Attachment C

Treasurer Ted Wheeler

State Treasurer

FOR IMMEDIATE RELEASE

06/05/2014

Treasurer Ted Wheeler Brings Together Thought Leaders to Address Climate Change

Panelists from Google, Microsoft, and U.S. Dept. of Energy, Among Others, Discuss How Investing in Renewables Brings Value to Public Pension Fund Portfolios

PORTLAND, OR – At a summit hosted by Oregon State Treasurer Ted Wheeler, Pegasus Capital Advisors and R20-Regions of Climate Action, thought leaders in technology, public policy and finance converged on Portland State University yesterday to discuss the value, opportunities and obstacles of investing in renewable energy.

"I brought together these remarkable individuals to explore profitable and responsible investment options in renewables," said Ted Wheeler, Oregon State Treasurer. "I left more optimistic than ever that there are opportunities to invest in renewables that meet the high standards we have for all of our investments."

At the summit, titled "Public Pension Fund Investments & Investing in Renewables: Opportunities and Challenges," Treasurer Wheeler made clear that there is more work to be done to better define the asset class of these investments and to set clear guidelines around acceptable risk and expected returns. He expects that work to begin immediately.

The Oregon State Treasury protects public assets and saves Oregonians money through its investment, banking, and debt management functions. State investment policies are overseen by the Oregon Investment Council. The State Treasury also promotes public outreach and education to help Oregonians learn strategies to save money, invest for college and make smart financial choices.

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Ted Wheeler in the Oregonian: For a large public pension fund like Oregon's, divestment from fossil fuels is not the right strategy.

SALEM - The world's attention is increasingly focused on climate change. It threatens our economy, our environment and ultimately our families' health and livelihoods. For coastal states like Oregon, the stakes are even higher.

Stanford University recently announced that it will divest from certain coal company stocks. This underscores the growing debate about the merits of divestment as a means of reducing pollution. It also has helped to raise a pivotal question here: What prudent steps can be taken affecting Oregon's public trust funds?

The answer: Oregon is already using its investment clout to lead, and looking to reinvest, in ways that can make a real difference.

I wholeheartedly agree with the ultimate goals of leaders who organized this effort and others around the country. We must transition away from the dirtiest fossil fuels toward renewable sources of energy for the sake of our economy and our planet.

As State Treasurer, I am a fiduciary of an $88 billion portfolio. Oregon ranks among the top performing global investors thanks to our innovation and discipline. Our largest fund, the Oregon Public Employees Retirement Fund (OPERF), returned 15.6 percent in 2013.

The financial health of OPERF and our other investments matter to every Oregonian. They financially benefit our taxpayers, schools, communities, and retired public employees today and for decades to come. As such, we manage for the long-term.

Oregon's current holdings reflect the central role that energy plays – and will continue to play - in virtually every facet of our lives… from housing, to transportation, to agriculture, and even to making available technologies that printed this newspaper and allow you to read it online.

We are already exercising strong leadership as an active shareholder to press companies to make smarter and cleaner choices. We have an influential voice and we use it. We also actively support regulations to boost transparency of carbon risk that will help the renewable energy market evolve.

We can also leverage our investments to accelerate the transition toward cleaner sources of energy. In combination with other investors, we can help build the foundations of what is still an emerging clean energy sector by actively encouraging the development of sound investment opportunities in transitional and renewable energy companies.

On May 28, the Oregon Investment Council convened a panel of national experts to outline ways that we can potentially integrate environmental, sustainability and governance standards into every investment we make. I am personally committed to this kind of leadership.

I recently co-convened a United Nations summit which brought together some of the nation's top institutional investors to discuss ways we can work together to responsibly invest public funds into wind, solar and geothermal energy. I also signed the Climate Declaration, along with Oregon employers like Nike, Intel and the Trailblazers, to highlight the imperative to reduce emissions.

On June 5, I will host a summit in Portland that will focus on the opportunities and challenges for institutional investors in making profitable investments in clean energy.

These are just some of the things Oregon can accomplish as an actively engaged investor.

For a large public pension fund like Oregon's, however, divestment is not the right strategy.

Divestment from fossil fuel stocks will not achieve the tangible results we want. Academic studies demonstrate that divestment actions, on their own, have no measurable effect on the value of targeted companies and do not change corporate behavior.

The main problem with divestment is that when one party sells a stock in the open market, another party buys it. There is no guarantee that the new owners will be advocates for either responsible management strategies, or for reduced carbon emissions. The companies themselves are not impacted – top executives likely won't even know that shares were traded.

All of us need to take action to reduce emissions, so I applaud university endowments, family foundations and individual investors for stepping up and doing what they think is right.

The most effective role for the Oregon Treasury is to continue to demand responsible business practices and use our influence to push for the development of profitable investment opportunities in the clean energy sector.

It's good for Oregon. And it's good for the planet.

OREGONLIVE

Divestment is about stigmatizing fossil fuel companies: Guest opinion

pump.JPG
This photo taken Feb. 7, 2012 shows the oil fields of the Uintah Basin, southeast of Vernal, Utah. *(AP Photo/The Salt Lake Tribune)*

Guest Columnist By **Guest Columnist**
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on June 12, 2014 at 11:52 AM, updated June 12, 2014 at 1:19 PM

By Adriana Voss-Andreae and Sandy Polishuk

In a recent guest column titled **"State fossil-fuel disinvestment would be unproductive: Guest Opinion,"** Oregon Treasurer Ted Wheeler argues that "divestment is not the right strategy," while stating that he "wholeheartedly agree[s]" with the ultimate goals of those of us who are organizing this effort around the country in recognizing that climate change "threatens our economy, our families' health and livelihoods [and] ... our planet." Wheeler's arguments, often recycled by divestment opponents, are deeply flawed and miss the point entirely on what the divestment movement is about. We will examine Wheeler's arguments, explain why they are flawed and make the case that divestment is a powerful tactic in our fight for a livable world.

To grasp the seriousness of the climate crisis, we need to "do the math" as Bill McKibben, founder of 350.org, puts it: It is scientific consensus that if we emit more than about 600 gigatons of carbon dioxide we will heat up our planet above the threshold of 2°C — more than that risks catastrophe for life on earth, as virtually all governments on earth agree. The problem? Burning the fuel that these companies have in their known reserves would result in emitting over five times that amount. Fossil fuel companies' stock value is based on their expectation to burn these reserves.

Wheeler argues that rather than divesting, the "most effective role for the Oregon Treasury is to continue to demand responsible business practices" of the fossil fuel companies. This argument is based on the assumption that one can change the behavior of the industry to reduce carbon emissions. Shareholder action can work when the goal is to change small aspects of a company's overall operations.

However, in the case of fossil fuel companies, the goal is to reject a basic business model that relies on the extraction and burning of much more carbon than life on this planet can handle. There is no evidence that suggests that the largest companies, which own the vast majority of fossil fuel reserves, have any interest or ability to fundamentally shift their business strategy, nor of any evidence that our state, through shareholder activism, has the power to affect the fossil fuel companies' reckless behavior.

Wheeler's argument that "divestment has no measurable effect on the value of companies" is naïve and misunderstands the point of divestment. Divestment is not about trying to have a direct financial impact, which would be small even if every university and pension fund in the world was to divest. It's about building a movement to undermine the political power of the fossil fuel industry through stigmatization. History has shown that divestment campaigns have been extraordinarily successful at impacting the passage of significant legislation, which is why Nobel Peace Prize recipient Desmond Tutu, a leader in South Africa's successful divestment movement against apartheid, has been leading the call for a "apartheid-style" boycott of the fossil fuel industry.

Contrary to Wheeler's claim, "academic studies" have, in fact, clearly shown the effectiveness of divestment campaigns. One such study from the University of Oxford, backed by large financial firms like HSBC and Standard & Poor's, states that "the outcome of the stigmatization process, which the fossil fuel divestment campaign has now triggered, poses the most far-reaching threat to fossil fuel companies and the vast energy value chain." Many major investors have already pulled their funds from coal stocks, and the fossil fuel divestment campaign is growing faster than any previous divestment movement in history, giving it the "the potential to shift the political ground beneath the fossil-fuel lobby's feet."

When, finally, the political will is mustered to listen to our scientists and do what needs to be done, 80 percent of the fossil fuel resources will become unburnable, with their financial value dramatically reduced. Therefore, if Wheeler takes his fiduciary responsibility of managing our state's long-term financial health seriously, he will have to consider that fossil fuels are becoming increasingly risky investments. Investors are beginning to think that these assets may never be monetized and, indeed, may become liabilities. They are realizing that business-as-usual cannot continue. From big banks to prominent insurance companies to the International Energy Agency, an increasing number of global groups and investment firms have been giving clear warning signs about continuing to invest in fossil fuels. Oregon should lead by example and divest from fossil fuel companies while reinvesting in a livable future for our children, grandchildren and life on earth.

Adriana Voss-Andreae, M.D., Ph.D., and Sandy Polishuk write for 350 Oregon, a local affiliate of 350.org, an international grassroots campaign dedicated to solving the climate crisis.