



March 19, 2025

Oregon State Legislature
Senate Committee On Finance and Revenue
900 Court St. NE
Salem, OR 97301

RE: Support for House Bill 2081, Managing Risks and Opportunities Resulting from a Rapidly Changing Climate

Dear Chair Meek, Vice-Chair McLane, and members of the Senate Committee on Finance and Revenue,

On behalf of the more than 55,000 members and supporters of the Sierra Club Oregon Chapter, **we write in support of House Bill 2081.**

HB 2081 would require the Oregon Investment Council (OIC) and the State Treasurer to report climate change-related risks to the Public Employees Retirement System (PERS) fund and act to mitigate such risks. Analyzing climate risk is an important step for securing the retirement savings of PERS plan participants and beneficiaries from the growing economic risks of climate change. This is a major concern for Sierra Club members, who, in addition to striving to protect the people and places they love, seek a secure and dignified retirement.

In a 2023 report, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the federal Office of the Comptroller of the Currency concluded that "The economic effects of climate change and the transition to a lower carbon economy pose an emerging risk to the safety and soundness of financial institutions and the financial stability of the United States."¹

Climate change is a systemic and systematic risk² – an undiversifiable, unhedgeable, and escalating risk that will affect all companies in all markets, and, without further action, will have negative consequences for investment portfolios. Temperature rise increases damage from

¹ Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC); <https://www.federalregister.gov/documents/2023/10/30/2023-23844/principles-for-climate-related-financial-risk-management-for-large-financial-institutions>

² Systemic risks are individual events that can lead to a wider economic downturn. Systematic risks are pervasive and impact the entire market.



SIERRA CLUB

OREGON CHAPTER

extreme weather, impacts labor productivity, and reduces crop production, all of which have macroeconomic implications³.

A 2024 study predicts that global equity valuations could plunge 40-50% if emissions are not addressed⁴. Losses at this level would impact the ability of public sector workers to retire with the dignity and economic security they deserve. To address decreasing portfolio value, pensioners may see reduced benefits and higher contributions to make up for shortfalls. Taxpayers could be forced to help fill in the gaps in benefit obligations while facing increased inflation,⁵ higher insurance premiums,⁶ and pervasive economic uncertainty.

HB 2081 directs the OIC and the Treasurer to analyze these risks and take steps to address them. Given a recent trend of yet-unsuccessful but still costly litigation targeting peer institutions that have taken steps to address climate risk⁷, a directive from the Oregon Legislature is critical for supporting the ongoing efforts of Treasury and the OIC to protect PERS from the risks of climate change.

The Sierra Club Oregon Chapter asks the Committee to support HB 2081 to preserve the Treasurer's and OIC's ability and capacity to address climate-related risks. We are concerned, however, that this bill does not specify actions the OIC and Treasury must take to fulfill their fiduciary duty and adequately address climate risk. We hope that reporting to the legislature includes further information from the Treasury and OIC that discusses strategies to reduce risks to the portfolio by supporting actions to reduce real-world emissions. Given the broad, systemic nature of climate impacts, PERS may not be simply shielded from climate-related losses. The OIC and the Treasurer must recommend ways portfolio companies could advance a just transition away from fossil fuels to renewable energy and invest in climate solutions.

³ Watts. "Climate crisis: average world incomes to diminish by nearly a fifth by 2050." The Guardian, 17 April 2024

<https://www.theguardian.com/environment/2024/apr/17/climate-crisis-average-world-incomes-to-drop-by-nearly-a-fifth-by-2050>

⁴ Rebonato, Riccardo, et al. How Does Climate Risk Affect Global Equity Valuations? A Novel Approach, EDHEC Risk Climate Impact Institute, July 2024, https://climateimpact.edhec.edu/sites/ercii/files/pdf/ercii_publication_how_does_climate_risk_affect_equity_valuations.pdf

⁵ Freedman, Andrew. "The Era of 'Climateflation' Is Here, Study Shows." Axios, 25 Mar. 2024, <https://www.axios.com/2024/03/25/climate-change-inflation>

⁶ Flavelle, Christopher, and Mira Rojanasakul. "As Insurers around the U.S. Bleed Cash from Climate Shocks, Homeowners Lose." The New York Times, 13 May 2024 <https://www.nytimes.com/interactive/2024/05/13/climate/insurance-homes-climate-changeweather.html>

⁷ Statement from NYC Comptroller Lander Applauding the Affirmed Dismissal of Lawsuit Challenging Fossil Fuel Divestment by New York City Pension Funds, 11 March, 2025 <https://comptroller.nyc.gov/newsroom/statement-from-nyc-comptroller-lander-applauding-the-affirmed-dismissal-of-lawsuit-challenging-fossil-fuel-divestment-by-new-york-city-pension-funds/>



SIERRA CLUB

OREGON CHAPTER

For our members who have already retired and those who have just begun their careers, a dignified retirement requires not only a stable climate but a stable economy in which their hard-earned savings can grow.

Please support House Bill 2081. Thank you,

Damon Motz-Storey
Director, Sierra Club Oregon Chapter
1821 SE Ankeny St
Portland, OR 97214