

Ecumenical Ministries of Oregon

February 16, 2023

Chair Grayber, Vice-Chair Lewis, Vice-Chair Tran, and members of the House Committee On Emergency Management, General Government, and Veterans,

Ecumenical Ministries of Oregon and Oregon Interfaith Power & Light (EMO and OIPL) would like to thank you for the opportunity to comment on HB 2601. EMO consists of 15 member denominations and over 150 congregations, faith-based organizations, and institutions. We also partner with groups and individuals from many faith traditions to form Oregon Interfaith Power & Light. We are proud members of the Divest Oregon coalition.

EMO and OIPL wish to state our strong support of HB 2601, the Treasury Investment & Climate Protection Act (TICPA). Many individuals, congregations, and denominations within our networks have removed carbon-intensive investments from their retirement and other funds for climate and ethical reasons, and this has often ended up being better for their portfolio in addition to being good for the planet. We at EMO successfully removed carbon-intensive investments years ago. We encourage the legislature to enact HB 2601, which is in line with the Treasury's fiduciary responsibility and safeguards the long-term health of our planet, the global economy, and OPERF.

In the past, the legislature has mandated divestment from Oregon State Treasury (OST) funds relating to apartheid in South Africa and the Russian invasion of Ukraine. These have been laudable choices for ethical reasons, but a major reason for these divestment decisions was the volatility these events caused in the financial markets due to social unrest, governmental instability, and other disruptions to economic function. The same can be said for the situation in which we find ourselves with climate change: the longer the global community continues to invest in and use carbon-intensive products, the more we disrupt the planet's climate. The global economy will be negatively impacted beyond anything we have previously seen if we continue in the current trajectory. This is confirmed in reports commissioned by the Treasury, which show a significant risk from carbon-intensive investments.

As a February 2022 report entitled "Climate Risk Scenario Modelling" (commissioned by the Treasury) shows, **Oregon's investments are at significantly higher financial risk in every foreseeable scenario if we do not rapidly remove carbon-intensive investments.** Oregonians need the Treasury to protect PERS and the rest of the Treasury's investments as we transition toward a green economy by removing carbon-intensive investments that pose significant financial and environmental risk. We believe this bill details a logical pathway to do that. The TICPA sets an expedient, yet reasonable, timeline for the Treasury to move its investments away from risky

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carbon-intensive investments. Analysis of the Treasury's investments compared to a fossil fuel free index over the last decade show that **if the Treasury had removed carbon-intensive investments from its public holdings in 2012, their funds would have accrued an extra \$4–10 billion in the last ten years.** Additionally, OST retained its Russian investments for months after discussing increased risk. When the Treasury finally decided to sell, the funds were worth very little. OST's own reports show this will happen to carbon-intensive investments in the near future. Despite this, the Treasury allocated new investments in fossil fuels as recently as January 2023.

The plan outlined by HB 2601 is feasible and, in fact, **the Treasury already uses this framework for the Public University Fund.** Public investments found on the Carbon Underground 200 list have been removed from the Public University Fund within OST's fiduciary responsibility.

\$40 trillion of assets have been divested of carbon-intensive investments globally. By implementing HB 2601, Oregon would be joining numerous other entities in proactively transitioning to a clean-energy economy. We recognize it is appealing to work from within to transition energy companies toward renewable energy production. This strategy, however, has not worked for the past four decades. Fossil fuel companies are now using more terms such as "low-carbon" and "renewable," but they are simultaneously increasing the acres under new development for oil and gas, and ExxonMobil did not develop any renewable energy projects from at least 2009–2020 (Mei Li et al, "The clean energy claims of BP, Chevron, ExxonMobil and Shell: A mismatch between discourse, actions and investments," *Plos One* 17[2]: e0263596). Chair Carolyn Maloney of the US House Oversight Committee said in a December 2022 memo, "Even though Big Oil CEOs admitted to my Committee that their products are causing a climate emergency, today's documents reveal that the industry has no real plans to clean up its act and is barreling ahead with plans to pump more dirty fuels for decades to come."

The Treasury's lack of action in protecting its funds from volatile, carbon-intensive investments, as well as their lack of transparency, requires a response from the legislature to hold OST accountable for its fiduciary responsibilities. Aggregated data can be made publicly available while maintaining contractual agreements. Pension plans in other states transparently report their public investments. PERS members and taxpayers deserve the right to know where their money is being invested.

EMO and OIPL have advocated alongside other Oregonians over the last decade to move our state's policies toward renewable energy, clean air and water and healthy soil for all people and the community of all life, and an economy based on more sustainable practices through a transition that benefits rural and low-income Oregonians. The work we have done as a state to address and mitigate the climate crisis is substantial and exciting. To have OST's portfolio invested in risky, carbon-intensive funds undermines the good work Oregon is doing and increases climate risk, contributing to disruption of global markets. Furthermore, these funds are increasingly poor investments and have been underperforming compared to other investments for over a decade. Now is the time to move away from problematic carbon-intensive investments and reinvest in the long-term future of PERS retirees and the Earth, our common home.

Sincerely,

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