Graphs Showing Ortec Divestment Report Methodology

The attached diagrams explain how Ortec presented its conclusions in its February 2022 report to Treasury. The report presented Ortec's conclusions on the impact of replacing OPERF's fossil fuel public equities after 10 years in soft landing, bumpy landing and failed transition energy scenarios.

I created the diagrams to show Ortec's basic presentation methods and Ortec's bottom line conclusions. The diagrams do not present specific data points along the way.

The diagrams consist of:

1. A black baseline of increasing investment values in the absence of climate change issues.
2. A green line reflecting averaged change from the baseline if Treasury replaced fossil fuels.
3. A red line reflecting averages change from the baseline if Treasury kept fossil fuels.

Average annualized return and monetary differences between the red and green lines on the diagrams are stated at p. 6 of Ortec's divestment report.

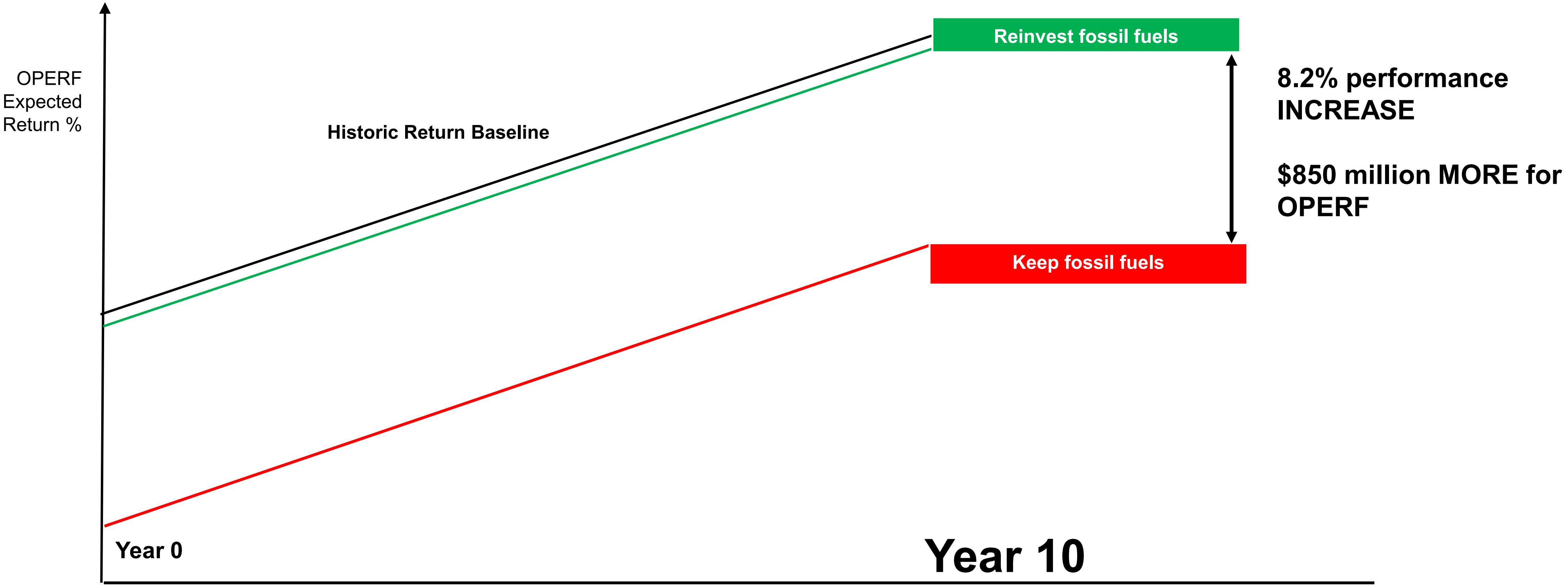
Ortec found substantial 10-year financial benefits to OPERF from replacing fossil fuels in the soft landing and bumpy landing scenarios.

It found a modest 10-year benefit from keeping OPERF fossil investments in a failed transition, no new energy policies scenario. It also found in that scenario an average 7^{o} Fahrenheit temperature increase when children born today are OPERF retirees.

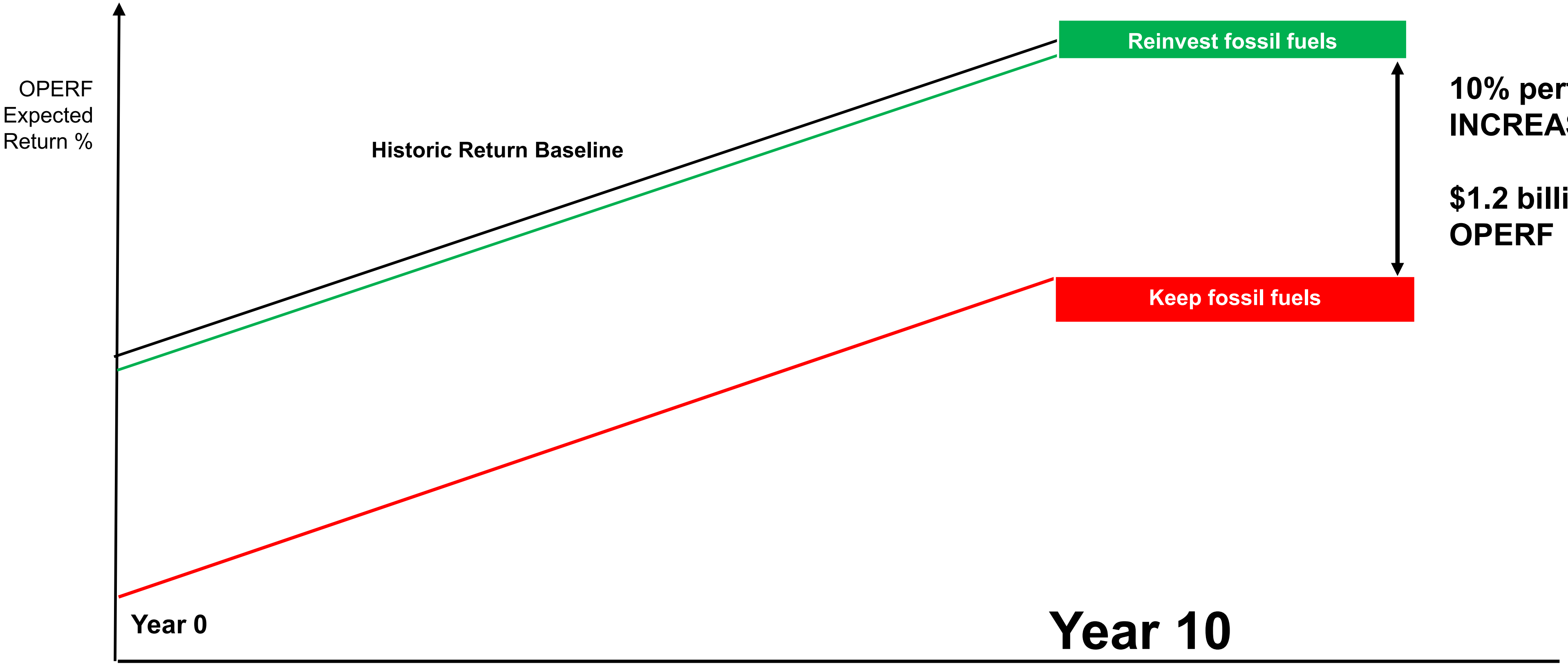
What is the likelihood of that scenario dominating, particularly when we are already seeing policy changes? Is that where we want OPERF to be placing its bets?

--Rick Pope, 2/22/23

Replacing OPERF's fossil fuel public equity with "Paris-aligned" fund "Soft landing" scenario after 10 years



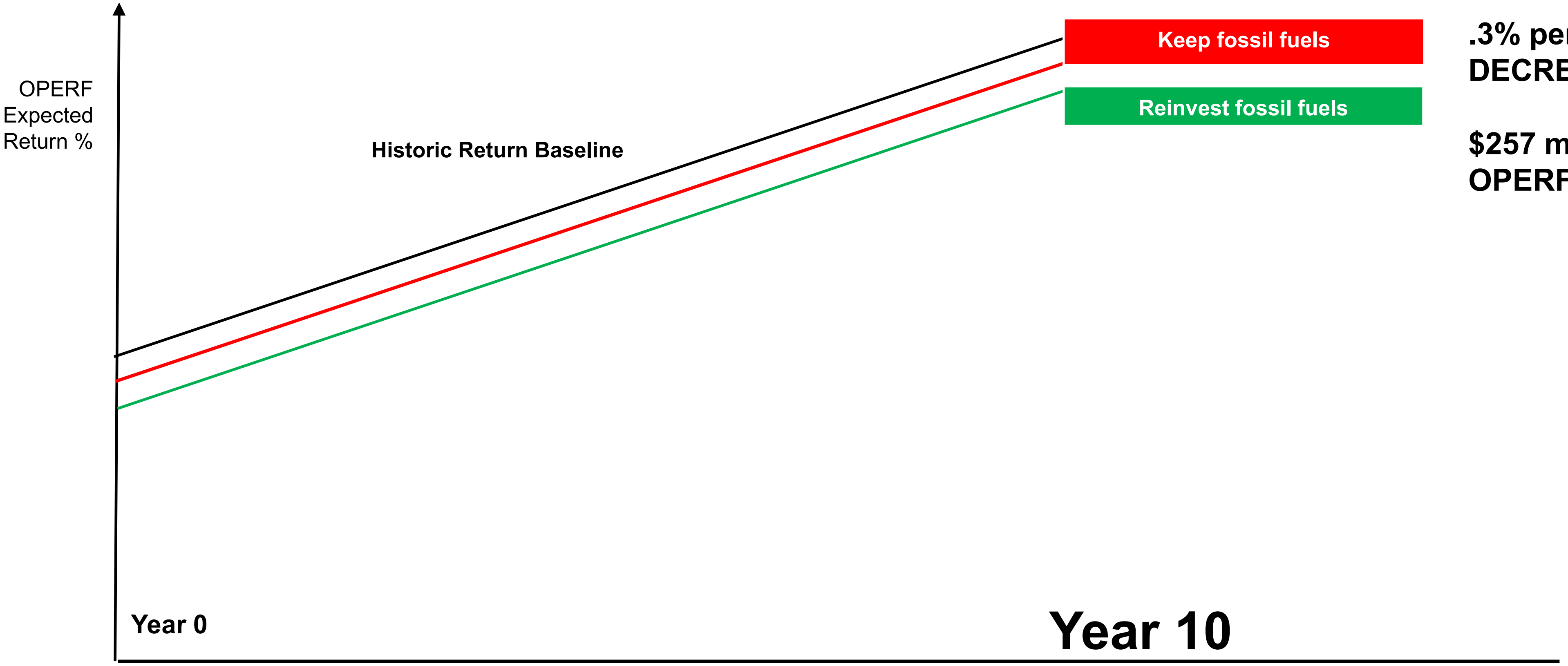
Replacing OPERF's fossil fuel public equity with "Paris-aligned" fund
"Bumpy landing" scenario after 10 years



10% performance INCREASE

$1.2 billion MORE for OPERF

Replacing OPERF's fossil fuel public equity with "Paris-aligned" fund
"Failed transition" (no policy changes) scenario after 10 years



.3% performance DECREASE

$257 million LESS for OPERF