MISSOURI HOUSE OF REPRESENTATIVES

WITNESS APPEARANCE FORM

BILL NUMBER: HB 657	DATE: 1/30/2025
COMMITTEE: Pensions	

TESTIFYING: ☑ IN SUPPORT OF ☐ IN OPPOSITION TO ☐ FOR INFORMATIONAL PURPOSES

WITNESS NAME

INDIVIDUAL:

WITNESS NAME: ARNIE C."HONEST-ABE" DIENOFF-STATE PUBLIC ADVOCATE		PHONE NUMBER:
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CITY:	STATE:	ZIP:
EMAIL: arniedienoff@yahoo.com	ATTENDANCE: Written	SUBMIT DATE: 1/30/2025 11:34 PM

THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.

I am in Support of most of this Bill. These Policies are already currently being done by the State's several Pension Boards. I highly Support the current great relationship of the State of Missouri and the State of Israel. I want to Caution the use of "Proxies" in the right and secure way.

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WITNESS NAME

REGISTERED LOBBYIST:

WITNESS NAME: **JAMES HARRIS**	PHONE NUMBER: **573-761-7875**	
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EMAIL:	ATTENDANCE:	SUBMIT DATE: **1/30/2025 12:00 AM**

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WITNESS NAME

BUSINESS/ORGANIZATION:

WITNESS NAME: **JEFF KEMPKER**	PHONE NUMBER: **573-632-6371**	
BUSINESS/ORGANIZATION NAME: **MO LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM**	TITLE: **CHIEF STRATEGY OFFICER**	
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EMAIL:	ATTENDANCE:	SUBMIT DATE: **1/30/2025 12:00 AM**

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WITNESS NAME

BUSINESS/ORGANIZATION:

WITNESS NAME: **MIKE MOOREFIELD**	PHONE NUMBER: **573-638-1084**	
BUSINESS/ORGANIZATION NAME: **PSRS/ PEERS**	TITLE: **CHIEF COUNSEL**	
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EMAIL:	ATTENDANCE:	SUBMIT DATE: **1/30/2025 12:00 AM**

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WITNESS NAME

REGISTERED LOBBYIST:

WITNESS NAME: **GRETCHEN WADDELL BARWICK**	PHONE NUMBER: **314-644-1011**	
REPRESENTING: **SIERRA CLUB**	TITLE:	
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CITY: **ST. LOUIS**	STATE: **MO**	ZIP: **63117**
EMAIL:	ATTENDANCE:	SUBMIT DATE: **1/30/2025 12:00 AM**

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WITNESS NAME

INDIVIDUAL:

WITNESS NAME: **KORTNIE HUDDLESTON**	PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:	TITLE:	
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CITY:	STATE:	ZIP:
EMAIL: **kortniehuddleston@gmail.com**	ATTENDANCE: **Written**	SUBMIT DATE: **1/30/2025 9:56 PM**

I strongly urge you to oppose HB657 (Owen), which would prohibit the investment managers of the Missouri Public Employee Retirement System from considering climate change and other environmental, social, and governance (ESG) factors in their decision-making processes. Incorporating ESG considerations, such as addressing corruption or environmental risks, into investment strategies is not a novel concept. Companies and investment managers have long evaluated these factors to mitigate risks, align with the values of their stakeholders, and make more informed, sustainable long-term investments.This bill is part of a broader, well-funded campaign driven by the fossil fuel industry and out-of-state billionaires, who seek to limit Missourians' choices. Their goal is to counteract the increasing trend among financial institutions and state and local governments to address the systemic risks posed by climate change through prudent, business-minded decisions. By restricting investment options, they aim to prevent the shift of capital away from risky fossil fuel investments and toward the rapidly expanding clean energy economy. Instead of prioritizing the interests of Missourians, this bill serves the agenda of dark money groups.HB657 represents a desperate effort to deny the realities of climate change. The fossil fuel industry, heavily subsidized and increasingly unsustainable, is clinging to the status quo rather than adapting to secure a better future for all. Similar legislation in other states has jeopardized hundreds of millions of dollars in retirement and municipal funds, putting retirees and communities at risk.Climate change is an undeniable reality that is already harming our economy. In 2021 alone, climate-related disasters cost the United States over $145 billion. Missouri is already experiencing the adverse effects of climate change, including more frequent and severe flooding, prolonged periods of extreme heat, droughts, and harsher winter conditions due to the polar vortex. Both businesses and governments must account for the economic and societal impacts of climate change on Missourians. This bill undermines that critical responsibility by limiting our ability to make informed, forward-thinking decisions.

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WITNESS NAME

BUSINESS/ORGANIZATION:

WITNESS NAME: **MICHAEL BERG**	PHONE NUMBER: **314-456-1954**	
BUSINESS/ORGANIZATION NAME: **SIERRA CLUB MISSOURI CHAPTER**	TITLE: **VOLUNTEER LEADER**	
ADDRESS: **1459 GREGG AVE.**		
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EMAIL: **michaelberglobby@gmail.com**	ATTENDANCE: **Written**	SUBMIT DATE: **1/29/2025 7:54 PM**

THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.

The Sierra Club Missouri Chapter opposes House Bill 657.House Bill 657 would prohibit investment fiduciaries from considering “environmental, social, or governmental characteristics in a manner that would override his or her fiduciary duty” and exempt them from any legislative, regulatory, or other mandate to A) invest with environmental or social motivations, unless consistent with fiduciary responsibility, or B) divest from any indirect holdings. It would also prohibit shareholder voting based on “environmental, social, political or ideological” criteria and place additional restrictions on proxy voting. The bill is vague about how “environmental, social, political or ideological criteria” may conflict with fiduciary duty and does not define these terms meaningfully or what is “reasonable.” This leaves interpretation and enforcement of the rule up to the interpretation whims of politicians in charge.If passed, this bill could lead to problems as it may narrow the options available to state pension managers trying to most effectively do their job. This could cause harm to those reliant on those pensions. It is worth looking at the warnings from several different sources in the fiscal note for the similar 2024 House Bill 1937:"Officials from the Sheriffs' Retirement System state this proposal may have a negative impact if this legislation passes. The Retirement system hires investment managers to invest its assets based on the investment policy. Setting constraints on investment guidelines has a potential of limiting investment earnings used to finance the retirement system."The Employees Retirement System of the City of St. Louis stated that “By requiring or prohibiting certain considerations which could be viewed by the money managers as in the best interests of the System and its participants or creating economic value, you restrict the money manager’s ability to vote the proxies in a manner that may enhance shareholder value. It is speculative to put a dollar amount on such considerations, but it will cost more to administer such considerations as money managers may be unwilling to accept the risk associated with voting the proxies. This would require the System to hire a proxy voting company and pay additional fees.”“The representatives of Marquette Associates expressed their belief that requiring consideration of such matters may prevent some investment managers from managing assets of Missouri public pension plans and severely limit opportunities offered by commingled investment vehicles (which are much more cost-effective for smaller public pension plans like the System). Proposed pieces of legislation that impose financial penalties on investment fiduciaries who take these matters into consideration may have a chilling effect on the number of money managers willing to provide services to Missouri public pension plans. The money managers may decide not to take on risk when public pension plans in other states don’t have financial penalties.”“Officials from the Metro St. Louis Sewer District Employees Pension Plan (MSD) state this legislation could have an impact on MSD and its ratepayers.The MSD Employees' Pension plan does not consider investments or fiduciary partners based on ESG characteristics, however MSD is concerned that targeting these characteristics for exclusion may limit a fiduciary's ability to discharge

his or her duties in the best interest of the participants in the system and their beneficiaries. As written, the legislation may not restrict a fiduciary's ability to invest and appropriately diversify but the addition of specific language to target certain characteristics for political reasons causes confusion that may prevent rational investment decisions that could enhance risk management and/or returns and creates concern that certain investment managers may become targets for offering products with ESG characteristics even if those products are not being used by the Plan. The existing legislation spells out a fiduciary's obligations well and is sufficient."While MOSERS does not utilize environmental or social investing criteria currently , managing risks is part of fiduciary responsibility, and that includes companies' governance, ability to retain talent, and environmental practices. This bill would limit the tools available to manage and protect Missourians' retirement savings for all public pensions. Missourians would be unable to protect their retirement savings from climate risks. Instead of allowing Missourians to set criteria on climate risk for retirements in the future, the bill further denies the need for climate action.The bill would stifle a pension fund's ability to adjust its investment strategy as climate change impacts the economy so as to provide reliable returns to its pension recipients. It cannot make these necessary adjustments if it ignores major risks to commodities, changing infrastructure, and health concerns caused by a changing climate. These are real risks that this bill would make a fund manager reluctant to confront.Pensions represent the retirement savings of working people. Public employees who serve our state should be able to have some control, through board representatives, to guide investments to represent their values and their well-being. It's their money. People should not be mandated to invest in things that cause them harm or risk their right to a dignified retirement. They should not be prohibited from using their proxy votes to hold corporations accountable to responsible business practices.This bill adds a section 6, 7 and 8 to the Revisor of Missouri Statutes section 105.688. It does not repeal section 5 – yet it contradicts section 5. 105.688(5) states that pension managers must "Give appropriate consideration to investments which would enhance the general welfare of this state and its citizens if those investments offer the safety and rate of return comparable to other investments available to the investment fiduciary at the time the investment decision is made."Section 5 clearly sets out environmental, social and governance criteria (potentially any or all of the three). Which would win out if this bill passed – section 5 or sections 6, 7 and 8? The interpretation would be murky and discourage pension fund managers from acting proactively to benefit the state of Missouri.This then leads to the question of why. Why do this? The Sierra Club believes that when asked most Missourians would agree that businesses should maintain responsible practices such as those laid out in 105.688(5). We have a poll from "Unlocking America's Future," which shows that Americans of all backgrounds and political parties oppose laws like this, which place bans or severe limits on responsible investing. The polling shows that 63% of voters oppose bans on responsible investing.The public believes that bans on responsible investing are most likely to harm workers and the economy. Nearly three in five voters believe bans on responsible investing will negatively impact the economy (58%), energy and gas prices (57%), and retirement savings (56%). Nearly 60% of respondents said they are concerned billionaire donors such as Leonard Leo and self-interested oil and gas industries are "pouring money" into the interest groups and politicians supporting these types of bans.If interpreted broadly, the bill could lead to circumstances where public employees initiate lawsuits against the state, which has happened in Oklahoma when it passed a similar bill. If it forces retirement systems to drop the use of certain banks or money managers, it could potentially hurt retirees with higher fees. As was the case in Oklahoma, this bill is playing politics with retirees' money.Senate Bill 389 is part of a broad nationwide anti-sustainable investing campaign largely been driven and coordinated by the secretively funded State Financial Officers Foundation (SFOF). These public officials, in coordination with conservative think tanks like The Heritage Foundation and the Heartland Institute, are attempting to counter the implementation of a suite of new federal financial regulations related to climate change and other issues in response to investor demand. The vast majority of Americans, including the majority of Republicans, think that climate change is a serious problem and that we need to do more, not less, to deal with this problem. They think there should be more investment in renewable energy than in fossil fuels. That is one reason why bills such as this are not popular with voters, as they put obstacles in the way of free market solutions to problems that voters care about.Please reject House Bill 657.Please also reject similar efforts that are part of the same campaign. Below is an outline of potential harms from enacting the kinds of anti-responsible investment measures found in this bill and others with similar aims:Anti-responsible investing legislation is costing taxpayers hundreds of millions of dollars. In just the first 8 months since the passage of the 'fossil fuel boycott' law in Texas, the state burdened taxpayers with $303-$532 million in additional interest on their bonds, as a result of restricting the number of banks that can finance Texas' public debt. ?   Recent analysis also shows taxpayers in six states (KY, FL, LA, OK, WV, and MO) could have collectively faced more than $700 million in excess interest payments on municipal bonds if Texas-like restrictions on sustainable investing were put in place.?   The estimated cost for Missouri taxpayers alone is $32-$68 million.?   The higher interest rates are the

result of less competition between finance firms for municipal bonds as a result of the anti-sustainable investing legislation that forces state treasurers to boycott major banks and asset managers that historically have bid on municipal bond issuances.Anti-responsible investing legislation is exposing retirement beneficiaries to unnecessary risk. Consideration of ESG factors has become mainstream practice in the assessment of risk and return in the investment industry, especially as more data has become available to investors. ? These policies only serve to negatively pressure pension fund managers who are already required to fulfill their fiduciary responsibility on behalf of their beneficiaries – a view affirmed by a spokesperson for the Florida State Board of Administration in response to a new anti-ESG regulation. Anti-responsible investing legislation places burdens on financial institutions and creates market chaos. The restrictions on financial institutions have forced several major banks and / or asset managers to exit jurisdictions or preclude the entity from doing business in that state. ?

In West Virginia, five institutions were banned from operating in the state, including JP Morgan, Wells Fargo, Morgan Stanley and BlackRock. Anti-responsible investing legislation is delaying the transition to a clean energy economy. Trillions of dollars of investment have flowed into renewable energy, clean transportation, energy and water efficiency, and other sustainable infrastructure as a result of company and investor net-zero commitments and science-based targets to reduce their greenhouse gas emissions. These private sector actions are critical to ensure a competitive market for clean technologies. What is this about?Institutional investors and companies have been leading voices for sustainable investing and corporate climate action for decades. They are now facing a growing political backlash at the federal and state levels, where legislation has been introduced or passed that takes aim at firms that are making sound business and investment decisions to address climate risk and ensure that corporations and investment portfolios are well-managed for the long term. These "anti-responsible investing" or "anti-ESG" policies are costing taxpayers hundreds of millions of dollars, exposing retirement beneficiaries to unnecessary risk, placing burdens on financial institutions, and creating market chaos.

Responsible Investing (or ESG investing) is the systematic and explicit inclusion of material environmental, social and governance (ESG) factors and risks into investment analysis and investment decisions. As these practices have been integrated into mainstream investing, global ESG assets reached $35 trillion in 2020 and are expected to exceed $41 trillion in 2022, or nearly one-third of total assets.Anti-responsible efforts have targeted so-called 'boycotts of fossil fuels' by financial institutions as well as responsible investing more broadly. Some laws have imposed restrictions on their state-run public pension funds, while others have imposed restrictions on firms seeking to win state contracts across a range of activities, including asset management of public funds, lenders' participation in municipal bond markets, and even consulting agreements.Investors and companies are trained to consider all risks and opportunities when making decisions; they are fulfilling their fiduciary duties and responsibilities to ensure companies remain sustainable and profitable over the long term. Climate change, water scarcity, and pollution are systemic financial risks. Companies address risks and opportunities to remain sustainable, profitable, and competitive over the long- term. The momentum surrounding climate action plans and corporate climate transition plans continues to grow, which are necessary tools for achieving climate commitments and aligning portfolios with a sustainable future.

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WITNESS NAME

INDIVIDUAL:

WITNESS NAME: **MICHAEL DREYER**	PHONE NUMBER:	
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EMAIL: **mdreyer93@gmail.com**	ATTENDANCE: **Written**	SUBMIT DATE: **1/30/2025 9:55 PM**

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I urge you to oppose HB657 (Owen), which prevents the investment managers of the Missouri public employee retirement system from taking into account climate change and other social and governance issues when making decisions. It is not a new idea to incorporate social, environmental and governmental (ESG) issues such as corruption into investment decisions. Companies and investment managers consider the environment in order to moderate risk and align with the values of their customers and community to make better long term investments.This attempt to restrict Missourians' options is part of a larger dark-money campaign orchestrated and heavily funded by the fossil fuel industry and out-of-state billionaires. They oppose the growing trend of financial institutions and state and local governments making common-sense, business-driven decisions to respond to the systemic risks of climate change. They want to stop money flowing out of risky fossil fuel investments and into the growing clean energy economy by limiting options for governments. Rather than choosing Missourians, these bills favor dark money interests.This bill is a desperate attempt at climate denialism. The fossil fuel industry is highly subsidized and the status quo is not profitable or financially sustainable. Bills like these are a dying industry's attempt to forestall the end rather than make changes for our shared future. States that have enacted similar laws risk losing hundreds of millions of dollars for retirees and municipalities.Climate change is real and it already negatively impacts our economy. In 2021 climate disasters cost the United States more than $145 billion. Missouri already suffers negative effects of climate change, including more frequent and severe floods, longer periods of dangerous heat in the summer, droughts and a more intense cold polar vortex in the winter. Both businesses and governments should consider the effects of climate change on the economy and Missourians. This bill limits that option.

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WITNESS NAME

INDIVIDUAL:

WITNESS NAME: **PETER SCHNEEBERGER**		PHONE NUMBER:	
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ADDRESS:			
CITY:		STATE:	ZIP:
EMAIL:	ATTENDANCE:	SUBMIT DATE: **1/30/2025 12:00 AM**	

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WITNESS NAME

REGISTERED LOBBYIST:

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EMAIL:	ATTENDANCE:	SUBMIT DATE: **1/30/2025 12:00 AM**

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WITNESS NAME

BUSINESS/ORGANIZATION:

WITNESS NAME: **SCOTT SIMON**		PHONE NUMBER: **298-6020**	
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