Some call it ESG — the growing attention of big investors to a company's record Environmental, Social, and Governance issues. Some call it responsible investing. Others call it "woke." On Nov. 22, the Biden Administration notched a victory in this ongoing battle, allowing ESG investments by private pension plans. Those plans now hold roughly $13 trillion in assets.

Climate change is at the core of this dispute, as conservatives have rushed to protect fossil fuel producers and users from a purported "boycott" by banks and institutional investors. Much of the pushback against ESG investment Conservative states have tried to punish firms like BlackRock and Goldman by cutting them off from business with state governments. At the federal level, the Trump Administration tried to ban private pension funds from considering ESG factors like a firm's carbon emissions or adaptation plan. The Biden Administration reversed the Trump rollback.

The new Biden rule reopens the door for pension funds to take ESG into account in investing and in proxy voting. There are three key provisions:

Investment strategies. The new rule makes it clear that pension funds may take into account any factor that the fund "reasonably determines are relevant to a risk and return analysis , including "the economic effects of climate change and other ESG considerations on the particular investment or investment course of action."

Participant options. In considering what investment options to make available to participants, the plan can take into account ESG preferences of participants, on the the theory that doing so will encourage greater participation in the plan and thereby increase retirement security.

Proxy voting. Pension plan cast proxy votes for participants. The Trump Administration discouraged proxy voting. Those limits are removed, providing an impetus for pension plans to vote on measures involving ESG.

Conservatives are considering their campaigns against ESG. For instance, the state of Florida recently pulled on 2 billion out of BlackRock. I doubt that this pressure campaign will be successful. Even $2 billion is only 0.03% of the assets managed by BlackRock. And there are too many other investors who think ESG is important, including California's public employee pension fund with its $450 billion in assets. Red States may be able to free themselves from the taint of sustainable investment by playing in smaller investment pools, but they aren't going to be able to hold back the tide.