A BILL FOR AN ACT

RELATING TO SOCIALLY RESPONSIBLE INVESTING.

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

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

The purpose of this Act is to integrate socially responsible investing into the investment decision-making of endowment, trust, or investment funds created by statute or maintained by state agencies or offices, under certain conditions.
SECTION 2. The Hawaii Revised Statutes is amended by
adding a new chapter to be appropriately designated and to read
as follows:

"CHAPTER
SOCIALLY RESPONSIBLE INVESTING
§ -1 Definitions. As used in this chapter:
"Socially responsible investing" means any investment
strategy that seeks to consider the financial return as well as
the social and environmental good to bring about positive social
change.

§ -2 Socially responsible investing. (a)
Notwithstanding any law to the contrary, the appropriate entity
or entities with management and oversight or fiduciary
responsibility over the endowment funds of the University of
Hawaii, funds of the employees' retirement system, Hawaii
tobacco prevention and control trust fund, Hawaii children's
trust fund, State of Hawaii endowment fund, or any other
endowment, trust, or investment funds established by statute or
maintained by state agencies or offices shall invest moneys
under their respective jurisdictions using socially responsible
investing, as follows:
(1) Seek divestiture from fossil fuels, private prisons, factory farms, pesticides, forest clearing, arms and weapons manufacturers and sellers, tobacco, gambling, animal testing companies, companies with histories of labor rights or human rights abuses, companies that deal with oppressive foreign regimes or dictatorships, and companies that exploit cheap or slave-like overseas labor that would violate United States labor laws;

(2) Make a concerted effort to invest in public benefit corporations, social enterprises, and other companies that uphold standards of social responsibility;

(3) Make a concerted effort to invest in locally owned and locally operated businesses;

(4) Provide training for state fund managers to earn chartered socially responsible investment counselor credentials;

(5) Appoint a credible environmental, social, and governance ratings agency to monitor the social and environmental sustainability of state funds; and

(6) Uphold the fiduciary duty bound by investment goals;
provided that such investment of moneys will not compromise the
stability of the respective fund and operations of the entity."
SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY: __________________________

By Request
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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