

# ESG Battlegrounds:

## How the States Are Shaping the Regulatory Landscape in the U.S.

Updated as of  
December 2023

### ESG Measures by State

State	Type of Measure	Description
Alabama	Restricting the Consideration of ESG Factors in State Investment Strategies	<p>Attorney General <a href="#">Written Testimony</a>, 5/10/23</p> <p>Establishes that ESG policies threaten America's democratic system, and that ESG must be stopped</p>
	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">SB 261</a>, in effect 8/1/23</p> <p><u>Contracting</u></p> <p>Prohibits state governmental entities from entering into contracts for goods or services (value at \$15K or more) absent written verification that the company does not and will not engage in an economic boycott against fossil fuel, timber, mining, agriculture or firearms companies, companies that do not meet or commit to meet environmental standards or make DEI disclosures, or companies that do not facilitate or commit to facilitate access to abortion or sex or gender change treatments, during the term of the contract</p> <p><u>Exception</u></p> <p>Does not apply to a contract relating to the issuance, incurrence or management of debt obligations or the deposit, management, borrowing or investment of funds</p> <p>Anti-boycott requirement may be waived in situations where the governmental entity determines it would significantly increase costs or limit the quality of options or services available, and a waiver would be in the best interest of the public</p>
Arkansas	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HB 1253</a>, in effect 8/1/23</p> <p>Requires public pension benefit plan fiduciaries to consider only pecuniary factors in investment decisions</p> <p>Introduces requirements with respect to shareholder and proxy voting</p> <p><u>Exception/Notes</u></p> <p>Acknowledges circumstances in which ESG considerations may be pecuniary and evaluated in public investment decisions</p> <p>Exception re. proxy voting advisor requirements where no economically practicable alternative available</p>

State	Type of Measure	Description
Arkansas (continued)	Anti-boycott Bills Targeting Companies Doing Business with State Governmental Entities	<p><a href="#">HB 1307</a>, in effect 8/1/23</p> <p><u>Anti-Boycott – Listed Entities</u></p> <p>Creates ESG Oversight Committee</p> <p>Requires State Treasurer to maintain a list of financial services providers (determined by the ESG Oversight Committee) that discriminate against energy companies or firearms entities or otherwise refuse to deal with companies based on environmental, social justice, and other governance-related factors</p> <p>Prohibits public entities from investing cash funds with a listed financial services provider; requires State Treasurer and public entities to divest state assets from all direct or indirect holdings with a listed financial services provider</p> <p><u>Exception</u></p> <p>An investment subject to divestment but locked into a maturity date such that an early divestment would result in a financial penalty and cause negative financial impact to the state is exempt from divestiture</p>
		<p><a href="#">HB 1845</a>, in effect 8/1/23</p> <p><u>Anti-Boycott – Listed Entities</u></p> <p>Clarifying what information the ESG Oversight Committee may consider and rely on when determining whether or not to list a financial services provider for divestment purposes</p>
		<p><a href="#">SB 62</a>, in effect 8/1/23</p> <p><u>Contracting</u></p> <p>Prohibits public entities from entering into contracts for goods or services (value at \$75K or more) absent written verification that the company does not and will not engage in boycotts of energy, fossil fuel, firearms and ammunition industries during the term of the contract</p> <p><u>Exception</u></p> <p>Does not apply to companies that offer to provide goods or services for at least 20% less than the lowest certifying business</p>
Arizona	Restricting the Consideration of ESG Factors in State Investment Strategies	<p>State Treasurer's Office <a href="#">investment policy statement</a>, adopted 8/30/22</p> <p>Prohibits consideration of non-pecuniary factors when evaluating state investments or discharging duties</p> <p>Introduces requirements with respect to shareholder and proxy voting</p> <p>Prohibits lending securities to any borrower with a practice of or a commitment to engaging with companies or voting shares based on non-pecuniary factors</p> <p><u>Exceptions/Notes</u></p> <p>On 2/13/23, the State AG <a href="#">announced</a> that Arizona would end <a href="#">investigations into financial institutions pursuing ESG investing</a>, which were initiated under the state's previous AG; it is unclear how and to what extent the statement affects implementation of the revised investment policy</p>
California	Promoting the Consideration of ESG Factors in Investment Strategies	<p>SB 54, in effect 1/1/24</p> <p>Requires qualifying "venture capital companies" with ties to CA to annually survey and report specified information relating to the diversity of the founding team members of business in which the venture capital companies have invested</p> <p><u>Exceptions/Notes</u></p> <p>Key questions include how broadly the definition of "venture capital company" will be applied</p>

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<b>California</b> <i>(continued)</i>	Prohibiting Public Investment in Certain Industries	<p><a href="#">SB 185</a>, in effect 4/8/15</p> <p>Prohibits boards of the California Public Employees’ Retirement System (CalPERS) and the California State Teachers’ Retirement System (CalSTRS) from making new investments in thermal coal companies</p> <p>Requires boards to divest investments in existing thermal coal companies by 7/1/17, to report to the state legislature by 1/1/18 on divestment activities, and in conjunction with the California Environmental Protection Agency to report on the feasibility of divesting from fossil fuel investments</p>
		<p>California Public Employees’ Retirement System (“CalPERS”) <a href="#">initiatives</a></p> <p>In November 2023, CalPERS announced its 2030 Sustainable Investment Strategy to accelerate the fund’s goal of reaching net-zero by 2050. Commits \$100B to climate solutions by 2030, commits to more selective investments in high-emitting sectors and commits to developing a process to exit certain securities for companies without credible net zero plans</p>
<b>Colorado</b>	Promoting the Consideration of ESG Factors in Investment Strategies	<p><a href="#">SB 23-016</a>, in effect 8/8/23</p> <p>Requires public employees’ retirement system to provide annual report on climate change risk assessments, anticipated impact on investment strategy, use of climate-related reporting and actions taken to manage climate risk</p> <p>Requires certain insurers to participate in a climate risk disclosure survey</p>
<b>Connecticut</b>	Prohibiting Public Investment in Certain Industries	<p>State Treasurer’s Responsible Gun <a href="#">Policy</a>, adopted and in effect 12/3/19</p> <p>Prohibits state retirement plans and trust funds investment in civilian firearm manufacturing companies</p> <p>Requests banks and financial institutions to disclose their gun policies to the Office of the Treasurer, and requires that office to consider such policies when contracting for financial services</p> <p><a href="#">Exceptions/Notes</a></p> <p>Notes flexibility to invest in gun-safe technologies</p>
<b>Florida</b>	Restricting the Consideration of ESG Factors in State Investment Strategies	<p>State Board of Administration <a href="#">revised investment policy</a>, in effect 8/23/22</p> <p>Restricts state board evaluation of retirement system investment decisions to pecuniary factors</p>
		<p>CFO <a href="#">Directive</a>, 1/23/23</p> <p>Prohibits asset managers from investing income of participants in state’s deferred compensation program in financial products associated with ESG standards</p>
		<p>Florida-led multistate <a href="#">alliance</a>, announced on 3/16/23</p> <p>Governor DeSantis and 18 Republican Governors announced an alliance against ESG, calling for the utilization of their state pension funds to undermine ESG initiatives in the United States</p>

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<b>Florida</b> (continued)		<p><a href="#">HB 3</a>, in effect 7/1/23</p> <p>Requires all state and local investment decisions to be made on the basis of pecuniary factors only</p> <p>Prohibits state and local entities from issuing ESG bonds</p> <p>Requires shareholder rights like proxy voting to be exercised only on the basis of pecuniary factors</p> <p>Requires retirement systems and plans to offer annual reporting to state governmental bodies on their governance policies, voting decisions and adherence to fiduciary standards</p> <p>Requires any communications between an investment manager to a company in which the manager invests public funds on behalf of a governmental entity that discuss ESG interests, or advocate for an entity other than shareholders, to include a conspicuous disclaimer that the views are the sender's and not the state's</p> <p><u>Exceptions/Notes</u></p> <p>Wide-ranging law that includes other provisions. See previous <a href="#">client memo</a> for additional information</p>
<b>Georgia</b>	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">General Statement of Investment Policy</a>, 9/15/22</p> <p>Prohibits state employee retirement system trustees from sacrificing investment returns or increasing risk to promote non-pecuniary interests, including furtherance of social, political or ideological interests</p>
<b>Idaho</b>	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">SB 1405</a>, in effect 7/1/22</p> <p>Prohibits public entities including state investment boards from considering ESG characteristics in investment decisions in a manner that could override the prudent investor rule</p> <p>Requires notification by investment agents where they adopt or revise a policy related to disfavored investments or investment limitations identified as against the public policy of the state, and applicable to state investments</p> <p>Introduces requirements with respect to proxy voting</p> <p><u>Exceptions/Notes</u></p> <p>Public entities serving as fiduciaries to select investment options for investors may offer ESG- preferred investments to participants if they are optional and sufficient alternatives are offered</p>
	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">HB 190</a>, in effect 7/1/23</p> <p><u>Anti-Boycott</u></p> <p>Prohibits banks and credit unions designated as state depositories from boycotting companies/individuals engaged in the fossil fuel or firearms industries; requires state depositories to file affidavits with the state treasurer, including an anti-boycott certification; noncompliance is subject to revocation of the QPD designation</p> <p><u>Exception</u></p> <p>Anti-boycott certification requirement does not apply to state depository designation if it would be inconsistent with the constitutional or statutory duties of the state treasurer or would negatively impact the business needs of the state</p>
		<p><a href="#">HB 191</a>, in effect 7/1/23</p> <p><u>Contracting</u></p> <p>Prohibits public procurement decisions from being based on ESG standards</p>

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Illinois	Promoting the Consideration of ESG Factors in Investment Strategies	<p><a href="#">PA 101-473</a>, in effect 1/1/20</p> <p>Requires state and local government entities managing public funds to develop, publish and implement policies outlining how they consider ESG factors in relation to their overarching goals of achieving sustainable returns</p> <p>Requires entities to prudently integrate sustainability factors into investment decision-making, investment analysis, portfolio construction, due diligence and investment ownership</p> <p><u>Exceptions/Notes</u></p> <p>Does not apply to financial institution time deposits or processing services</p>
		<p><a href="#">SB 2152</a>, in effect 9/1/23</p> <p>Requires state pension board to publish its guidelines for voting proxy ballots and a detailed report on its website describing how the board is considering sustainability factors as defined in the state's sustainable investing act (PA 101-473 above)</p>
		<p><a href="#">HB 1471</a>, enacted 7/12/19</p> <p>Identifies environmental and social considerations and governance policies among circumstances that a trustee managing a trust may consider in making investment decisions</p>
		<p><a href="#">SB 653</a>, enacted 8/6/21</p> <p>Requires State Treasurer to develop, publish and implement an investment policy covering the management of all state funds under its control</p> <p><u>Exceptions/Notes</u></p> <p>Policy must include material, relevant and decision-useful sustainability factors to be considered</p>
		<p><a href="#">HB 2782</a>, in effect 1/1/24</p> <p>Requires public entity investment managers to disclose a description of any process through which they integrate sustainability factors into investment decision-making, analysis, portfolio construction, diligence and investment ownership in order to maximize risk-adjusted financial returns</p>
Indiana	Restricting the Consideration of ESG Factors in State Investment Strategies	<p>State Treasurer <a href="#">Statement</a> before the House Committee on Oversight and Accountability, 5/10/23</p> <p>Describes ESG investing as necessary for responsible investing and critical for managing and mitigating risk</p>
		<p><a href="#">HB 1008</a>, in effect 7/1/23</p> <p>Prohibits state public retirement system board from making an investment decision to influence social or environmental policy, or attempting to influence the governance of any corporation for nonfinancial purposes, and prohibits system from making an ESG commitment with respect to system assets</p> <p>Prohibits board from contracting with a service provider that has made an ESG commitment</p> <p>Introduces requirements with respect to proxy voting</p> <p><u>Exceptions/Notes</u></p> <p>Does not apply to a bank holding company or a subsidiary of a bank holding company, defined contribution plans, annuity savings plan or a private market fund</p> <p>Exception to service provider contracting prohibition where it would violate the board's fiduciary duty or there is no comparable replacement service provider</p> <p>Provides examples where a service provider may be determined to have made an ESG commitment</p>

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Kansas	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HB 2100</a>, in effect 7/1/23</p> <p>Requires state public employees retirement system assets to be entrusted to a fiduciary with a practice of following guidelines when engaging with portfolio companies to act solely on financial factors</p> <p><u>Introduces requirements with respect to proxy voting</u></p> <p><u>Exceptions/Notes</u></p> <p>Alternative or real estate investments as defined in state law exempted</p> <p>Exception to investment restriction where no economically practicable alternative available</p> <p>Provides examples where a fiduciary may be determined to have taken an action or considered a factor with a purpose of furthering social, political or ideological interests</p> <p>Exception re. proxy voting advisor requirements where no economically practicable alternative available</p>
		<p><a href="#">HB 2100</a>, in effect 7/1/23</p> <p><u>Contracting</u></p> <p>Prohibits state and state agencies from discriminating based on ESG factors in procurement decisions</p>
Kentucky	Restricting the Consideration of ESG Factors in State Investment Strategies	<p>Attorney General <a href="#">Opinion</a>, 5/26/22</p> <p>Establishes that stakeholder capitalism and ESG investment practices are inconsistent with state law governing fiduciary duties owed by investment management firms to state public pension plans</p>
		<p><a href="#">HB 236</a>, in effect 6/29/23</p> <p>Requires state-administered retirement system fiduciaries to consider only pecuniary factors in investment decisions, and prohibits the consideration of or actions with respect to ESG interests</p> <p>Introduces requirements with respect to proxy voting</p> <p><u>Exceptions/Notes</u></p> <p>Provides examples where a fiduciary may be determined to have considered or acted on a nonpecuniary interest</p>

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Kentucky (continued)	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">SB 205</a>, in effect 4/8/22</p> <p><u>Anti-Boycott – Listed Entities</u></p> <p>Requires (i) State Treasurer to prepare and maintain a list of publicly-traded financial companies that have engaged in energy company boycotts and (ii) state governmental entities to divest from listed financial companies that do not cease energy company boycotts within established timeframes; applies to state governmental entities involved in state investment, deposits or transactions above a specified threshold</p> <p><u>Contracting</u></p> <p>Prohibits state governmental entities from entering into contracts for goods or services (value at \$100K or more) with a company absent written verification that the company does not and will not engage in energy company boycotts during the term of the contract</p> <p><u>Divestment Exception</u></p> <p>Allows a state governmental entity to cease divesting where reasonable evidence shows that it has suffered or will suffer a material financial loss</p> <p>Does not apply where the state governmental entity determines the requirements are inconsistent with the entity's fiduciary responsibility</p> <p>Not required to divest from any indirect holdings in actively or passively managed investment funds or private equity funds</p> <p>Notes: An initial <a href="#">list</a> of financial companies was released on 1/3/23</p> <p><u>Contracting Exception</u></p> <p>Does not apply if inconsistent with constitutional, statutory or fiduciary duties relating to the issuance, incurrence or management of debt obligations or the deposit, management, borrowing or investment of funds</p>
Louisiana	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HCR 59</a>, in effect 6/4/23</p> <p>Requests U.S. Securities and Exchange Commission to withdraw proposed Climate Disclosure Rule</p>
		<p><a href="#">HCR 110</a>, in effect 6/7/23</p> <p>Urges and requests state retirement system boards of trustees not to allow ESG policies to influence their investment decisions</p>
	Anti-boycott Measures Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">HCR 70</a>, in effect 5/30/23</p> <p><u>Anti-Boycott – Listed Entities</u></p> <p>Requires state, statewide retirement systems and the state treasurer to submit a report to the legislature that includes the names of (i) any investment management company, investment advisor, mutual fund, or other entity in contract with the state that uses ESG factors not directly related to risk-adjusted returns, and (ii) any entity under contract known to boycott energy companies</p>
Maine	Prohibiting Public Investment in Certain Industries	<p><a href="#">HP 65 / LD 99</a>, in effect 6/16/21</p> <p>Prohibits State Treasurer from investing in any prime commercial paper or corporate bonds issued by a fossil fuel company</p> <p>Requires divestment of fossil fuel companies by state permanent funds held in trust by employees retirement system to divest from the fossil fuel industry by 1/1/26, and specifically identifies the 200 largest public fossil fuel companies as determined by carbon in their reserves</p> <p>Requires the public employees retirement system board to (i) post information detailing all holdings in the public market and private equity investments on a quarterly basis to the publicly accessible board website and (ii) annually report on its ESG investment policy, including a disclosure of commonly available environmental performance metrics on the environmental effects of the board's investments</p> <p><u>Exceptions/Notes</u></p> <p>Does not preclude <i>de minimis</i> exposure of funds</p>

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<b>Maryland</b>	Promoting the Consideration of ESG Factors in Investment Strategies	<p><a href="#">HB 740</a> / <a href="#">SB 566</a>, in effect 6/1/22</p> <p>Requires state retirement and pension board to consider climate risks in its investment policy and associated with its investment portfolio across certain sectors and asset classes, to identify investment opportunities in certain energy sectors, to develop a process to regularly assess certain impacts of climate risk, and to report annually on climate risk levels across the portfolio</p> <p>Requires fiduciaries to consider the potential systemic risks of the impact of climate change on the assets of several systems, including monitoring net-zero aligned investments and climate solutions to ensure a path to a long-term sustainable portfolio</p>
<b>Massachusetts</b>	Prohibiting Public Investment in Certain Industries	<p>PRIM Board proxy voting <a href="#">guidelines</a>, in effect 3/1/22</p> <p>Permits state pension funds to vote against directors at companies targeted by the Climate Action 100+, and vote on a case-by-case basis on directors at companies not included on the Climate Action 100+ action list, that have failed to align their business plans with the goals of limiting global warming to 1.5 degrees Celsius, as set forth in the Paris Climate Agreement, and/or that have failed to establish a plan to achieve net zero emissions by 2050</p>
<b>Mississippi</b>	Restricting the Consideration of ESG Factors in State Investment Strategies	<p>Treasurer <a href="#">letter</a> to Public Employees' Retirement System Board Members, 11/14/22</p> <p>Urges board to reject ESG policies and formally prohibit the use of nonpecuniary factors in investment policy</p>
<b>Missouri</b>	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HR 12</a>, in effect 5/12/23</p> <p>Urges the state and its executive officers, state agencies and officials to oppose (i) a forced imposition of ESG policies, (ii) costs on state citizens related to the imposition of ESG policies, (iii) any action based on the assumption that net zero is likely to occur, (iv) any SEC regulations or other climate-related rules, (v) any private governmental agency discussion on climate-change risk and ESG policies and (vi) any policies of federal banking regulators that require ESG to be used in the decision-making process</p> <hr/> <p><a href="#">15 CSR 30-51.170 6/1/2023 Amendment</a>, in effect 7/30/23</p> <p>Requires a broker-dealer or agent to disclose to a customer or potential customer the incorporation of any social objective or other nonfinancial objective when buying or selling a security or commodity</p> <hr/> <p><a href="#">15 CSR 30-51.172 6/1/2023 Amendment</a>, in effect 7/30/23</p> <p>Same as Missouri 15 CSR 30-51.170 above, but applied to investment advisers and their clients or prospective clients</p>
<b>Montana</b>	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HB 228</a>, in effect 4/19/23</p> <p>Requires state board of investments to consider only pecuniary factors in public investment decisions</p> <p>Introduces requirements with respect to proxy voting</p> <p><u>Exceptions/Notes</u></p> <p>Acknowledges circumstances in which ESG considerations may be pecuniary and evaluated in public investment decisions</p> <p>Exception re. proxy voting advisor requirements where no economically practicable alternative available</p>
	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">HJ 11</a>, in effect 4/14/23</p> <p>Joint resolution urging (i) state congressmen to compel the U.S. Senate Banking Committee, as well as the committees it oversees, to withdraw or modify ESG investment policies for financial institutions and (ii) the state division of banking and financial institutions to avoid implementing examination policies or guidelines beyond the scope of traditional "safety and soundness" risk assessments</p>

State	Type of Measure	Description
<b>Montana</b> (continued)		<p><a href="#">HB 356</a>, in effect 10/1/23</p> <p><u>Contracting</u> Prohibits state governmental entities from entering into contracts for goods or services (value at \$100K or more) with a company absent written verification that the company does not and will not engage in firearm entity/firearm trade association boycotts during the term of the contract</p> <p><u>Exception</u> Does not apply where the governmental entity contracts with a sole-source provider or does not receive bids from a company that is able to provide the required written verification</p>
<b>Nevada</b>	Prohibiting Public Investment in Certain Industries	<p>Treasurer <a href="#">Announcement</a>, 6/3/22</p> <p>Announced state divestment from businesses that sell or manufacture assault-style weapons</p>
<b>New Hampshire</b>	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">HB 1469</a>, in effect 6/17/22</p> <p><u>Anti-Discrimination Committee</u> Establishes committee to study the need for anti-discrimination legislation in the state's financial services industry</p>
	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HB 457</a>, in effect 8/29/23</p> <p>Requires state retirement system independent investment committee and board of trustees to file quarterly reports regarding compliance with duty to make all investment decisions solely in the interest of the participants and beneficiaries of the state retirement system</p> <p><u>Exceptions/Notes</u> Report must include the existence of any investment funds that may have mixed, rather than sole, interest investment motivations</p>
		<p><a href="#">Executive Order</a> 2023-03</p> <p>Establishing restrictions on ESG factors in state investments and associated reporting</p>
	Promoting the Consideration of ESG Factors in Investment Strategies	<p><a href="#">SB 49</a>, enacted 7/1/21</p> <p>Allows trustees to engage in investing strategies that align with interested persons' social, environmental, or governance objectives or other values or beliefs, regardless of investment performance</p>
<b>New Mexico</b>	Promoting the Consideration of ESG Factors in Investment Strategies	<p>Permanent Funds Environmental, Social, and Governance <a href="#">Policy</a>, approved by the New Mexico State Investment Council in August 2021</p> <p>Establishes guidelines for the incorporation of ESG considerations into state investment office and council state investment management process</p>
<b>New York State</b>	Prohibiting Public Investment in Certain Industries	<p>Teachers' Retirement System <a href="#">divestment</a>, 12/28/21</p> <p>Announced end to further investment in 20 oil and gas and thermal coal reserve holdings and divestment of \$66 million of thermal coal holdings</p>
		<p>Pension Fund <a href="#">sets 2040 Net Zero Carbon Emissions Target</a></p> <p>New York State Common Fund adopted a goal to transition its portfolio to net zero emissions by 2040, including (i) a review of investments in energy sector companies, (ii) an assessment of transition readiness and climate-related investment risk and (iii) divestment of companies that fail to meet minimum standards</p>

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New York City	Prohibiting Public Investment in Certain Industries	<p>Teachers' Retirement System <a href="#">initiatives</a></p> <p>2015 - divested from thermal coal</p> <p>2017-2022 - conducted climate risk assessments and divested from fossil fuel reserve owners and increased investments in climate solutions</p> <p>2021 - committed to reach net zero by 2040</p> <p>2023 - announced four strategies whereby system will achieve net zero emissions by 2040: (1) disclose emissions and set interim targets; (2) engage portfolio companies and asset managers to be net zero-aligned; (3) invest in climate change solutions and (4) divest to reduce risk</p> <p><u>Exceptions/Notes</u></p> <p>In May 2023, four public employees, who are future pension beneficiaries, supported by an Oklahoma anti-union advocacy group, sued the New York City Teachers' Retirement System, Employees' Retirement System and Board of Education Retirement System for breaching their fiduciary duties in the process of divesting from fossil fuel companies. On August 7, 2023, the <a href="#">pension funds filed a motion to dismiss</a> on the grounds that the decision will have no impact on the employees' retirement benefits, and the employees therefore lack standing</p>
		<p>Employees' Retirement System <a href="#">initiatives</a></p> <p>2015 - divested from thermal coal</p> <p>2017-2022 - conducted climate risk assessments and divested from fossil fuel reserve owners and increased investments in climate solutions</p> <p>2021 - committed to reach net zero by 2040</p> <p>2023 - announced four strategies whereby system will achieve net zero emissions by 2040: (1) disclose emissions and set interim targets; (2) engage portfolio companies and asset managers to be net zero-aligned; (3) invest in climate change solutions and (4) divest to reduce risk</p> <p><u>Exceptions/Notes</u></p> <p>See discussion of lawsuit above</p>
		<p>New York City Board of Education Retirement System <a href="#">initiatives</a></p> <p>Divested from fossil fuel reserve owners in 2021</p> <p><u>Exceptions/Notes</u></p> <p>See discussion of lawsuit above</p>
North Carolina	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HB 750</a>, in effect 6/27/23</p> <p>Restricts the State Treasurer and state pension plan fiduciaries' investment decisions, and the evaluation or exercise of rights appurtenant to investments, to pecuniary factors</p> <p><u>Exceptions/Notes</u></p> <p>May consider environmental or social considerations as pecuniary factors only if qualified investment professionals would treat these risks and opportunities as material economic considerations</p> <p>May in evaluating or exercising any right appurtenant to an investment reasonably conclude that not exercising such a right is in the best interest of the fund's beneficiaries</p>
North Dakota	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">SB 2291</a>, in effect 3/24/21</p> <p>Prohibits investment of state funds for purpose of social investment</p> <p><u>Exceptions/Notes</u></p> <p>Does not apply where state investment board can demonstrate that a social investment has an equivalent or superior rate of return as compared to a similar non-social investment with a similar time horizon and risk</p>

State	Type of Measure	Description
North Dakota (continued)		<p><a href="#">HB 1429</a>, in effect 8/1/23</p> <p>Introduces requirements with respect to proxy voting</p> <p>Prohibits insurers from refusing to insure or charging a different rate based on ESG criteria, DEI policies, or political and ideological factors</p> <p>Requires state bank to study ESG trends, laws and policies that impact businesses in the state, and to issue a report of its findings and recommendations</p> <p><u>Exceptions/Notes</u></p> <p>Same as North Dakota SB 2291 above</p> <p>Insurance prohibition does not apply in cases where the refusal or different rate is the result of the application of sound underwriting and actuarial principles</p>
	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">SB 2291</a>, in effect 3/24/21</p> <p><u>ESG Report</u></p> <p>Requires state Department of Commerce study on ESG-related investment policies, state involvement with companies that consider ESG factors in their decisions, and the implications of total divestment from companies that boycott energy or commodities</p>
Oklahoma	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">HB 2034</a>, in effect 11/1/22</p> <p><u>Anti-Boycott – Listed Entities</u></p> <p>Same as Kentucky SB 205 above; applies to all state retirement systems</p> <p><u>Contracting</u></p> <p>Same as Kentucky law above</p> <p><u>Exceptions/Notes</u></p> <p>On November 20, 2023, an Oklahoma pensioner filed a <a href="#">lawsuit</a> to block enforcement of HB 2034 alleging HB 2034 is unconstitutional and violates the First Amendment</p> <p><u>Exception</u></p> <p>Essentially the same as Kentucky law above, though applies a clear and convincing as opposed to a reasonable evidence standard with respect to determining financial loss, and describes such loss as a loss in the value of assets under management as opposed to material financial loss</p> <p>An initial <a href="#">list</a> of financial companies was released on 5/3/23 and <a href="#">updated</a> on 8/15/23</p> <p>Oklahoma Public Employee Retirement System, which holds over \$10 billion in assets, voted to take the financial exemption to avoid divesting from a listed asset manager</p>
Oregon	Promoting the Consideration of ESG Factors in Investment Strategies	<p>Investment Council approval of an <a href="#">amendment</a> to the state investment policy for Oregon Public Employees Retirement Fund, 9/9/20</p> <p>Formally integrates ESG factors into fund management policy</p>
Rhode Island	Prohibiting Public Investment in Certain Industries	<p>State Pension <a href="#">Initiative</a>, in effect 1/22/20</p> <p>Requires the state investment commission to divest the public pension fund from companies that manufacture assault-style weapons for civilian use or operate private for-profit prisons</p>
Tennessee	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">SB 955</a>, in effect 5/17/23</p> <p>Restricts State Treasurer to investment decisions based on financial factors as opposed to ESG interests</p> <p>Introduces requirements with respect to proxy voting</p> <p><u>Exceptions/Notes</u></p> <p>Acknowledges circumstances where ESG interests may be material to the financial analysis of the investment and evaluated in public investment decisions</p>

State	Type of Measure	Description
Tennessee (continued)	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">SB 2649</a>, in effect 7/1/22</p> <p><u>Contracting</u> Prohibits State Treasurer from entering into contracts or amendments with a state depository for the state's primary cash management banking services where the entity has a policy prohibiting financing to fossil fuel companies</p> <p><u>Exception</u> Does not apply where the governmental entity determines the state depository's services are necessary for it to perform its functions and/or services may not be obtained elsewhere</p>
	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">SB 13</a>, in effect 9/1/21</p> <p><u>Anti-Boycott – Listed Entities</u> Same as Kentucky and Oklahoma laws above; applies to multiple state retirement systems and the permanent school fund</p> <p><u>Contracting</u> Same as Kentucky and Oklahoma laws above</p> <p><u>Exceptions/Notes</u> Same as Oklahoma law above</p> <p><i>Notes:</i> An initial list of financial companies was released on <a href="#">8/24/22</a>, updated on <a href="#">3/20/23</a>, and most recently updated again on <a href="#">11/1/23</a></p> <p>The Comptroller published updated FAQ related to the methodology used in the creation and publication of the list in <a href="#">March</a></p> <p>The Texas Comptroller has sent a letter <a href="#">warning</a> state pension funds and an entity that manages money for the public school systems to sever all relationships with listed companies</p> <p>A <a href="#">bill</a> to repeal the law was filed, but failed to pass</p>
Texas	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">SB 19</a>, in effect 9/1/21</p> <p><u>Contracting</u> Prohibits state governmental entities from entering into contracts for goods or services (value at \$100K or more) with a company absent written verification that the company does not and will not discriminate against a firearms entity or trade association during the term of the contract</p> <p><u>Exception</u> Does not apply where the governmental entity contracts with a sole-source provider or does not receive bids from a company that is able to provide the required written verification</p> <p>Certain other contracts exempted</p>
	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">SB 833</a>, in effect 9/1/23</p> <p><u>Anti-Discrimination - Scoring</u> Prohibits state insurers from using an ESG model, score, factor or standard to charge a rate different than the rate charged to another business or risk in the same class for a similar hazard</p> <p><u>Exception</u> An insurer does not violate the statute if its actions are based on an ordinary insurance business purpose, including the use of sound actuarial principles, or financial solvency considerations reasonably related to the type of risk</p>
	Promoting the Consideration of ESG Factors in Investment Strategies	<p>Teacher Retirement System ESG <a href="#">policy</a>, in effect 9/16/21</p> <p>Formally incorporates ESG statement into investment policy</p>

State	Type of Measure	Description
Utah	Restricting the Consideration of ESG Factors in State Investment Strategies	<a href="#">SB 96</a> , in effect 5/3/23 Requires public entities to invest public funds in accordance with the prudent investor rule Introduces requirements with respect to proxy voting <u>Exceptions/Notes</u> Exempts certain funds
		<a href="#">SCR 9</a> , in effect 3/14/23 Encourages State AG to furnish legal advice to the State Treasurer and investment managers on various topics, to take legal action to protect the state's investments when necessary, to implement investment policies that restrict the use of ESG criteria, and to conduct audits of state investments
		Attorney General <a href="#">Statement</a> before the House Committee on Oversight and Accountability, 5/10/23 Urges committee to undertake various ESG-related investigations, including on the role of proxy advisors and the U.S. Department of Labor ESG Rule
	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<a href="#">SB 97</a> , in effect 5/3/23 <u>Contracting</u> Prohibits public entities from entering into contracts for goods or services (value at \$100K or more) with a company absent written verification that the company does not and will not engage in, among others, an economic boycott against fossil fuel, timber, mining, agriculture or firearms companies, companies that do not meet or commit to meet environmental standards (including standards for eliminating, reducing, offsetting or disclosing GHG emissions, beyond applicable state and federal law requirements), or companies that do not facilitate or commit to facilitate access to abortion or sex characteristic surgical procedures, during the term of the contract <u>Exceptions</u> Permits public entities to contract with restricted companies where there is no economically practicable alternative, or to comply with federal law
		<a href="#">HB 449</a> , in effect 7/1/23 <u>Anti-Boycott – Coordination</u> Prohibits companies from coordinating to eliminate viable options for firearms companies to obtain a product or service
		<a href="#">HB 281</a> , in effect 5/3/23 <u>Anti-Discrimination - Scoring</u> Requires state consumer protection division to establish and operate a system to receive consumer reports regarding a company's or financial institution's use or creation of a social credit score, and to submit a report to the appropriate state agency regarding reports indicating that a company or financial institution has used a social credit score to discriminate against, advocate for or cause adverse or preferential treatment of a person
West Virginia	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<a href="#">SB 262</a> , in effect 6/10/22 <u>Anti-Boycott – Listed Entities</u> Authorizes State Treasurer to prepare and maintain a list of financial companies that have engaged in energy company boycotts, to exclude listed companies from the selection process for state banking contracts, to refuse to enter into banking contracts with listed companies, and to require, as a term of banking contracts, an agreement by a financial institution not to engage in energy company boycotts for the duration of the contract <u>Exceptions/Notes</u> An initial list of financial companies was released on <a href="#">7/28/22</a>

State	Type of Measure	Description
West Virginia <i>(continued)</i>	Restricting the Consideration of ESG Factors in State Investment Strategies	<p><a href="#">HB 2862</a>, in effect 6/8/23</p> <p>Introduces requirements with respect to shareholder and proxy voting</p> <p><u>Exceptions/Notes</u></p> <p>Includes an exception where “reasonable efforts” have been made; does not require the board to divest from any private market funds or from indirect holdings in actively or passively managed investment funds</p>
Wyoming	Anti-boycott Bills Targeting Companies Doing Business With State Governmental Entities	<p><a href="#">HB 0236</a>, in effect 7/1/21</p> <p><u>Anti-Discrimination</u></p> <p>Prohibits financial institutions from discriminating against firearms businesses or trade associations</p> <p><u>Exceptions</u></p> <p>Does not apply where a financial institution opts not to provide services to firearms businesses for business or financial reasons or pursuant to a regulation or written company policy prohibiting discrimination against these entities</p>
	Restricting the Consideration of ESG Factors in State Investment Strategies	<p>State Treasurer’s <a href="#">Statement</a> on its updated ESG Policy, 5/3/2023</p> <p>Prohibits State Treasurer from considering factors that further social, political or ideological interests in state investment decisions</p>