

Submitter: Heather Dorfman

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure: SB541

My name is Heather Dorfman and I am an Oregonian, a community social worker, and a member of Jewish Voice for Peace. I am writing in support of SB 541 to require that the Oregon State Treasury adopt a human rights risk analysis policy.

Last year, reporting from The Guardian revealed that Oregon is the largest indirect investor in NSO Group, which is an Israeli firm that emerged from the apartheid government's mass surveillance of Palestinians. Two of its principal founders were members of the IDF's notorious Intelligence Unit 8100, which used spyware on Palestinians in an attempt to blackmail them and turn them into collaborators and informers. NSO Group's Pegasus spyware has been used by several authoritarian governments to surveil and arrest activists, journalists, and union members. Reporting also showed that Treasury staff encouraged acquisition of NSO Group even when human rights issues concerning the company were widely known. Oregon had a \$233 million stake in an extremely poor investment fund because it did not account for human rights risks when making investments. Public sector unions across the state organized to urge the adoption of a human rights risk assessment process for future investments. This legislation aims to avoid Oregon's complicity in gross human rights violations, while minimizing losses to the PERS fund due to human rights risk.

Investors face reputational, financial, and legal risks when companies they have invested in gain attention for violating human rights. States that invested in Russia contributed to the harm in Eastern Europe while failing to reap any financial benefit. When the Oregon public pension fund invested in NSO Group, it contributed to the continuation of surveillance while global disrepute and sanctions sunk the company's value. Thinking about investment in the context of environmental and social risk factors can help pension funds improve their gains and curb losses.

This bill does not reduce the investment opportunities of the Oregon Public Employee Retirement Fund or mandate that the Oregon State Treasury divest from or avoid making investments in companies that are culpable in human rights violations. Instead, this legislation ensures that the Treasury has a clear, transparent, publicly-listed policy for how it accounts for human rights related risk in investment decisions, mitigating the chances of an NSO-like situation happening again. Appointing a human rights risk consultant (the same way there is an environmental risk consultant) could help with implementation, which could be done with current staffing levels, since Treasury already has an ESG policy. Clarifying the human rights standards can only make the ESG policy more robust without extra cost to OST. Finally, this could

improve the OST's performance by ensuring that the state does not incur losses due to a lack of accounting for human rights and foreign policy-related risk. We know that the Treasury has a fiduciary responsibility to retirees—we ask that OST do a better job of caring for retirees, while also accounting for human rights risk when making investments.