

Oregon Treasury's ESG Investment Failure

**PERS Fossil Fuel Investments Fund Human
Rights Violations, Community Destruction,
and Climate Chaos**

A report by Divest Oregon

April 2023



Table of Contents

The Oregon Treasury: An Introduction	2
This Report: An Overview	3
Failing: Treasury ESG Investment Screening	4
NSO: A Case Study of OST’s Investment Screening Process	8
All Fossil Fuel Investments Need to be Screened OUT	10
Projects Oregon’s Public Employee Funds Support	11
ConocoPhillips: Willow Project	12
Blackstone and ArcLight Capital: Gavin Coal-Fired Power Plant	16
TC Energy: Coastal GasLink	20
CNOOC and TotalEnergies: The East African Crude Oil Pipeline (EACOP)	22
ExxonMobil, Eni SPA, and TotalEnergies in Mozambique	26
Chevron and TotalEnergies in Myanmar	28
Chevron in the Philippines	30
Owl Rock Capital: Zenith Energy	32
Litigation Payouts: A Growing Financial Risk of Fossil Fuel Investments	33
Summary	35
Appendices	36
Appendix A: Legend for UN Asset Owner Rankings	36
Appendix B: OST Publicly Traded Investments in the Carbon Underground 200	37
Appendix C: A Description of a Private Equity Fossil Fuel Investment	42

This report was published by Divest Oregon in partnership with:



The Oregon Treasury: An Introduction

Oregon's Public Employee Retirement System (PERS) is the 12th largest public pension fund in the country.¹ The Oregon State Treasury (OST) currently manages \$134 billion.²

Divest Oregon advocates for the Treasury to end new and current investments in the fossil fuel industry. This is a realistic goal within OST's fiduciary responsibility: over \$40 trillion in assets under management have been divested globally.³ Some of the largest public pension funds in the country, New York State Common Retirement Fund⁴ and New York City Employees' and Teachers' Retirement System,⁵ for example, are rapidly divesting their fossil fuel holdings.

Oregon Treasurer Tobias Read says he will come up with a plan to "decarbonize" the portfolio — by 2050.⁶ In 2023, the Treasury is still investing hundreds of millions of dollars in fossil fuels through publicly-traded stocks and decade-long commitments to private funds. The Treasury itself commissioned — and did not publish — assessments of climate risk by consultant Ortec Finance,⁷ which confirmed the finding of a Divest Oregon 2022 report:⁸ fossil fuels are increasingly financially risky and should quickly be eliminated from the portfolio.

Divest Oregon also calls for disclosure of investments by the Treasury. The Treasury is a government agency with a lack of transparency and accountability, in part due to the Treasury's decision to invest over half of state employees' retirement in private funds, which cannot be publicly disclosed by statute⁹ and contractual obligation. See the 2022 report "Oregon Treasury's Private Investment Transparency Problem."¹⁰ Proposed legislation in 2022 and 2023 to give PERS members transparency as to investment of their retirement funds was strongly opposed by the Treasury.¹¹

The current report furthers the conversation: Do fund beneficiaries want their retirement money worsening the climate crisis and supporting community destruction and human rights violations? The Treasury will divest eventually. How much money will be lost before then? And how much damage will be caused before we remove these risky funds from our state's portfolio?

¹ [Public Plans Data](#)

² [Oregon State Treasury Fund Balances December 31, 2022](#)

³ [Global Fossil Fuel Divestment Commitments Database, managed by Stand.earth](#)

⁴ [DiNapoli Restricts Investments in 21 Shale Oil & Gas Companies](#), Office of the NY State Comptroller PR, 2/9/2022

⁵ [New York City Pension Funds Adopt Implementation Plan to Achieve Net Zero Investment Portfolio By 2040](#), New York City Comptroller PR, April 5, 2023

⁶ [Oregon State Treasurer Tobias Read Announces Intent to Decarbonize Pension Fund By 2050](#), Oregon State Treasury PR, 11/16/2022

⁷ [Oregon Treasury's "Climate Risk Assessment" Report](#), October, 2021, and [Oregon Treasury's "Climate Risk Scenario Modelling" Report](#), February, 2022

⁸ [Risky Business: Oregon Treasury's Fossil Fuel Problem](#), Divest Oregon, April, 2022

⁹ [ORS §192.355](#)

¹⁰ [Oregon Treasury's Private Investment Transparency Problem](#), November, 2022

¹¹ E.g., [Treasurer's letter to Legislators](#), 1/18/2023

This Report: An Overview

The report shows OST's stated commitment to sustainable investing and presents data about OST's failure to adequately weigh sustainability or climate risk in its investment decisions. After detailing OST's investment process, the report then illustrates the impacts of this process using the example of the OST Pegasus spyware investment. The report provides evidence that all fossil fuel investments should be screened out of and eliminated from the OST portfolio due to economic losses and human cost. Case studies are provided of specific fossil fuel investments by OST.

This report focuses on investments by the Oregon State Treasury that:

- worsen the climate crisis and
- violate people's right to a healthy environment and
- directly cause or threaten severe injury, for example:
 - severely damage the integrity of current communities,
 - undermine the ability of those communities to engage in the activities that sustain their livelihood,
 - put lives at risk from violence by other people,
 - threaten lives or seriously threaten wellbeing through, for example, explosion, toxic chemical exposure, extreme pollution, and/or destruction of critical habitat including waterways,
 - require forced labor,
 - allow discrimination which makes a workplace unsafe and
- cause negative economic consequence to the Oregon Treasury, for example:
 - cost overruns lead to unprofitable projects and poor returns,
 - the energy sector transition away from fossil fuels leads to stranded assets,
 - lost opportunity for those funds trapped in private investment because long term deals are not able to be moved to better investments.

The examples in this report illustrate:

- the investment choices the Treasury is making,
- ESG screening failures at the Treasury, and
- how public employee retirement funds are being used.

Recommendations to the Oregon Treasury and the Oregon Investment Council (OIC) based on the findings of this report:

- No new investments in fossil fuels since they pose a financial, health, and climate risk to Oregonians.
- Annually release a public list of all portfolio holdings in every asset class.
- Transparently phase out of all current fossil fuel investments. Move to climate-safe investments, using a social justice framework that accounts for the climate impacts on frontline communities.
- Strengthen OIC Policy INV 1201 related to ESG screening of investments.¹²

¹² [INV 1201 \(8\): Statement of OIC Investment and Management Beliefs](#), last updated 09/2021

Failing: Treasury ESG Investment Screening

The Oregon State Treasury (OST) claims it is committed to sustainable investing. It says climate risk is a growing concern for investors and that it is evaluating and managing climate risks, taking into account Environmental, Social and Governance (ESG) factors when selecting and managing its investments.¹³

In his 2016 inaugural address as Treasurer, Tobias Read committed to “always invest for the long term” to “address challenges that, if ignored, will impact all Oregonians,” specifically citing “an environment and economy threatened by climate change” as one of those “challenges.”¹⁴

The Treasury followed up in 2017 by asking the legislature to approve Oregon’s first investment officer focused on the Environmental, Social and Governance¹⁵ (ESG) factors “in pursuit of improved sustainability metrics, more transparent financial reporting, and ways to integrate what we learn into how we make decisions.” In 2017, OST published a “Corporate Governance and ESG Stewardship” report.¹⁶ In September 2018, Treasurer Read further convened an Oregon Sustainable Investing Summit, with keynotes from national financial leaders.¹⁷

What has the Oregon Treasury accomplished in the 5 years since this early ESG commitment? Among all the factors that need to inform OST’s investment decisions, how important does OST consider ESG criteria? Given that some ESG programs are considered “greenwashing,”¹⁸ where is the evidence that OST’s ESG program is making a material difference in their investment strategy?

“As beneficiaries, we expect that the Treasury and OIC will start doing a better job of screening and removing PERS members’ investments from those companies with egregious environmental and human rights abuses. Their fiduciary responsibility to us is not to chase seemingly high returns blind to the negative consequences of our investments, but to provide **truly** high returns by investing in our best possible future.”

-- Jaime Rodriquez, President AFT-Oregon

UN Ranking

In 2021, the United Nations (UN) ranked the 100 top (by assets under management) public pension funds. Fewer than half of these funds reported integration of their Environment, Social and Governance (ESG)¹⁹ standards — the set of standards each fund used to screen potential

¹³ [Oregon State Treasury Sustainable Investing](#)

¹⁴ [Oregon Treasury Annual Report, 2017](#)

¹⁵ Ibid.

¹⁶ [Oregon State Treasury Corporate Governance and ESG Stewardship Report, 2017](#)

¹⁷ [Sustainable Investment Summit](#)

¹⁸ [Greenwashing And ESG: What You Need To Know, Forbes, 08/25/2022](#)

¹⁹ [What Is Environmental, Social, and Governance \(ESG\) Investing? Investopedia](#)

investments. Oregon’s Public Employees Retirement Fund (OPERF) ranked 46th out of 47 funds reporting.²⁰ See Figure 1.

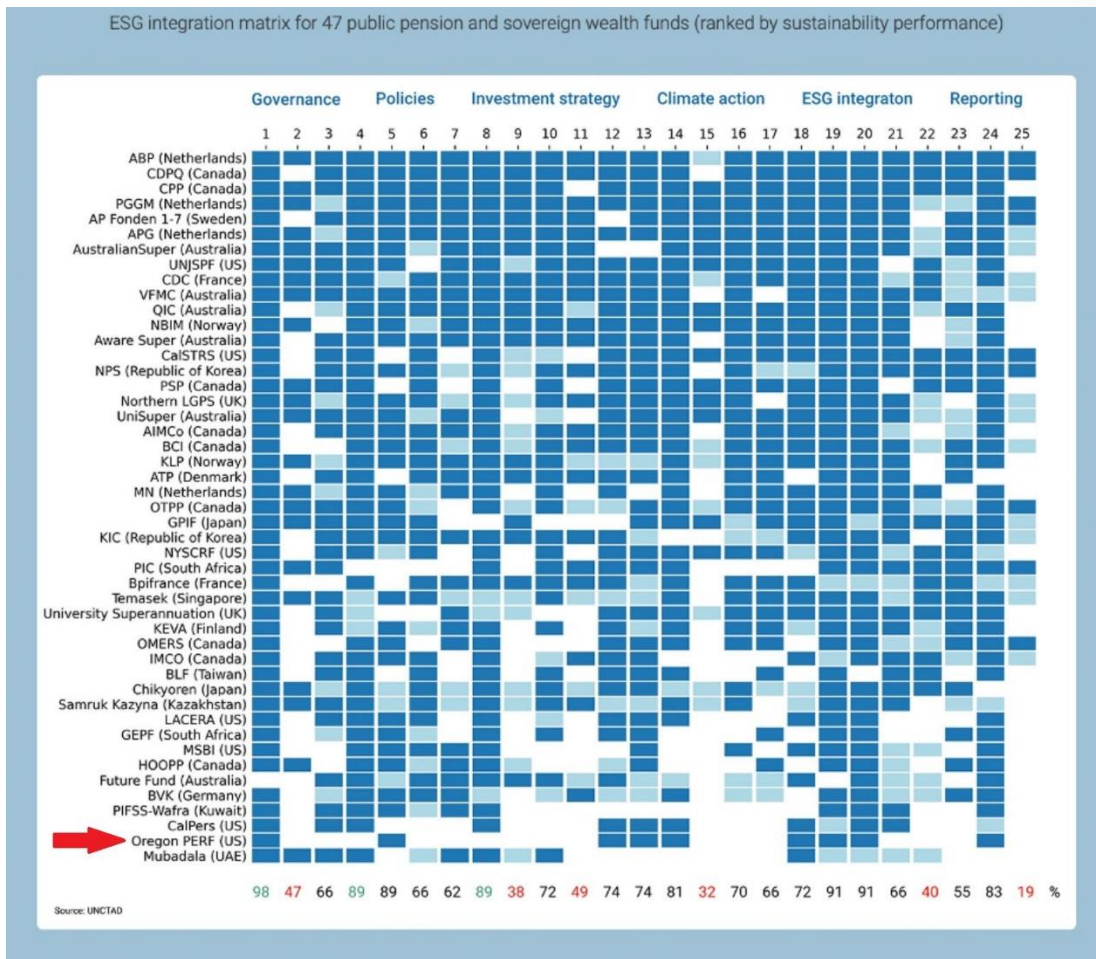


Figure 1: Funds ranked by Sustainability Performance by UN Global Sustainable Finance Observatory. Legend for matrix can be found in Appendix A.

What was found lacking in the UN analysis was the **implementation** of the commitments in Oregon State Treasury’s 2017 ESG report.²¹ The UN reviewers found:

- **no** use of any ESG screens for actual investment decisions
- **no** stated targets / goals for ESG investing
- **no** specific sector strategies (e.g., renewable energy)
- **no** climate risk metric monitoring or reporting of the use of specific climate targets / goals
- **no** evaluation or auditing of its ESG performance with specific metrics
- **no** evidence of any team dedicated to coordinate ESG investments

More details about the UN study can be found in Appendix A.

²⁰ [United Nations Global Sustainable Finance Observatory](#): the legend for the 25 reporting areas can be found in Appendix A.

²¹ [Corporate Governance and ESG Stewardship Report](#), 2017

Meketa Climate Change Investment Analysis

Similarly, a May 2022 survey of public pensions for the Minnesota State Board of Investments by the Meketa Investment Group²² — which regularly consults for OST and is the Oregon Investment Council's key consultant — showed that while Oregon's state pension program has an ESG policy, it:

- has only one dedicated staff member focused on ESG,
- does not divest based on climate risk,
- has no explicit commitment to invest in energy transition or climate mitigation companies,
- and, perhaps most importantly, does not address climate change risk in its asset allocation strategy.

The Meketa survey notes that OST had engaged with Ortec Finance to provide a climate risk assessment — but OST buried that assessment, and a related study showing the positive impact of fossil fuel divestment on OPERF's public equities portfolio. It took months of work by Divest Oregon to uncover those climate risk assessment reports.²³

The UN report is not the first low ranking the Oregon Treasury has received. In another ranking of the Treasury, a 2015 Center for Public Integrity report said, "Oregon gets F grade in 2015 State Integrity Investigation,"²⁴ and the Oregon Treasury got an "F" for State Pension Fund Management. The report stated that, "Oregon remains one of the worst performing states regarding access to information."²⁵

Who is responsible for deciding and implementing Oregon State Treasury's ESG screening standards?

- The Treasury is responsible for implementing Oregon Investment Council (OIC) investment policies.
- OIC policy states, "The integration of environmental, social and governance (ESG) factors, similar to other investment factors, may have a beneficial impact on the economic outcome of an investment and aid in the assessment of risks associated with that investment."²⁶
- The OIC is an oversight and policy-setting body for the Oregon State Treasury. It includes 5 voting members: the Oregon Treasurer and four volunteer, unpaid members appointed by the Governor. Many of the OIC policies are available only through public records requests; some are online.²⁷

²² [Meketa Climate Change Investment Analysis – Phase II: Public Pension Climate Leaders Survey](#), May, 2022

²³ [Oregon Treasury's "Climate Risk Assessment" Report, October, 2021 & "Climate Risk Scenario Modelling" Report](#), February, 2022

²⁴ [Oregon gets F grade in 2015 State Integrity Investigation](#), The Center for Public Integrity, 11/9/2015

²⁵ Ibid.

²⁶ [INV 1201 \(8\): Statement of OIC Investment and Management Beliefs](#), last updated 09/2021

²⁷ [INV 1201: Statement of OIC Investment and Management Beliefs](#), last updated 09/2021

- The Council's statutory mandate is to “achieve the highest return possible on its investments.”²⁸
- The Treasury is mandated to invest for the long term²⁹ and, as the climate crisis takes an increasing economic toll, the world is turning toward cheaper, cleaner, renewable energy.

Quotes from the Treasurer on how OST’s implementation of screening policies works in practice:

- From a 2019 *Willamette Week* article: “State Treasurer Tobias Read, who oversees public pension investments, admits the [immigration detention center/private prison] investments put him in an awkward position. But PERS managers say the investments must be made without considering politics. **Oregon has no list of companies it won't invest in.** ‘This is one of those inescapable moments where my values come into stark conflict with my legal and fiduciary responsibilities,’ Read says. ‘Managing a large public trust fund exposes you to some **corporate decisions that range from shortsighted to illegal to immoral.**’³⁰
- From a written comment in the 2023 legislative session: “Like any other risk, ESG and human rights risks are part of our due diligence work but are not the sole and determinative factor because **Treasury is legally required to put the financial performance of our funds above all other considerations.**”³¹

Note the Treasury’s failure to integrate ESG and human rights standards, assuming they do not relate to the fund’s economic value, which is contrary to the data supporting ESG frameworks: “In fact, ESG has been relatively uncontroversial among investors from the very beginning — in part because the term was co-created by investors.... One reason for ESG’s acceptance among investors is its explicit alignment with the traditional investing goal of maximizing returns.”³² As the OIC policy states, ESG is one method of assessing investment risk, which should be factored into an assessment of financial performance.

The UN report shows the OST’s failure to implement a sustainability screening for OPERF. The rest of this report provides examples and data showing OST’s failure to screen out investments that worsen the climate crisis, violate people’s right to a healthy environment, and directly cause severe injury or the threat of such injury, including violations of human rights. In addition to being harmful to people and the planet, these practices display risky financial behavior.

²⁸ [Treasury Performance and Holdings](#)

²⁹ [INV 1203: Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund](#), last updated 07/2020

³⁰ Emphasis added. [Oregon’s Public Pension Fund Invests in the Immigration Detention Centers That Residents and Politicians Say They Hate: Oregon officials say they have little choice but to invest pension funds in government contractors running detention centers](#), *Willamette Week*, 7/27/2019

³¹ [Public Testimony submitted in opposition to Human Rights Screening Bill SB541 \(2023 session\)](#)

³² [What is ESG, the investment strategy under attack by Republicans?](#) “ESG is called ‘woke capitalism’ by the right and ‘greenwashing’ by the left. But to most investors, it’s just common sense.” *Grist*, 3/24/2023

NSO: A Case Study of OST's Investment Screening Process

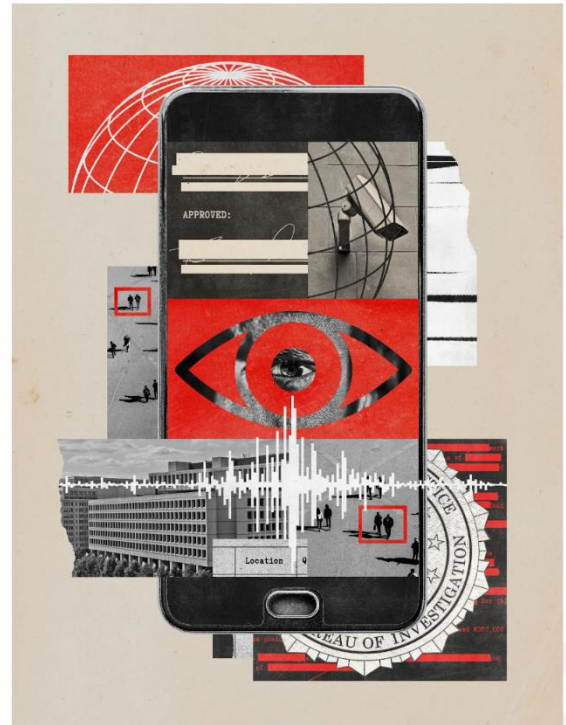
A look at investment in spyware targeting government officials and journalists

In-depth reporting showcases one investment made by the Treasury under Treasurer Read, who took office in 2017. This example provides insight into OST's investment process.

The Oregon State Treasury came under international scrutiny for investing in Novalpina Capital Partners I, a private fund. Novalpina then chose to acquire NSO Group,³³ a technology company that “developed and supplied spyware to foreign governments that used these tools to maliciously target government officials, journalists, businesspeople, activists, academics and embassy workers.”³⁴ The Oregon Treasury was “the largest single investor in the fund.”³⁵

The pitch made to the OIC by the Novalpina fund was about the partners of the new fund; there was no discussion of specific investments under consideration by the fund.³⁶ However, according to *The Guardian*, Novalpina's investment in NSO Group, whose signature product was the spyware Pegasus, was specifically supported by the Treasury. Michael Langdon, then and now Director of Private Markets at the Oregon State Treasury's investment division, met the three founding partners of Novalpina in London on June 15, 2018; the investment in NSO Group was made in 2019. *The Guardian* summed up the situation in the headline of its article: “Oregon public pension fund gave blessing to NSO Group deal, sources suggest. Fund has expressed concerns about the spyware firm, but emails suggest an [Oregon Treasury] official signalled support for 2019 acquisition.”³⁷

“At the time, Langdon is said to have already been familiar with NSO and what insiders sometimes called the ‘noise’ — or bad publicity — around the company because the Oregon pension fund was also an investor in Francisco Partners, a California-based firm whose fund previously owned a majority stake in NSO.”³⁸



Andrei Cojocaru/from *New York Times*

³³ [Oregon public pension fund gave blessing to NSO Group deal, sources suggest: Fund has expressed concerns about the spyware firm, but emails suggest an official signaled support for 2019 acquisition](#), *The Guardian*, 1/17/2022

³⁴ [US blacklisting of NSO Group shows view of major technology company as a grave threat](#), *The Guardian*, 11/3/2021

³⁵ [US blacklisting of NSO Group shows view of major technology company as a grave threat](#), *The Guardian*, 11/3/2021

³⁶ [11/1/2017 Regular Meeting agenda with Novalpina Capital Partners I SCSp, minutes, presentation materials, and audio recording](#) (presentation begins at 5:56)

³⁷ [Oregon public pension fund gave blessing to NSO Group deal, sources suggest: Fund has expressed concerns about the spyware firm, but emails suggest an official signaled support for 2019 acquisition](#), *The Guardian*, 1/17/2022

³⁸ *Ibid.*

For more background about this investment supported by the Oregon State Treasury pension fund beneficiaries, [listen to this investigative reporting podcast](#) about Oregon’s investment in Pegasus spyware.³⁹

The lack of ESG screening by the Oregon Treasury:

- supported acquisition of a company whose product literally put peoples’ lives and freedom at risk.
- caused international reputational harm, especially after NSO was put on the US Department of Commerce blacklist “usually reserved for America’s worst enemies, such as Chinese companies that have been accused of aiding human right abuses, and Russians who proliferate biological and chemical weapons programmes.”⁴⁰
- created potential legal exposure for lapse of fiduciary duty, including:
 - failure to invest prudently and
 - failure to inform beneficiaries as to how their funds are invested.
- locked OST into a long contract with the private fund and into a reputational and financial quagmire.
- did not achieve the Treasury’s stated primary consideration: “the highest possible return” on the funds invested.⁴¹ In 2017, OST made a \$233 million commitment (total capital distributed as of Q3 2022 \$205 million). The fund managers were so dysfunctional that the original investors, including OST, brought in Berkeley Research Group to oversee the fund when the founders failed. Berkeley Research Group, a consultancy that represents NSO’s private equity owners, including OST, said that the company’s equity was “valueless.”⁴² (In the latest OST report, the fair market value is stated as \$82 million.⁴³ Another main asset in the fund is an Estonian gaming company.⁴⁴)

³⁹ [Shoot the Messenger: Espionage, Murder & Pegasus Spyware — How Are Ordinary Americans Supporting the Makers of Pegasus?](#) PRX & Exile Content Studio, 03/2023

⁴⁰ [US blacklisting of NSO Group shows view of major technology company as a grave threat](#), *The Guardian*, 11/3/2021

⁴¹ [Treasury Performance and Holdings](#)

⁴² [EY valued NSO Group at \\$2.3bn months before emergency bailout](#), *Financial Times*, 6/26/2022

⁴³ [OPERF Private Equity Portfolio Q3 2022](#)

⁴⁴ [Novalpina Agrees to Buy Baltic Gambling Company for €288 Million](#), *Private Equity News*, 3/19/2018; [US consultants lined up to run fund that owns Israeli spyware company NSO](#), *The Guardian*, 7/31/2021

All Fossil Fuel Investments Need to be Screened OUT

The case studies in this report are examples of the enormous economic and human cost of fossil fuel investment. A significant step toward nondestructive and less financially risky investment is to end all fossil fuel investments.

The United Nations General Assembly voted overwhelmingly on July 28, 2022 to declare the ability to live in “a clean, healthy and sustainable environment” a universal human right. It also called on countries, companies, and international organizations to scale up efforts to turn that human right into reality.⁴⁵

The 2023 Intergovernmental Panel on Climate Change (IPCC) synthesis report⁴⁶ repeats the warning that new fossil fuel investment is incompatible with global survival and underlines the multifaceted risk of these investments.

As Amnesty International has stated, “The world’s richest governments are effectively condemning millions of people to starvation, drought and displacement through their continued support of the fossil fuel industry.”⁴⁷

OST is invested in many of the most carbon dioxide producing companies in the world. For a list of worst polluters invested in by the Oregon Treasury, see Appendix B.

For reports detailing the impacts of these worst-polluting companies, including companies in which OST is invested, see “Private Equity Propels the Climate Crisis: The Risks of a Shadowy Industry’s Massive Exposure to Oil, Gas and Coal”⁴⁸ and “Private Equity’s Dirty Dozen.”⁴⁹

⁴⁵ [The human right to a clean, healthy and sustainable environment: resolution / adopted by the General Assembly](#)

⁴⁶ [AR6 Synthesis Report Climate Change 2023](#)

⁴⁷ [Stop burning our rights! What governments and corporations must do to protect humanity from the climate crisis](#), *Amnesty International*, 6/7/2021

⁴⁸ [Private Equity Propels the Climate Crisis](#), Private Equity Stakeholder Project, October, 2021

⁴⁹ [Private Equity’s Dirty Dozen](#), Private Equity Stakeholder Project, February, 2022

Projects Oregon's Public Employee Funds Support

The following illustrative examples of Oregon's fossil fuel investments are only the tip of the (melting) iceberg. We continue to get information through research and public record requests. This report is not a comprehensive review.

OST continues to make new investments in fossil fuel companies, contrary to the Treasurer's claim to want to decarbonize the Treasury.

In the January 2023 OIC meeting, the Treasury reported dedicating **\$400 million to over half a billion dollars** in long-term investments with, to use Treasurer Read's words, "oil and gas exposure."⁵⁰

Investigation of OPERF (Oregon Public Employees Retirement Fund) investments is difficult in part because 60% of the fund is in private investments (asset classes including: private equity, "alternatives," real estate, "opportunity").⁵¹ Private investments are statutorily protected from public view.⁵² Fossil fuel investments are, historically, heavily concentrated in private investment funds⁵³ and hidden from disclosure even from the fund's beneficiaries. The Private Equity Stakeholder Project⁵⁴ and IEEFA⁵⁵ have provided some specifics of OST private equity investments in spite of the barriers erected by the Treasury and the investment managers it selects.

⁵⁰ [\(Poor quality\) OIC audio of January 2023 OIC meeting](#)

⁵¹ [Oregon Treasury's Private Investment Transparency Problem](#), Divest Oregon, November, 2022

⁵² [ORS §192.355](#)

⁵³ [Private Equity Propels the Climate Crisis](#), Private Equity Stakeholder Project, October, 2021

⁵⁴ [Private Equity Stakeholder Project](#)

⁵⁵ [Institute for Energy Economics and Financial Analysis](#)

ConocoPhillips: Willow Project

30 years of massive new carbon emissions

Destruction of livelihood and way of life of the Indigenous population as well as extreme threat of injury and death from leaks, explosion, and permafrost destruction.



Incomel/Getty Images

What the Oregon Treasury funds:

OST invests in ConocoPhillips. ConocoPhillips is Alaska's largest crude oil producer and largest owner of exploration leases, with approximately 1.6 million net undeveloped acres at year-end 2021. Alaska is just one aspect of their global reach.⁵⁶

The impact of ConocoPhillips on the Indigenous population of Alaska includes both destruction of their livelihood and way of life and extreme threat of catastrophic gas leaks. The Alaska Native Village of Nuiqsut is going to be virtually surrounded by oil fields⁵⁷ as a result of the approval of ConocoPhillips' Willow project, which threatens the subsistence hunting and fishing that has long sustained the town's households. Nuiqsut's mayor has vocally opposed the Willow project and local tribal leaders passed a resolution opposing it in 2019.⁵⁸

⁵⁶ [ConocoPhillips website](#)

⁵⁷ [Unstable Ground: How thawing permafrost threatens a Biden-supported plan to drill in Alaska's Arctic](#), *Grist*, 10/3/2022

⁵⁸ [The dubious economic calculus behind the Willow project](#), *Grist*, 3/16/2023

These excerpts from an article by *Grist* in October 2022 look at the region and the permafrost problem.⁵⁹

Nearly 100 percent of Nuiqsut households depend on subsistence hunting and fishing, which has already been affected by decades of industrial development. Willow's footprint would overlap with some of the most important hunting and fishing grounds in the region. Under ConocoPhillips' preferred development scenario, there would be an estimated 3.2 million vehicle trips over the lifetime of the project, many of them in areas currently used by subsistence hunters.

In addition, on March 4, 2022 the fossil fuel company reported an uncontrolled gas leak at ConocoPhillips' Alpine site. The draft environmental statement for Willow reveals how the Interior Department and other regulatory agencies depend on assurances from the oil and gas industry that may not always turn out to be reliable, especially in a rapidly warming environment. The environmental statement for Willow echoes some of the same assumptions that led to the leak at the Alpine site. According to the incident report, ConocoPhillips' decision to forgo the use of cement casing around the portion of the Alpine well where the leak occurred was based on the assumption that there was little to no gas present in the 3,000- to 4,000-foot-deep formation. This turned out to be wrong. Steve Lewis, a retired petroleum engineer who worked in the region for 20 years, said that Interior appears to have reached a similar conclusion for Willow, where the same geological formation is found, without providing much evidence to support it.

The overall economic calculus of the Willow project is dubious.⁶⁰

- **Timing:** The Willow project won't begin to produce oil until 2028 or 2029 at the earliest; additional delay due to litigation is a given.⁶¹
- **Market demand:** Demand is questionable given the type of oil, transportation issues, and the shift in the energy landscape.⁶²
- **Economic consequence to Alaska:** ConocoPhillips can use a carve-out in the state's tax law to write off its expenses for this project against the taxes the company pays on its other oil developments in the state, so it is projected that the state will see *\$1.6 billion negative revenue* through 2025.⁶³
- **Demand reduction:** "If renewables keep growing at their current rate, the IEA projects renewable energy would account for 38 percent of global electricity by 2027 — two years before Willow oil would finally start flowing. Add in some serious demand reduction through energy-efficiency improvements and electrification of transport, and our remaining fossil-fuel needs will easily be met by existing drill sites. Forget about not needing Willow at the end of its 30-year life span. It'll be obsolete before the ribbon is cut."⁶⁴

⁵⁹ [Unstable Ground: How thawing permafrost threatens a Biden-supported plan to drill in Alaska's Arctic](#), *Grist*, 10/3/2022

⁶⁰ [The dubious economic calculus behind the Willow project](#), *Grist*, 3/16/2023

⁶¹ *Ibid.*

⁶² *Ibid.*

⁶³ *Ibid.*

⁶⁴ [The Alaska Oil Project Will Be Obsolete Before It's Finished](#), *The Atlantic*, 3/13/2023

- **Overall dissonance with climate impact in the Arctic:** Climate change is already warming the Arctic nearly four times faster⁶⁵ than the rest of the planet, and threatening to melt the permafrost of the North Slope; in fact, ConocoPhillips plans to deploy cooling devices called “thermosyphons” to keep the permafrost frozen under its drill pads. “The assumed structural integrity of the permafrost is basic to the design of both surface facilities and well construction,” said Steve Lewis, a retired petroleum engineer who worked in the region for 20 years. “If that premise is questionable, the entire design philosophy of North Slope development becomes suspect.”^{66, 67}
- **Boycott by insurers and financial institutions:** A growing number of insurers have an explicit policy not to underwrite oil and gas development in the Arctic Refuge, and a growing number of major banks prohibit Arctic project financing.⁶⁸

Some notable consequences of inadequate ESG screening

The Willow Project is an exceptionally strong example of the climate and financial consequences of fossil fuel investments in 2023:

- The pipeline is just beginning construction at a time of significant transition to renewable energy. This pipeline is on a path to be an obsolete stranded asset.
- The developers are “racing ahead” in spite of the UN/IPCC warning that any new fossil fuel development is existentially damaging.⁶⁹
- “Executives...are building an operation to last generations with, perhaps, an eye toward even further expansion inside the reserve at a later date. Like other oil giants that earned record profits in 2022, the company is betting that any pivot away from fossil fuels will take place in a distant future.”⁷⁰
- Investors risk reputational damage due to development in a fragile ecosystem.
- The pipeline is causing damage to or destruction of an Indigenous way of life.
- The cost of pipeline construction is increased by climate change.⁷¹
- The project is at risk economically due to litigation delays.

A few particulars on litigation delays to the Willow Project:

- The project has been in litigation since its inception. Willow was previously approved under the Trump administration but was halted by a decision by a federal judge in Alaska in 2021. The judge cited “serious errors” in ConocoPhillips’ environmental review

⁶⁵ [The Arctic has warmed nearly four times faster than the globe since 1979](#), *Nature*, 8/11/2022

⁶⁶ [The Alaska Oil Project Will Be Obsolete Before It’s Finished](#), *The Atlantic*, 3/13/2023

⁶⁷ See [Unstable Ground: How thawing permafrost threatens a Biden-supported plan to drill in Alaska’s Arctic](#), *Grist*, 10/3/2022

⁶⁸ [Corporate Commitment to Protect the Arctic Refuge](#), *Gwich’in Steering Committee*, 2/17/2021 updated 4/10/2023

⁶⁹ [In Pristine Alaska, an Oil Giant Prepares to Drill for Decades](#), *New York Times*, 4/6/2023

⁷⁰ *Ibid.*

⁷¹ *Ibid.*

of the project, with little analysis of the climate impact the project would have.⁷² Willow could be operational for as long as 30 years, releasing as much as 278 million metric tonnes of carbon emissions, according to US Department of the Interior estimates.⁷³ Jeremy Lieb, an Alaska-based senior attorney for environmental organization Earthjustice, stated “We and our clients don’t see any acceptable version of this project, we think the [environmental impact] analysis is unlawful.”⁷⁴

- Lawsuits have been filed since the recent permit approval by the Biden administration.⁷⁵
- The project’s construction can only be carried out in the winter season as icy roads are necessary to build the project’s infrastructure, so delays could have a major impact on the project’s timeframe.⁷⁶

OST investment:

OST’s investment in ConocoPhillips is \$38.3 million as of 6/30/2022.⁷⁷

⁷² Ibid.

⁷³ [The Willow Project has been approved. Here’s what to know about the controversial oil-drilling venture](#), CNN, 3/14/2023

⁷⁴ [The Willow Oil Controversy Explained](#), OilPrice.com, 3/18/2023

⁷⁵ [Environmental groups file two lawsuits hoping to stop the Willow Project, citing climate impacts](#), CNN, 3/15/2023

⁷⁶ [The Willow Oil Controversy Explained](#), OilPrice.com, 3/18/2023

⁷⁷ [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2022

Blackstone and ArcLight Capital: Gavin Coal-Fired Power Plant

Responsible for the demise of an entire Ohio community

The Gavin Power Plant has been cited by the EPA for dumping toxic coal waste in the Ohio River and contaminating groundwater. The plant was "responsible for the demise of an entire community."⁷⁸



Cheshire, OH was once a bustling small town, but now the majority of its residents have gone. *Harmon Leon*

What the Oregon Treasury funds:

OST invested in Gavin Power Plant through investing in private funds that own the plant. See details at end of this section. When the Treasury invested in this coal-fired power plant there was already a history of liability.

In 2002, the impact of the plant on the neighboring community of Cheshire, Ohio, had reached such an extreme that Gavin paid the residents of the 150-year-old town \$20 million so its residents would ... leave.^{79, 80}

In 2007, then-owner AEP settled a major legal case over pollution from 16 of the company's coal-fired power plants, including Gavin. AEP agreed to cut its air pollutants by 813,000 tons a year at a cost of \$4.6 billion. It also agreed to spend \$60 million cleaning up the effects of past emissions.

⁷⁸ [The strange deal that created a ghost town: An infamous blue plume of pollution from one of the US's largest coal-fired plants changed the course of history for one once-thriving town](#), *BBC*, 5/12/2021

⁷⁹ [Utility Buys Town It Choked, Lock, Stock and Blue Plume](#), *New York Times*, 5/13/2002

⁸⁰ [The strange deal that created a ghost town: An infamous blue plume of pollution from one of the US's largest coal-fired plants changed the course of history for one once-thriving town](#), *BBC*, 5/12/2021

After the Oregon Treasury invested, the Gavin coal power plant *increased* its sulfur dioxide emissions by 9% and nitrogen oxide emissions by 3% in 2018.⁸¹ Continued emissions have made it the sixth-largest CO₂-emitting coal plant in the United States.⁸²

Violations continue: In November of 2022, EPA had to order the plant to stop dumping toxic coal ash, contaminating groundwater.⁸³ “For too long, communities already disproportionately impacted by high levels of pollution have been burdened by improper coal ash disposal,” said EPA Administrator Michael S. Regan.⁸⁴

Some notable consequences of inadequate ESG screening:

The same failings of the Gavin Power plant that led to the destruction of a community have also made it vulnerable financially. The fund that now owns the Gavin plant, Lightstone Generation LLC, is responsible for ongoing clean-up and pollution reduction. Lightstone, currently rated with a negative outlook by Moody’s Investors Service, is likely to face increased financing costs due to the low Moody rating. IEEFA provided an update on the current financial situation of the plant: The term loan taken out by Lightstone at the time of purchase was due in 2024 but it was amended and extended last year. The \$1.6 **billion** balance is now due in January 2027.⁸⁵ Given the low rating by Moody’s and the fact that many banks are now restricting lending to the sector, Gavin Power’s ability to refinance at a reasonable rate is worth questioning as is the value of the shares of investors such as OST.

⁸¹ [EPA about-face lets emissions soar at some coal plants](#), *E&E News*, 9/26/2019

⁸² [Meet America's 10 largest emitters](#), *ClimateWire*, 5/11/2020

⁸³ [EPA orders Ohio power plant to stop dumping toxic coal ash, contaminating groundwater](#), *AP*, 11/18/2022

⁸⁴ [EPA Takes Final Action to Protect Groundwater from Coal Ash Contamination at Ohio Facility](#), *EPA*, 11/18/2022

⁸⁵ [Pension Funds Investing Indirectly in Ohio’s Gavin Coal Plant Are at Risk as Financial, Environmental Disadvantages Mount](#), *IEEFA*, 10/14/2021

An example of the lack of transparency in private investments: Gavin Coal-Fired Power Plant

Publicly available details about private investments are limited by Oregon statute. These undisclosed private investments, however, are found throughout the PERS portfolio in many asset classes such as Private Equity, Alternatives, Opportunity, Real Assets, and even the Real Estate asset class. Fossil fuel company investments are hidden inside many private investment funds. Treasury invests in a fund, and simply discloses the fund name, not what the fund is invested in. Beneficiaries of Oregon PERS do not know what their money is funding.

Divest Oregon consulted experts at IEEFA⁸⁶ to reconstruct the history of OST investment in Gavin Power. Seth Feaster, an energy data analyst at IEEFA: "In private equity, the obscurity is by design.... The lack of transparency, the lack of disclosure, is absolutely something private equity is hiding behind. They don't want you to know what they're up to. More and more money in the form of endowments or pension funds or retirement funds is all going into these black boxes."⁸⁷

Ten of the largest investors in the Gavin Power Plant are public pension funds. Near the top of the list is the New York State Common Retirement Fund, a massive pension fund administered by a recognized leader on climate action. Even those managers leading on pension climate action, which Oregon is not, have only recently started to grapple with the question of how to align private equity investments with their climate goals.⁸⁸

"If you're getting out of fossil fuels on the public equity side through these reviews [in the divestment process], you've identified that they're risky companies," said Richard Brooks, climate finance director at Stand.earth, a divestment advocacy organization. "It doesn't make sense to then add risk on the private side by investing in the same types of companies who are operating in the oil and gas sector." Brooks recommends ending new investment in fossil fuels hidden in private funds: "That is a real, tangible step that New York State hasn't yet taken, that no public pension fund in the US has taken, but that they need to take to avoid bringing in more risk to the portfolio and obviously bringing in more fossil fuel exposure."⁸⁹

For more information, see Divest Oregon's report "Oregon Treasury's Private Investment Transparency Problem."⁹⁰

⁸⁶ [IEEFA](#)

⁸⁷ [The Private Equity 'Black Box' Pours New York Pensions Touting Divestment Into Fossil Fuels](#), *New York Focus*, 11/30/2022

⁸⁸ *Ibid.*

⁸⁹ *Ibid.*

⁹⁰ [Oregon Treasury's Private Investment Transparency Problem](#), November, 2022

OST investment:

With the assistance of experts, Divest Oregon constructed a history of this investment:

- Gavin Power is a joint venture between private-equity firms ArcLight Capital Partners and Blackstone Group.⁹¹
- Blackstone Capital Partners acquired Gavin Power as part of a private fund package in 2016.⁹²
- After consultation with IEEFA,⁹³ it is now known that the owner of the private fund package including Gavin Power is Lightstone Generation LLC, which is a 50-50 joint venture between ArcLight and Blackstone. The three funds that control Lightstone are ArcLight Energy Partners VI, Blackstone Capital Partners VII, and Blackstone Energy Partners II.
- According to its Q2 2022 data,⁹⁴ Oregon has invested \$495.9 million in Blackstone Capital Partners VII and \$203.6 million in Blackstone Energy Partners II.

⁹¹ [EPA orders Ohio power plant to stop dumping toxic coal ash, AP, 11/18/2022](#)

⁹² [The Blackstone Group and ArcLight Capital Partners Acquire American Electric Power - Four Competitive Power Plants, mergr.com, retrieved 3/12/2023](#)

⁹³ [IEEFA](#)

⁹⁴ [OPERF Private Equity, Quarter 2, 2022](#)

TC Energy: Coastal GasLink

Pipeline construction at the expense of Indigenous people

The Coastal GasLink project has been delayed, with cost overruns, due to: 1) resistance to violation of Indigenous land rights, 2) violence against Indigenous women, 3) objection to militarized response to that resistance, and 4) resulting litigation.



Land and water protectors oppose the BC Coastal GasLink pipeline project in solidarity with Wet'suwet'en First Nation. *Darren Taylor/Soo Today*

What the Oregon Treasury funds:

TC Energy was selected in 2012 by LNG Canada to design, build, own and operate Coastal GasLink.⁹⁵ OST is invested in TC Energy.

The Coastal GasLink pipeline is being built to deliver fracked gas from British Columbia to a liquified natural gas export facility on the West Coast. The pipeline crosses 206 waterways⁹⁶ that provide essential spawning habitat for sockeye salmon — a species with deep cultural, ecological, and economic importance. Wet'suwet'en hereditary chiefs oppose having the pipeline traverse their unceded territory without their consent. This has resulted in protests, blockades, and ongoing litigation.⁹⁷ In 2020, there was a formal request before the British Columbia Supreme Court because permits for the pipeline did not consider links between “man camps” of oil workers and violence against Indigenous women, as documented in the findings⁹⁸ of Canada's National Inquiry on Missing and Murdered Indigenous Women.⁹⁹

⁹⁵ [TC Energy website](#)

⁹⁶ [Pipeline Standoff: Wet'suwet'en Block Effort to Tunnel under Morice River](#), *The Tyee*, 10/24/2021

⁹⁷ [Wet'suwet'en members sue RCMP and Coastal GasLink for alleged harassment and intimidation](#), *CBC News*, 6/22/2022

⁹⁸ [Final Report, National Inquiry into Missing and Murdered Indigenous Women and Girls](#), 2020

⁹⁹ [National Inquiry on Missing and Murdered Indigenous Women](#), 2020

Partially because of resistance and litigation, the pipeline is behind schedule and over budget. An announcement in February 2023 from the company stated the cost of the pipeline has ballooned from an original estimate of \$6.6 billion to at least \$14.5 billion.¹⁹ The resistance, and the violence against the land and water defenders, continue.¹⁰⁰

Another TC Energy project is the GTN Xpress pipeline expansion that would run through Oregon. This project is an expansion of the Gas Transmission Northwest (GTN) pipeline, adding 150 million cubic feet of methane gas per day and a new gas compressor station in Morrow County, Oregon.¹⁰¹ GTN XPress (as the expansion project is called) is expected to result in more than 3.24 million metric tons of additional greenhouse gas emissions per year. The increased pollution would be the same as adding 754,000 passenger vehicles on the road per year until 2052, adding to public health issues. Attorneys general and political leaders in Oregon, Washington, and California are calling on the Federal Energy Regulatory Commission to reject a natural gas transmission expansion project, saying it would violate their climate change laws by increasing greenhouse gas emissions.^{102, 103}

Some notable consequences of inadequate ESG screening:

- In the report *A dangerous project that blatantly ignores Indigenous Rights*,¹⁰⁴ the Climate Safe Pensions Network documents the financial, environmental, and human costs. (Note: OPERF investments were not included in that report since the public did not have access to the data at that time.)
- TC Energy has experienced an enormous cost overrun in the Coastal GasLink pipeline, which is being built to supply LNG Canada, a massive natural gas export project in British Columbia. TC Energy's stock price fell to a 19-month low in Toronto in fall of 2022.¹⁰⁵ TC Energy is seeing higher costs for the "troubled Coastal GasLink pipeline."¹⁰⁶

OST investment:

Treasury has directly invested \$154,310 directly through passive public equity exposure in TC Energy, the Coastal GasLink parent company as of 6/30/22.¹⁰⁷

Additionally, the Treasury is invested in the private equity firm KKR, which has a controlling stake in the Coastal GasLink pipeline. Private Equity Stakeholder Project includes KKR on its list of 12 private equity firms funding dirty energy projects. Treasury reviewed this investment information and disclosed that OST did not invest in the particular KKR fund with a Coastal GasLink stake. However, the fair market value of KKR private equity held by the Treasury as of Q2 2022 was **\$1.6 billion**.

¹⁰⁰ [Canadian security forces arrest Wet'suwet'en protesters in clash over pipeline construction: "This harassment and intimidation is exactly the kind of violence designed to drive us from our homelands,"](#) *Grist*, 3/21/2023

¹⁰¹ [FERC Notice](#), 1/28/2022

¹⁰² [3 states tell FERC: Western gas project violates climate laws](#), *E&E News*, 8/23/2022

¹⁰³ [Pipeline Company Wants to Quietly Expand Gas Shipments in the Pacific Northwest](#), *DeSmog*, 12/8/2022

¹⁰⁴ [A dangerous project that blatantly ignores Indigenous Rights](#), Climate Safe Pensions Network, 2021

¹⁰⁵ [TC Energy could divest Keystone oil pipeline, analysts say](#), *CNN Bloomberg*, 10/18/2022

¹⁰⁶ [TC Energy sees higher costs for troubled Coastal GasLink pipeline](#), *Reuters*, 11/29/2022

¹⁰⁷ [OPERF Public Equity Holdings](#), 6/30/2022

CNOOC and TotalEnergies: The East African Crude Oil Pipeline (EACOP)

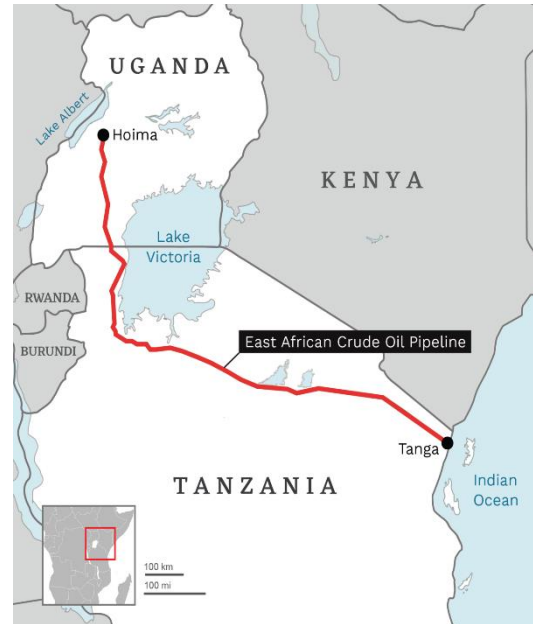
Destruction of communities, livelihood, and ecosystems

Massive deception, land grabs, and destruction of livelihood and ecosystems have jeopardized project financing of the East African Crude Oil Pipeline (EACOP).

What Oregon Treasury funds:

OST invested in the companies with majority ownership of EACOP. See end of section for more.

Let's look at the companies controlling this project and the project itself. CNOOC (China National Oil Offshore Corporation) is owned by the Peoples' Republic of China (yes, the government) and the French giant Total, now rebranded as TotalEnergies. TotalEnergies is the biggest developer of new upstream oil and gas resources in Africa.¹⁰⁸ Both CNOOC and TotalEnergies have a history of human rights abuse charges against them.¹⁰⁹



Construction of the East Africa Crude Oil Pipeline (EACOP) began in the face of global resistance. The pipeline is designed to transport oil extracted from a Ugandan national park, flow beside the largest lake in Africa, and arrive in a Tanzanian port. The 897-mile pipeline would:

- displace about 118,000 people
- endanger the region's unique ecosystems
- destroy local economies reliant on, for example, fishing
- threaten wetlands, wildlife, and fresh water sources that support millions of Africans

The pipeline would also worsen the global climate crisis and thwart key transitions to renewable energy. The African continent holds 39% of the world's total renewable energy potential. In addition to the many risks to investors and the people of East Africa, continued oil and gas development undermines Africa's ability to maximize solar and wind resources, while increasing the risk of stranding billions in fossil assets.¹¹⁰

For a deeper look into human impact see *Fear and Oil in Uganda*.¹¹¹

¹⁰⁸ [Who is Financing Fossil Fuel Expansion in Africa?](#), p. 16, *Urgewald*, 11/2022

¹⁰⁹ [Business & Human Rights Resource Centre](#)

¹¹⁰ [A Risky Pipeline that Endangers East Africa](#), *Climate Safe Pensions Network*, 2022

¹¹¹ [Fear and Oil in Uganda](#), *New York Review of Books*, 12/30/2022



Andrew Bogrand / Oxfam

This [Down the Line video](#)¹¹² (6 mins) is on EACOP's human impact. EACOP is also the subject of another video, [Resisting Corporate Colonialism](#)¹¹³ (1 hour, 9 minutes).



Some notable consequences of inadequate ESG screening:

- In their June 2022 report, *A Risky Pipeline that Endangers East Africa*,¹¹⁴ the Climate Safe Pensions Network documented OPERF's investment and the financial, environmental, and human rights risks of EACOP.
- A June 2022 finance risk briefing¹¹⁵ from BankTrack underscores the many reputational, material, and financial risks to financial institutions associated with the EACOP.
- A July 2022 report by the Africa Institute for Energy Governance (AFIEGO), Inclusive Development International (IDI), and BankTrack found that EACOP breaches international environmental and human rights standards.¹¹⁶ Adhering to these standards is a necessary precondition for securing project financing from banks that are signatories to the project. Therefore, key project financing is in jeopardy.

¹¹² [Down the Line](#), Oxfam America, 10/15/2020; Senior Policy Advisor for Extractive Industries at Oxfam, Andrew Bogrand, directed the "Down the Line" video. Bogrand is also Divest Oregon's volunteer Communications Director.

¹¹³ [Resisting Corporate Colonialism](#), Stand.earth, 2022

¹¹⁴ [A Risky Pipeline that Endangers East Africa](#), Climate Safe Pensions Network, 2022

¹¹⁵ [The East African Crude Oil Pipeline: New risk developments](#), BankTrack, June 2022

¹¹⁶ [TotalEnergies' East African pipeline breaches international environmental and human rights standards](#), BankTrack, 7/5/2022

- A European Parliament's September 2022 resolution is on violations of human rights in Uganda and Tanzania linked to investments in fossil fuels projects.¹¹⁷
- A November 2022 summary is available about the situation by Gerard Kreeft: *Will the East African Crude Oil Pipeline (EACOP) ever be built?*¹¹⁸ According to Omar Elmawi, coordinator of the Stop EACOP campaign, TotalEnergies is still in search of \$3 billion in order to complete the financing of EACOP. To date, at least 24 banks, 18 insurance companies, and export credit agencies in France, Germany, Italy, and the UK have refused supporting this project. Already the project has suffered a three-year delay. But construction has begun, with devastating impact.
- A November 2022 report by *Reinsurance News* confirms and updates the above insurance data.¹¹⁹ Two more insurance firms are refusing to underwrite the controversial EACOP. Arch Capital Group and AEGIS London join 19 other major insurance and reinsurance firms in publicly refusing to cover the proposed pipeline in response to mounting pressure from level-headed people who can recognize a bad risk when they see it.
- In February 2023, the insurance giant Marsh violated international guidelines for responsible business by arranging coverage for EACOP, according to a formal complaint lodged with the US government by a group of non-governmental organizations (NGOs).¹²⁰ "Marsh's failure to conduct adequate human rights and environmental due diligence before engaging on this project, and its ongoing contributions to its harmful impacts, constitute a breach of the company's responsibilities under the OECD Guidelines."¹²¹
- A March 15, 2023 *New York Times* article sums up EACOP: "A multibillion-dollar oil drilling and pipeline project is displacing thousands of people in Uganda and Tanzania, and ravaging pristine habitats."¹²² While the article does not note Oregon's involvement, threat to reputational injury increases with publicity about EACOP.
- April 2023: A consortium of NGOs "urges financial institutions to consider the full range of environmental, human rights, and climate risks and impacts associated with the [EACOP] project and the commercial and reputational risks it poses to prospective investors, financiers, and insurers."¹²³

¹¹⁷ [JOINT MOTION FOR A RESOLUTION on violations of human rights in Uganda and Tanzania linked to investments in fossil fuels projects](#), *European Parliament*, 9/14/2022

¹¹⁸ [Will the East African Crude Oil Pipeline \(EACOP\) ever be built?](#), *IEEFA*, 11/17/2022

¹¹⁹ [Arch Insurance & AEGIS London latest to rule out insuring EACOP](#), *Reinsurance News*, 11/29/2022

¹²⁰ [Summary of Specific Instance Complaint to the United States National Contact Point against Marsh regarding its support for the East African Crude Oil Pipeline](#), *Inclusive Development International*, 2/7/2023

¹²¹ [Insurance Giant 'Breached International Guidelines' By Backing Oil Pipeline](#), *The Bureau of Investigative Journalism*, 2/7/2023

¹²² [An Oil Rush Threatens Natural Splendors Across East Africa](#), *New York Times*, 3/15/2023

¹²³ [Financial and reputational risks of EACOP pile up amidst growing opposition to project](#), *BankTrack*, 4/12/23

OST investment:

CNOOC and TotalEnergies have 70% ownership of EACOP.

The information accessible on the OST website shows that OST had \$4.2 million invested in China National Oil Offshore Corporation (CNOOC) in 2021¹²⁴ which decreased to \$0.5 million in 2022.¹²⁵

OST had \$24.8 million invested in TotalEnergies in 2021¹²⁶ which increased to \$34.1 million as of 6/30/22.¹²⁷

¹²⁴ [OPERF Public Equity Holdings](#), 6/30/2021

¹²⁵ [OPERF Public Equity Holdings](#), 6/30/2022

¹²⁶ [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2021

¹²⁷ [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2022

ExxonMobil, Eni SPA, and TotalEnergies in Mozambique

Tragedy upon tragedy: Bulldozed villages, forced relocations, guerilla war

In 2010, a vast quantity of gas was discovered off the coast of northern Mozambique, in the Cabo Delgado region, leading to an influx of large international corporations. The LNG industry in Cabo Delgado is currently made up of three major offshore and partly onshore projects to extract and liquefy gas for export: Rovuma LNG (Eni and ExxonMobil); Mozambique LNG (TotalEnergies); and Coral South floating LNG (Eni). The ExxonMobil and the TotalEnergies projects have been put on hold because of the violent situation in Mozambique.¹²⁸ In these gas projects, ExxonMobil and TotalEnergies are responsible for community dislocation, land theft, and destruction of livelihood. The gas projects have been a catalyst for insurgency and terror.



What the Oregon Treasury funds:

OST is invested in each of the three companies in the Mozambique LNG industry. See end of section for specifics.

A November 2022 report by a large international coalition of NGOs documents ExxonMobil's human rights abuses in Mozambique.¹²⁹ The report states that ExxonMobil has:

- Promised local communities will benefit and then bulldozed villages and forced 557 families to leave their land and belongings.
- Failed to pay promised compensation.
- Destroyed fishing viability in fishing communities.
- Triggered an insurgency as an influx of foreign workers and military forces came in to guard the oil companies' operations. Since 2017, over 3,000 people have been killed and over 800,000 have fled.
- Caused the area to become a militarized zone where critical journalists have "disappeared."

¹²⁸ [Global banks finance LNG expansion in Mozambique causing violence and displacement](#), *Banking on Climate Chaos*, 3/16/2023

¹²⁹ [Who is Financing Fossil Fuel Expansion in Africa?](#), *Urgewald*, 11/2022

A 2022 case study on the financing of the LNG expansion by TotalEnergies in Mozambique¹³⁰ was released March 23, 2023. A liquified natural gas (LNG) project by TotalEnergies in the Cabo Delgado region is on pause after armed groups killed dozens of their workers in Palma in 2021. On February 3, the company’s CEO visited the region to assess whether it can resume the project.¹³¹ At the same time, most displaced people haven’t received the land, money, or safety promised to them since the project started years ago. The breakdown of civil society enabled by the cash grab makes it difficult to ensure TotalEnergies fulfills its commitments.¹³²

“It’s tragedy upon tragedy. A huge energy project comes in like this, and greed abolishes human rights. It’s profitable to fight for cash and control. We have limited infrastructure to resolve disputes — whatever TotalEnergies wants, they get. Fossil fuel expansion fuels climate crisis, and this project fuels war. We want our life back, our land and our livelihood. We want peace and to stop this project that only brings misfortunes, death, and war.”¹³³

Anabela of Justiça Ambiental (JA!) and Friends of the Earth Mozambique

Some notable consequences of inadequate ESG screening:

Suspension or abandonment of the project due to civil unrest is the most obvious financial consequence of failure to screen for human rights.

OST investment in ExxonMobil, Eni, and TotalEnergies:

- OST has \$207 million invested in ExxonMobil as of June 30, 2022.¹³⁴
- OST has \$25 million invested in Eni SPA as of June 30, 2022.¹³⁵
- OST has \$34 million invested in TotalEnergies as of June 30, 2022.¹³⁶

¹³⁰ [Global banks finance LNG expansion in Mozambique causing violence and displacement](#), *Banking on Climate Chaos*, 3/16/2023

¹³¹ [Mozambique LNG: TotalEnergies Entrusts Jean-Christophe Rufin with an Independent Mission to Assess the Humanitarian Situation in Cabo Delgado Province](#), TotalEnergies PR, 2/23/2023

¹³² [Mozambique shows how JPMorgan Chase and other banks back war and climate chaos](#), Justiça Ambiental (JA!), Rainforest Action Network and BankTrack, 3/16/2023

¹³³ Ibid.

¹³⁴ [OPERF Public Equity Holdings](#), [OPERF Fixed Income Holdings](#), & [OPERF Short Term Fund](#), 6/30/2022

¹³⁵ [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2022

¹³⁶ [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2022

Chevron and TotalEnergies in Myanmar

Forced labor, humanitarian crisis, dislocation, and terror

In Myanmar, gas companies in which the Treasury continues to invest have been complicit in, and funded, the actions of a regime the United States sanctioned in 1997. They have relied on a brutal military and forced labor to support their fossil fuel projects.



Protesters at a 2021 demonstration in Shan State's Namkham Township hold signs calling on Total and Chevron to stop funding the junta — *Blood Money/Facebook*

What the Oregon Treasury funds:

OST has invested in both Chevron and TotalEnergies. See end of this section for details.

There is a long history of charges of forced labor against multiple fossil fuel companies:

- In 2005 – Total settles a forced labor case:** The oil company Total said in 2005 that it would pay to settle a French legal complaint charging that it had used forced labor to build a natural gas pipeline in Myanmar. Total had been criticized for its activities in Myanmar since it started operations there in 1992, when the country was known as Burma. Unocal, a partner in the pipeline (and now part of Chevron), settled charges filed by villagers in Myanmar in 1996.¹³⁷
- In 2008 – Watchdog group says Chevron complicit in Myanmar:** EarthRights International claimed that Myanmar's army has in recent years committed serious abuses including rape and murder while providing security for the pipeline that moves gas from the Yadana gas field, and forced Burmese citizens to build sentry posts, perform security duties along the pipeline, and maintain roads. Washington banned new investments in Myanmar by US companies in 1997, but Chevron took over a 28-

¹³⁷ [Total settles rights case](#), *New York Times*, 11/29/2005

percent stake in the Yadana project when it purchased Unocal in 2005. French oil company Total owns 31 percent and operates the project. EarthRights has called on Chevron and the other oil and gas companies in Myanmar to suspend ongoing projects, stop development of new ones, and refuse to sell gas that funds the military government. It also has recommended that companies working on the Yadana project stop using the Myanmar military as security and use their influence with the government to press for human rights advances.¹³⁸

- **In 2022 – Total and Chevron withdraw from Myanmar:**¹³⁹ In 2021, the Myanmar military initiated one of the deadliest coups in recent history. Its actions destabilized the region and pushed millions into a humanitarian crisis. Since the beginning of the coup, Total and Chevron facilitated the transfer of around half a billion US dollars in revenue payments to the military junta. These payments were the military's largest source of foreign funds and fuel its human rights atrocities. Total and Chevron's payments have made them complicit in the military's human rights abuses. Total and Chevron's belated calls for sanctions and decision to divest arrived many months after international observers highlighted that crimes against humanity were taking place. Throughout the coup, Total and Chevron used disinformation to distance themselves from the military's human rights atrocities, downplayed the power they have to stop revenues, and exaggerated the impacts of taking action. Total continues to assert that it has no control over gas revenues, yet each month it orders the gas buyer, the Thai state-owned company PTT, to transfer millions of dollars to accounts controlled by the junta, treating it as a legitimate government. Meanwhile, Chevron has previously lobbied the US government to block stronger diplomatic action. In 2022, Total effectively "chose to protect its own legal interests."¹⁴⁰
- **On March 21, 2022** – The US Secretary of State Antony Blinken announced that the US Administration had formally determined that violence committed against the Rohingya ethnic minority by Myanmar's military amounts to genocide and crimes against humanity.¹⁴¹

Some notable consequences of inadequate ESG screening:

The company in which the Treasury chose to invest was forced to leave the country. This investment shows just how inadequate the Treasury's screening process is, relating to society and governance, since this investment supported illegality, serious human rights violations, reputational injury, and risk of litigation, to say nothing for the environmental impact.

OST investment in Chevron and TotalEnergies:

OST has \$34.1 million invested in TotalEnergies as of June 30, 2022.¹⁴² OST has \$90.2 million invested in Chevron as of June 30, 2022.¹⁴³

¹³⁸ Excerpts taken directly from this statement: [Watchdog group says Chevron complicit in Myanmar](#), Reuters, 4/28/2018

¹³⁹ [Fossil Fuel Companies' Withdrawal from Myanmar, a Victory for the People EarthRights International](#), 1/21/2022

¹⁴⁰ Ibid.

¹⁴¹ [Secretary Antony J. Blinken on the Genocide and Crimes Against Humanity in Burma](#), US Department of State PR, 3/21/2022

¹⁴² [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2022

¹⁴³ [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2022

Chevron in the Philippines

Building geothermal at the expense of the Filipino people and expanding oil production behind a green pledge

Chevron is responsible for violations of Indigenous land rights, extreme repression in response to resistance, and ongoing environmental degradation that destroys livelihoods and culture in numerous countries; we highlight the Philippines here.



The resistance is global: Image from a similar fight against Chevron in Ecuador, for clean water, which continues even after a court victory. *Alexander Zaitchik / Grist*¹⁴⁴

What the Oregon Treasury funds:

OST has millions invested in Chevron.

Chevron is a key player in the violation of human rights in the Philippines. Using its big oil/fossil fuel playbook, its geothermal project in the Cordillera region of the country is notable for failure to obtain Free Prior Informed Consent, loss of ancestral land and livelihood with inadequate compensation, and lingering environmental degradation. Environmental concerns include volcanic eruptions, toxic metals in wastewater, and ongoing gas emissions.¹⁴⁵

An investigation by the Philippines' Commission on Human Rights focused on the collective contribution to global warming by 47 coal, cement, oil, and gas companies, including ExxonMobil and Chevron, which have violated Filipinos' basic rights to life, water, food, sanitation, adequate housing, and self-determination.¹⁴⁶

¹⁴⁴ [Meet the Amazon tribe people who beat Chevron in court — but are still fighting for clean water](#), *Grist*, 10/31/2014

¹⁴⁵ [International Coalition for Human Rights in the Philippines](#), *ichrp.net*

¹⁴⁶ [World's largest carbon producers face landmark human rights case](#), *The Guardian*, 7/27/2016

In the 2022 Risky Business report,¹⁴⁷ Chevron’s expansion in Guyana was cited as an example of its disinformation about being committed to transitioning away from fossil fuels and an example of why shareholder engagement doesn’t work in the fossil fuel industry. The company said its Guyana holdings would allow it to add a quarter of a million barrels of oil a day to its production in 2025.¹⁴⁸ Chevron’s drive for short-term profit at any human and environmental cost has triggered another risk to fossil fuel investments that arises from human rights abuses: litigation.

Some notable consequences of inadequate ESG screening:

Treasury risks reputational injury and litigation.

OST investment in Chevron:

OST has a \$90.2 million investment in Chevron as of June 30, 2022.¹⁴⁹

¹⁴⁷ [Risky Business: The Oregon Treasury Fossil Fuel Problem](#), page 6, Divest Oregon, April, 2022

¹⁴⁸ [ExxonMobil Announces \\$10 Billion Oil Investment the Same Day IPCC Signals End for Fossil Fuels:](#) The oil giant’s massive plan to drill in Guyana’s waters comes as the UN Secretary General warns of fossil fuels as a “blight on investment portfolios.” Originally published in *DeSmog*, 4/5/2022

¹⁴⁹ [OPERF Public Equity Holdings](#) & [OPERF Fixed Income Holdings](#), 6/30/2022

Owl Rock Capital: Zenith Energy

Turning Portland into a high-risk international hub for tar sands oil distribution

Zenith Energy has operated outside of land use compliance, has polluted rural and urban communities, and poses extreme risk to lives and the environment if an accident or earthquake occurs. These issues have led to ongoing community resistance and litigation.



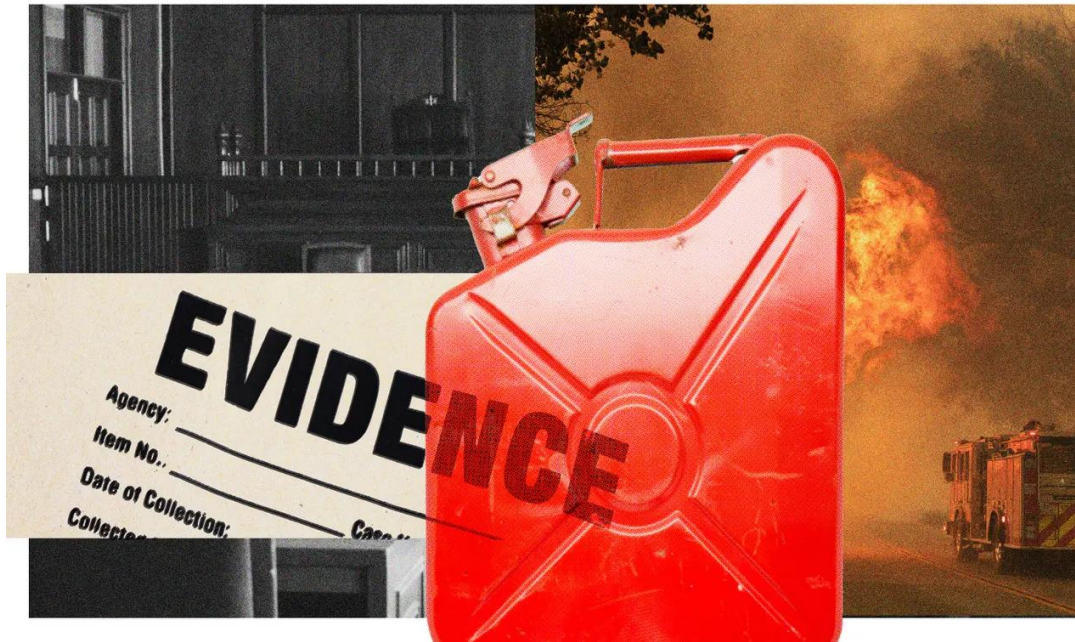
Billboard on Highway 30 near the Central Energy Infrastructure Hub in Portland Oregon

The Oregon Treasury is involved with Zenith Energy in Portland through a third-party investor in the fossil fuel industry. Owl Rock Capital holds the first mortgage on Zenith Energy in Portland.¹⁵⁰ OPERF is invested in Owl Rock Capital.¹⁵¹ Owl Rock Capital is a diversified company that operates in many sectors, not just oil and gas. Zenith is just one of Owl Rock Capital's many portfolio holdings. See Appendix C for details of the harm of transport of tar sands oil through communities and the resistance by Oregonians to these tar sands oil trains and hub.

¹⁵⁰ [Owl Rock Capital Corporation Portfolio Holdings, 3/30/2023](#); [screenshot Owl Rock website 3/30/2023](#); [SEC 10-Q Owl Rock Capital Corporation 6/30/2021](#)

¹⁵¹ [Oregon State Treasury Public Equity, 6/30/2022](#)

Litigation Payouts: A Growing Financial Risk of Fossil Fuel Investments



Composite: *The Guardian/Getty Images*

Litigation has been filed for many of the projects in this report. Litigation is an increasingly potent risk to the fossil fuel industry. Litigation strategies include charges of defrauding investors and racketeering; now homicide has been added.¹⁵²

“We are at an inflection point,” said Daniel Farber, a law professor at the University of California, Berkeley and director of the Center for Law, Energy, and the Environment. “Things have to get worse for the oil companies,” he added. “Even if they’ve got a pretty good chance of winning the litigation in places, the discovery of pretty clearcut wrong doing — that they knew their product was bad and they were lying to the public — really weakens the industry’s ability to resist legislation and settlements.”¹⁵³

See “Lost Decade: How Shell Downplayed Early Warnings Over Climate Change: Newly discovered documents from the 1970s and early ‘80s show that Shell knew more about the ‘greenhouse effect’ than it let on in public.”¹⁵⁴

¹⁵² [A radical climate strategy emerges: charge big oil firms with homicide](#), *The Guardian*, 3/22/2023

¹⁵³ [Big oil and gas kept a dirty secret for decades. Now they may pay the price](#), *The Guardian*, 6/30/2021

¹⁵⁴ [Lost Decade: How Shell Downplayed Early Warnings Over Climate Change](#), *DeSmog*, 3/31/2023

Four examples of the scope of risk of litigation around the world:

1. *Chevron's Global Destruction: Ecocide, Genocide, and Corruption*¹⁵⁵ is a 100-page report that includes documentation of 70 lawsuits against Chevron in 31 countries. Among them:
 - 71% involved violations of rights to land, life, and safety against local populations.
 - 65% of the lawsuits involved documented claims of severe human rights abuses, including torture, forced labor/slavery, rape, murder, and even genocide — as in the cases of the Chad-Cameroon Pipeline and the Nigeria-Togo-Benin-Ghana West African Natural Gas Pipeline.
 - The largest payout judgment is \$9.5 billion for environmental damages representing 30,000 plaintiffs in Ecuador, where the oil damage is so severe it's known as the "Amazon Chernobyl."
2. A lawsuit against Shell in a UK court by Nigerian communities is a warning bell. The plaintiffs from the farming community of Ogale and the fishing community of Bille allege pollution from Shell oil operations has destroyed their ability to carry on their livelihoods. A Swiss study in 2017¹⁵⁶ found that infants in the Niger Delta are twice as likely to die in their first month of life if their mothers live near an oil spill. Shell — which was the subject of an SEC complaint alleging it lied to its investors¹⁵⁷ about its renewables spending — has extracted oil from the Niger Delta for more than 85 years. It has argued for five years that it is not liable for harms caused by its subsidiaries and is now also arguing that the plaintiffs lack legal standing to sue because the harms occurred five years ago. "Shell is seeking to leave the Niger Delta free of any legal obligation to address the environmental devastation caused by oil spills from its infrastructure over many decades," Daniel Leader, a partner at Leigh Day, who represents the plaintiffs, told *The Guardian*.¹⁵⁸
3. A 2019 lawsuit against French oil corporation Total (rebranded TotalEnergies) asserted that its mega oil project in Uganda and Tanzania failed to comply with the company's legal obligations to prevent human rights violations and environmental harm. This was the first legal action under France's new law on the "duty of vigilance of parent and outsourcing companies," which makes parent companies of transnational corporations legally accountable for the impacts of their operations all over the world.¹⁵⁹
4. In the United States, the federal Equal Employment Opportunity Commission said in a suit against ExxonMobil that the oil and gas company failed to remedy years of racial harassment faced by Black workers; the company created a hostile work environment for workers by failing to implement measures to remedy and prevent harassment after five nooses were found at the complex between April 2016 and December 2020.¹⁶⁰

¹⁵⁵ [Chevron's Global Destruction: Ecocide, Genocide, and Corruption](#), Dr. Nan M. Greer, 2021

¹⁵⁶ [The Effect of Oil Spills on Infant Mortality: Evidence from Nigeria](#), SSRN, 12/28/2017

¹⁵⁷ [Shell Accused Of Lying To Investors Over Renewables](#), Nexus Media News, 2/2/2023

¹⁵⁸ [Nearly 14,000 Nigerians take Shell to court over devastating impact of pollution](#), *The Guardian*, 2/2/2023

¹⁵⁹ [Total Uganda: A First Lawsuit Under the Duty of Vigilance Law](#), Les Amis de la Terre France and Survie, 10/2020

¹⁶⁰ [U.S. Sues Exxon Mobil Over Nooses Found at Louisiana Refinery](#), *New York Times*, 3/5/2023

Summary

- Oregon’s legislation and policies have set a goal of clean energy and reduced greenhouse gas emissions in the coming years.
- Oregon is a state economically dependent on agriculture, fishery, ranching, forestry, outdoor tourism, and recreational resources. All of these are dependent on consistent weather patterns and temperatures. Changes to these weather patterns are already evident at the current 1.2°C of planetary warming.
- Investment in the fossil fuel industry is inconsistent with the Treasury’s fiduciary duty to invest for long term financial viability. Non-destructive investment alternatives, with a better return, exist.
- The Treasury’s investments in the fossil fuel industry translate into PERS beneficiaries’ retirements supporting human rights abuses and environmental and existential destruction.

“The world’s richest governments are effectively condemning millions of people to starvation, drought and displacement through their continued support of the fossil fuel industry.”

Amnesty International, 2021

Appendices

Appendix A: Legend for UN Asset Owner Rankings¹⁶¹

Legend for the 25 reporting areas of the ESG integration matrix

<p>Governance and resources</p> <ul style="list-style-type: none"> 1 Does the fund clearly state its vision, mission or mandate on sustainable investment? 2 Does the fund set any overall targets/goals on sustainable investment or asset allocation in its vision/mission statement on ESG? 3 Is there any dedicated team established to coordinate ESG/SDG investments? <p>Policies</p> <ul style="list-style-type: none"> 4 Has the fund put in place an internal policy or guidelines regarding ESG/SDG integration? 5 Is any international ESG/SDG-related standard, taxonomy or benchmark employed in the investment decision making process? 6 Does the fund provide clarity on efforts it has made to meet relevant national/regional/international ESG-related regulations? <p>Investment strategy</p> <ul style="list-style-type: none"> 7 Exclusion: does the fund use ESG-based negative screening/exclusions in its investment decisions? 8 General integration: does the fund incorporate ESG considerations systematically in its investment decision making process? 9 Positive Screening: does the fund use any positive or best-in-class screening related to ESG in its investment decision making process? 10 Impact investment: does the fund target ESG-oriented sectors (e.g., renewable energy, green housing) or ESG-related capital market instruments (e.g., green bonds, ESG funds) or relevant markets (emerging and developing economies)? 11 SDG investment: does the fund consider SDGs in its investment decision making process or asset allocation? 12 Social: Does the fund integrate the social dimension of sustainability into its sustainable investment strategy? (e.g. child labour, diversity, etc) 13 Governance: Does the fund consider governance issues in its investment decisions? (eg, executive pay, board diversity, tax, etc) 	<p>Climate action</p> <ul style="list-style-type: none"> 14 Does the fund have a specific strategy on climate or CO2 emissions? 15 Does the fund undertake climate risk reporting and publish a climate risk report? 16 Does the fund use any target or goal (carbon emissions, green investment, or asset allocation)? 17 Does the fund monitor and report with specific metrics? 18 Is the fund part of any international climate response initiative? <p>ESG integration</p> <ul style="list-style-type: none"> 19 Does the fund have any active engagement activities (e.g., consultations, dialogue) with any stakeholder in the investment value chain? 20 Does the fund actively exercise its voting rights in its portfolio companies, including through the use of a proxy? 21 Is there any policy, guidance or requirements on ESG (and SDG) integration provided to asset managers and/or investees/portfolio companies? 22 Is there any training provided for asset managers/portfolio companies? <p>Monitoring, evaluation, and reporting</p> <ul style="list-style-type: none"> 23 Does the fund monitor and evaluate its ESG/SDG performance with specific metrics? 24 Does the fund use any international reporting framework or guidelines as a framework to report on sustainability issues? 25 Is ESG/SDG impact audited or certified by an external party?
--	---

Source: UNCTAD

What was found lacking was the operationalization of OST's stated commitments. The UN reviewers found:

- **no** evidence of any team dedicated to coordinate ESG investments
- **no** stated targets / goals for ESG investing
- **no** use of any ESG screens for actual investment decisions
- **no** specific sector strategies (e.g. renewable energy)
- **no** climate risk metric monitoring or reporting of the use of specific climate targets / goals
- **no** evaluation or auditing of its ESG performance with specific metrics

Oregon's Public Employee Retirement Fund (OPERF) was credited for achieving 9 out of the 25 performance areas. These included:

- having a clearly stated ESG mission and vision
- adopting international standards or benchmarks and joining an international climate response initiative
- committing to integrating ESG issues in investment decisions
- actively engaging with companies through stockholder voting

¹⁶¹ From the [United Nations Global Sustainable Finance Observatory asset owner rankings on sustainability integration and performance](#), March, 2023

Appendix B: OST Publicly Traded Investments in the Carbon Underground 200

The Carbon Underground 200¹⁶² is a list of the top 100 coal and the top 100 oil and gas publicly-traded reserve holders globally, ranked by the potential carbon emissions content of their reported reserves. The Carbon Underground 200 list is currently being used by the Treasury to screen out these investments for the Public University Fund, at the Fund's direction, even though the Treasury has claimed they cannot apply the Carbon Underground 200 screen to PERS funds without a reduction in returns.^{163, 164}

Following are the OPERF publicly traded investments in companies listed in the Carbon Underground 200 list along with their values as of June 30, 2022¹⁶⁵. The two lists show holdings for coal and for oil and gas.

Carbon Underground 200 - Coal	OPERF Investments as of 6/30/2022
CLP Holdings	\$30,379,228.00
Anglo American	\$21,628,925.00
South32	\$15,157,369.00
Vale	\$12,400,745.00
Sasol	\$27,558,114.00
Glencore	\$8,732,075.00
China Shenhua Energy	\$7,432,914.00
Idemitsu Australia Resources	\$7,391,830.00
Coal India	\$5,453,181.00
RWE	\$5,234,021.00
FirstEnergy	\$4,657,321.00
Sumitomo	\$3,206,744.00
Yanzhou Coal Mining	\$3,117,447.00
Shanxi Coking	\$2,683,853.00
PTT	\$5,801,300.00
Warrior Met Coal	\$1,881,199.00
Black Hills	\$1,508,668.00
PGE	\$1,238,583.00

¹⁶² [Carbon Underground 200](#)

¹⁶³ [Oregon State University Public University Fund Investment Policy](#), October, 2019

¹⁶⁴ [Public Statement to HB 2601 by Oregon Treasurer Read](#), Feb 16, 2023

¹⁶⁵ [OPERF Public Equity Holdings](#), [OPERF Fixed Income Holdings](#), & [OPERF Short Term Fund](#), 6/30/2022.

Shaanxi Coal Industry	\$1,225,930.00
Guizhou Panjiang Refined Coal	\$1,107,077.00
Mitsubishi	\$1,051,929.00
Peabody Energy	\$1,020,043.00
Allete	\$1,018,422.00
Teck Resources	\$712,962.00
Whitehaven Coal	\$608,203.00
BHP Billiton	\$513,972.00
New Hope	\$503,870.00
Mitsui	\$445,246.00
ITOCHU	\$442,669.00
Lubelski Węgiel Bogdanka	\$400,623.00
Indika Inti Corpindo	\$312,132.00
NACCO Industries	\$84,669.00
AGL Energy	\$79,356.00
National Aluminium	\$66,232.00
Nava Bharat Ventures	\$28,411.00
Jastrzebska Spolka Weglowa	\$26,768.00
Mongolian Mining	\$25,049.00
Tata Steel	\$12,655.00
Zhengzhou Coal Industry	\$7,738.00
Severstal	\$1,017.00

Carbon Underground 200 - Oil & Gas	OPERF Investments as of 6/30/2022
ExxonMobil	\$207,364,508.00
Chevron	\$90,224,764.00
Cenovus Energy	\$297,589,272.00
ConocoPhillips	\$38,349,789.00
EOG Resources	\$38,001,631.00
TotalEnergies	\$34,099,836.00
Petrobras	\$30,362,608.00
Canadian Natural Resources	\$29,232,590.00
Occidental	\$28,695,227.00
ENI	\$24,568,420.00
Devon Energy	\$24,209,835.00
Suncor Energy	\$23,206,572.00
Pioneer Natural Resources	\$22,560,527.00
Equinor ASA (Statoil ASA)	\$22,340,567.00
Gazprom	\$19,011,190.00
Repsol	\$14,888,703.00
BP	\$14,237,994.00
Tourmaline Oil	\$12,664,581.00
Diamondback Energy	\$12,609,292.00
PetroChina	\$11,773,182.00
Hess	\$10,884,487.00
Marathon Oil	\$9,774,237.00
Sasol	\$6,621,469.00
Murphy Oil	\$6,407,146.00
EQT	\$6,221,180.00
Inpex	\$6,088,617.00
MEG Energy	\$5,209,540.00
OMV	\$5,134,368.00
Galp Energia	\$4,603,546.00
Lukoil	\$4,256,702.00
Woodside Petroleum	\$4,109,825.00

Birchcliff Energy	\$3,393,463.00
Crescent Point Energy	\$3,275,274.00
Matador Resources Company	\$3,258,644.00
Apache	\$3,154,188.00
Range Resources	\$3,101,225.00
Continental Resources	\$3,043,546.00
Southwestern Energy	\$3,006,263.00
PDC Energy	\$2,710,409.00
Whitecap Resources	\$2,673,074.00
CNX Resources	\$2,609,568.00
SM Energy	\$2,345,024.00
PTT	\$2,314,920.00
National Fuel Gas	\$2,020,932.00
Santos	\$2,016,464.00
Comstock Resources	\$1,942,307.00
Chesapeake Energy	\$1,941,534.00
Imperial Oil	\$1,843,238.00
Cabot Oil & Gas	\$1,751,801.00
Oil India	\$1,615,022.00
Whiting Petroleum	\$1,336,721.00
Callon Petroleum	\$1,298,931.00
Laredo Petroleum Inc.	\$1,151,022.00
Peyto E&D	\$991,705.00
Lundin	\$913,304.00
Antero Resources	\$685,702.00
Paramount Resources	\$586,370.00
BHP Billiton	\$513,972.00
CNOOC	\$474,805.00
Rosneft	\$457,718.00
NuVista Energy	\$432,425.00
Denbury Resources	\$432,228.00
Vermilion Energy Inc	\$410,859.00
Centennial Resource Development	\$299,066.00

Gulf Keystone Petroleum Ltd	\$264,364.00
Baytex Energy	\$189,271.00
Aker BP	\$185,852.00
Ecopetrol	\$151,117.00
DNO International	\$143,887.00
Great Eastern	\$99,993.00
Energiean Oil & Gas Plc	\$99,701.00
Medco Energi International Tbk PT	\$36,033.00
Sinopec	\$17,760.00



Appendix C: A Description of a Private Equity Fossil Fuel Investment

Zenith Energy: Turning Portland into a high-risk international hub for tar sands oil distribution

Zenith Energy has operated outside of land use compliance, has polluted rural and urban communities, and poses extreme risk to lives and the environment if an accident or earthquake occurs. These issues have led to ongoing community resistance and litigation.



Billboard on Highway 30 near the Central Energy Infrastructure Hub in Portland Oregon

Zenith’s activities threaten lives through explosion, environmental devastation, and toxic chemical exposure risk. Zenith transports highly toxic and flammable crude and tar sands oil by pipeline and train from Canada through several Portland neighborhoods. It then ships the oil out to Asia from a dock along the Willamette River. In 2014, Oregon Public Broadcasting reported that a former asphalt terminal in Portland had begun to handle crude oil trains. Also in 2014, private equity fund Warburg Pincus “led a \$600 million line-of-equity commitment to Zenith Energy.”¹⁶⁶ In 2017, the former asphalt terminal was purchased by Zenith Energy, and it began moving rail shipments of tar sands oil through Portland.¹⁶⁷ In 2020, the company transported over 200 million gallons of oil through its facility.¹⁶⁸

A 2021 study commissioned by Multnomah County¹⁶⁹ notes that Zenith is one of the few facilities in the Critical Energy Infrastructure Hub — a strategically placed sacrifice zone that stores millions of gallons of fuel, chemicals, and other toxic substances on the banks of the Willamette River and in the middle of a liquefaction zone — that does not disclose the total number of tanks it owns, the contents and capacity of all of the tanks, or the age of the tanks, which affects seismic resilience. The company has been planning to expand its operations since

¹⁶⁶ [Warburg Pincus](#) website. OST invested hundreds of millions in Warburg Pincus in the past (see, [OPERF Private Equity holdings 6/30/2022](#)) but did not invest in the fund offering for Zenith.

¹⁶⁷ [Canadian Crude Oil Is Going By Rail To Portland Before Shipping Off To Asia](#), *OPB*, 3/16/2018

¹⁶⁸ [It’s Been One Year Since Portland Moved to Stop Zenith’s Oil Operations—So Why Are They Still Operating?](#) *Portland Mercury*, 8/26/2022

¹⁶⁹ [Industrial Hub in Northwest Portland Will Cause Catastrophic Oil Spill During Earthquake, Report Finds](#), *Portland Mercury*, 7/26/2021

2020¹⁷⁰ but needed a land-use certification from the city to move forward. In the face of massive community resistance — ever since an asphalt plant was converted to a tar sands hub — the permit was denied on August 27, 2021.¹⁷¹ But a Zenith plan was approved (without community input) October 22, 2022 that allows Zenith to continue operation for 5 more years based on its assertion it would phase out crude oil transport. The city's land-use certification does not guarantee the company's air pollution permit will be approved; DEQ has yet to complete its review process.¹⁷² Zenith continues operation and community resistance continues; the legal process is not over.

What are the risks to the public in Multnomah County of oil-by-rail transport?¹⁷³

- Transport by rail of hazardous materials such as crude oil and natural gas through Oregon increased 340% from 2012–2016.
- Most oil is carried in outdated tank cars prone to puncture, spills, and fires in train accidents, such as the one in Mosier, Oregon in 2016.¹⁷⁴
- Crude oil from the Bakken fields is more volatile and flammable than most other crude oil.
- As of 2016, nine significant train derailments had occurred in North America since July 2013, one of which resulted in multiple fatalities and injuries. Of course, there have been multiple train derailments in the news recently, most notably in East Palestine, Ohio.¹⁷⁵
- Impact from a major incident involving an oil train will extend beyond the immediately impacted area due to a toxic smoke plume, and stress and trauma to the population.¹⁷⁶
- The rapid increase of oil by rail has eclipsed the response capabilities of the local emergency responders in Multnomah County, and presumably those in rural areas along the rail line. Funding for those capabilities has not kept pace.

Why is there community resistance to Zenith specifically?¹⁷⁷

- **Environmental Justice:** This project is an example of disproportionate environmental harm to communities of color. According to the Multnomah County report, people of color are more likely to live within a half-mile of a rail line.¹⁷⁸
- **Air Pollution:** Zenith's oil train terminal produces volatile organic compounds and nitrous oxides that lead to smog. Portland's air already exceeds acceptable levels of low-level ozone (smog); this project would increase pollution and illness.
- **Greenhouse Gas Emissions (GHGs):** A Title V air pollution permit would allow Zenith to emit up to 100 tons annually of greenhouse gas, resulting in air pollution impacting the

¹⁷⁰ [Zenith energy fined for potentially harmful construction without permit](#), *OPB*, 9/1/2021

¹⁷¹ *Ibid.*

¹⁷² [Portland approves Zenith Energy's renewable fuels plan](#), *OPB*, 10/23/2022

¹⁷³ [Briefing: Oil-by-Rail Cargo Movement in Multnomah County](#), January, 2016

¹⁷⁴ [Mosier Groundwater Contaminated After Oil Train Derailment](#), *OPB*, 7/19/2016

¹⁷⁵ [East Palestine, Ohio Train Derailment](#), EPA, 4/12/2023

¹⁷⁶ ['We don't feel safe anymore.' Trauma, health concerns remain after Ohio derailment](#), *PBS*, 3/11/2023

¹⁷⁷ [Top Ten Reasons to Stop Zenith Oil-by-Rail](#), *Columbia Riverkeeper*, 6/9/2021

¹⁷⁸ [Briefing: Oil-by-Rail Cargo Movement in Multnomah County](#), January, 2016

Portland metro region, let alone the potential emissions of the crude and tar sands oil being transported.

- **A Disaster Waiting to Happen:**
 - Trains derail and explode far too often, and the results have been catastrophic.¹⁷⁹ Zenith trains run through the Columbia River Gorge and heavily populated areas within Portland city limits. See a map of the impact buffers, which critics of Zenith's permits call the blast zone, in the Multnomah County research report.¹⁸⁰
 - The Zenith terminal is located in NW Portland in the middle of an area identified as a seismic liquefaction zone on the banks of the Willamette River. If there is an earthquake, the ground would turn the consistency of cake batter — a recipe for disaster for the toxic substances transported and used by Zenith. This creates understandably high stress for Oregonians, especially those who live and work nearby.¹⁸¹
- **Increase in hazardous cargo in spite of past assurance there would be no increase¹⁸²**

Sustained, organized resistance to Zenith Energy's dangerous and polluting project has produced years of litigation to block the project's forward momentum and to remove the existing oil-by-rail storage and transport infrastructure.

OST investment:

Owl Rock Capital holds the first mortgage on Zenith Energy in Portland.¹⁸³ OPERF investments in Owl Rock Capital have a market value of \$108 million as of June 30, 2022.¹⁸⁴

¹⁷⁹ [Revealed: the US is averaging one chemical accident every two days. Guardian analysis of data in light of Ohio train derailment shows accidental releases are happening consistently](#), *The Guardian*, 2/25/2023

¹⁸⁰ [Briefing: Oil-by-Rail Cargo Movement in Multnomah County](#), January, 2016, page 5.

¹⁸¹ [Industrial Hub in Northwest Portland Will Cause Catastrophic Oil Spill During Earthquake, Report Finds](#), *Portland Mercury*, 7/26/2021

¹⁸² [Zenith Energy is moving more crude, diesel through Portland](#), *Oregon Live*, *The Oregonian*, 2/22/2023

¹⁸³ [Owl Rock Capital Corporation Portfolio Holdings](#), 3/30/2023; [screenshot Owl Rock website 3/30/2023](#); [SEC 10-Q Owl Rock Capital Corporation 6/30/2021](#)

¹⁸⁴ [Oregon State Treasury Public Equity](#), 6/30/2022