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**HOUSE BILL 1283**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Representatives Duerr, Berry, Ramel, Macri, Doglio, Reed, and Pollet

AN ACT Relating to environmental, social, and governance reporting and self-directed investment options at the Washington state investment board; reenacting and amending RCW 43.33A.190; adding a new section to chapter 43.33A RCW; and creating a new section.

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

NEW SECTION. **Sec.**  It is the intent of the legislature to increase the investment choices available to participants in the individual account plans administered by the Washington state investment board that incorporate environmental, social, and governance values. The legislature recognizes that the state investment board has broadly incorporated environmental, social, and governance considerations that are material to the long-term investment return of the commingled pension funds, and has provided limited offering of individual investment choices that more directly conform with these values.

NEW SECTION. **Sec.**  A new section is added to chapter 43.33A RCW to read as follows:

(1) By January 1, 2024, and every three years thereafter, the state investment board shall publicly report on its analysis of the climate-related financial risk, social responsibility, and establishment and use of a proxy voting and corporate governance policies within its private and public market portfolios, including the alignment of the fund with the Paris climate agreement and Washington's climate policy goals, including those expressed in chapter 70A.65 RCW, the climate commitment act, and the exposure of the fund to long-term risks.

(2) "Climate-related financial risk" means risk that may include material financial risk posed to the fund by the effects of the changing climate, such as intense storms, rising sea levels, higher global temperatures, economic damages from carbon emissions, and other financial and transition risks due to public policies to address climate change, shifting consumer attitudes, and changing economics of traditional carbon-intense industries.

**Sec.**  RCW 43.33A.190 and 2016 c 69 s 20 and 2016 c 39 s 8 are each reenacted and amended to read as follows:

(1) The state investment board shall invest all self-directed investment moneys under teachers' retirement system plan 3, the school employees' retirement system plan 3, the public employees' retirement system plan 3, and the Washington achieving a better life experience program pursuant to RCW 41.34.130 and 43.330.464 and under the college savings program, if the committee on advanced tuition payment and college savings selects the state investment board as the investment manager pursuant to RCW 28B.95.032, with full power to establish investment policy, develop investment options, and manage self-directed investment funds.

(2) Beginning January 1, 2024, the board must provide no fewer than three investment options for individuals participating in self-directed investment funds that are consistent with the environmental, social, and governance policies examined in section 2 of this act. The options must, to the extent possible within the fiduciary responsibilities of the board, reflect a range of policy preferences and investment objectives consistent with environmental, social, and governance concerns.

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