



Retirement News Highlights

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North Carolina passes Republican bill blocking ESG investments

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The North Carolina Legislature passed a bill to block state entities from considering environmental, social and governance factors when making investment and employment decisions, sending the Republican-led bill to Democratic Gov. Roy Cooper.

The state Senate passed the bill Tuesday in a 29-18 vote, with all Republicans voting for the bill and all Democrats voting against it, after clearing the House in May.

Under the legislation, the North Carolina state treasurer would be able to evaluate investments based only on "pecuniary factors," which the bill text defines as factors with a material impact on an investment's financial risk and return. The bill also bars state agencies from using ESG criteria to make decisions related to hiring, firing or evaluating employees, as well as awarding state contracts.

North Carolina Treasurer Dale R. Folwell, who is also running as a Republican gubernatorial candidate for 2024, said he supports the bill.

"As keeper of the public purse, my duty is to manage our investments to ensure that the best interests of those that teach, protect and serve, as well as of our retirees, is always our focus," Mr. Fowell said in a June 6 news release.

"There is no red or blue money at the treasurer's office, only green," Mr. Fowell added.

The North Carolina treasurer serves as the sole trustee of the \$113.3 billion North Carolina Retirement Systems, Raleigh. In December, Mr. Fowell called for BlackRock CEO Larry Fink to resign, describing the CEO's focus on ESG as "wacktivism."

Republican officials across the country have made efforts to block ESG considerations in investment decisions, often describing the ESG movement as "woke." Florida Gov. Ron DeSantis, a 2024 GOP presidential candidate, signed an anti-ESG bill into law in May, similarly requiring that the Florida State Board of Administration, Tallahassee, make investment decisions based only on pecuniary factors. The FSBA oversees a total of \$239.6 billion, including the \$183.9 billion Florida Retirement System.

As the North Carolina bill heads to Mr. Cooper's desk, it is unclear what the Democrat will do, though vote counts suggest the Republican-led Legislature could override a potential veto.

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