

HOUSE No. 2763

The Commonwealth of Massachusetts

PRESENTED BY:

Antonio F. D. Cabral

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to pension divestment from the Republic of the Union of Myanmar.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>	<i>1/9/2025</i>

HOUSE No. 2763

By Representative Cabral of New Bedford, a petition (accompanied by bill, House, No. 2763) of Antonio F. D. Cabral relative to public pension fund divestment from the Republic of the Union of Myanmar. Public Service.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2450 OF 2023-2024.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

An Act relative to pension divestment from the Republic of the Union of Myanmar.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. As used in this act the following words shall, unless the context clearly
2 requires otherwise, have the following meanings:

3 “Active business operations”, all business operations with Myanmar that are not inactive
4 business operations.

5 “Board”, the pension reserves investment management board established in section 23 of
6 chapter 32 of the General Laws.

7 “Business operations with Myanmar”, providing goods or services deployed to develop
8 petroleum resources, insurance, information technology, gems, and jewelry (collectively referred
9 to as “resources”) in Myanmar, including acquiring, developing, maintaining, owning, selling,

possessing, leasing or operating equipment, facilities, personnel, products, services, personal property, real property or any other apparatus of business or commerce and has knowingly on or after February 1, 2021 made an investment or investments in Myanmar of at least \$10,000,000 over a twelve-month period which directly or significantly contributes to the enhancement of Myanmar's ability to develop its resources; provided, however, that this definition shall not apply to a company that has inactive business operations with Myanmar.

“Company”, a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates of such entities or business associations that exist for profit-making purposes.

“Direct holdings”, all securities of a company held directly by the public fund or in an account or fund in which the public fund owns all shares or interests.

“Government of Myanmar”, the government of the Republic of the Union of Myanmar.

“Inactive business operations”, the continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for such purpose.

“Indirect holdings”, all securities of a company held in an account or fund, such as a mutual fund, managed by 1 or more persons not employed by the public fund, in which the public fund owns shares or interests together with other investors not subject to this act.

“Humanitarian assistance”, means assistance to meet humanitarian needs, including needs for food, medicine, medical supplies and equipment, education, and clothing.

“Public fund”, the Pension Reserves Investment Trust or the Pension Reserves Investment Management Board charged with managing the pooled investment fund consisting of the assets of the State Employees’ and Teachers’ Retirement Systems as well as the assets of local retirement systems under the control of the board.

“Scrutinized company”, any company conducting business operations with Myanmar.

“Substantial action”, adopting, publicizing and implementing a formal plan to cease scrutinized business operations with Myanmar within 1 year and to refrain from any such new business operations with Myanmar.

SECTION 2. Notwithstanding any general or special law to the contrary, within 90 days of the effective date of this act, the public fund shall make its best efforts to facilitate the identification of all scrutinized companies in which the public fund has direct or indirect holdings, excluding those companies that are providing humanitarian assistance to Myanmar. The identification of scrutinized companies shall be the responsibility of an independent, third-party research firm, as identified by the public fund, and based on the criteria set forth in this act. By the first meeting of the public fund following the 90-day period, the public fund shall assemble all scrutinized companies in which it has direct or indirect holdings into a scrutinized companies list. The public fund shall update the scrutinized companies list on a quarterly basis based on evolving information from the independent, third-party research firm.

SECTION 3. Notwithstanding any general or special law to the contrary, the public fund shall adhere to the following procedure for companies on the scrutinized companies list:

52 (a)(1) The public fund shall determine the companies on the scrutinized companies list,
53 created under section 2, in which the public fund owns direct or indirect holdings.

54 (2) The public fund shall sell, redeem, divest or withdraw all publicly-traded securities of
55 each company identified in paragraph (1) with active business operations with Myanmar, except
56 as provided in subsection (c) and section 5, according to the following schedule: (i) at least 50
57 per cent of such assets shall be removed from the public fund's assets under management within
58 6 months after the company's most recent appearance on the scrutinized companies list; and (ii)
59 100 per cent of such assets shall be removed from the public fund's assets under management
60 within 12 months after the company's most recent appearance on the scrutinized companies list;
61 provided, however, that this paragraph shall only apply while such company continues to have
62 scrutinized active business operations with Myanmar.

63 (3) During the time period outlined in paragraph (2), the public fund may sign onto
64 engagement letters or participate in shareholder resolutions regarding the scrutinized business
65 operations of companies identified in paragraph (1) with active or inactive business operations
66 with Myanmar in which the public fund still owns direct or indirect holdings.

67 (4) If a company identified in paragraph (1) with only inactive business operations with
68 Myanmar converts such operations to active business operations with Myanmar, paragraph (2)
69 shall immediately apply. The company shall also be immediately placed onto the scrutinized
70 companies list.

71 (b) At no time shall the public fund acquire securities of companies on the scrutinized
72 companies list that have active business operations with Myanmar, except as provided in
73 subsections (c) and (d).

(c) No company which the United States government affirmatively declares to be excluded from its present or future federal sanctions regime relating to the government of Myanmar shall be subject to divestment or an investment prohibition under subsections (a) and (b).

(d) Notwithstanding anything in this act to the contrary, subsections (a) and (b) shall not apply to indirect holdings in actively managed investment funds; provided, however, that the public fund shall submit letters to the managers of such investment funds containing companies with scrutinized active business operations with Myanmar requesting that they consider removing such companies from the investment fund or create a similar actively managed fund with indirect holdings devoid of such companies. If the manager creates a similar fund, the public fund shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards. For the purposes of this section, private equity funds shall be deemed to be actively managed investment funds.

SECTION 4. Notwithstanding any general or special law to the contrary, with respect to actions taken in compliance with this act, the public fund shall be exempt from any conflicting statutory or common law obligations, including any such obligations with respect to the choice of asset managers, investment funds or investments for the public fund's securities portfolios and all good faith determinations regarding companies as required by this act.

SECTION 5. Notwithstanding any general or special law to the contrary, the public fund shall be permitted to cease divesting from certain scrutinized companies under subsection (a) of section 3, reinvest in certain scrutinized companies from which it divested under said subsection (a) of said section 3 or continue to invest in certain scrutinized companies from which it has not

yet divested upon clear and convincing evidence showing that the total and aggregate value of all assets under management by, or on behalf of, the public fund becomes: (i) equal to or less than 99.5 per cent; or (ii) 100 per cent less 50 basis points of the hypothetical value of all assets under management by, or on behalf of, the public fund assuming no divestment for any company had occurred under said subsection (a) of said section 3. Cessation of divestment, reinvestment or any subsequent ongoing investment authorized by this section shall be strictly limited to the minimum steps necessary to avoid the contingency set forth in the preceding sentence.

For any cessation of divestment, and in advance of such cessation, authorized by this subsection, the public fund shall provide a written report to the attorney general, the senate and house committees on ways and means and the joint committee on public service, updated semi-annually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment of holdings in companies on the scrutinized companies list or to reinvest or remain invested in companies with scrutinized active business operations with Myanmar.

SECTION 6. The public fund shall file a copy of the scrutinized companies list with the clerks of the senate and the house of representatives and the attorney general within 30 days after the list is created. Annually thereafter, the public fund shall file a report with the clerks of the senate and the house of representatives and the attorney general that includes: (1) the most recent scrutinized companies list; (2) all investments sold, redeemed, divested or withdrawn in compliance with subsection (a) of section 3; (3) all prohibited investments from which the public fund has not yet divested under subsection (b) of said section 3; and (4) any progress made under subsection (d) of said section 3.

118 SECTION 7. This act shall expire upon the United States Department of State removing
119 its sanctions against Myanmar.

120 SECTION 8. The treasurer shall conform all public fund investments related to
121 companies doing business with Myanmar with 50 U.S.C. 1701.