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ESG Battlegrounds:

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

Updated as of April 2025

Introduction

Socially responsible investing principles have been around since the 1960s,[1] but have only recently undergone scrutiny by state legislative bodies. In 2021, Texas was the first state to pass a so-called anti-boycott law.[2] Since then, 37 other states have passed either pro- or anti-ESG laws, policies or resolutions related to financial institutions and other large companies, fracturing an already complicated landscape for financial services companies, including private investment managers that invest money on behalf of state pensions.

Anti-ESG legislation primarily takes the following forms:

- **Anti-ESG investing** laws prohibit the consideration of "non-pecuniary" factors by public pension funds or state and local government authorities and their investment managers as being inconsistent with the exercise of fiduciary duties. The measures define this concept differently, but ultimately capture the use of factors other than those that seek specifically to maximize investment returns.
- **Anti-boycott** laws restrict the ability of state entities to do business with companies that "boycott" or "discriminate" against certain industries disfavored by the ESG movement; several measures require or authorize state regulators to develop and maintain a blacklist of financial entities that engage in boycotts of fossil fuel companies.
- **Contracting restriction** laws either (i) compel companies entering into contracts with state entities to attest, as a condition of doing business with public entities, that they do not and will not engage in boycotts during the life of the contract or (ii) prohibit state entities from contracting with companies on the basis of ESG factors.
- **Anti-discrimination** laws primarily prohibit entities from discriminating in business decisions on the basis of ESG scores.

Pro-ESG legislation generally falls into one of the following categories:

- **Consideration of ESG factors** laws generally require state entities to consider environmental, social and other sustainability factors in investment and contracting decisions.
- **Divestment/investment restriction** laws prohibit state entities from making new investments in certain ESG disfavored industries and require divestment from existing investments in such industries.
- **ESG-related disclosure** laws require disclosure of climate-related metrics and risks (in reference to the GHG Protocol or the TCFD recommendations), disclosures related to voluntary carbon offsets and/or disclosures that report diversity metrics.

The charts below summarize relevant state anti- and pro-ESG laws and categorize them into the noted groups. The charts also include related state policies, resolutions and statements, as well as multi-state anti- and pro-ESG initiatives.

1 "The Evolution of ESG Investing," MSCI, available here.

2 SB 13, in effect 9/1/21.

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Please click below to access the following information:

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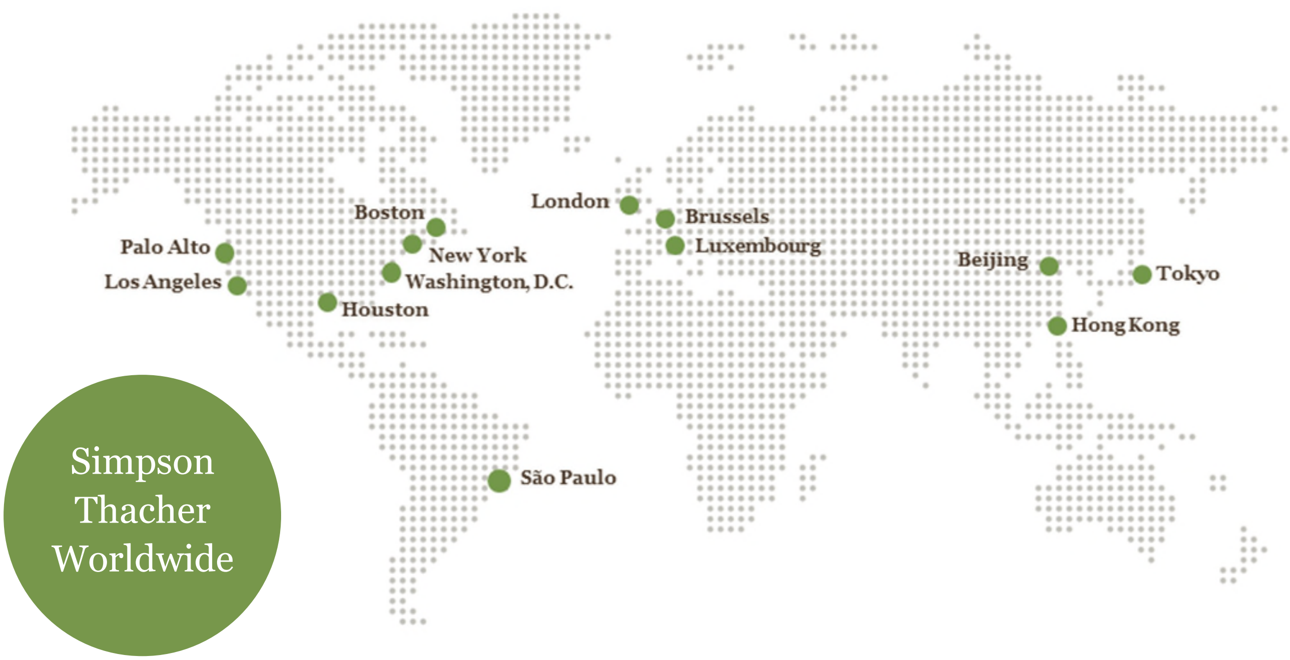
For further information regarding this Alert, please contact one of the following authors:

Leah Malone
+1-212-455-3560
leah.malone@stblaw.com

Emily B. Holland
+1-202-636-5987
emily.holland@stblaw.com

Alexis V. Capati
+1-202-636-5879
alexis.capati@stblaw.com

Chayla S. Sherrod
+1-212-455-2779
chayla.sherrod@stblaw.com



Anti-ESG Laws: By State

Anti-ESG Investing | Anti-Boycott | Contracting Restriction | Anti-Discrimination

Statute		Description	Exceptions/Notes
Alabama			
SB 261, in effect 8/1/23	Contracting Restriction	Prohibits state governmental entities from entering into contracts for goods or services (valued at $15K or more) absent written verification that the company does not and will not engage in an economic boycott against companies in the fossil fuel, timber, mining, agriculture or firearms industries, 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.	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. 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.
Arkansas			
HB 1253, in effect 8/1/23	Anti-ESG Investing	Requires public pension benefit plan fiduciaries to consider only pecuniary factors in investment decisions. Introduces requirements with respect to shareholder and proxy voting.	Acknowledges circumstances in which ESG considerations may be pecuniary and evaluated in public investment decisions. Provides exception regarding proxy voting advisor requirements where no economically practicable alternative available.
HB 1307, in effect 8/1/23 Amended by SB 409 Amended by HB 1507	Anti-Boycott	Creates ESG Oversight Committee. Requires State Treasurer to maintain a list of financial services providers (determined by the ESG Oversight Committee) that discriminate against companies in the energy, firearms/ammunition or agriculture industries or otherwise refuse to deal with companies based on environmental, social justice, and other governance-related factors. 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.	Exempts an investment otherwise 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 or the public entity.

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Statute		Description	Exceptions/Notes
HB 1845, in effect 8/1/23	Anti-Boycott	Clarifies 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.	
SB 62, in effect 8/1/23	Contracting Restriction	Prohibits public entities from entering into contracts for goods or services (valued at $75K or more) absent written verification that the company does not and will not engage in boycotts of companies engaged in the energy, fossil fuel, firearms and ammunition industries during the term of the contract.	Does not apply to companies that offer to provide goods or services for at least 20% less than the lowest certifying business.
Florida			
HB 3, in effect 7/1/23	Anti-ESG Investing	Requires all state and local investment decisions to be made on the basis of pecuniary factors only. Prohibits state and local entities from issuing ESG bonds. Requires shareholder rights like proxy voting to be exercised only on the basis of pecuniary factors. Requires retirement systems and plans to offer annual reporting to state governmental bodies on their governance policies, voting decisions and adherence to fiduciary standards. 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. Prohibits financial institutions from discriminating in the offering or denial of financial services on the basis of non-quantitative or risk-based factors, including political or religious ideology or a "social credit score."	Wide-ranging law that covers a number of related areas. See our previous client memo for additional information.
HB 989, in effect 7/1/24	Anti-Discrimination	Amends Section 655.0323, Florida Statutes, as established by HB 3, to provide a customer complaint process for customers to report financial institutions they suspect have engaged in an "unsafe and unsound practice", as defined in Section 655.0323/HB 3.	

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Statute		Description	Exceptions/Notes
Georgia			
HB 1018, in effect 4/22/24	Anti-Discrimination	Prohibits financial institutions from refusing to provide financial services to, refraining from continuing to provide existing financial services to, terminating existing financial services with, or otherwise discriminating in providing financial services to, a person or trade association solely because such person or trade association is engaged in the lawful commerce of firearms or ammunition products. Prohibits financial institutions from requiring the use of a firearms code that distinguishes firearms retailers physically located in the state from other retailers, except as required by law. Prohibits financial institutions from discriminating against firearms retailers by declining lawful payment card transactions based on the assignment/non-assignment of a firearms code.	
HB 481, in effect 7/1/24	Anti-ESG Investing	Requires public retirement system assets to be invested solely in the interests of plan participants and their beneficiaries for the exclusive purpose of providing plan benefits. Prohibits the promotion of nonpecuniary interests, including the furtherance of social, political, or ideological interests. Requires all votes to be solely and exclusively in the best economic interests or rights of the retirement system.	
Idaho			
HB 190, in effect 7/1/23	Anti-Boycott	Prohibits banks and credit unions designated as state depositories from boycotting companies/individuals engaged in fossil fuel-based energy, timber, minerals, hydroelectric power, nuclear energy, agriculture 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.	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.
HB 191, in effect 7/1/23 Amended by HB 56, in effect 7/1/25	Contracting Restriction	Prohibits public entities from accepting or denying a contract based on subjective ethical or sustainability criteria unrelated to the specifications of a contract or qualifications of the contractor.	

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Statute		Description	Exceptions/Notes
SB 1405, in effect 7/1/22	Anti-ESG Investing	Prohibits public entities from considering ESG characteristics in investment decisions in a manner that could override the prudent investor rule. Requires notification by investment agents when 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. Introduces requirements with respect to proxy voting.	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.
SB 1291, in effect 7/1/24	Contracting Restriction	Prohibits state governmental entities from entering into contracts for goods or services (valued at $100K or more) with a company absent written verification that the company does not and will not engage in boycotts against companies in the fossil fuel-based energy, timber, minerals, hydroelectric power, nuclear energy, agriculture or firearms industry during the term of the contract.	Does not apply if (i) inconsistent with constitutional or statutory duties relating to the issuance, incurrence or management of debt obligations or the deposit, management, borrowing or investment of funds or (ii) contrary to the business needs of the public entity and would prevent public entity from fulfilling its legal duties or obligations.
SB 1027, in effect 7/1/25	Anti-Discrimination	Prohibits large financial institutions from refusing to provide, terminating or restricting financial services on the basis of a social credit score.	Impartial, quantifiable, risk based standards used to evaluate financial risks which consider social credit score-related factors are permissible if established prior to the enactment of this law and publicly available.
Indiana			
HB 1008, in effect 7/1/23	Anti-ESG Investing	Prohibits state public retirement system board from making investment decisions to influence social or environmental policy, or attempting to influence the governance of any corporation for nonfinancial purposes, and prohibits system from making a commitment with the nonfinancial purpose to further social, political or ideological interests with respect to system assets. Introduces requirements with respect to proxy voting.	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.

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

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Statute		Description	Exceptions/Notes
	Contracting Restriction	Prohibits board from contracting with a service provider that acts with the nonfinancial purpose to further social, political or ideological interests.	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. Provides examples where a service provider may be determined to have made an ESG commitment. Exception where it would violate the board's fiduciary duty or there is no comparable replacement service provider.
Kansas			
HB 2100, in effect 7/1/23	Anti-ESG Investing	Requires fiduciaries of state public employees retirement system assets to consider only financial factors in making and supervising investments of the system. Introduces requirements with respect to proxy voting. Imposes penalty for violations (equal to 3x the fees paid for services).	Alternative or real estate investments as defined in state law exempted. Exception to investment restriction where no economically practicable alternative available. 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. Exception regarding proxy voting advisor requirements where no economically practicable alternative available.
	Contracting Restriction	Prohibits state and state agencies from discriminating in procurement decisions based on ESG factors.	
Kentucky			
HB 236, in effect 6/29/23 Amended by SB 183	Anti-ESG Investing	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. Introduces requirements with respect to proxy voting.	Evidence that a fiduciary has considered or acted on a nonpecuniary interest includes statements, reports, communications with portfolio companies, votes of shares and participation in coalitions or initiatives.

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

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Statute		Description	Exceptions/Notes
			A proxy advisor is considered to be acting solely in the interest of members and beneficiaries if its vote/recommendation is consistent with the recommendation of the board of the issuer, if the board is majority composed of independent directors and the recommendation does not further a nonpecuniary interest OR if inconsistent with the recommendation of the board of directors, the proxy advisor demonstrates through an economic analysis that the action is solely in the interest of members and beneficiaries.
SB 205, in effect 4/8/22	Anti-Boycott	Requires (i) State Treasurer to prepare and maintain a list of publicly-traded financial companies that have engaged in boycotts against companies in the fossil fuel-based energy industry and (ii) state governmental entities to divest from listed financial companies that do not cease engaging in boycotts against companies in the fossil fuel-based energy industry within established timeframes; applies to state governmental entities involved in state investment, deposits or transactions above a specified threshold.	Allows a state governmental entity to cease divesting where reasonable evidence shows that it has suffered or will suffer a material financial loss. Does not apply where the state governmental entity determines the requirements are inconsistent with the entity's fiduciary responsibility. Not required to divest from any indirect holdings in actively or passively managed investment funds or private equity funds. Notes: An initial list of financial companies was released on 1/3/23.
	Contracting Restriction	Prohibits state governmental entities from entering into contracts for goods or services (valued at $100K or more) with a company absent written verification that the company does not and will not engage in boycotts against companies in the fossil fuel-based energy industry during the term of the contract.	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.
Louisiana			
HCR 70, in effect 5/30/23	Anti-Boycott	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 companies in the fossil fuel-based energy industry.	

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Statute		Description	Exceptions/Notes
SB 234, in effect 8/1/24	Contracting Restriction	Prohibits public entities from entering into contracts for the purchase of goods or services (valued at $100K or more) with a company with at least 50 FTE renewed/entered into on or after 8/1/24, absent written verification that the company does not and will not discriminate against an entity or trade association in the firearm and ammunition industries.	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. Refusal to engage in a business relationship with an entity or trade association in the firearms industry in order to comply with federal, state, or local law, policy, regulation or directive or for a traditional or ordinary business reason specific to the customer and not based solely on an entity/association's status, is not deemed to be discriminatory.
Montana			
HB 228, in effect 4/19/23	Anti-ESG Investing	Requires state board of investments to consider only pecuniary factors in public investment decisions. Introduces requirements with respect to proxy voting.	Acknowledges circumstances in which ESG considerations may be pecuniary and evaluated in public investment decisions. Exception regarding proxy voting advisor requirements where no economically practicable alternative available.
HB 356, in effect 10/1/23	Contracting Restriction	Prohibits state governmental entities from entering into contracts for goods or services (valued at $100K or more) with a company absent written verification that the company does not and will not discriminate against an entity or trade association in the firearms industry during the term of the contract.	Does not apply (i) to agreements related to investment services and (ii) 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.
New Hampshire			
HB 457, in effect 8/29/23	Anti-ESG Investing	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.	Report must include the existence of any investment funds that may have mixed, rather than sole, interest investment motivations.
HB 1469, in effect 6/17/22	Anti-Discrimination	Establishes committee to study the need for anti-discrimination legislation in the state's financial services industry.	

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Statute		Description	Exceptions/Notes
North Carolina			
HB 750, in effect 6/27/23	Anti-ESG Investing	Requires the State Treasurer and state pension plan fiduciaries to consider only pecuniary factors in the evaluation of investment decisions or exercise of rights in association with investments.	May consider environmental or social considerations as pecuniary factors only if qualified investment professionals would treat these risks and opportunities as material economic considerations. May reasonably conclude that not exercising a right is in the best interest of the fund's beneficiaries.
	Contracting Restriction	Prohibits the state and state agencies from considering ESG criteria or economically targeted investment requirements in the awarding of state contracts.	
North Dakota			
HB 1429, in effect 8/1/23	Anti-ESG Investing	Prohibits investment of state funds for the purpose of social investment, which includes the consideration of ESG impact criteria for the purpose of obtaining an effect other than the maximization of return. Introduces requirements with respect to proxy voting.	Does not apply where state investment board can demonstrate that a social investment would provide an equivalent or superior rate of return as compared to a similar non-social investment with a similar time horizon and risk.
	Anti-Discrimination	Prohibits insurers from refusing to insure or charging a different rate based on ESG criteria, DEI policies, or political and ideological factors. 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.	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.
SB 2291, in effect 3/24/21	Anti-ESG Investing	Prohibits investment of state funds for purpose of social investment. 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.	Does not apply where state investment board can demonstrate that a social investment would provide an equivalent or superior rate of return as compared to a similar non-social investment with a similar time horizon and risk.

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Statute		Description	Exceptions/Notes
Ohio			
SB 6, in effect 3/20/25	Anti-ESG Investing	Prohibits investment of state pension funds, state insurance fund and endowment portfolios of state institutions of higher education for the primary purpose of influencing ESG policy of a corporation rather than maximizing returns. Prohibits boards of state pension funds, bureau of workers' compensation and state institutions of higher education from adopting or promoting any investment policy with the primary purpose of influencing ESG policy of a corporation.	State pension funds include the public employees retirement system, police and fire pension fund, teachers retirement system, school employees retirement system and highway patrol retirement system. Does not prohibit a state institute of higher education from accepting a bequest from a decedent with the condition that the donation is used for the primary purpose of influencing ESG policy of a corporation, or from complying with that request.
Oklahoma			
HB 2034, in effect 11/1/22* *Enforcement suspended as of 5/7/24	Anti-Boycott	Requires (i) State Treasurer to prepare and maintain a list of publicly-traded financial companies that have engaged in boycotts of companies in the fossil fuel-based energy industry and (ii) state governmental entities to divest from listed financial companies that do not cease engaging in boycotts against companies in the fossil fuel-based energy industry within established timeframes; applies to all state retirement systems.	As of July 19, 2024, the law is permanently enjoined (subject to appeal) on the basis that its terms violate the state constitution and are impermissibly vague. Absent the decision, the law allows a state governmental entity to cease divesting where clear and convincing evidence shows that it has suffered or will suffer a material financial loss; describes such loss as a loss in the value of assets under management as opposed to material financial loss. Does not apply where the state governmental entity determines the requirements are inconsistent with the entity's fiduciary responsibility. State entities are not required to divest from any indirect holdings in actively or passively managed investment funds or private equity funds. An initial list of financial companies was released on 5/3/23 and updated on 8/15/23 and most recently on 5/3/24. In August 2023, 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.

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

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Statute		Description	Exceptions/Notes
			On April 22, 2024, the Oklahoma Rural Association published a report on the adverse effects of HB 2034, finding that this measure caused a 15.7% increase in Oklahoma's municipalities' borrowing costs, and close to $185M in additional expenses since its enactment.
	Contracting Restriction	Prohibits state governmental entities from entering into contracts for goods or services (valued at $100K or more) with a company absent written verification that the company does not and will not boycott companies in the fossil fuel-based energy industry during the term of the contract.	Does not apply where the state governmental entity determines the requirements are inconsistent with the entity's fiduciary responsibility.
South Carolina			
HB 3690, in effect 2/5/24	Anti-ESG Investing	Requires the state Retirement System Investment Commission to consider only pecuniary factors when investing and managing retirement system assets. Requires the commission to cast shareholder proxy votes in line with its fiduciary duties based on pecuniary factors, and any engagement with a company regarding the exercise of shareholder proxy votes to be based solely on pecuniary factors and for the sole purpose of maximizing shareholder value.	The commission may use a proxy firm or advisory service in exercising shareholder proxy rights provided the proxy advisor commits in writing to follow proxy guidelines that are consistent with a focus on pecuniary factors.
Tennessee			
HB 2100, in effect 7/1/24	Anti-Discrimination	Prohibits financial institutions from canceling or denying services to a person based on, inter alia, the person's political or religious values or use of social credit scores, with the latter based on various factors, including but not limited to engagement in the firearms and ammunition, fossil-fuel based energy, timber, mining or agriculture industries or failure to meet specified ESG criteria. Requires financial institutions to provide statement of specific reasons for refusal of services within 30 days of receiving a person's request for such a statement if the request is made within 90 days of the financial institution's refusal, restriction or termination of service to that person. Prohibits insurers from refusing to insure or charging a different rate based on the person's political, ideological or religious values or affiliations.	Does not apply where the financial institution claims a religious purpose for provision or denial of services based on the current or prospective customer's religious beliefs, exercise or affiliation. Insurance prohibition does not apply where the refusal or different rate is the result of the application of sound underwriting and actuarial principles or where the insurer claims a religious purpose for the refusal or different rate based on the current or prospective customer's religious beliefs, exercise or affiliation.

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

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Statute		Description	Exceptions/Notes
SB 955, in effect 5/17/23	Anti-ESG Investing	Restricts State Treasurer to investment decisions based on financial factors, which does not include ESG interests that may not be material to the financial analysis of the investment. Introduces requirements with respect to proxy voting.	
SB 2649, in effect 7/1/22	Contracting Restriction	Prohibits State Treasurer from entering into contracts or amendments with any state depository that has a policy prohibiting financing to companies in the fossil fuel industry.	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.
Texas			
SB 833, in effect 9/1/23	Anti-Discrimination	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.	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.
SB 13, in effect 9/1/21	Anti-Boycott	Requires (i) State Treasurer to prepare and maintain a list of publicly-traded financial companies that have engaged in boycotts against companies in the fossil fuel-based energy industry and (ii) state governmental entities to divest from listed financial companies that do not cease engaging in boycotts against companies in the fossil fuel-based energy industry within established timeframes.	Allows a state governmental entity to cease divesting where clear and convincing evidence shows that it has suffered or will suffer a material financial loss. Does not apply where the state governmental entity determines the requirements are inconsistent with the entity's fiduciary responsibility. Not required to divest from any indirect holdings in actively or passively managed investment funds or private equity funds. Notes: An initial list of financial companies was released on 8/24/22, updated on 3/20/23, 11/1/23 and most recently in August 2024. The Office of the Attorney General ("OAG") sent a letter expressing concern for a large U.K. bank's affiliation with the Net Zero Alliance, implying that the bank may be a fossil fuel boycotter. On 1/26/24, the OAG announced the bank's ineligibility to participate in Texas's bond market. The Comptroller published updated FAQ related to the methodology used in the creation and publication of the list in October 2023.

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Statute		Description	Exceptions/Notes
			On 3/19/24, the Texas Permanent School Fund Corporation announced the termination of two contracts for investment management services with a large investment management company on the basis that the company boycotts energy companies. On 8/29/24, American Sustainable Business Council (ASBC) filed a lawsuit against the Texas Comptroller and Attorney General, alleging that SB 13 imposes unconstitutional restrictions on speech, freedom of association and due process. As of 1/29/25, a motion to dismiss is pending.
	Contracting Restriction	Prohibits state governmental entities from entering into contracts for goods or services (valued at $100K or more) with a company absent written verification that the company does not and will not engage in a boycott of companies in the fossil fuel-based energy industry during the term of the contract.	Does not apply where the state governmental entity determines the requirements are (i) inconsistent with the entity's fiduciary responsibility or (ii) inconsistent with the governmental entity's constitutional or statutory duties related to managing its investment of funds.
SB 19, in effect 9/1/21	Contracting Restriction	Prohibits state governmental entities from entering into contracts for goods or services (valued at $100K or more) with a company absent written verification that the company does not and will not discriminate against an entity or trade association in the firearms industry during the term of the contract.	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. Certain other contracts exempted.
Utah			
SB 96, in effect 5/3/23	Anti-ESG Investing	Requires public entities to invest public funds with the sole purpose of maximizing risk-adjusted returns. Introduces requirements with respect to proxy voting.	Exempts certain funds.
SB 97, in effect 5/3/23	Contracting Restriction	Prohibits public entities from entering into contracts for goods or services (valued at $100K or more) with a company absent written verification that the company does not and will not, during the term of the contract, boycott companies in the fossil fuel-based energy, timber, mining, agriculture or firearms industries, companies that do not meet or commit to meet environmental standards, and companies that do not facilitate or commit to facilitate access to abortion or sex characteristic surgical procedures.	Permits public entities to contract with restricted companies where there is no economically practicable alternative, or to comply with federal law.

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Statute		Description	Exceptions/Notes
HB 449, in effect 7/1/23	Anti-Boycott	Prohibits companies from coordinating to eliminate viable options for companies in the firearms industry to obtain a product or service.	
HB 281, in effect 5/2/23	Anti-Discrimination	Prohibits governmental entities from using social credit scores and 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 to discriminate against, advocate for or cause adverse or preferential treatment of a person.	
West Virginia			
HB 2862, in effect 6/8/23	Anti-ESG Investing	Introduces requirements with respect to shareholder and proxy voting.	Includes an exception where "reasonable efforts" have been made among other factors.
SB 262, in effect 6/10/22	Anti-Boycott	Authorizes State Treasurer to prepare and maintain a list of financial companies that have engaged in boycotts of companies in the fossil fuel-based energy industry, 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.	An initial list of five restricted financial companies was released on 7/28/22. On 2/22/24, the State Treasurer notified six additional companies by letter that they would be added to the list unless they demonstrate within 30 days of receipt of the letter that they are not boycotting fossil fuels. On 4/8/24, the State Treasurer added an additional four banks to the restricted financial companies list. The lit was most recently updated on 10/28/24.
Wyoming			
HB 0236, in effect 7/1/21	Anti-Boycott	Prohibits financial institutions from discriminating against companies or trade associations in the firearms industry.	Does not apply where a financial institution opts not to provide services for business or financial reasons or pursuant to a regulation or written company policy prohibiting discrimination against these entities.
SB 191, in effect 7/1/25	Anti-ESG Investing	Requires state treasurer and state retirement board to make investment decisions solely based on pecuniary factors, which does not include the furtherance of ESG, political or ideological interests. Introduces requirements with respect to proxy voting.	

Anti-ESG Investing **Anti-Boycott** **Contracting Restriction** **Anti-Discrimination**

Anti-ESG Resolutions / Policies / Statements: By State

Measure	Description
Alabama	
Attorney General Written Testimony, 5/10/23	States that ESG policies threaten America's democratic system, focusing on climate alliances.
Arizona	
State Treasurer's Office investment policy statement, adopted 8/30/22	Prohibits consideration of non-pecuniary factors when evaluating state investments or discharging duties. Introduces requirements with respect to shareholder and proxy voting. 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. *Note:* On 2/13/23, the State AG announced that Arizona would end investigations into financial institutions pursuing ESG investing, 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.
Florida	
State Board of Administration revised investment policy, in effect 8/23/22	Restricts state board evaluation of retirement system investment decisions to pecuniary factors.
CFO Directive, 1/23/23	Prohibits asset managers from investing income of participants in state's deferred compensation program in financial products associated with ESG standards.
Georgia	
General Statement of Investment Policy, 9/15/22	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.

Measure	Description
Indiana	
Attorney General Opinion, 9/1/22	Establishes that choosing investments for Indiana's Public Retirement System on the basis of ESG considerations violates fiduciary duties.
Iowa	
Governor Proposal, 2/15/23	Proposes that investment firms that manage the state's money must not boycott fossil fuel energy or firearms companies, or generally invest funds to further ESG, political or ideological interests over maximized returns.
Kentucky	
Attorney General Opinion, 5/26/22	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.
Louisiana	
HCR 59, in effect 6/4/23	Requests U.S. Securities and Exchange Commission to withdraw proposed Climate Disclosure Rule.
HCR 110, in effect 6/7/23	Urges and requests state retirement system boards of trustees not to allow ESG policies to influence their investment decisions.
Mississippi	
Treasurer letter to Public Employees' Retirement System Board Members, 11/14/22	Urges board to reject ESG policies and formally prohibit the use of nonpecuniary factors in investment policy.
Missouri	
HR 12, in effect 5/12/23	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.
15 CSR 30-51.170 6/1/2023 Amendment, in effect 7/30/23* *Enforcement suspended as of 8/14/24	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. A trade association for broker-dealers, investment banks and asset managers filed a lawsuit on 8/10/23 against the Missouri Secretary of State and Securities Commissioner, alleging that the amended 15 CSR 30-51.170 and 15 CSR 30-51.172 (below) violate federal laws. On 8/14/24, the court entered a permanent injunction against the regulation. On 9/27/24, Missouri moved to voluntarily dismiss its appeal of the decision.

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Measure	Description
15 CSR 30-51.172 6/1/2023 Amendment, in effect 7/30/23* *Enforcement suspended as of 8/14/24	Requires investment advisers to disclose to a client or prospective client the incorporation of any social objective or other nonfinancial objective when buying or selling a security or commodity. A trade association for broker-dealers, investment banks and asset managers filed a lawsuit on 8/10/23 against the Missouri Secretary of State and Securities Commissioner, alleging that the amended 15 CSR 30-51.170 (above) and 15 CSR 30-51.172 violate federal laws. On 8/14/24, the court entered a permanent injunction against the regulation. On 9/27/24, Missouri moved to voluntarily dismiss its appeal of the decision.
Montana	
HJ 11, in effect 4/14/23	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.
New Hampshire	
Executive Order 2023-03	Establishes restrictions on ESG factors in state investments and associated reporting.
Utah	
SCR 9, 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 Statement before the U.S. 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 401(k) rule.
Virginia	
Attorney General Opinion, 8/16/24	Advises that the Board of Trustees of the state retirement system has fiduciary duties requiring the board to base investment decisions on financial considerations rather than ESG policies.

Measure	Description
Wyoming	
State Treasurer's Statement on its updated ESG Policy, 5/3/23	Prohibits State Treasurer from considering factors that further social, political or ideological interests in state investment decisions.
002-4 Wyo. Code R. § 4-7, in effect 2/27/24	Requires a broker-dealer to disclose to a customer the incorporation of any social objective when buying or selling a security or commodity, or when making recommendations to do so.
002-5 Wyo. Code R. § 5-7, in effect 2/27/24	Requires a securities agent to disclose to a customer the incorporation of any social objective when buying or selling a security or commodity, or when making recommendations to do so.
002-10 Wyo. Code R. § 10-15, in effect 2/27/24	Requires an investment adviser to disclose to a customer the incorporation of any social objective when buying or selling a security or commodity, or when making recommendations to do so.

Anti-ESG Multi-State Initiatives

Initiative	Date	Description	Participating States
Finance Officer Letter to SEC, DOL	1/28/25	Requests that the SEC and DOL (i) issue guidance reaffirming that ERISA plan fiduciaries must discharge their duties solely in the financial interests of plan beneficiaries; (ii) initiate rulemaking to codify this obligation and prohibit the use of plan assets for any political or social "agendas"; (iii) increase enforcement and oversight of activities including proxy voting.	Alabama, Alaska, Arizona, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, South Carolina, South Dakota, Utah, Wyoming (18 states)
Attorneys General Letter to Financial Institutions	1/27/25	Requests information about DEI and ESG commitments of six financial institutions that could lead to enforcement actions if found to violate state or federal laws.	Alabama, Idaho, Indiana, Iowa, Montana, Nebraska, South Carolina, Texas, Utah and Virginia (10 states)
Attorneys General Lawsuit against BlackRock, State Street and Vanguard	11/27/24	Alleges that the asset managers acquired substantial shares in domestic coal producers and coordinated to influence the companies to reduce industry-wide coal output, in violation of federal and state antitrust laws.	Alabama, Arkansas, Indiana, Iowa, Kansas, Missouri, Montana, Nebraska, Texas, West Virginia and Wyoming (11 states)
Attorneys General Letter to Asset Managers	8/29/24	Expresses concern that asset managers' support of environmental shareholder proposals recommended by Institutional Shareholder Services (ISS) may violate their fiduciary duties. Requests information on internal processes surrounding review of shareholder proposals and exercise of voting rights.	Alabama, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia and Wyoming (24 states)
State Treasurers Letter to Financial Accounting Standards Board	8/12/24	Argues that sustainability or GHG emissions reporting standards should not be included in GAAP because such factors are not financially material.	Alabama, Alaska, Arizona, Arkansas, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, South Carolina, Texas and Utah (22 states)
Attorneys General Letter to Department of the Treasury	8/1/24	Opposes the Department of the Treasury's characterization of state "Fair Access to Banking" laws, such as Florida's HB 989, as harmful to national security. Argues that such laws promote responsible money management and protect consumers from discrimination.	Alabama, Alaska, Arkansas, Florida, Idaho, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, South Carolina, Texas, Utah, West Virginia and Wyoming (20 states)
Attorneys General Letter to Net Zero Financial Service Providers Alliance	9/13/23	Expresses concern that Net Zero Financial Service Providers Alliance members' commitment to enforce a collective climate agenda may violate state and federal law.	Alabama, Alaska, Arkansas, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, Oklahoma, Ohio, South Carolina, Utah, Virginia, West Virginia and Wyoming (21 states)

Initiative	Date	Description	Participating States
Republican Attorneys General Letter to Fortune 100 CEOs	7/13/23	Argues that DEI policies violate federal law and urges CEOs to employ race-neutral principles in employment and contracting practices.	Alabama, Arkansas, Indiana, Iowa, Kansas, Kentucky, Mississippi, Missouri, Montana, Nebraska, South Carolina, Tennessee and West Virginia (13 states)
Attorneys General Letter to BlackRock Directors	7/6/23	Requests information about conflicts of interest analysis related to BlackRock directors, in part resulting from ESG investing policies.	Alabama, Arkansas, Georgia, Iowa, Indiana, Kansas, Louisiana, Missouri, Mississippi, Montana, New Hampshire, South Carolina, South Dakota, Utah and Virginia (15 states)
Attorneys General Letter to large bank CEOs	5/19/23	Alleges inconsistency between (i) management recommendations on climate-related shareholder proposals at the banks, and (ii) the banks' past proxy voting record in its asset management role.	Alabama, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, New Hampshire, North Dakota, Ohio, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia and Wyoming (23 states)
Attorneys General Letter to Net-Zero Insurance Alliance	5/15/23	Expresses concern that Net-Zero Insurance Alliance members' commitment to enforce a collective climate agenda may violate state and federal law such as antitrust laws.	Alabama, Alaska, Arkansas, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, New Hampshire, Ohio, Oklahoma, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia and Wyoming (23 states)
Attorneys General Letter to Asset Managers	3/30/23	Alleges that asset managers are in breach of their fiduciary duties relating to the inclusion of ESG factors in managers' investment decisions, and antitrust violations implicated by their involvement in climate-related coalitions; some of these states have followed up with civil investigative demands seeking information about the asset managers' participation in the Net Zero Asset Managers initiative.	Alabama, Arkansas, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, New Hampshire, Ohio, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia and Wyoming (21 states)
Governors' Statement on Anti-ESG Investing	3/16/23	Forms an alliance to force change in the use of ESG factors in asset managers' investment decisions and limit financial institutions' ability to use social credit scores, among others; the coalition has not taken any formal steps, though various policy points are mirrored in anti-ESG legislation signed into law in Florida, and Governor DeSantis made an anti-ESG platform part of his 2024 presidential campaign.	Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Iowa, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Oklahoma, South Dakota, Tennessee, Utah, West Virginia and Wyoming (19 states)
Attorneys General Letter to Congress regarding the DOL ESG Rule	2/14/23	Urges members of Congress to disapprove of the DOL's ESG rule because the rule allegedly violates federal law and threatens the financial stability of Americans who have invested in an ERISA plan.	Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia and Wyoming (27 states)

Initiative	Date	Description	Participating States
Attorneys General Lawsuit against the DOL and the Secretary of Labor	1/26/23	Alleges that the DOL's ESG Rule violates ERISA and the Administrative Procedure Act. On 9/1/23, the federal district court for the Northern District of Texas upheld the ESG Rule. In response, the Attorneys General filed an appeal.	Alabama, Alaska, Arkansas, Florida, Georgia, Indiana, Idaho, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Ohio, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia and Wyoming (25 states)
Attorneys General Letter to ISS and Glass Lewis	1/17/23	Expresses concern that the firms, by advocating for and acting in alignment with climate change goals, potentially violated their duties as proxy advisers, and seeks responses to questions concerning how ESG considerations affect their proxy voting recommendations.	Alabama, Alaska, Arkansas, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, Ohio, South Carolina, Texas, Utah, Virginia and West Virginia (21 states)
Attorneys General Investigation into large U.S. banks	10/19/22	Initiates a coordinated investigation by issuing civil investigative demands to the six largest U.S. banks, seeking information relating to the banks' participation in global climate change initiatives such as the Net-Zero Banking Alliance and the Glasgow Financial Alliance for Net Zero, based on purported antitrust and consumer-protection concerns. Five states joined but cannot be named due to state laws or regulations regarding confidentiality.	Arizona, Arkansas, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, Oklahoma, Tennessee, Texas, Virginia and five other states that cannot be named due to state confidentiality laws/regulations. (19 states)
Attorneys General Letter to BlackRock CEO	8/4/22	Criticizes BlackRock's efforts to mitigate climate change and implies BlackRock has violated its fiduciary duty of loyalty and care by not focusing solely on financial returns.	Alabama, Arizona, Arkansas, Georgia, Idaho, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, Ohio, Oklahoma, South Carolina, Texas, Utah and West Virginia (19 states)
Attorneys General Letter to SEC Secretary	6/17/22	Opposes the proposed SEC climate-related disclosure rule because the rule allegedly exceeds the SEC's scope of authority. The letter also argues that the rule would significantly increase reporting burdens for registrants without providing investors with any additional information that would help them evaluate the financial value of companies.	Alaska, Arkansas, Idaho, Indiana, Kentucky, Louisiana, Mississippi, Missouri, Montana, South Carolina, Texas and Utah (12 states)

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Pro-ESG Laws: By State

Consideration of ESG Factors **Divestments/Investment Restriction** **ESG-related Disclosures**

Statute		Description	Exceptions / Notes
California			
AB 3234, in effect 1/1/25	ESG-related Disclosures	Requires any California employer that has voluntarily subjected itself to a social compliance audit examining the use of child labor in the employer's operations or practices to post a clear and conspicuous link on the employer's website to a report detailing findings on the employer's compliance with child labor laws.	
SB 54, in effect 1/1/24	ESG-related Disclosures	Requires qualifying "venture capital companies" with ties to CA to annually survey and report specified information relating to the diversity of the founding and executive team members of business in which the company has invested.[3]	Annual reports must be submitted by April 1, 2026 covering the period beginning January 1, 2025 (as amended by budget trailer bill SB-164).
SB 253, in effect 1/1/24	ESG-related Disclosures	Requires covered companies doing business in California to annually disclose Scope 1, 2 and 3 emissions calculated in accordance with the Greenhouse Gas Protocol standards and related guidance, beginning in 2026 (with assurance requirements phased in).[4]	Funding for required rulemaking in order to implement SB 253 was confirmed in the final fiscal year 2024-25 budget. SB 219, enacted 9/27/24, extends the deadline for the state board to develop regulations for reporting entities to July 1, 2025 among other changes. Six business groups filed a lawsuit on 1/30/24 against the California Air Resources Board (CARB) alleging that SB 253 and SB 261 (below) violate constitutional law. The court issued a partial judgment on 2/3/25, dismissing two of plaintiffs' causes of action. Plaintiffs' First Amendment claims continue to advance, with a hearing on Plaintiff's motion for preliminary injunction set for 5/5/25.

3 Please see our client memo for additional information.

4 Please see our client memo for additional information.

Statute		Description	Exceptions / Notes
SB 261, in effect 1/1/24	ESG-related Disclosures	Requires covered companies doing business in California to biennially disclose climate-related financial risk reports created in accordance with TCFD.[5]	Funding for required rulemaking in order to implement the law was confirmed in the final fiscal year 2024-25 budget. Six business groups filed a lawsuit on 1/30/24 against the California Air Resources Board (CARB) alleging that SB 253 (above) and SB 261 violate constitutional law. The court issued a partial judgment on 2/3/25, dismissing two of plaintiffs' causes of action. Plaintiffs' First Amendment claims continue to advance, with a hearing on Plaintiff's motion for preliminary injunction set for 5/5/25.
AB 1305, in effect 1/1/24	ESG-related Disclosures	Requires covered entities that market or sell voluntary carbon offsets, and/or make claims of carbon reduction/removal within the state to disclose specified information related to such offsets and claims.[6]	Although the bill did not have a clear implementation date, the bill's sponsor, Assemblyman Jesse Gabriel, noted that his intent was for reporting to begin January 1, 2025. Proposed bill AB 2331, introduced on February 12, 2024, would have clarified the reporting date of January 1, 2025 and exclude renewable energy certificates from the definition of voluntary carbon offset. The bill did not get a final vote before the end of the legislative session so is not expected to pass this term.
SB 185, in effect 4/8/15	Divestments / Investment Restriction	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. 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.	

5 Please see our client memo for additional information.

6 Please see our client memo for additional information.

Consideration of ESG Factors **Divestments/Investment Restriction** **ESG-related Disclosures**

Statute		Description	Exceptions / Notes
Colorado			
SB 23-016, in effect 8/8/23	ESG-related Disclosures	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. Requires certain insurers to participate in a climate risk disclosure survey.	Annual reporting requirements begin January 1, 2025.
Florida			
HB 1331, in effect 7/1/24	Divestments / Investment Restriction	Prohibits state agencies from procuring commodities produced in whole or in part by forced labor. Requires state agencies to include statement informing companies of requirements under this law in connection with any bidding, negotiating or contracting for the provision of commodities. Prior to entering or renewing a contract with the state, requires a member of the vendor's senior management to provide a written certification that to the best of their knowledge, commodities to be procured by the state have not been produced, in whole or in part, by forced labor. A false certification can lead to a fine. Requires the Florida Department of Management Services (DMS) to maintain and update quarterly a public list of vendors disqualified from state contracting for connection with forced labor.	If there is reasonable and credible support for a company having submitted a false certification, the DMS must investigate and determine whether the company should be placed on the forced labor vendor list (based on good cause and public interest). The company must be given written notification and an administrative hearing.
HB 7063, in effect 7/1/24	Consideration of ESG Factors	Prior to entering or renewing a contract with any governmental entity, requires nongovernmental entities to provide a signed affidavit attesting it does not use coercion for labor or services that would amount to human trafficking under state law (Section 787.06).	
Illinois			
HB 2782, in effect 1/1/24	Consideration of ESG Factors	Requires public entity investment managers to disclose 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.	

Consideration of ESG Factors **Divestments/Investment Restriction** **ESG-related Disclosures**

Statute		Description	Exceptions / Notes
SB 2152, in effect 9/1/23	Consideration of ESG Factors	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 below).	
SB 653, enacted 8/6/21	Consideration of ESG Factors	Requires State Treasurer to develop, publish and implement an investment policy covering the management of all state funds under its control. In preparing the policy, State Treasurer must consider material, relevant and decision-useful sustainability factors such as corporate governance and environmental and social capital factors.	
PA 101-473, in effect 1/1/20	Consideration of ESG Factors	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. Requires entities to prudently integrate sustainability factors into investment decision-making, investment analysis, portfolio construction, due diligence and investment ownership.	Does not apply to financial institution time deposits or processing services.
HB 1471, enacted 7/12/19	Consideration of ESG Factors	Identifies environmental and social considerations and governance policies as one of many factors that a trustee managing a trust may consider in making investment decisions.	
Maine			
HP 65 / LD 99, in effect 10/18/21	Divestments / Investment Restriction	Prohibits State Treasurer from investing in any prime commercial paper or corporate bonds issued by a fossil fuel company. 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. Requires the public employees retirement system board to annually report on its ESG investment policy, including a disclosure of environmental performance metrics of the board's investments.	Does not preclude *de minimis* exposure of funds. Although the system is divesting from fossil fuel industries as mandated by the law, it has expressed concerns of breaching its fiduciary duty in connection with a complete divestment.

Consideration of ESG Factors **Divestments/Investment Restriction** **ESG-related Disclosures**

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Statute		Description	Exceptions / Notes
Maryland			
HB 740 / SB 566, in effect 6/1/22	Consideration of ESG Factors	Requires state retirement and pension board to consider climate risks in its investment policy and associated with its 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. Requires fiduciaries to consider systemic risks posed by climate change, including monitoring net-zero aligned investments and climate solutions to ensure a long-term sustainable portfolio.	
HB 1212, in effect 7/1/24	Consideration of ESG Factors	Requires the Executive Director of the State Retirement Agency to employ a Director of Diversity, Equity and Inclusion who will, among other responsibilities, develop and implement a Governance Program, monitor and evaluate risks and effects of material ESG factors on investments, integrate consideration of material ESG factors into investment due diligence and recommendations, and assist in identifying and recommending investment opportunities.	
New Hampshire			
SB 49, enacted 7/1/21	Consideration of ESG Factors	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.	
Oregon			
HB 4083, in effect 1/1/25	Divestments / Investment Restriction	Requires the Oregon Investment Council and the State Treasurer to ensure the Oregon Public Employees Retirement Fund assets are not invested in any thermal coal company or any fund containing a thermal coal company, pursuing divestment and reinvestment of assets without monetary loss to funds through investments in companies generating comparable returns to those subject to divestment.	

Consideration of ESG Factors **Divestments/Investment Restriction** **ESG-related Disclosures**

Statute		Description	Exceptions / Notes
Utah			
HB 404, in effect 5/1/24	Divestments / Investment Restriction	Prohibits a public entity from procuring a forced labor product (a product made or including a component made using labor from a child or an adult obtained through the use of force or coercion) among other restrictions. Requires a vendor submitting a bid or proposal to a public entity to certify that the product is not a forced labor product.	Does not apply if i) the public entity determines there are no other reasonable options for the procurement or ii) if the product or contract for the product was obtained or entered into before May 1, 2024.
Virginia			
SB 913, in effect 7/1/25	Consideration of ESG Factors	Requires contracts for goods or services with public entities exceeding $10,000 to contain provisions (i) prohibiting the use of forced or indentured child labor in contract performance and (ii) requiring the contractor to include such prohibition in each contract it enters into with subcontractors and in purchase orders exceeding $10,000.	

Consideration of ESG Factors **Divestments/Investment Restriction** **ESG-related Disclosures**

Pro-ESG Resolutions / Policies / Statements: By State

Measure	Description
California	
Public Employees' Retirement System ("CalPERS") initiatives, adopted in 11/23	CalPERS adopted a sustainable investing strategy, including (i) increasing investments in climate solutions with a 2030 investment target of $100B, (ii) engaging portfolio companies on net zero plans, (iii) developing a process to exit certain securities (i.e. companies without credible net zero plans), (iv) integrating climate risk and opportunity assessment into investment decisions and (v) enhancing measurements and reporting of portfolio emissions.
Connecticut	
State Treasurer's Responsible Gun Policy, adopted and in effect 12/3/19	Prohibits state retirement plans and trust funds investment in civilian firearm manufacturing companies. 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.
Maryland	
Building Energy Performance Standards ("BEPS"), in effect 1/1/24	Requires covered buildings that are 35,000 square feet or larger (excluding parking garage areas) to report GHG data, starting in 2025 and to meet specific targets related to GHG emissions and energy use intensity standards.
Massachusetts	
PRIM Board proxy voting guidelines, in effect 3/1/22	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, and/or that have failed to establish a plan to achieve net zero emissions by 2050.
Nevada	
Treasurer Announcement, 6/3/22	Announced state divestment from businesses that sell or manufacture assault-style weapons.

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Measure	Description
New Mexico	
Permanent Funds Environmental, Social, and Governance Policy, approved by the New Mexico State Investment Council in August 2021	Establishes guidelines for the incorporation of ESG considerations into state investment office and council state investment management process.
New York	
State Teachers' Retirement System divestment, 12/28/21	Announced end to further investment in 20 oil and gas and thermal coal reserve holdings and divestment of $66 million of thermal coal holdings.
State Pension Fund sets 2040 Net Zero Carbon Emissions Target	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.
City Teachers' Retirement System and City Employees' Retirement System initiatives	2015 - divested from thermal coal 2017-2022 - conducted climate risk assessments and divested from fossil fuel reserve owners and increased investments in climate solutions 2021 - committed to reach net zero by 2040 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 In May 2023, four public employees 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 pension funds filed a motion to dismiss on the grounds that the decision will have no impact on the employees' retirement benefits, and the employees therefore lack standing.
City Board of Education Retirement System initiatives	Divested from fossil fuel reserve owners in 2021. See discussion of lawsuit above.

Measure	Description
Oregon	
Investment Council approval of an amendment to the state investment policy for Oregon Public Employees Retirement Fund, 9/9/20	Formally integrates ESG factors into fund management policy.
Rhode Island	
State Pension Initiative, in effect 1/22/20	Requires 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.
Texas	
Teacher Retirement System Investment Policy Statement, in effect 10/1/23	Formally incorporates ESG statement into investment policy.

Pro-ESG Multi-State Initiatives

Initiative	Date	Description	Participating States
Finance Officer Letter to SEC, DOL	2/19/25	Responds to Republican state Finance Officer Letter to SEC, DOL of 1/28/25; requests that the SEC and DOL refrain from restricting fiduciary discretion in considering factors that impact long-term financial risk, such as the financial impact of climate-related risks including weather, regulatory shifts and related economic costs.	California, Colorado, Connecticut, Delaware, Illinois, Massachusetts, Maryland, Minnesota, Nevada, New Mexico, Oregon, Rhode Island, Vermont, Washington (14 states), New York City
Attorneys General Letter to Congress	12/14/23	Explains why fund managers' use of ESG factors is consistent with prudent investment decision-making.	Arizona, California, Colorado, Connecticut, DC, Delaware, Illinois, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New York, Oregon, Pennsylvania, Vermont, Washington and Wisconsin (18 states)
Democratic Attorneys General Letter to Fortune 100 CEOs	7/19/23	Expresses view that corporate efforts to recruit diverse workforces and create inclusive work environments are legal and in fact reduce legal risk for claims of discrimination.	Arizona, California, Colorado, Connecticut, Delaware, DC, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont and Washington (21 states)
Attorneys General Letter to Senate Committee on Banking, Housing, and Urban Affairs	11/21/22	States that ESG factors in investment decisions are like any other material factors that inform investment decision-making.	California, Connecticut, Delaware, DC, Illinois, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon, Rhode Island, Washington and Wisconsin (17 states)
State Treasurers' Public Letter	9/14/22	Argues signatories' opposition to state efforts to ban the use of nonpecuniary factors in investment decisions.	California, Colorado, Delaware, Illinois, Maine, Massachusetts, Nevada, New Mexico, New York City, Oregon, Rhode Island, Vermont, Washington and Wisconsin (14 states/cities)
Attorneys General Letter to SEC Secretary	8/16/22	Expresses support for the proposed Certain Investment Advisers and Investment Companies about Environmental, Social and Governance Investment Practices Rule in light of investors' need for consistent, comparable and reliable information on ESG-based investment products and strategies.	California, Delaware, Illinois, Maryland, Minnesota, New Jersey and New York (7 states)