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ESG factors in investment decisions.

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*By Christopher Zara, Fast Company (TNS)*

Though he's been in office for more than half of his term, President Joe Biden has yet to veto any legislation that has made it to the Resolute Desk. That is likely to soon change, however, as an anti-ESG bill will arrive in the Oval Office after passing a Senate vote.

The bill, if signed into law, would overturn a rule from the Labor Department allowing fiduciary retirement fund managers to consider ESG

(environmental, social, and governance) factors when making investment decisions.

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relevant to investment decisions that should be designed to protect the hard-earned savings they were charged to manage,” a White House statement reads. “The 2022 rule is not a mandate—it does not require any fiduciary to make investment decisions based solely on ESG factors. The rule simply makes sure that retirement plan fiduciaries must engage in a risk and return analysis of their investment decisions and recognizes that these factors can be relevant to that analysis.”

The 2022 rule largely had the support of Democratic lawmakers. However, a bill to send it back to Biden’s desk passed the Republican-controlled House, and then the Senate as two Democratic senators—Joe Manchin of West Virginia and Jon Tester of Montana—voted with Republicans. Both also face reelection in 2024 in Republican-leaning states.

“At a time when working families are dealing with higher costs, from health care to housing, we need to be focused on ensuring Montanans’ retirement savings are on the strongest footing possible,” Tester said in a statement. “I’m opposing this Biden administration rule because I believe it undermines retirement accounts for working Montanans and is wrong for my state.”

Biden, who had Democratic majorities in both the House and Senate during his first two years in office, is now expected to use his veto powers for the first time to effectively quash the bill.

## The background on ESG investing

If Biden does indeed veto the bill, it will be the latest punch thrown in an ongoing and increasingly contentious fight over ESG investing, which has become a popular target of conservatives and their deep-pocketed funding groups in recent years.

The fight basically boils down to this: Republicans feel that ESG investing is little

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ongoing American culture war, along with trans rights, pandemic policies, and children's access to certain books in libraries.

If Biden does veto the bill, Congress could still enact it with a two-thirds majority vote, which neither the House or Senate is likely to conjure up.

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