



ESG Disclosure Bills Introduced to States - 2023

American companies are facing unprecedented pressure to act on issues like race and gender, inequality, pollution, and human rights. In 2022, state governments introduced a plethora of new legislation aimed to hold corporations accountable. RILA has identified four distinct categories of legislation related to government mandated disclosures: Corporate Board Diversity, Human Capital Management, Environmental Disclosures, and Supply Chain Transparency.

Corporate board diversity requirements promote an increase in diversity on corporate boards. Legislation that falls under the human capital management category often requires employers to submit internal compensation statistics across a variety of categories, including gender identity, race, ethnicity, and seniority. Additionally, some of the workforce disclosure bills also require a government agency to publish the data collected from companies onto a publicly accessible site.

Legislation in the environmental disclosure category would require companies to publicly disclose their greenhouse gas emissions and/or prepare a climate-related financial risk report that is reviewed by a state agency and then made available on the company's own website. Finally, the supply chain disclosure bills that we have reviewed are often written to address specific human rights concerns with the global supply chain such as human trafficking, the use of forced labor in China, or the use of child labor in mining operations in the Congo. Supply Chain bills can also focus on environmental disclosures within a company supply chain.

The tables below provide legislative examples of the different types of ESG disclosure bills introduced in 2023. These types of proposals will only become more and more common, especially if progressive states continue to feel like their priorities are not adequately addressed at a federal level. For American companies, this means that there could be a patchwork of cumbersome disclosure requirements laid out in a select number of states. It is important that companies are aware of the various types of disclosure legislation happening now, so that they can be properly prepared for the future.

An overview of introduced, and previously enacted, ESG disclosure bills is shown in the tables below.

Corporate Board Diversity Requirements – Previously Enacted

Bill Number	Status	Summary
California SB 826	Effective since 9/30/2018	Requires a domestic general corporation or foreign corporation that is a publicly held corporation whose principal executive offices, according to the corporation’s SEC 10-K form, are located in California to have a minimum of one female on its board of directors. On or before Dec. 31, 2021, the required minimum number will increase to 2 female directors if the corporation has 5 authorized directors or to 3 female directors if the corporation has 6 or more authorized directors. Requires the Secretary of State to publish various reports on its Internet Web site that documents, among other things, the number of corporations in compliance with these provisions.
Illinois SB 1730	Effective since 01/01/2022	Requires that public corporations must report the self-identified sexual orientation and self-identified gender identity of its directors.
Illinois HB 3394	Effective since 08/27/2019	Requires that, no later than the close of the 2020 calendar year, a publicly held domestic or foreign corporation whose principal executive offices, according to the corporation’s SEC 10-K form, are located in Illinois shall have a minimum of one female director and one African American director on its board of directors. Provides that the Secretary of State shall publish a report on its website documenting the number of corporations that have at least one female director and one African American director.

Maine LD 1200	Effective since 6/30/2021	Requires corporate boards to appoint 1 female member by Dec. 31, 2022.
Maryland HB 1116	Effective since 10/01/2019	Requires a certain entity submitting an annual report to the State Department of Assessments and Taxation to include information relating to the number of female members of the board and the total number of members of the board; this law does not apply to a privately held company if at least 75% of the company's shareholders are family members.
Washington SB 6037	Effective since 6/11/2020	Requires each public company to have a gender-diverse board of directors. A public company is deemed to have a gender-diverse board of directors if, for at least 270 days of the fiscal year preceding the applicable annual meeting of shareholders, individuals who self-identify as women comprise at least 25% of the directors serving on the board of directors. Requires public companies that do not have a gender diverse board to deliver to shareholders a board diversity discussion and analysis.

Corporate Board Diversity Legislation – Bills Introduced in 2023

Bill Number	Status	Summary
Hawaii HB 1191	Introduced and Pass First Reading – 1/25/23	Requires publicly held domestic corporations to have gender-diverse boards of directors. Establishes reporting requirements for the Director of Commerce and Consumer Affairs.
Hawaii SB 174	Referred to Senate Committee – 1/23/23	Requires publicly held domestic corporations to have gender-diverse boards of directors. Establishes reporting requirements for the Director of Commerce and Consumer Affairs.
New Jersey SB 241	Hearing in the Senate Commerce Committee – 5/16/22 (Carryover Bill)	Requires publicly held domestic and foreign corporations based in New Jersey to appoint women to their boards of directors, in order to increase gender diversity in corporate governing roles.
New Jersey AB 1465	Introduced, referred to the Assembly Financial Institutions and Insurance Committee – 1/11/22 (Carryover Bill)	This bill requires a publicly held domestic or foreign corporation, based in New Jersey, to have a board of directors that reflects the racial and gender diversity of this State.

New Jersey AB 3789	<p>Introduced, referred to Assembly Women and Children Committee – 5/2/22 (Carryover Bill)</p>	<p>Requires publicly held domestic and foreign corporations based in New Jersey to appoint women to their boards of directors, in order to increase gender diversity in corporate governing roles.</p>
New York SB 2916	<p>Referred to Corporations, Authorities, and Commissions – 1/25/23</p>	<p>Provides for the number of female directors required to serve on the board of directors of publicly traded domestic and authorized foreign corporations whose principal executive office according to the corporation's Form 10-K filed with the Securities and Exchange Commission is located within New York state. Requires any such corporation to have a minimum of one female director on its board no later than December 31, 2024 and sets higher requirements to be implemented no later than December 31, 2027.</p>
Virginia SB 1248	<p>Hearing, Senate Rules Committee – 1/27/23</p>	<p>Prohibits the Major Employment Initiative Approval Commission from recommending for approval any tax incentive package for a business that does not have and does not commit to maintaining no less than a 30% gender balanced and diverse board of directors. Also provides that any business that seeks approval from the commission to submit a report and annually update information about the board of directors.</p>

Human Capital Management Disclosures– Previously Enacted

Bill Number	Status	Summary
California SB 973	Effective since 9/30/2020	Requires, on or before March 31, 2021, and on or before March 31 each year thereafter, a private employer that has 100 or more employees and who is required to file an annual Employer Information Report under federal law, to submit a pay data report to the DFEH that contains specified wage information.
Illinois HB 1847	Effective since 6/25/2021	Requires employers who are required to submit EEO-1 reports to also submit them to the state. Requires businesses to certify that the business is in compliance with the Equal Pay law and other laws and that the average compensation for its female and minority employees is not consistently below the average compensation for its male and non-minority employees within each of the major job categories in the Employer Information Report EEO-1 for which an employee is expected to perform work.

California SB 1162	Effective – First reports due in March 2023	Requires employers to submit pay data reports to include the median and mean hourly rate for each combination of race, ethnicity, and sex within each job category. This bill would delete a provision requiring employers with multiple establishments to submit a consolidated report. This bill would delete the provision authorizing an employer to submit an EEO-1 in lieu of a pay data report.
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Human Capital Management Disclosure Requirements – Bills introduced in 2023

Bill Number	Status	Summary
Hawaii SB 1285	Passed First Reading – 1/25/23	Permits the Department of Business, Economic Development, and Tourism to collect and analyze employer information and data regarding wages, hours, conditions, and practices of employment.

Massachusetts HD 4039	Introduced – 1/25/23	Requires the reporting of aggregate wage data reports for covered employers to increase transparency in the workplace.
Massachusetts SD 2331	Introduced – 1/25/23	Requires the reporting of aggregate wage data reports for covered employers to increase transparency in the workplace.
Massachusetts SD 1698	Introduced – 1/25/23	Requires reporting by covered employers and the Executive Office of Labor and Workforce Development to report race and gender ratios of employees within each senior position to promote pay transparency. Permits employers with low ratios to apply to the Pipeline Promotional Opportunities Fund.
New Jersey SB 1320	Introduced and referred to Senate Committee – 2/3/22 (Carryover Bill)	Requires bidder on State contract to be evaluated on report of its gender-based pay equity and job equality standards for its employees.

New York AB 585	Referred to Government Operation Committee – 1/9/23	Requires all offerors to provide the percentage of gender wage disparity by job title for all state contracts. Requires agencies to compile data received on gender wage disparity and provide data to the office of general services for publication on its website. Requires agencies to provide extra credit or weight to offerors with a gender wage disparity of ten percent or less.
New York AB 2589	Referred to Government Operation Committee – 1/26/23	Requires employers to annually report to the division of human rights the number of settlements with employees and other individuals performing services in the workplace regarding claims of discrimination on the basis of sex, including verbal and physical sexual harassment. Provides for legal remedies for violations of the reporting requirement. Requires the division of human rights to provide an annual report to the governor and the legislature.
New York SB 636	Advance to third reading - 1/25/23	Requires certain companies and corporations to report certain data regarding the gender, race and ethnicity of their employees.

New York SB 1914	Referred to Government Operation Committee – 1/17/23	Requires employers to provide workforce demographics and equity measurements to the division of human rights annually, including each employee's race, ethnicity, age, and sex or gender identity or expression, as well as the employee's job category, date of hire, salary or wages, training received, raises, promotions, disciplinary actions, terminations and benefits, including but not limited to unpaid benefits or privileges such as flexible scheduling, the ability to work from home, or the ability to bring children to work.
New York SB 2935	Referred to Senate Labor Committee – 1/26/23	Directs the department of labor to post on its internet website and annually update the names of employers who employ 50 or more employees who receive public assistance
New York AB 809	Referred to Government Operation Committee – 1/17/23	Establishes that every company that does business in New York state shall file a biennial climate report with the division. Provides that the requirements for the form and content of such climate report shall be promulgated by the commissioner and at a minimum shall include company climate surveys to be filled out anonymously by employees, which are designed to assess such company's workplace environment.

Environmental Disclosure Requirements – Bills Introduced in 2023

Bill Number	Status	Summary
California SB 253	May be acted upon on or after March 2 – 1/31/23	Creates the "Climate Corporate Data Accountability Act". Requires corporations and other businesses with over \$1 billion annual revenue to provide emissions data for public disclosure on an emissions registry website. The emissions data is required to be reported as: <ul style="list-style-type: none"> - "Scope 1" - all direct greenhouse gas emissions from all sources that a reporting entity owns or directly controls - "Scope 2" - indirect greenhouse gas emissions from electricity purchased and used by a reporting entity - "Scope 3" - indirect greenhouse gas emissions from sources that the reporting entity does not own or directly control, including supply chain emissions, business travel, employee commutes, procurement, waste, and water usage.
California SB 261	May be acted upon on or after March 2 – 1/31/23	Requires corporations or other business with annual net revenue over \$500 million to report to the Air Resources Board the company's climate-related financial risks and measures taken to reduce climate risk. Requires affected entities to publicly disclose such information on company website. Also, creates the Climate-Related Risk Disclosure Advisory Group to analyze data received and produce annual report on climate-related financial risks.
New York SB 897	Referred to the Environmental Conservation Committee – 1/9/23	Requires businesses with revenue over \$1 billion to annually report their emissions to the Dept. of Environmental Conservation for purposes of an emissions registry. Includes emissions that directly produced by the business, its subsidiaries, and supply chain (referred to as "Scope 1", "Scope 2", and "Scope 3" emissions in the bill). Requires reporting entities' emissions to be independently verified. Requires emissions registry to be published on DEC's website.

Supply Chain Transparency Disclosure Requirements – Enacted Law

Bill Number	Status	Summary
CA SB 657	Effective since 01/01/2012	California Transparency in Supply Chains Act (2010): Additional Information found here .

Supply Chain Transparency Disclosure Requirements – Bills Introduced in 2023

Bill Number	Status	Summary
Massachusetts SD 834	Introduced on 1/23/23	Requires every retail seller and manufacturer having annual worldwide gross receipts that exceed one hundred million dollars to disclose its efforts to eradicate human trafficking from its direct supply chain for tangible goods offered for sale.

Massachusetts HD 3083	<p>Introduced on 1/19/23</p>	<p>Requires fashion seller and fashion manufacturers to shall effectively carry out human rights and environmental due diligence for the portions of their business related to wearing apparel or footwear. Requires supply chain mapping and disclosure for all four tiers of production. Requires due diligence report be created and submitted to the attorney general within 24 months of the effective date. Establishes Fashion Sustainability and Social Accountability Fund.</p>
New York AB 3506	<p>Referred to the Economic Development Committee – 2/3/23</p>	<p>Establishes the Supply Chain Transparency Assistance Program to encourage the shifting of the state's economy toward more ethical and sustainable supply chains.</p>
Washington SB 5541	<p>Referred to Senate Labor and Commerce Committee – 1/24/23</p>	<p>Requires every seller and manufacturer doing business and having annual worldwide gross receipts of \$75,000,000 or more to disclose its efforts to eradicate human trafficking and forced labor from its direct supply chain for tangible goods offered for sale. Requires the disclosure be posted on the seller's or manufacturer's website.</p>

Washington SB 5607	Hearing Scheduled in the Senate Energy, Environment and Technology Committee – 2/8/23	Provides that every fashion retail seller and fashion manufacturer doing business in the state and having annual worldwide gross receipts that exceed \$100,000,000 must disclose, as set forth in subsection (3) of this section, its environmental due diligence policies, processes, and outcomes, including significant real or potential adverse environmental impacts and disclose targets for prevention and improvement.
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Disclaimer: Information in the table above is meant to be a reference tool and is not an exhaustive list of all legislative activity in the U.S. The information provides a summary and does not convey all aspects of legislated requirements. For example, the summaries below do not necessarily include definition of terms, information on outreach and education requirements, penalties and enforcement, reporting, or instructions on how to comply. Links to legislation are accurate as of the date of this publication. Retailers should reference official agency resources and/or the appropriate legislative documents for comprehensive guidance. Inclusion of introduced legislation is not a predictor or an indicator of RILA’s belief that it will pass.

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