

JAN 23 2020

A BILL FOR AN ACT

RELATING TO SOCIALLY RESPONSIBLE INVESTING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that socially responsible
2 investing is an innovative and effective method of empowering
3 businesses to bring about positive social and environmental
4 change. Socially responsible investing is the practice of
5 investing money in companies and funds that have positive social
6 impacts and divesting from companies and industries that are
7 corrupt, environmentally destructive, or socially damaging. The
8 legislature also finds that socially responsible investing has
9 been growing in popularity, not only as a response to growing
10 social and environmental pressures but also for its potential
11 for higher financial returns than traditional investment
12 strategies.

13 The purpose of this Act is to integrate socially
14 responsible investing into the investment decision-making of
15 endowment, trust, or investment funds created by statute or
16 maintained by state agencies or offices, under certain
17 conditions.



1 SECTION 2. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 SOCIALLY RESPONSIBLE INVESTING

6 § -1 Definitions. As used in this chapter:

7 "Socially responsible investing" means any investment
8 strategy that seeks to consider the financial return as well as
9 the social and environmental good to bring about positive social
10 change.

11 § -2 Socially responsible investing. (a)

12 Notwithstanding any law to the contrary, the appropriate entity
13 or entities with management and oversight or fiduciary
14 responsibility over the endowment funds of the University of
15 Hawaii, funds of the employees' retirement system, Hawaii
16 tobacco prevention and control trust fund, Hawaii children's
17 trust fund, State of Hawaii endowment fund, or any other
18 endowment, trust, or investment funds established by statute or
19 maintained by state agencies or offices shall invest moneys
20 under their respective jurisdictions using socially responsible
21 investing, as follows:



- 1 (1) Seek divestiture from fossil fuels, private prisons,
2 factory farms, pesticides, forest clearing, arms and
3 weapons manufacturers and sellers, tobacco, gambling,
4 animal testing companies, companies with histories of
5 labor rights or human rights abuses, companies that
6 deal with oppressive foreign regimes or dictatorships,
7 and companies that exploit cheap or slave-like
8 overseas labor that would violate United States labor
9 laws;
- 10 (2) Make a concerted effort to invest in public benefit
11 corporations, social enterprises, and other companies
12 that uphold standards of social responsibility;
- 13 (3) Make a concerted effort to invest in locally owned and
14 locally operated businesses;
- 15 (4) Provide training for state fund managers to earn
16 chartered socially responsible investment counselor
17 credentials;
- 18 (5) Appoint a credible environmental, social, and
19 governance ratings agency to monitor the social and
20 environmental sustainability of state funds; and
- 21 (6) Uphold the fiduciary duty bound by investment goals;



S.B. NO. 3085

1 provided that such investment of moneys will not compromise the
2 stability of the respective fund and operations of the entity."

3 SECTION 3. This Act shall take effect upon its approval.

4

INTRODUCED BY: *[Signature]*

By Request



S.B. NO. 3085

Report Title:

Socially Responsible Investing; Endowment Funds; Trust Funds;
Investment Funds

Description:

Incorporates socially responsible investing in the investment decision-making of endowment, trust, or investment funds established by statute or maintained by state agencies or offices.

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