

HB 2081-2
(LC 2164)
4/22/25 (DFY/ps)

Requested by Representative DIEHL

**PROPOSED AMENDMENTS TO
HOUSE BILL 2081**

Delete lines 4 through 8 of the printed bill and insert:

“SECTION 1. Sections 1 to 6 of this 2025 Act shall be known and may be cited as the Public Pension Protection Act.

“SECTION 2. As used in sections 1 to 6 of this 2025 Act:

“(1) ‘Fiduciary’ means a person who with respect to a pension benefit plan:

“(a) Exercises any discretionary authority or discretionary control respecting management of the plan or exercises any authority or control respecting management or disposition of the plan’s assets;

“(b) Renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the plan, or has any authority or responsibility to do so; or

“(c) Has any discretionary authority or discretionary responsibility in the administration of the plan, including making recommendations or voting a plan’s shares or proxies.

“(2)(a) ‘Material’ means, with respect to a risk or return, that there is a substantial likelihood that a reasonable investor would attach importance when:

“(A) Evaluating the potential financial return and financial risks of an existing or prospective investment; or

“(B) Exercising, or declining to exercise, any rights appurtenant to

1 securities.

2 “(b) ‘Material’ does not mean, with respect to a risk or return:

3 “(A) Furthering nonpecuniary, environmental, social, political, id-
4 eological or other goals or objectives; or

5 “(B) Any portion of a risk or return that primarily relates to events
6 that:

7 “(i) Involve a high degree of uncertainty regarding what may or
8 may not occur in the distant future; and

9 “(ii) Are systemic, general or not investment-specific in nature.

10 “(3) ‘Nonpecuniary’ means, with respect to any action taken or
11 factor considered by a fiduciary, having any purpose to further envi-
12 ronmental, social or political goals. A fiduciary purpose may be rea-
13 sonably determined by evidence including, but not limited to, a
14 fiduciary’s statements indicating its purpose in selecting investments,
15 engaging with portfolio companies or voting shares or proxies, or any
16 such statements by any coalition, initiative or organization that the
17 fiduciary has joined, participated in or become a signatory to, in its
18 capacity as a fiduciary.

19 “(4)(a) ‘Pecuniary factor’ means a factor that has a material effect
20 on the financial risk or financial return of an investment based on
21 appropriate investment horizons consistent with a pension benefit
22 plan’s investment objectives and the funding policy.

23 “(b) ‘Pecuniary factor’ does not include nonpecuniary factors.

24 “(5) ‘Pension benefit plan’ means the Public Employees Retirement
25 System.

26 **SECTION 3.** A fiduciary shall discharge the fiduciary’s duties with
27 respect to a pension benefit plan:

28 “(1) Solely in the pecuniary interest of the participants and benefi-
29 ciaries for the exclusive purpose of:

30 “(a) Providing pecuniary benefits to participants and their benefi-

1 ciaries; and

2 “(b) Defraying reasonable expenses of administering the plan;

3 “(2) With the care, skill, prudence and diligence under the circum-
4 stances then prevailing that a prudent person acting in a like capacity
5 and familiar with such matters would use in the conduct of an enter-
6 prise of a like character and with like aims;

7 “(3) By diversifying the investments of the plan so as to minimize
8 the risk of large losses, unless under the circumstances it is clearly
9 prudent not to do so; and

10 “(4) In accordance with the documents and instruments governing
11 the plan insofar as such documents and instruments are consistent
12 with the provisions of sections 1 to 6 of this 2025 Act.

13 “SECTION 4. A fiduciary’s evaluation of an investment, or evalua-
14 tion or exercise of any right appurtenant to an investment, must take
15 into account only pecuniary factors. A fiduciary may not promote
16 nonpecuniary benefits or any other nonpecuniary goals. Environ-
17 mental, social, corporate governance and other similarly oriented
18 considerations are pecuniary factors only if they present economic
19 risks or opportunities that qualified investment professionals would
20 treat as material economic considerations under generally accepted
21 investment theories. The weight given to those factors must solely
22 reflect a prudent assessment of the factors’ impact on risk and return.
23 A fiduciary considering environmental, social, corporate governance
24 or other similarly oriented factors as pecuniary factors shall examine
25 the level of diversification, the degree of liquidity and the potential
26 risk-return in comparison with other available alternative investments
27 that would play a similar role in the plans’ portfolios. Any pecuniary
28 consideration of environmental, social or corporate governance factors
29 must necessarily include evaluating whether greater returns can be
30 achieved through investments that rank poorly on such factors.

1 **“SECTION 5.** (1) All shares held directly or indirectly by or on be-
2 half of a pension benefit plan or the beneficiaries of a plan shall be
3 voted solely in the pecuniary interest of plan participants. Voting to
4 further nonpecuniary, environmental, social, political, ideological or
5 other benefits or goals is prohibited.

6 **“(2)** Unless no economically practicable alternative is available, a
7 fiduciary may not adopt a practice of following the recommendations
8 of a proxy advisory firm or other service provider unless such firm or
9 service provider has a practice of following, and in writing commits
10 to follow, proxy voting guidelines that are consistent with the
11 fiduciary’s obligation to act based only on pecuniary factors.

12 **“(3)** Unless no economically practicable alternative is available,
13 pension benefit plan assets may not be entrusted to a fiduciary unless
14 that fiduciary has a practice of following, and in writing commits to
15 follow, guidelines, when engaging with portfolio companies and voting
16 shares or proxies, that match the obligation to act based only on
17 pecuniary factors.

18 **“(4)** Authority to vote shares held by a pension benefit plan must
19 be in the hands of a politically accountable official of the State of
20 Oregon.

21 **“SECTION 6.** The Attorney General may enforce violations of
22 sections 1 to 6 of this 2025 Act.”.