

May 15, 2025

Sent via OLIS.

TO: Chair Meek, Vice-Chair McLane, and Members of the Senate Committee on Finance and Revenue

RE: **Support for HB 2081A – Strengthening OPERF by Reducing Climate Risks and Tracking Clean Economy Growth**

FR: Oregon Business for Climate

Dear Chair Meek, Vice-Chair McLane, and Members of the Committee:

**Oregon Business for Climate** is a league of businesses across the state in a range of industries from manufacturing to agriculture to transportation to healthcare. We believe climate leadership is critical to the health of Oregon's industries and communities, and will help our state re-emerge as a leader thriving in the growing clean economy. To that end, our mission is to advance urgent, ambitious, equitable climate policies and programs designed to help spur innovation and economic opportunity while effectively and responsibly reducing emissions.

In short, we are a statewide group of businesses that see both the **imperative** and the **opportunity** of taking bold action to address climate change. We believe Oregon can and must do more to address climate change, that business plays a critical role in this progress, and that aggressive action is good for Oregon.

**Oregon Business for Climate supports HB 2081A as a critical step in building Treasury's ability to apply a climate-smart investment lens to OPERF – both in reducing climate risks, and in capturing opportunities.**

Treasury has the critical fiduciary responsibility of managing the Oregon Public Employee Retirement Fund (OPERF) and maximizing the long-term returns of the fund on behalf of beneficiaries. HB 2081A provides legislative direction so that Treasury can apply a lens that recognizes the realities of climate change. This enables Treasury, where appropriate, to pursue the near- and long-term investment strategies to manage OPERF's risks in greenhouse gas intensive businesses, and the opportunities in clean economy investments.

The measure also builds accountability into the strategy, requiring biennial reports from Treasury to the legislature, and reaffirming the agency's fiduciary commitment to beneficiaries and OPERF while asking it to actively analyze and manage the risks of climate change. It provides Treasury flexibility to pursue investment opportunities that foster a just transition to a cleaner energy economy without compromising the ability to achieve healthy returns.

#### **Reducing Risks for OPERF Beneficiaries**

Climate change presents financial markets with a host of new risks. HB 2081A is essential in enabling Treasury to reduce the risks that carbon intensive investments pose to OPERF.

First and foremost are **investment risks**: In general, market forces are making carbon intensive and fossil fuel-related investments riskier, and that risk is expected to accelerate as:

- Markets – globally and domestically – continue to shift toward clean energy, regardless of government actions, as these sources are increasingly less expensive than fossil-fueled sources.
- Carbon reduction regulations and preferences continue to evolve and expand, including abroad, affecting companies in a wide range of industries – whether they’re directly involved in energy, or facing consideration by customers and regulators about the carbon content of their products.
- Investors will continue to re-evaluate holdings that could leave them stuck with stranded assets such as coal-fired power plants that no longer have a place in a clean energy economy.

Secondly, **impact risks** are accelerating – as agricultural markets and commodities face droughts, floods and other climate-accelerated disasters, as supply chain disruptions increase, as real estate markets are affected, and as customer markets shift. While the current legislation may not envision these considerations, future investment management practices need to forecast and adjust for these risks.

### **Positioning for the Long-Term Growth of the Clean Economy**

The global market is rapidly transitioning to a clean energy economy. Many companies that are reducing greenhouse gas emissions – and companies that are providing the technologies and solutions so that others can do so – are leveraging this shift to enhance their profitability. This includes many companies right here in Oregon – from cleantech start-ups, to clean buildings experts, to clean energy companies. HB 2081A empowers Treasury to pursue these investment opportunities.

### **Aligning with Oregon’s Climate Goals**

Capital is a critical driver of our economy, accelerating markets, emissions, and other impacts. HB 2081A and its climate-intelligent approach sets OPERF on a path toward achieving net-zero portfolio emissions in a manner aligned with its fiduciary responsibility. While the timeline for this net-zero goal may need to accelerate in the future, HB 2081A is a critical step toward a low emissions portfolio.

**The performance of the Oregon Public Employee Retirement Fund (OPERF) profoundly impacts countless individuals and their communities. HB 2081A will help Treasury face the new economic forces of climate change and improve its ability to meet fiduciary responsibilities while aligning with climate goals.**

**Oregon Business for Climate strongly urges your support for HB 2081A.**

Sincerely,



Tim Miller, Director, Oregon Business for Climate