removed by the end of 2022. According to the State Treasurer's letter that was sent to Laurence D. Fink, CEO of BlackRock, "this divestment is necessary to protect Louisiana from actions and policies that would actively seek to hamstring [Louisiana's] fossil fuel sector and [BlackRock's] support of ESG investing is inconsistent with the best economic interests and values of Louisiana... ESG investing is contrary to Louisiana law on fiduciary duties, which requires a sole focus on financial returns for the beneficiaries of state funds. Focusing on ESG's political and social goals or placing those goals above the duty to enhance investors' returns is unacceptable under Louisiana law."
	HB25: Prohibition on Investing in Certain Companies	<ul style="list-style-type: none"> Introduced (1/26/22) Referred to committee (3/14/22) Died in committee	<ul style="list-style-type: none"> Applies to Louisiana state retirement systems. Prohibits investment in companies that boycott energy companies.
	HB978: Prohibition on Contracts with Companies Discriminating against Firearm Entities or Trade Associations	<ul style="list-style-type: none"> Introduced (4/5/22) Referred to committee (5/25/22) Failed in the Louisiana House of Representatives (6/5/22) 	<ul style="list-style-type: none"> Prohibits Louisiana public entities from entering into a contract with a company for the purchase of goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not discriminate against firearm entities or trade associations and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.
	HR137: Resolution to Invest in Companies that Practice DEI	<ul style="list-style-type: none"> Introduced (5/16/22) Referred to committee (5/16/22) Died in committee	<ul style="list-style-type: none"> Requests that state and statewide retirement systems invest in companies and work with minority fund managers that practice diversity, equity and inclusion.

STATE	INITIATIVE	STATUS	SUMMARY
Louisiana <i>(continued)</i>	HR203: Resolution to Create ESG Task Force	<ul style="list-style-type: none"> Introduced (5/26/22) Adopted (6/6/22) 	<ul style="list-style-type: none"> Creates the Environmental, Social and Governance Task Force to study the use of ESG factors in lending and investment.
	HR246: Resolution to Create ESG Study Group	<ul style="list-style-type: none"> Introduced (6/3/22) Adopted (6/6/22) 	<ul style="list-style-type: none"> Creates the Environmental, Social and Governance Criteria Study Group to make recommendations regarding regulation of the use of ESG factors in lending and investment.
	Bond Commission Protects Second Amendment Rights	Ongoing	<ul style="list-style-type: none"> In 2018, the State Bond Commission rejected Citigroup and Bank of America as underwriters because of their firearms policies. In 2020, the Commission excluded Citigroup from its list of favored banks owing to the company's gun control policies. In 2021, the Commission replaced JPMorgan Chase on a refinancing contract owing to the company's refusal to do business with companies that manufacture military-style weapons for civilians.
Maine	HP65 / LD 99: Limitation on Investment in Fossil Fuel Companies; Divestment	<ul style="list-style-type: none"> Introduced (1/11/21) Signed into law and in effect (6/16/21) 	<ul style="list-style-type: none"> Applies to the Maine Public Employees Retirement System. Prohibits investment in the 200 largest publicly traded fossil fuel companies as determined by the carbon in their reserves. Requires divestment by January 1, 2026 from restricted companies.
Maryland	HB740 / SB566: State Retirement and Pension System—Investment Climate Risk—Fiduciary Duties	<ul style="list-style-type: none"> Introduced (2/1/22) Enacted (4/9/22) In effect (6/1/22) 	<ul style="list-style-type: none"> Applies to the Maryland State Retirement and Pension System. Requires the Board to address climate risk management in the investment policy manual and to report annually on the level of climate risk across its investment portfolio. Allows the Chief Investment Officer to invest or divest based on the information in the report.

STATE	INITIATIVE	STATUS	SUMMARY
Massachusetts	H4170: Public Pension Fund Divestment from Climate Risk Investments	<ul style="list-style-type: none"> Introduced (9/30/21) In committee (9/30/21) 	<ul style="list-style-type: none"> Applies to the Massachusetts Pension Reserves Investment Trust (PRIT). Prohibits investment in “climate risk investments,” defined as fossil fuel investments and investments in other industries that contribute to climate change and pose a risk to the performance of the public fund. Requires divestment by January 1, 2025 from restricted companies. Does not apply to indirect holdings in actively managed investment funds, but requires the Board to request that the fund managers remove restricted companies from the funds or create similar funds without holdings in these companies.
	PRIM Board Approves Plan	<ul style="list-style-type: none"> Announced (2/18/22) 	<ul style="list-style-type: none"> Applies to the Pension Reserves Investment Management (PRIM) Board. Creates an ESG committee comprising industry experts to help leverage the PRIM fund to promote ESG labor, diversity and environmental goals while maintaining and increasing returns. Related Note: Effective March 1, 2022, the PRIM Board’s Custom Proxy Voting Guidelines require the Board to vote against any director at a company that is not aligned with the Paris Climate Agreement and Climate Action 100+.
	H43: Requiring Public Pension Fund Divestment from Ammunition and Firearms	<ul style="list-style-type: none"> Introduced (4/13/21) Referred to committee (4/13/21) 	<ul style="list-style-type: none"> Applies to PRIT. Prohibits investment in any ammunition, firearm or firearm accessory manufacturing or retailing companies. Requires divestment within 12 months from restricted companies. Does not apply to indirect holdings in actively managed investment funds, but requires the Board to request that the fund managers remove restricted companies from the funds or create similar funds without holdings in these companies.
	S722: Authorizing Independent Retirement Boards to Divest from Fossil Fuel Companies	<ul style="list-style-type: none"> Introduced (3/29/21) Referred to committee (3/29/21) Referred to cross committee (2/14/22) 	<ul style="list-style-type: none"> Allows some state public pension systems to divest from fossil fuel companies and invest in index funds that may not include fossil fuel companies. Does not apply to the State Employees Retirement System, the State Teachers’ Retirement System or the State-Boston Retirement System.

STATE	INITIATIVE	STATUS	SUMMARY
Minnesota	SF3384 / HF4028: Report Mandate on Impact of Climate Change on State's Fossil Fuel Investments	<ul style="list-style-type: none"> Introduced (2/24/22) Referred to committee (2/24/22) <p>Died in committee</p>	<ul style="list-style-type: none"> Requires the Minnesota State Board of Investment to prepare a report addressing the financial risks of staying invested in fossil fuel companies and identifying alternative investments.
	SF4441 / HF4574: Stop ESG and Social Credit Score Discrimination Act	<ul style="list-style-type: none"> Introduced (4/4/22) Referred to committee (4/4/22) <p>Died in committee</p>	<p>INVESTMENT/DIVESTMENT</p> <ul style="list-style-type: none"> Applies to the Combined Funds, which holds the assets of the Minnesota State Retirement System, the Public Employees Retirement Association and the Teachers Retirement Association. Prohibits investment in companies that boycott mining, energy production, production agriculture or commercial lumber production. Requires divestment by July 1, 2027 from restricted companies. <p>CONTRACTS</p> <ul style="list-style-type: none"> Prohibits the state and all state agencies from entering a contract for goods or services with a restricted company as of July 1, 2022.
	HF4904: Energy Discrimination Elimination Act	<ul style="list-style-type: none"> Introduced (5/23/22) Referred to committee (5/23/22) <p>Died in committee</p>	<p>INVESTMENT/DIVESTMENT</p> <ul style="list-style-type: none"> Applies to state pensions to which the law is designed to apply as determined by the Commissioner of Commerce. Requires the Commissioner to maintain a list of financial companies that boycott fossil fuel companies. Prohibits investment in listed companies. Requires divestment from listed companies that do not cease their boycotts within 90 days of receiving notice of the state entity's intention to divest. Does not apply to indirect holdings in actively or passively managed investment funds or private equity funds, but requires the state entity to request that the fund managers remove listed companies from the funds or create similar funds without holdings in these companies. <p>CONTRACTS</p> <ul style="list-style-type: none"> Prohibits Minnesota state governmental entities from entering a contract for goods or services worth at least \$50,000 and paid at least partly from public funds unless the company verifies in writing that it does not boycott fossil fuel companies and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.

STATE	INITIATIVE	STATUS	SUMMARY
Missouri	Treasurer Fitzpatrick Announces MOSERS Has Pulled \$500 Million in State Pension Funds from BlackRock	<ul style="list-style-type: none"> Announced (10/18/22) 	<ul style="list-style-type: none"> The Missouri State Treasurer announced that the Missouri State Employees' Retirement System (MOSERS) has sold all public equities managed by BlackRock, pulling approximately \$500 million in pension funds from the investment manager. According to the press release, at the MOSERS Board of Trustees meeting in June 2022, the MOSERS board directed staff to require BlackRock to abstain from voting proxies on behalf of the plan due to BlackRock's ESG-related public statements. BlackRock refused, and MOSERS proceeded with the sale of all of its equity holdings with the manager.
	SB1048: Creates Provisions Relating to Contracts Between Public Entities and Companies Who Discriminate Against Firearms Manufacturers	<ul style="list-style-type: none"> Introduced (1/12/22) Referred to committee (3/1/22) <p>Died in committee</p>	<ul style="list-style-type: none"> Prohibits Missouri public entities from entering a contract for the purchase of goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not discriminate against firearm entities or trade associations and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.
Nevada	Nevada to End Investment in Assault-Style Weapon Manufacturers	<ul style="list-style-type: none"> Announced (6/3/22) 	<ul style="list-style-type: none"> Announced that the state will divest from businesses that sell or manufacture assault-style weapons.
New Jersey	A1733 / S416: Prohibiting Investment of State Pension Funds in 200 Largest Publicly Traded Fossil Fuel Companies	<ul style="list-style-type: none"> Introduced (1/11/22) Referred to committee (1/11/22) 	<ul style="list-style-type: none"> Applies to pension and annuity funds managed by the Director of Investment, including the New Jersey Public Employees' Retirement System and the Teachers' Pension & Annuity Fund. Prohibits investment in the 200 largest publicly traded fossil fuel companies as determined by the carbon content in their reserves. Requires divestment from coal companies within 24 months and from all other fossil fuel companies by January 1, 2022.
	A1752 / S1407: Prohibiting Investment of State Pension Funds in Companies Manufacturing Assault Firearms for Civilian Use	<ul style="list-style-type: none"> Introduced (1/11/22) Referred to committee (1/11/22) 	<ul style="list-style-type: none"> Applies to pension and annuity funds managed by the Director of Investment, including the New Jersey Public Employees' Retirement System and the Teachers' Pension & Annuity Fund. Prohibits investment in companies that manufacture, import or sell assault firearms for civilian use. Requires divestment within three years from restricted companies.
New York	New York State Pension Fund Sets 2040 Net Zero Carbon Emissions Target	<ul style="list-style-type: none"> Announced (12/9/20) 	<ul style="list-style-type: none"> Applies to the New York State Common Retirement Fund (Fund). Calls for Fund to transition its portfolio to net zero greenhouse gas emissions by 2040 by reviewing energy-sector investments, assessing transition readiness and climate-related investment risk, and divesting from companies that fail to meet minimum standards.

STATE	INITIATIVE	STATUS	SUMMARY
New York <i>(continued)</i>	NYSTRS Freezes Investments in Top 20 Oil, Gas and Coal Companies	<ul style="list-style-type: none"> Announced (12/28/21) 	<ul style="list-style-type: none"> Applies to the New York State Teachers' Retirement System (NYSTRS). Announces divestment from direct holdings in coal producers and a freeze on further investment in NYSTRS's 10 largest holdings in thermal coal companies, 10 largest holdings in oil and gas companies, and all oil sands companies.
	S4783A / A6331: Teachers' Fossil Fuel Divestment Act	<ul style="list-style-type: none"> Introduced (2/12/21) Referred to committee (1/5/22) 	<ul style="list-style-type: none"> Applies to NYSTRS. Prohibits investment in coal producers and oil and gas producers. Requires divestment from coal producers within one year and from oil and gas producers within two years. Requires divestment within five years from private equity and private debt investments in restricted companies.
North Dakota	SB2291: Social Investment—Prohibition	<ul style="list-style-type: none"> Introduced (1/25/21) Signed into law (3/23/21) In effect (3/4/21) 	<ul style="list-style-type: none"> Applies to the State Investment Board. Prohibits "social investment," defined as an investment made for a purpose other than maximizing returns to the state, unless the Board can demonstrate that the investment will perform at least as well as a similar non-social investment. Directs the Department of Commerce to report by June 1, 2022 on ESG-related investment policy, the state's involvement with companies that consider ESG rankings in their business decisions, and the potential implications of companies' boycott of energy or production agriculture commodities. All aspects of boycotts, including the transport, sale, utilization, production or manufacturing of natural gas, oil, coal, petrochemicals or production agricultural commodities must be evaluated.
Ohio	HB 297: Enact Firearms Industry Nondiscrimination Act	<ul style="list-style-type: none"> Introduced (5/11/21) Referred to committee (5/12/21) 	<ul style="list-style-type: none"> Prohibits Ohio public entities from entering into a contract with a company for the purchase of goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not discriminate against firearm entities or trade associations and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.

STATE	INITIATIVE	STATUS	SUMMARY
Oklahoma	HB2034: Energy Discrimination Elimination Act of 2022	<ul style="list-style-type: none"> Introduced (3/10/21) Signed into law (5/9/22) In effect (11/1/22) 	<p>INVESTMENT/DIVESTMENT</p> <ul style="list-style-type: none"> Applies to all Oklahoma state retirement systems. Requires the Treasurer to maintain a list of financial companies that boycott energy companies. Prohibits investment in listed companies. Requires divestment within 360 days from listed companies that do not cease their boycott within 90 days of receiving notice of the state entity's intention to divest. Does not apply to indirect holdings in actively or passively managed investment funds or private equity funds, but requires the state entity to request that the fund managers remove listed companies from the funds or create similar funds without holdings in these companies. <p>CONTRACTS</p> <ul style="list-style-type: none"> Prohibits state governmental entities from entering a contract for goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not boycott energy companies and will not do so during the contract term. Only applies to companies with at least 10 full-time employees. Prohibits state governmental entities from entering a contract for goods or services with a listed company unless no alternatives are available.
	HB3144: Prohibiting Governmental Entities from Contracting with the Companies Unless the Contract Contains Certain Written Verification	<ul style="list-style-type: none"> Introduced (2/7/22) Referred to committee (2/8/22) Passed in chamber (3/23/22) Amended and passed in cross chamber (4/27/22) Referred to conference committee (5/4/22) Conference committee version passed in chamber (5/17/22) Conference committee version introduced in cross chamber (5/17/22) <p>Died in committee</p>	<ul style="list-style-type: none"> Prohibits Oklahoma state governmental entities from entering a contract for goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not discriminate against firearm entities or firearm trade associations and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.

STATE	INITIATIVE	STATUS	SUMMARY
Oregon	Oregon Investment Council Formally Integrates ESG	<ul style="list-style-type: none"> Adopted and in effect (9/14/20) 	<ul style="list-style-type: none"> Recognizes that integrating ESG factors into investment decisions may improve the economic outcome of investments and aid in risk assessment.
Pennsylvania	HB2799: Prohibiting financial institutions from using social credit or environmental, social or governance scores; and imposing penalties	<ul style="list-style-type: none"> Introduced (9/7/22) 	<ul style="list-style-type: none"> Prohibits financial institutions and businesses doing business in the State (directly or indirectly) from discriminating against, advocating for, or causing adverse treatment of citizens or businesses based on “subjective or arbitrary standards”, including use of “a social credit score or an environmental, social, or governance score or other similar values” when conducting transactions. Does not apply to investments, products, and services that include “subjective standards” if fully disclosed and explained to potential customers or investors before entering into a contract. Imposes fine of \$50,000 for first offense, \$250,000 for each subsequent offense, and criminal prosecution may be pursued for five or more offenses (in addition to any fines assessed).
	SB748: Amendment to Protecting Pennsylvania’s Investments Act	<ul style="list-style-type: none"> Introduced (7/7/21) Referred to committee (7/7/21) 	<ul style="list-style-type: none"> Applies to the Pennsylvania State Employees’ Retirement System and the Public School Employees’ Retirement System. Prohibits investment in assault weapons manufacturers. Requires divestment within 26 months from restricted companies that do not cease their weapons manufacturing activities within 180 days of receiving notice of the state entity’s intention to divest. Does not apply to indirect holdings or holdings in alternative investments.
Rhode Island	Rhode Island to Divest from Private Prisons, Gun Makers	<ul style="list-style-type: none"> Announced (1/22/20) 	<ul style="list-style-type: none"> Applies to the Employees’ Retirement System of Rhode Island. Announces that the State Investment Commission will divest from companies that manufacture assault-style weapons for civilian use or operate private for-profit prisons.
South Carolina	South Carolina State Treasurer Announced Divestment of State Funds from BlackRock	<ul style="list-style-type: none"> Announced (10/10/22) 	<ul style="list-style-type: none"> The South Carolina State Treasurer announced the state will divest its final \$200 million of state treasury funds from BlackRock based on the State Treasurer’s ESG concerns. In an email, the State Treasurer noted he has worked for five years to systematically remove BlackRock managed funds from South Carolina’s investment portfolio. According to the email, the State Treasurer “realized early on that ESG (environmental, social and governance) had the potential to seriously undermine [South Carolina’s] economic model from one that values fiduciary responsibility and sound financial judgment to one that pushes the left-wing political agenda of ‘stakeholder capitalism.’”

STATE	INITIATIVE	STATUS	SUMMARY
South Carolina <i>(continued)</i>	HB4978: Provides That All Banks and Financial Institutions and All Private Businesses, Respectively, May Not Discriminate Based on Certain Subjective or Arbitrary Standards	<ul style="list-style-type: none"> Introduced (2/15/22) Referred to Committee (2/15/22) 	<ul style="list-style-type: none"> Prohibits all banks and financial institutions doing business in South Carolina (directly or indirectly) from discriminating against, advocating for, or causing adverse treatment of citizens or businesses when making lending decisions, including use of “social credit, environmental, social, and governance, or similar values-based or impact criteria” when making determinations. Does not apply to investments, products, and services that include “subjective standards” if fully disclosed and explained to potential customers or investors before entering into a contract. Imposes a fine of \$50,000 for a first offense, \$250,000 for each subsequent offense, and a doubled fine for five or more offenses.
	HB4996: To Prohibit Investment in and Contracting with Companies that Boycott Energy Companies	<ul style="list-style-type: none"> Introduced (2/17/22) Referred to Committee (2/17/22) 	<p>INVESTMENT / DIVESTMENT</p> <ul style="list-style-type: none"> Applies to any “state governmental entity”, including the South Carolina Retirement System. Requires the executive director of the State Fiscal Accountability Authority to maintain a list of financial companies that boycott energy companies. Prohibits investment in listed companies. Requires divestment of 50% of assets within 180 days and all assets within 360 days from listed companies that do not cease their boycott within 90 days of receiving notice of the state entity’s intention to divest. Does not apply to indirect holdings in actively or passively managed investment funds or private equity funds but requires the state entity to request that the fund managers remove listed companies from the funds or create similar funds without holdings in these companies. <p>CONTRACTS</p> <ul style="list-style-type: none"> Prohibits state governmental entities from entering into a contract with a company for goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not boycott energy companies and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.

STATE	INITIATIVE	STATUS	SUMMARY
South Dakota	SB182: Prohibit Discriminatory Actions against Persons Engaged with the Firearm Industry	<ul style="list-style-type: none"> Introduced (2/1/22) Passed in committee (2/15/22) 	<ul style="list-style-type: none"> Prohibits South Dakota state agencies or public officials or employees from entering into contracts with a bank or person engaged in money transmission for a financial service unless there is written verification such entity or person does not have any policy or other directive requiring discrimination against firearm entities or firearm trade associations. The Governor may waive this requirement if notified by the Bureau of Finance and Management that this prohibition may prevent an action necessary for sound fiscal management of the state.
Tennessee	SB2649: Prohibits State Treasurer from Entering into a Contract with a State Depository if the State Depository has a Policy Prohibiting Financing to Companies in the Fossil Fuel Industry	<ul style="list-style-type: none"> Introduced (2/2/22) Signed into law (5/11/22) In effect (7/1/22) 	<ul style="list-style-type: none"> As of July 1, 2022, the state treasurer shall not enter into a contract or amendment with a state depository for the state's primary cash management banking services if the state depository has a policy that prohibits financing to companies in the fossil fuel industry. There is an exemption that permits the state treasurer to award or enter into a contract or amendment with a state depository that has such a policy upon a determination that the services sought are necessary for the treasury or the state to perform its functions, and that absent such an exemption, the treasury or the state would be unable to obtain the services sought from another contractor. For purposes of this law, "companies in the fossil fuel industry" means entities with at least 50% of their annual revenue obtained from business operations involving natural gas, oil, kerosene, petroleum, coal, hydrocarbon product, or any form of solid, liquid, or gaseous fuel derived from such material to produce heat for the generation of electricity.

STATE	INITIATIVE	STATUS	SUMMARY
Texas	Teacher Retirement System Adopts Formal ESG Policy	<ul style="list-style-type: none"> ▪ Adopted (9/16/21) ▪ In effect (10/1/21) 	<ul style="list-style-type: none"> ▪ Applies to the Teacher Retirement System of Texas. ▪ Directs the Investment Division to consider ESG factors that are material to long-term returns and levels of risk (Investment Policy Statement §1.5).
	SB13: Relating to State Contracts with and Investments in Certain Companies that Boycott Energy Companies	<ul style="list-style-type: none"> ▪ Introduced (3/11/21) ▪ Signed into law (6/14/21) ▪ In effect (9/1/21) 	<p>INVESTMENT/DIVESTMENT</p> <ul style="list-style-type: none"> ▪ Applies to the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas Municipal Retirement System, the Texas County and District Retirement System, the Texas Emergency Services Retirement System and the permanent school fund. ▪ Requires the Comptroller to maintain a list of financial companies that boycott energy companies. ▪ Prohibits investment in listed companies. Requires divestment within 360 days from listed companies that do not cease their boycott within 90 days of receiving notice of the state entity's intention to divest. ▪ Does not apply to indirect holdings in actively or passively managed investment funds or private equity funds, but requires the state entity to request that the fund managers remove listed companies from the funds or create similar funds without holdings in these companies. <p>CONTRACTS</p> <ul style="list-style-type: none"> ▪ Prohibits state governmental entities from entering a contract for goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not boycott energy companies and will not do so during the contract term. Only applies to companies with at least 10 full-time employees. <p>UPDATE</p> <ul style="list-style-type: none"> ▪ In April 2022, Comptroller Hegar requested information from over 150 companies about their fossil fuel policies, several of which had already filed letters with the Texas Attorney General stating that they did not boycott energy companies. Owing to these companies' uncertain status, some have been dropped from recent bond deals.

STATE	INITIATIVE	STATUS	SUMMARY
Texas <i>(continued)</i>			<ul style="list-style-type: none"> On August 24, 2022, the Comptroller announced his list of financial companies that boycott energy companies and released an FAQ regarding the listing process. Listed companies are subject to the divestment provisions outlined in Texas Government Code Chapter 809, which defines a financial company as a publicly traded financial services, banking or investment company. The initial list includes 10 financial companies, including: BlackRock, BNP Paribas, Credit Suisse, Danske Bank, Jupiter Fund Management, Nordea Bank, Schroders plc, Svenska Handelsbanken, Swedbank, and UBS Group. Additionally, the Comptroller staff conducted research on individual investment funds, generating a list of nearly 350 funds that are subject to the same provisions as the companies. State governmental entities subject to the investment prohibitions and divestment requirements in the statute include: Employees Retirement System of Texas, Teacher Retirement System of Texas, Texas Municipal Retirement System, Texas County and District Retirement System, Texas Emergency Services Retirement System and the Permanent School Fund.
	SB19: Relating to Prohibited Contracts with Companies that Discriminate Against the Firearm or Ammunition Industries	<ul style="list-style-type: none"> Introduced (3/3/21) Signed into law (6/14/21) In effect (9/1/21) 	<ul style="list-style-type: none"> Prohibits state governmental entities from entering a contract for the purchase of goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not boycott firearm entities or firearm trade associations and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.
Utah	Treasurer's Statement on ESG	<ul style="list-style-type: none"> Updated (5/16/22) 	<ul style="list-style-type: none"> States that Treasurer Oaks "is committed to pushing back against ESG."
	HB312: State Financial Contracts Amendments	<ul style="list-style-type: none"> Introduced (2/4/22) Referred to and passed in committee (2/11/22) 	<ul style="list-style-type: none"> Prohibits Utah public entities from entering into a contract with a company for goods or services worth at least \$100,000 and paid at least partly from public funds unless the company verifies in writing that it does not boycott energy companies and will not do so during the contract term. Only applies to companies with at least 10 full-time employees.
Vermont	S251: Divestment of State Pension Funds from Fossil Fuel Companies	<ul style="list-style-type: none"> Introduced (1/13/22) Referred to committee (3/15/22) 	<ul style="list-style-type: none"> Applies to the Vermont Pension Investment Commission, the Vermont State Teachers' Retirement System, the Vermont State Employees' Retirement System and the Vermont Municipal Employees' Retirement System. Prohibits investment in the 200 publicly traded fossil fuel companies whose fossil fuel reserves have the largest potential carbon emissions. Requires divestment by January 1, 2025 from restricted companies.

STATE	INITIATIVE	STATUS	SUMMARY
Virginia	SB213 / HB645: Virginia Retirement System and Local Retirement Systems; Fossil Fuel Divestment; Report	<ul style="list-style-type: none"> Introduced (1/10/22) Referred to committee (1/10/22) <p>Died in committee</p>	<ul style="list-style-type: none"> Applies to the Board of the Virginia Retirement System and to local retirement systems. Prohibits investment in the 200 publicly traded fossil fuel companies with the largest fossil fuel reserves and the 30 largest public companies with coal-fired power plants. Requires divestment by January 1, 2027 from restricted companies.
West Virginia	HB3084: Providing Commercial Discrimination of Producers of Coal, Gas, Oil, Carbon-Based Energy, and Other Products in the State of West Virginia	<ul style="list-style-type: none"> Introduced (1/12/22) Referred to committee (1/12/22) <p>Died in committee</p>	<ul style="list-style-type: none"> Applies to the Board of Trustees of the West Virginia Public Employees Retirement System. Requires the Treasurer to maintain a list of businesses that boycott fossil fuel, forestry, and agricultural companies. Prohibits investment in listed businesses. Requires divestment within 15 months from listed businesses that do not cease their boycott within 90 days of receiving notice of the Board's intention to divest. Does not apply directly to private equity funds but requires the Board to make reasonable efforts during due diligence to determine whether a private equity partnership invests in a restricted business.
	SB555: Relating to Financial Institutions Engaged in Boycotts of Firearms Companies	<ul style="list-style-type: none"> Introduced (2/2/22) Referred to committee (2/2/22) 	<ul style="list-style-type: none"> Allows the Treasurer to maintain a list of financial institutions that boycott firearms companies. Allows the Treasurer to disqualify bids from listed institutions, to refuse to enter state banking contracts with them and to require an institution to verify in writing that it will not boycott firearms companies during the contract term. Does not apply to the West Virginia Investment Management Board.

STATE	INITIATIVE	STATUS	SUMMARY
West Virginia <i>(continued)</i>	SB262: Relating Generally to Financial Institutions Engaged in Boycotts of Energy Companies	<ul style="list-style-type: none"> ▪ Introduced (1/13/22) ▪ Passed (3/12/22) ▪ In effect (6/10/22) 	<ul style="list-style-type: none"> ▪ Allows the Treasurer to maintain a list of financial institutions that boycott energy companies. ▪ Allows the Treasurer to disqualify bids from listed institutions, to refuse to enter state banking contracts with them and to require an institution to verify in writing that it will not boycott energy companies during the contract term. ▪ Does not apply to the West Virginia Investment Management Board. <p>UPDATE</p> <ul style="list-style-type: none"> ▪ On July 28, 2022, the West Virginia State Treasurer announced the publication of West Virginia's first Restricted Financial Institution List, which listed BlackRock, Goldman Sachs, JPMorgan Chase, Morgan Stanley and Wells Fargo as engaged in boycotts of fossil fuel companies, and therefore, no longer eligible to enter into state banking contracts with the State Treasurer's Office.
Wyoming	HB0236: Firearms Transactions-Financial Discrimination	<ul style="list-style-type: none"> ▪ Introduced (3/4/21) ▪ Signed into law and in effect (4/7/21) 	<ul style="list-style-type: none"> ▪ Prohibits financial institutions from discriminating against firearm entities because of such status. ▪ Does not apply to financial institutions that choose not to provide services to a firearm entity for a business or financial reason, as a regulatory requirement, or when a financial institution has a written policy against discrimination against firearms businesses. ▪ The act creates a civil action and specifies civil remedies, including several types of allowable damage awards, injunctive relief and attorney's fees. The act specifies a statute of limitations of two years on the civil actions it allows. ▪ It also authorizes the Wyoming Attorney General to bring an action to request a declaratory judgment, an injunction or a civil penalty not to \$20,000.00 per violation. The Attorney General also shall inform the Governor and request the state terminate any business relationship with any financial institution found to have violated the act.

OTHER RELATED INITIATIVES

STATE	INITIATIVE	STATUS	SUMMARY
American Legislative Exchange Council (ALEC) Model Policies	Energy Discrimination Elimination Act	<ul style="list-style-type: none"> First draft introduced (7/29/21) Second draft introduced (12/3/21) 	<ul style="list-style-type: none"> No final version published. Contains essentially the same provisions as Texas SB13 and Oklahoma HB2034, which were introduced about four months earlier. Slightly differing versions have been introduced in 2022 in Minnesota (HF4904, died in committee), Indiana (HB1224, died in committee) and Kentucky (SB205, passed 4/8/22).
	State Government Employee Retirement Protection Act	<ul style="list-style-type: none"> Final version published (3/18/22) Draft amendments introduced (4/6/22) 	<ul style="list-style-type: none"> Directs government pension plan fiduciaries to consider only pecuniary factors in their investment decisions and to weigh ESG factors solely according to their impact on economic risk and return. Prohibits voting shares to promote non-pecuniary or non-financial goals.
For the Long Term	We Are in It for the Long Term Letter	<ul style="list-style-type: none"> Published (9/14/22) 	<ul style="list-style-type: none"> State Treasurers from 13 states and the New York City Comptroller wrote a letter in response to states blacklisting asset managers arguing that this strategy “has real costs that ultimately impact their taxpayers.” The letter notes that these states and NYC are working together with “other investors and enlightened companies” to develop common goals resulting in “increased corporate responsibility, transparency, disclosure, and long term positive outcomes for the funds that [they] oversee, with greater benefits to employees and customers alike.”
State Financial Officers Foundation	Fossil Fuel Banking Letter	<ul style="list-style-type: none"> Published (11/22/21) 	<ul style="list-style-type: none"> States that financial officers from 15 states will work to ensure that financial institutions that do not boycott the fossil fuel industry are selected for contracts with their states. State Financial Officers Foundation currently comprises financial officers from 22 states.
U.S. Department of Labor	Proposed Rule: Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights	<ul style="list-style-type: none"> Published (10/13/21) Comment period closed (12/31/21) Final rule (expected 12/22) 	<ul style="list-style-type: none"> Clarifies that the economic effects of ESG factors may have a material impact on the projected return of an investment and are thus within the scope of a fiduciary’s evaluation. Applies the same standard to qualified default investment alternatives (QDIAs) as to other investments—i.e., a focus on material risk-return factors. Allows fiduciaries to consider non-economic benefits in a tiebreaker between competing investments, even if they are economically distinguishable. Eliminates the special standards for shareholder rights and proxy voting and instead applies the general duties of prudence and loyalty.

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