

SENATE BILL REPORT

SB 6304

As of January 28, 2026

Title: An act relating to ensuring that responsible principles of investing are incorporated into the investment decision making of the Washington state investment board.

Brief Description: Ensuring that responsible principles of investing are incorporated into the investment decision making of the Washington state investment board.

Sponsors: Senators Trudeau, Alvarado, Chapman, Frame, Hasegawa, Kauffman, Lovelett, Nobles, Orwall, Stanford and Valdez.

Brief History:

Committee Activity: Ways & Means: 1/29/26.

Brief Summary of Bill

- Requires the State Investment Board (SIB) to incorporate responsible investment principles into its assessment of prudent investment risk.
- Directs SIB to use proxy voting and annual reporting to manage and disclose risks related to responsible investment principles.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

Background: The Washington State Investment Board (SIB) is a 15 member board responsible for investing more than \$200 billion in assets on behalf of the state. The majority of the assets are made of the state's retirement trust funds. Other notable program funds invested by SIB include Industrial Insurance funds, the Deferred Compensation Program, the Guaranteed Education Tuition program, the Long-Term Services and Supports Trust, and the Developmental Disabilities Endowment Trust.

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SIB is required to manage these assets in accordance with policies designed to maximize returns at a prudent level of risk.

As part of its investment responsibilities, SIB establishes asset allocation targets that guide investment decisions. Asset allocation policies are reviewed at least every four years, or more frequently if there are significant changes in capital markets or fund liabilities.

Summary of Bill: In assessing a prudent level of risk for investment policies, SIB must incorporate responsible investment principles and account for additional inherent risk in companies and investment instruments. Responsible investment principles may include investments that do not contribute to specified environmental, social and governmental factors, such as violations of human rights, environmental degradation, corruption, or other particularly serious violations of fundamental ethical norms.

In incorporating responsible investment principles, SIB must base the decision to invest on current circumstances, and also an assessment of the probability of future violations, the severity and extent of violations, and consider whether other measures might be more effective in reducing the risk of continued harms.

SIB must develop and publish proxy voting guidelines that recognize responsible investment principles as both a business and systemic risk, and use ownership authority to mitigate these risks. The proxy voting guidelines must commit SIB to use all relevant voting opportunities to support shareholder resolutions that call for entities to reduce violations of responsible investment principles.

At least annually, SIB shall report on responsible investment principles, including the process for identifying companies and investment instruments that implicated one or more of the principles, and actions that were taken to manage the risks.

Appropriation: None.

Fiscal Note: Requested on January 26, 2026.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.