



HB740 – State Retirement and Pension System - Investment Climate Risk - Fiduciary Duties

Testimony before

House Appropriations Committee

February 22, 2022

Position: Favorable

Madame Chair, Mr. Vice Chair and members of the committee, my name is Richard Deutschmann, and I represent the 750+ members of Indivisible Howard County. We are providing written testimony today in support of HB740, which would create a new direction of climate awareness and sustainable investing in the State Retirement and Pension System. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We appreciate the leadership of Chair Lierman in sponsoring this important legislation.

Maryland is uniquely vulnerable to climate change, and in fact is currently experiencing the effects of this global emergency. The state is making major changes to reduce our greenhouse gas emissions that contribute to climate change, while in the beginning stages of planning for resiliency. In addition, climate risk is indeed investment risk. One only needs to look at Exxon Mobil, perhaps the largest fossil fuel company in the world. Their stock has been basically flat for the most recent 5 and 10-year periods. The market is beginning to factor in this risk to stocks with high exposure to fossils.

For these reasons, it is critical that our State Retirement and Pension System recognize these facts, and begin to pivot strongly away from climate risk, and towards the green economy of the future in its investment decisions. HB740 does just that, by requiring a fiduciary of this system to consider the long-term risks of climate, while strongly considering net-zero aligned investments to ensure a sustainable portfolio for the state's pension recipients.

Thank you for your consideration of this important legislation.

We respectfully urge a favorable report on HB740.

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