SUMMARY

Requires Oregon Investment Council and State Treasurer to exit from certain carbon-intensive investments, subject to fiduciary duties.

Requires council to develop plan to protect state investments from risks related to climate change.

Requires council to issue periodic reports on actual and planned progress towards completion of duties imposed under Act.

A BILL FOR AN ACT

Relating to investment funds.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 8 of this 2023 Act are added to and made a part of ORS chapter 293.

SECTION 2. Sections 2 to 8 of this 2023 Act may be cited as the Treasury Investment and Climate Protection Act of 2023.

SECTION 3. As used in sections 2 to 8 of this 2023 Act:

(1) “Carbon-intensive investment” means an investment in an entity that is:

(a) Listed on the Carbon Underground 200 list, the Urgewald Global Coal Exit List, or the Urgewald Global Oil and Gas Exit List; or

(b) A coal producer, an oil and gas producer or a provider of equipment, services, transportation or storage related to oil and gas.

(2) “Carbon Underground 200 list” means the list of carbon reserve holders identified by FFI Solutions.

(3) “Climate solutions” means entities that derive a majority of their revenue from climate mitigation, adaptation and resilience ac-
tivities, including renewable energy, energy efficiency, nature-based
solutions, including mitigation in the forest sector, and climate-
responsive social protection, pollution prevention and low-carbon
buildings.

(4) “Coal producer” means an entity that derives at least 10 percent
of annual revenue from thermal coal production, that accounts for
more than one percent of global production of thermal coal or whose
reported coal reserves contain more than 0.3 gigatons of potential
carbon dioxide emissions, or a parent or subsidiary of such an entity.

(5) “Investment funds” has the meaning given that term in ORS
293.701.

(6) “Oil and gas producer” means any entity that derives at least
20 percent of annual revenue from oil or gas production, that accounts
for more than one percent of global oil or gas production or whose
reported combined oil and gas reserves contain more than 0.1 gigatons
of potential carbon dioxide emissions.

(7) “Oil or gas production” means exploration, extraction, drilling,
production, refining, processing or distribution activities related to oil
or gas.

(8) “Thermal coal production” means mining, transport, processing
or exploration activities related to thermal coal.

(9) “Urgewald Global Coal Exit List” means the list of coal industry
participants identified by the Urgewald organization.

(10) “Urgewald Global Oil and Gas Exit List” means the list of oil
and gas industry participants identified by the Urgewald organization.

SECTION 4. (1) The duties imposed on the Oregon Investment
Council and the State Treasurer by sections 2 to 8 of this 2023 Act are
subject to the provisions of this section.

(2) The council and the State Treasurer shall carry out the duties
imposed by sections 2 to 8 of this 2023 Act without incurring material
contractual penalty and in a reasonable and prudent manner by in-
vestment in acceptable institutions at comparable or better rates and returns in light of the risk and investment horizon appropriate for each investment fund.

(3) Nothing in sections 2 to 8 of this 2023 Act is intended to abrogate the fiduciary responsibilities of the council and State Treasurer as described in ORS 293.721 and 293.726.

SECTION 5. (1) The Oregon Investment Council and the State Treasurer shall ensure that no carbon-intensive investments are acquired for any investment fund.

(2) The council and the State Treasurer may not execute or renew contracts that will result in, or are reasonably likely to result in, the acquisition of carbon-intensive investments for any investment fund.

SECTION 6. (1) The Oregon Investment Council and the State Treasurer, as soon as practicable and no later than six months from the effective date of this 2023 Act, shall exit from any publicly traded investment held in an investment fund in an entity listed on the Carbon Underground 200 list.

(2) The council and the State Treasurer, as soon as practicable and no later than two years from the effective date of this 2023 Act, shall exit from any publicly traded investment held in an investment fund in an entity listed on the Urgewald Global Coal Exit List or the Urgewald Global Oil and Gas Exit List.

(3) The council and the State Treasurer, as soon as practicable and no later than January 1, 2035, shall exit from any carbon-intensive investment, whether or not publicly traded, held in an investment fund. In carrying out their duties under this subsection, the council and State Treasurer shall prioritize exits from investments related to thermal coal, tar sands and natural gas derived from fracking.

SECTION 7. (1) No later than one year from the effective date of this 2023 Act, the Oregon Investment Council shall develop a plan to protect investments held in investment funds from transitional and
physical climate risks, including sea level rise, wildfires, flooding, drought, increased greenhouse gas emissions and energy transition impacts. In developing the plan, the council shall consult with the State Treasurer and shall solicit and consider public testimony given at public hearings.

(2) The plan must specifically identify:

(a) The impact of climate risks on every type of state investment; and

(b) Specific steps to be taken to protect state investments from climate risk and to invest in climate solutions and other opportunities arising from climate change.

(3) After the plan is completed, the council shall report on the plan to the Legislative Assembly in the manner provided by ORS 192.245 and make the plan publicly available.

(4) The council shall update the plan annually and shall continually solicit and consider public testimony given at public hearings regarding the plan.

(5) Public hearings related to the plan must be accessible to the public both in person and remotely.

(6) The council and the State Treasurer shall develop and implement goals relating to increasing state investments in climate solutions.

SECTION 8. (1) On or before March 31, June 30, September 30 and December 31 of each year, the Oregon Investment Council, in cooperation with the State Treasurer, shall publish a report on actual and planned progress toward completion of the duties imposed by sections 2 to 8 of this 2023 Act.

(2) The council shall review each quarterly report at a public meeting that is accessible to the public both in person and remotely.

(3) If a report required under subsection (1) of this section is not timely published, the Secretary of State shall conduct audits as nec-
ecessary to determine the information required in the missed report and
the reason for the missed deadline. The Secretary of State shall make
the results of such audits available to the public.

(4) The council shall submit an annual report to the Legislative
Assembly in the manner provided by ORS 192.245 that compiles and
summarizes the information in the last four quarterly reports.

(5) The reports required under this section must include, at a min-
imum:

(a) A detailed description of all completed and planned exits from
carbon-intensive investments, including reasoning and evidence sup-
porting completed or planned actions;

(b) A detailed description of completed and planned investment exit
reviews;

(c) A detailed description of how investment exits are planned to
meet the deadlines established by sections 2 to 8 of this 2023 Act;

(d) For all publicly traded or fixed investments held in investment
funds:

(A) The name and subject of the investment;
(B) Acquisition dates; and
(C) One-, three-, five- and ten-year average returns; and

(e) For all private investments in which the State of Oregon is a
limited partner or otherwise, the following information, aggregated so
as not to identify investments by firm or fund:

(A) The name and subject of the investment;
(B) The vintage year;
(C) The actual or expected exit date, if applicable;
(D) The cash commitment for each investment or fund;
(E) Cash called, by date and amount;
(F) Cash distributed, by date and amount;
(G) Annualized return since inception on cash called and cash dis-
tributed;
(H) Fair value of residual (total and allocable), reported as annualized 10-year rolling average;

(I) Annual fair value calculations provided to the council or the State Treasurer by the general partner;

(J) Comparison between residual fair value history and actual exit price, if applicable;

(K) Redacted due diligence materials that are sufficient to enable the Legislative Assembly and the public to understand the actual quality of due diligence performed by the council or the State Treasurer on the suitability of each investment; and

(L) Information relating to investment contracts.

(6) The council and the State Treasurer shall make publicly available, as they are created or updated, their policies and procedures relating to governance, investment and due diligence.