
SENATE BILL 6304

State of Washington

69th Legislature

2026 Regular Session

By Senators Trudeau, Alvarado, Chapman, Frame, Hasegawa, Kauffman, Lovelett, Nobles, Orwall, Stanford, and Valdez

Read first time 01/26/26. Referred to Committee on Ways & Means.

1 AN ACT Relating to ensuring that responsible principles of
2 investing are incorporated into the investment decision making of the
3 Washington state investment board; amending RCW 43.33A.110,
4 43.33A.140, and 43.33A.150; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
7 invest the public funds of Washington state managed by the Washington
8 state investment board in ways that do not conflict with the well-
9 being, stability, and long-term prosperity of Washington's
10 communities. The legislature intends to reduce these conflicts by
11 incorporating a comprehensive and consistent framework to guide the
12 decisions of the board as responsible stewards of the public
13 retirement and trust funds. As many nations, provinces, and states
14 have adopted environmental, social, and governance standards that
15 ensure that public investments reflect fundamental societal values,
16 the legislature intends that Washington state do so in a manner that
17 also ensures that investments under management continue to achieve
18 strong and reliable returns and that safeguards retirement security
19 and the fiscal health of public trust funds.

1 **Sec. 2.** RCW 43.33A.110 and 1994 c 154 s 310 are each amended to
2 read as follows:

3 (1) The state investment board may make appropriate rules and
4 regulations for the performance of its duties. The board shall
5 establish investment policies and procedures designed exclusively to
6 maximize return at a prudent level of risk. However, in the case of
7 the department of labor and industries' accident, medical aid, and
8 reserve funds, the board shall establish investment policies and
9 procedures designed to attempt to limit fluctuations in industrial
10 insurance premiums and, subject to this purpose, to maximize return
11 at a prudent level of risk. The board shall adopt rules to ensure
12 that its members perform their functions in compliance with chapter
13 42.52 RCW. Rules adopted by the board shall be adopted pursuant to
14 chapter 34.05 RCW.

15 (2) In assessing a prudent level of risk for investment policies,
16 the board must incorporate responsible investment principles and
17 account for additional inherent risk in companies and investment
18 instruments. For purposes of this section, responsible investment
19 principles include, but are not limited to investments that do not
20 contribute to:

21 (a) Serious violations of human rights, including forced labor,
22 child labor, or violations of indigenous rights;

23 (b) Serious violations of the rights of individuals in situations
24 of war or armed conflict, including involvement in the production or
25 sale of weapons that contravene international humanitarian law;

26 (c) The manufacture or sale of weapons to states engaged in armed
27 conflict where such weapons are used in ways that violate
28 international rules of warfare;

29 (d) Reputational and other risks posed by operating or providing
30 contractual services for public or for-profit prisons or jails;

31 (e) Reputational and other risks posed by operating or providing
32 contractual services for immigration detention centers, surveillance
33 of immigrants, deportation of immigrants, or border patrol services;

34 (f) Gross environmental degradation, including activities that
35 result in severe ecological harm, deforestation, biodiversity loss,
36 or pollution;

37 (g) Unacceptable greenhouse gas emissions, or acts and omissions
38 that are incompatible with state climate goals or the goal to stay
39 well below two degrees celsius of global warming;

40 (h) The production of tobacco for recreational use;

1 (i) The production of coal or coal-generated power, where a
2 company derives 10 percent or more of revenue from coal mining or 10
3 percent or more of coal-based power generation, or are developing new
4 coal mines, new coal-fired power plants, or other coal-related
5 infrastructure;

6 (j) Gross corruption, serious financial crimes, or other grave
7 violations of financial integrity;

8 (k) Restraint of trade, such as price fixing or output
9 restrictions, or collusive behavior including through technology or
10 shared information systems; or

11 (l) Other particularly serious violations of fundamental ethical
12 norms.

13 **Sec. 3.** RCW 43.33A.140 and 1998 c 14 s 1 are each amended to
14 read as follows:

15 The state investment board shall invest and manage the assets
16 entrusted to it with reasonable care, skill, prudence, and diligence
17 under circumstances then prevailing which a prudent person acting in
18 a like capacity and familiar with such matters would use in the
19 conduct of an activity of like character and purpose.

20 The board shall:

21 (1) Consider investments not in isolation, but in the context of
22 the investment of the particular fund as a whole and as part of an
23 overall investment strategy, which should incorporate risk and return
24 objectives reasonably suited for that fund; and

25 (2) Diversify the investments of the particular fund unless,
26 because of special circumstances, the board reasonably determines
27 that the purposes of that fund are better served without
28 diversifying. However, no corporate fixed-income issue or common
29 stock holding may exceed three percent of the cost or six percent of
30 the market value of the assets of that fund.

31 (3) In incorporating the responsible investment principles in RCW
32 43.33A.110, base the decision to invest or exclude a company or
33 investment instrument on current circumstances, and also an
34 assessment of the probability of future violations, the severity and
35 extent of violations, and consider whether other measures might be
36 more effective in reducing the risk of continued harms.

37 (4) Develop and publish proxy voting guidelines that recognize
38 responsible investment principles as described in RCW 43.33A.110 as
39 both a business and systemic risk, and use ownership authority to

1 mitigate these risks. The proxy voting guidelines must commit the
2 board to use all relevant voting opportunities to support shareholder
3 resolutions that call for entities to reduce violations of
4 responsible investment principles.

5 **Sec. 4.** RCW 43.33A.150 and 2007 c 215 s 4 are each amended to
6 read as follows:

7 (1) The state investment board shall prepare written reports at
8 least quarterly summarizing the investment activities of the state
9 investment board, which reports shall be sent to the governor, the
10 senate ways and means committee, the house appropriations committee,
11 the department of retirement systems, and other agencies having a
12 direct financial interest in the investment of funds by the board,
13 and to other persons on written request. The state investment board
14 shall provide information to the department of retirement systems
15 necessary for the preparation of monthly reports.

16 (2) At least annually, the board shall report on the board's
17 investment activities for the department of labor and industries'
18 accident, medical aid, and reserve funds to the senate financial
19 institutions and insurance committee, the senate economic development
20 and labor committee, and the house commerce and labor committee, or
21 appropriate successor committees.

22 (3) At least annually, the board shall report on the board's
23 investment activities for the higher education permanent funds to the
24 house capital budget committee and the senate ways and means
25 committee.

26 (4) At least annually, the board shall report on the
27 incorporation of the responsible investment principles in RCW
28 43.33A.110, in particular on the board's process for identifying
29 companies and investment instruments that implicated one or more of
30 the principles, and actions, including in the exercise of proxy
31 voting, that the board has taken to manage the risks associated with
32 the principles to the board's investment portfolio and strategies.

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