

# Vanguard Settles 13-State ESG Antitrust Suit

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On February 26, 2026, 13 Republican state attorneys general announced a “first-of-its-kind” [settlement](#) with The Vanguard Group, Inc. resolving part of a multistate antitrust lawsuit against major asset managers.

As we [discussed previously](#), the underlying lawsuit, led by Texas Attorney General Ken Paxton, alleges that BlackRock, State Street, and Vanguard used their collective shareholdings in U.S. coal companies to influence output and business strategy in ways that allegedly reduced coal production and increased energy prices. According to the complaint, this conduct amounted to anticompetitive coordination under the guise of ESG initiatives. The Trump Administration’s Department of Justice and Federal Trade Commission [filed a statement of interest](#) supporting the suit and describing their interpretation of how U.S. antitrust laws apply to the allegations.

## Settlement Terms

Under the settlement (which is styled as a “settlement agreement,” not as an assurance of voluntary compliance, assurance of discontinuance, or agreed final judgment), Vanguard agreed to adopt what AG Paxton [describes](#) as the “strongest passivity commitments in the industry.” This includes representations that Vanguard will not impose ESG goals over customer profitability in managing investments. For example, Vanguard agreed to not:

- Use shareholdings to direct portfolio companies’ business strategies;
- Threaten to withdraw investments to influence company conduct; or
- Nominate directors or submit shareholder proposals to portfolio companies.

Additionally, Vanguard agreed to offer proxy voting choice to investors in funds representing at least 50% of the assets in U.S. equity funds it advises. According to AG Paxton’s press release, “[t]his will ensure that Vanguard’s customers can make their voices known on portfolio companies’ business, including whether companies should maximize profitability over ESG or other goals.”

Vanguard agreed to pay \$29.5 million to the participating states as part of the resolution.

The settlement resolves only Vanguard’s portion of the case and thus the claims against BlackRock and State Street remain pending. As part of its settlement, Vanguard agreed to cooperate with the states in their ongoing litigation, including by providing documents and making witnesses available for depositions.

## Implications

This settlement demonstrates Republican state AGs' heavy focus in recent years on the intersection of antitrust, ESG, and investing considerations. For example, a number of states have launched investigations into financial institutions' collective climate commitments, pursuing antitrust, consumer protection, and fiduciary-duty theories tied to alleged "boycotts" of [fossil fuels](#) and [plastics](#), and have enacted statutes designed to restrict or penalize contracting with firms deemed to discriminate against certain industries.

On the other side of the coin, Democratic state AGs have not pursued similar theories, but have still shown interest in the overlap between climate and investing. For example, 19 Democratic AGs [intervened](#) in the litigation over Securities and Exchange Commission requirements for companies to report their greenhouse gas emissions and disclose climate-related risks to their business.

Together, these efforts signal that ESG-related investment activity remains a priority at the state level, often framed not only as a competition issue but also as a matter of energy and investing policy and consumer protection.