

Honolulu, Hawaii

March 30, 2012

RE: H.C.R. No. 123

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.C.R. No. 123 entitled:

"HOUSE CONCURRENT RESOLUTION ENCOURAGING AND REQUESTING A REPORT ON SOCIALLY RESPONSIBLE INVESTMENT,"

begs leave to report as follows:

The purpose of this measure is to balance the financial aims and needs of investors, including investors with the Employees' Retirement System, with an investment's impact on society by the operations of the corporation or entity in which the investment is made by:

- (1) Encouraging the Chief Investment Officer, Administrator, and trustees of the State Employees' Retirement System to apply the principles of Socially Responsible Investment in their investment practices and decisions; and
- (2) Encouraging other investment counselors and money managers to also apply the principles of Socially Responsible Investment to their investment portfolios.

A concerned individual testified in support of this measure. The Employees' Retirement System and Legislative Reference Bureau provided comments.

Socially Responsible Investment is the practice of basing investment decisions on considerations of societal values and



concerns as well as financial returns, thus balancing the investor's financial aims and needs with an investment's impact on society by the operations of the corporation or entity in which the investment is made. While socially responsible investing was initially thought of as being a hindrance to investing to achieve maximum gains, Socially Responsible Investment funds have become well established and have demonstrated their financial soundness proving that social and environmental values and standards can actually correlate with superior financial performance.

While your Committee notes that the investment policies of the Employees' Retirement System currently reflect some of the intent of Socially Responsible Investment, this measure deserves further consideration and discussion.

However, your Committee also notes that it does have concerns that screening out, from investment possibilities, industries that involve military weapons may eliminate a large number of investment possibilities as numerous businesses, companies, and corporations have contracts with the military or deal with military weapons in one way or another. Your Committee also understands and notes the concerns raised by the Legislative Reference Bureau as to the exact subject matter to be contained in the report their agency is being requested to submit to the Legislature and respectfully requests the Committee on Finance to take the Legislative Reference Bureau's comments and recommendations under advisement.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 123 and recommends that it be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 1379-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HCR 123	Committee Referral: LAB & FIN	Date: 3-23-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.				/
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia				/
8. SAIKI, Scott K.				/
9. SOUKI, Joseph M.	/			
10. TAKUMI, Roy M.	/			
11. FONTAINE, George R.		/		
12. JOHANSON, Aaron Ling	/			
TOTAL (12)	8	1	-	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ 				
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