

DAVID Y. IGE  
GOVERNOR



THOMAS WILLIAMS  
EXECUTIVE DIRECTOR

KANOE MARGOL  
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII  
EMPLOYEES' RETIREMENT SYSTEM**

TESTIMONY BY THOMAS WILLIAMS  
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
ON

HOUSE BILL NO. 557

**February 9, 2021**

**9:00 A.M.**

**Conference Room 325**

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Lowen, Vice Chair Marten and Members of the Committee,

H.B. 557 would require that the Employees' Retirement System (ERS) reevaluate all of its existing, and any future, investments in coal, oil, natural gas, oil and natural gas services, and pipeline companies, by:

- (1) Identifying and selling, redeeming, divesting, or withdrawing all publicly traded securities of each company that has direct or indirect holdings invested in fossil fuels,
- (2) Making no future acquisitions in assets or securities in these identified companies, and
- (3) Notifying managers of investment funds that the ERS intends to divest from all actively managed funds in coal, oil or natural gas services, and pipeline companies within five years unless those managers provide alternatives to fossil fuels.

In addition, H.B. 557 requires that the ERS search for, and evaluate, actively managed investment funds with indirect holdings devoid of coal, oil, natural gas, oil or natural gas service and pipeline companies.

The ERS Board of Trustees strongly opposes H.B. 557. Forced divestment from fossil fuels will increase the risk in our portfolio, negatively impact our returns and jeopardize the long-term sustainability of our pension fund. There are only two sources of money to pay promised benefits: contributions and investment returns. Shortfalls in one must be made up by the other.



Employees' Retirement System  
of the State of Hawaii

Research clearly demonstrates that mandates which reduce the universe of investible securities introduce greater risks into the portfolio to which such mandates are applied. The consensus within the institutional investing community is that divestment, while symbolically powerful, has been and will prove to be ineffectual in directly averting and mitigating climate risks. Shareholder engagement is viewed as preferred to divestment, at least initially, and is viewed as successfully driving behavioral change.

While lower long-term return and increased risk would appear sufficient justification for avoiding mandated divestment, overriding all is the requirement imposed on the ERS management and its Board of Trustees by trust law. As pension plan fiduciaries, we have the legal responsibility to invest solely for the exclusive benefit and in the best interests of our members and their beneficiaries. Our first priority is to maximize the risk adjusted return on our investments. Any failure to do so would represent a breach of our fiduciary duty and perhaps place at risk our tax qualification status. We can secondarily invest in effectuating desirable environmental and social goals so long as they do not impair the first objective. Those advocating divestment are focused almost exclusively on factors other than maximizing returns. We are focused first on the sustainability of our plan both near and long-term, for the sole benefit of our members and their beneficiaries. The ERS Board of Trustees, Executive Management, and professional investment staff, are best positioned to identify and achieve the proper portfolio composition while weighing the balance between investment return and ESG objectives.

As it relates to fossil fuels, the attached chart demonstrates a steady decline in fossil fuel exposure as a percent of our total portfolio from 2017-2020. Currently, fossil fuel investments comprise 17/100 of 1% of our portfolio, a miniscule amount. This decline has been achieved without sacrificing return and without mandated divestment. We are fully cognizant of the risks to our portfolio posed by a shift to a low carbon environment. We believe however that our professional investment staff, employing disciplined manager selection and evaluation methodologies, is best positioned to quantify and mitigate those risks as compared to the “one size fits all” solution that divestment represents.

To leverage our impact in the effort to achieve sustainable change in CO<sub>2</sub> emissions, we joined in 2018 the premiere organization leading the ESG movement, Principles for Responsible Investment (PRI). As a signatory and member of its Climate Action 100, we have joined with over 2,800 other signatories representing \$86.3 trillion in assets to amplify our voice and impact. The PRI pursues corporate engagement over divestment as the preferred approach to achieving sustainable change.

We are committed to supporting the global effort to mitigate the adverse effects of climate change. Our balanced approach allows us to play a meaningful role in effectuating change while avoiding harm to our portfolio and our returns, which forced divestment would likely impose. The broad mandate proscribing investments as articulated in the bill would prove harmful if imposed on our investment activities.

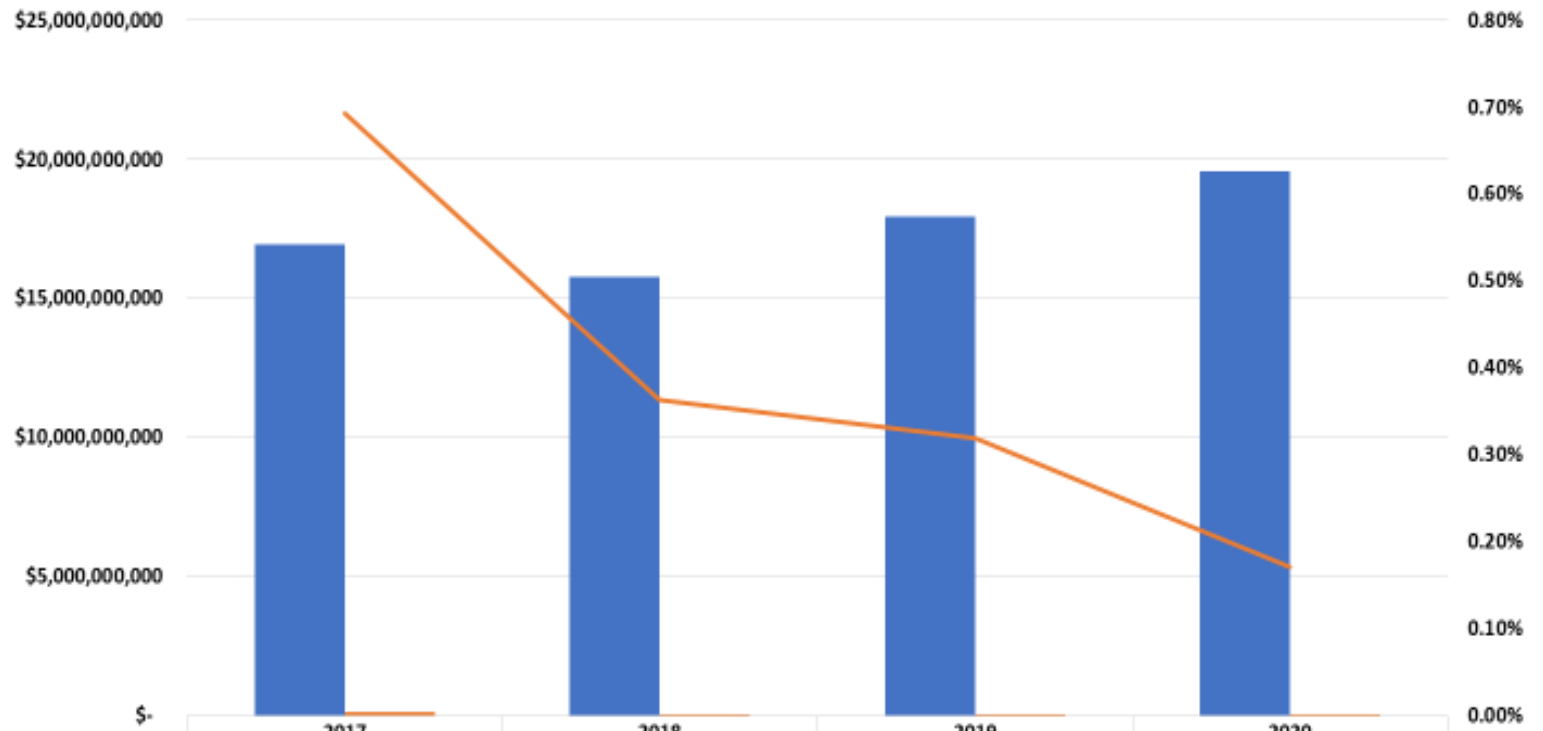
Our board respectfully asks that you let it, our staff, professional consultants and managers make the complicated decisions surrounding our investments, fossil fuels included. We have the fiduciary responsibility, accountability, skills, and independent professional resources to do so.

On behalf of the ERS Board of Trustees, we oppose H.B. 557 and I respectfully request that your committee defer it.

We thank you for this opportunity to testify.

Attachment

### Fossil Fuel Investments as % of the ERS Total Fund 2017 - 2020



	2017	2018	2019	2020
Total ERS Portfolio	\$16,942,471,577	\$15,773,085,272	\$17,927,448,905	\$19,563,603,876
Fossil Investments	\$117,429,816	\$57,268,702	\$57,268,702	\$33,550,970
Fossil Investments % of Total Fund	0.69%	0.36%	0.32%	0.17%

**HB-557**

Submitted on: 2/5/2021 5:46:50 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Travis Idol	Hawaii Interfaith Power and Light	Support	No

Comments:

As President of Hawaii Interfaith Power and Light, I represent the consensus opinion that is in strong support of this bill. People of faith understand the deep spiritual and moral dimensions of our actions leading to the climate catastrophe we are bringing upon ourselves. The actions we take and the decisions we make have a moral motivation and moral consequences. We enthusiastically support the state's ambitious but necessary goal of becoming "carbon-neutral" by 2045. While that goal involves a lot of practical decisions and actions, it is deeply rooted in values and morals we all believe in.

Because of this, it is immoral and contradicts our shared values and long-term self-interest that support a goal of carbon-neutrality to have our state's Employee Retirement System continue to invest in companies that produce fossil fuels, one of the primary drivers of excess greenhouse gas emissions, climate change, and our carbon footprint. From a financial standpoint, continued investment in these companies is unnecessary. Even if it seems to make "financial sense" to continue this practice, we must, as a matter of our own moral integrity, align our decisions and actions with our shared values and long-term goals. Stand up for what's right and embrace our shared goal of carbon-neutrality by supporting this bill. Mahalo.

**HB-557**

Submitted on: 2/6/2021 1:12:36 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Climate Protectors Coalition	Climate Protectors Coalition	Support	No

Comments:

To: The Honorable Nicole Lowen, Chair,

The Honorable Lisa Marten, Vice Chair, and Members of the

House Committee on Energy and Environmental Protection

From: Climate Protectors Coalition (by Ted Bohlen)

Re: Hearing **HB557- RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

Tuesday February 9, 2021, 9:00 a.m., by videoconference

Position: **STRONG SUPPORT of HB557!**

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members:

The Climate Protectors Coalition is a group inspired by the Mauna Kea Protectors but focused on reversing the climate crisis. As a tropical island State, Hawaii will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. We must do all we can to reduce our carbon footprint and become at least carbon neutral as soon as possible. The planet faces an existential climate crisis and we must act now! Scientists have made clear that we are part of the last generation that can stop or at least mitigate the devastating impacts of climate change. If we are to solve the climate crisis, it will require **all of us** working together. Hawaii can and should be a leader in showing the world the way forward towards a safe and sustainable climate and future. The sooner we inspire others to take action and lead by example, the better off the future will be for our children.

Emissions from fossil fuel power plants are a leading cause of the climate crisis. Fossil fuel investments are becoming increasingly risky as the world responds to the climate crisis. There is a growing financial risk that pending fossil fuel power plants will be cancelled before operating and older plants may be shut down before full recovery,

leaving much of such remaining investments unrecovered (“stranded assets.”) Pension funds in many other countries, states, cities, universities, etc. are divesting their fossil fuel investments, including the UK, Norway, Sweden, New York State and City, London, UH and many more. More than 1,300 institutions with over \$14 trillion have announced divestments from fossil fuels over the last decade. ExxonMobil lost \$22.4 billion last year, with four straight quarters in the red. GM is phasing out internal combustion engine vehicles by 2035.

In order to protect the public fund and retirees from the risks of fossil fuel investments, the Employees Retirement System (ERS) should not invest in any fossil fuel companies, should re-evaluate all of its existing fossil fuel investments, and gradually at appropriate times over the next five years should divest such investments. The bill allows an exemption for those companies that have more invested in clean renewables than fossil fuels or have a clear path to complete divestment of fossil fuels by 2030.

Hawaii has extra risks from the climate crisis, with more serious storms, food insecurity, and sea level rise and shoreline devastation. Many Hawaii government workers would prefer their pension investments not be in fossil fuels that harm Hawaii and the planet. Hawaii needs to lead in the transition to carbon neutrality every way we can and encourage others to do the same.

The bill would reduce risks for retirees’ pensions and align the public fund with the State’s carbon neutrality goals by ordering the gradual divestment of its fossil fuel investments over the next five years.

It is time to act by approving HB557!

Mahalo for the opportunity to testify in **strong support** of this very important legislation.

Climate Protectors Coalition (by Ted Bohlen)

**HB-557**

Submitted on: 2/7/2021 9:58:20 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
laurel brier	Kauai climate action coalition	Support	No

## Comments:

Divestment has become a powerful tool across the country to break the ties to fossil fuel and start moving toward the carbon free world that we need. I, like many ERS recipients, do not want our money invested in companies that are contributing to the Climate Crisis and an uninhabitable world for our children. Fossil fuel companies are losing billions and no longer a stable investment. Let's invest our money in social conscience ways that will benefit all.



**HB-557**

Submitted on: 2/7/2021 11:51:30 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dyson Chee	Hawai'i Youth Climate Coalition	Support	No

Comments:

Aloha Chair Lowen, Vice-chair Marten, and members of the EEP Committee,

My name is Dyson Chee, I am 18 years old, and I am submitting written testimony on behalf of the Hawai'i Youth Climate Coalition (HYCC) in support of HB557.

HYCC is a youth-led, youth-founded organization dedicated to taking on the climate crisis through just and equitable means. Fossil fuel divestment is one of many solutions needed to take on climate change. Environmentally, the benefits of this move are clear: protecting the islands that we live and depend on from the worst impacts of climate change by phasing out fossil fuels. Financially speaking, this is also a wise choice. According to Forbes, "In the U.S., renewables yielded 200.3% returns versus 97.2% for fossil fuels." Divesting from fossil fuels and investing in clean and equitable renewable energy projects can give us multiple benefits at once. We hope that this committee will pass HB557, and mahalo for considering our testimony.

Sincerely,

Dyson Chee

**HB-557**

Submitted on: 2/7/2021 10:21:45 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Mulinix	Our Revolution Hawaii	Support	No

Comments:

On behalf of Our Revolution Hawaii's 7,000 supporters and members statewide, we fully support HB557.

The age of fossil fuels is over, and it is time to move off of fossil fuel investments before assets become stranded.

Long-term investments in the fossil fuel industry is proving to be bad investments. Divestment carries very low risk to a portfolio and hedges against the foreseeable decline in the fossil fuel industry known as the "carbon bubble." If more than 80% of fossil fuel reserves cannot be extracted and burned for profit, they are considered stranded assets, which inflates the value of the companies' stock. These reserves are currently valued at nearly \$20 trillion, forming a bubble that dwarfs the housing tech bubbles that led to past recessions.

- HSBC Global Research found that global carbon regulations could result in fossil fuel companies losing 40-60% of their market capitalization.
- Similar warnings have been issued by CitiBank, Standard and Poor's, the International Energy Agency, and the Bank of England, and most recently the UN Climate Chief
- The head of the IMF gave a speech acknowledging that the fund needs to address climate issues—calling for a reduction in subsidies for fossil fuel companies.
- Also recently, CalPERS (CA pension fund) adopted updated Investment Beliefs that consider the investment risks of climate change to guide its investment policies and ensure the fund's growth.

The age of clean renewable energy is here now, it's time to move on before it is too late.

Mahalo for your kind attention,

Dave Mulinix,

Statewide Community Organizer

Our Revolution Hawaii



To: The House Committee on Energy and Environmental Protection  
From: Sherry Pollack, 350Hawaii.org  
Date: Tuesday, February 9, 2021, 9:00 am

### **In strong support of HB557**

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. On behalf of our 6,000 members and supporters, 350Hawaii.org **STRONGLY SUPPORTS HB557.**

News headlines this weekend from an investment strategist declaring “**Warning to Energy Investors: Coal Is Dead and Oil Is Next**” are anything but new these days, and are just one more reminder of the writing on the wall. It could not be clearer. The question is no longer whether a public fund should divest. The question now is why are any pension fund dollars invested in fossil fuels at all?

HB557 requires the employees' retirement system (ERS) to protect the fund from financial risks by reevaluating its investments in coal, oil, natural gas, oil or natural gas services, and pipeline companies and over the next five years, divest of holdings in any companies that have a majority of its holdings invested in fossil fuels, rather than clean renewable energy sources. By doing so, ERS will meet its fiduciary responsibility to taxpayers and pension beneficiaries, (of which I am one), considering the continuing underperformance of fossil fuel stocks and the long-term financial risks posed by these investments. Financial experts have made clear, the risk of being too early to decarbonize is far less than the risk of being too late.

Fossil fuel companies have known for decades that their products cause global warming. Their own scientists told them so more than 30 years ago. Hawaii should not sanction such immoral behavior by continuing to provide these companies with millions of dollars to support their efforts.

It's a serious conflict of interest to use tax dollars to support an industry whose actions are already starting to cause enormous harm to Hawaii. Moreover, it is extremely misguided to justify investing in something that scientists agree threatens the ability of humans to survive on this planet. Bill McKibben, founder of 350.org, summed it up when he said, “If it is wrong to wreck the climate, then it is wrong to profit from that wreckage.”

**Global warming is reaching crisis proportions.** The IPCC (Intergovernmental Panel on Climate Change) says we have less than 10 years for worldwide climate action to avoid climate catastrophe. We're already feeling the effects of climate change. As things get worse, Hawaii will be hit harder than any other state. Extreme weather events like hurricanes, rain-bombs, beach loss, dying coral reefs, decreased trade winds - these are just a few of the reminders that we need to act now in order to avoid further destabilization of the climate.

Our best researchers and scientists have advised that in order for our planet to sustain human life, 80% of current known fossil fuels will have to stay in the ground to avoid catastrophic climate change. So, it isn't a question of if, but when the carbon bubble bursts. Current fossil fuel development will lead to stranded assets, and the significant devaluation of fossil fuel stocks. Already the fossil fuel industry has become the worst performing sector of the stock market – a trend likely to continue.

Seeing the obvious, more than 1,300 institutions representing more than \$14 trillion in assets throughout the world have already pledged to fully or partially divest from fossil fuels. Just last month, New York City announced it will divest an estimated \$4 billion in pension funds from fossil fuel companies. Hawaii needs to pay attention. By reducing the all but certain downside risk of continued investment in fossil fuels, **ERS will be protecting the benefits of both their current employees and retirees.**

The age of fossil fuels is ending, and the markets see it. Fossil fuel investments have been toxic for years. How much of retirees' money has already been lost in fossil fuel investments? And how much still stands to be lost? Fossil fuel values are falling fast, and will only get worse. **Please pass HB557.** State employees deserve safer investments and a safer climate.

Thank you for this opportunity to testify on this very important bill.

Sherry Pollack  
Co-Founder, 350Hawaii.org

**HB-557**

Submitted on: 2/5/2021 7:28:44 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Kramer	Individual	Support	No

Comments:

Chair Lower and Members of the Committee,

I am a financial advisor based in Kailua-Kona and Manager Partner of Natural Investments, a registered investment advisor with over \$1.4 of investment. I have been a financial advisor with Natural Investments for 20 years and was a client of the firm for 10 years prior to that. We have been managing fossil fuel free portfolios for individual and institutional clients for many years. These portfolio are financially competitive, and omitting the fossil fuel sector from investment portfolios is not a breach of fiduciary responsibility. In fact, one could argue that continuing to put humanity at risk by investing in carbon pollution is a breach of fiduciary responsibility.

The ERS will claim that its sole obligation is to the financial returns of its beneficiaries. However, the fossil fuel sector has been one of the poorest-performing sectors in terms of investment return for many years. There is no credible financial argument to holding these types of companies.

I urge you to pass HB 557 without reservation. There are many ways to make money, one doesn't need to support toxic polluters to do it.

Mahalo,

Michael Kramer

Managing Partner, Natural Investment

**HB-557**

Submitted on: 2/5/2021 1:30:08 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ruta Jordans	Individual	Support	No

Comments:

Seems like a wise move!

**HB-557**

Submitted on: 2/5/2021 5:04:32 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ava Fedorov	Individual	Support	No

Comments:

I STRONGLY SUPPORT HB557

The age of fossil fuels is ending, and the markets see it. Fossil fuel investments have been toxic for years. How much of retirees' money has already been lost in fossil fuel investments? And how much still stands to be lost? Fossil fuel values are falling fast, and will only get worse. State employees deserve safer investments.

If it is wrong to damage the world we live in, then it is wrong to profit from that damage. Responsible investors should no longer be profiting from the destructive activities of these companies. The bottom line is this: Divestment is the only moral choice for institutions that care about the planet and its residents. Solving the climate crisis is the only practical choice for governments that care about their solvency.

Thank you,

Ava Fedorov



**HB-557**

Submitted on: 2/5/2021 5:04:41 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nanea Lo	Individual	Support	No

Comments:

Hello,

My name is Nanea Lo and I'm in strong support of HB557.

Investing pension money in fossil fuels is risky, counter-productive, and amoral. It's a serious conflict of interest to use tax dollars to support an industry whose actions are already starting to cause enormous harm to Hawaii. We're already feeling the effects of climate change. As things get worse, Hawaii will be hit harder than any other state. Extreme weather events like hurricanes, beach loss, dying coral reefs, decreased trade winds - these are just a few of the reminders that we need to act now in order to avoid further destabilization of the climate. Experts agree our best hope for getting back to a stable climate is to keep fossil fuels in the ground.

Please support this bill.

me ke aloha 'Ä• ina,

Nanea Lo

**HB-557**

Submitted on: 2/5/2021 5:20:22 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
TOM DIGRAZIA	Individual	Support	No

Comments:

Effectively dealing with the effects of climate change starts at home, Hawaii nei. It is past time for the ERS to set an example in moving our state and nation away from the fossil fuel past and towards being a better climate citizen. I heartily support HB 557 and hope the EEP Committee does as well.

**HB-557**

Submitted on: 2/5/2021 5:53:42 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jordan Moniuszko	Individual	Support	No

Comments:

-The writing is on the wall. In the last decade, institutions representing more than \$14 trillion in assets have pledged to fully or partially divest from fossil fuels. Earlier this year, New York City's largest pension fund voted to initiate full fossil fuel divestment, selling off an estimated \$4 billion of holdings in fossil fuel corporations. By joining with these other cities, states and countries that have already taken money out of the companies that own and profit off of destroying our planet, Hawaii can play an enormous role in moving the financial industry towards a greener, more liveable future.

- Investing pension money in fossil fuels is risky, counter-productive, and amoral. It's a serious conflict of interest to use tax dollars to support an industry whose actions are already starting to cause enormous harm to Hawaii. We're already feeling the effects of climate change. As things get worse, Hawaii will be hit harder than any other state. Extreme weather events like hurricanes, beach loss, dying coral reefs, decreased trade winds - these are just a few of the reminders that we need to act now in order to avoid further destabilization of the climate. Experts agree our best hope for getting back to a stable climate is to keep fossil fuels in the ground.

-The age of fossil fuels is ending, and the markets see it. Fossil fuel investments have been toxic for years. How much of retirees' money has already been lost in fossil fuel investments? And how much still stands to be lost? Fossil fuel values are falling fast, and will only get worse. State employees deserve safer investments.

-If it is wrong to damage the world we live in, then it is wrong to profit from that damage. Responsible investors should no longer be profiting from the destructive activities of these companies. The bottom line is this: Divestment is the only moral choice for institutions that care about the planet and its residents. Solving the climate crisis is the only practical choice for governments that care about their solvency.

-Gradual divestment over the next five years is financially prudent, morally imperative, and responsible policy. To take no action (status quo) is to ignore the fact that no action may have serious financial consequences for the State. Our government has a responsibility to divest from an industry that's destroying our future, and reinvest in solutions to climate change.

-Hawaii has extra risks from the climate crisis, with more serious storms, food insecurity, and sea level rise and shoreline devastation. Many Hawaii government workers would prefer their pension investments not be in fossil fuels that harm Hawaii and the planet.

The ERS should reduce risks for retirees' pensions and align itself with the State's carbon neutrality goals by gradually divesting its fossil fuel investments over the next five years, as this bill provides.

**HB-557**

Submitted on: 2/5/2021 6:36:01 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John NAYLOR	Individual	Support	No

Comments:

Aloha,

Divest from investments which are known to harm the climate NOW!.

JN

**HB-557**

Submitted on: 2/5/2021 7:25:20 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Thomas Brandt	Individual	Support	No

Comments:

Strong support

**HB-557**

Submitted on: 2/6/2021 8:24:27 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
donald erway	Individual	Support	No

Comments:

Please make sure retirement plans consider carbon emmisions.

Mahalo,

Don

**HB-557**

Submitted on: 2/6/2021 10:00:40 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Judith A Mick	Individual	Support	No

Comments:

It is time to divest holdings in the fossil fuel industry and invest in clean, renewable energy sources. I am in hope that the Employee Retirement System will move in this direction to help everyone in Hawaii have a healthier environment. Thank you for your consideration

Judith Mick, Kailua



**HB-557**

Submitted on: 2/6/2021 10:20:15 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Francine Roby	Individual	Support	No

Comments:

**I am writing in STRONG SUPPORT of [HB557](#)**, which requires the employees' retirement system to reevaluate its investments in coal, oil, natural gas, oil or natural gas services, and pipeline companies and over the next five years, divest of holdings in any companies that have a majority of its holdings invested in fossil fuels, rather than clean renewable energy sources.

Divestment is a proven effective strategy to reduce the influence of the fossil fuel industry, and move them away from fossil fuel extraction to invest in renewable energy. Fossil fuel divestment takes the fossil fuel industry to task for its responsibility for the climate crisis. Fossil fuel companies must either close up shop or fundamentally change their business models, and affecting their investments, by divesting our investments, will effectively push those decisions. It makes no sense for the State of Hawaii, with our renewable energy goals and existential threats to our land from crisis-level climate change, to continue investment in destructive fossil fuel businesses.

Please pass this bill. Mahalo.

**HB-557**

Submitted on: 2/6/2021 11:19:20 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jonathan E. Biel	Individual	Support	No

Comments:

Hawaii's distinctive, isolated and contained island environment affords it's citizens a unique blend of opportunity and compelling urgency to be in the forefront of turning around our planet's precipitous spiral toward environmental disaster. I urge Hawaii's Legislature to join the national and world leaders of the movement to take the visible and powerful step of divesting investment support from organizations and institutions that consciously place profits over the thoughtful and essential environmentally focused changes necessary for our island's and planets climate survival. Hawaii is extremely vulnerable to the risks of climate change, and it's citizens deserve to know it's representatives understand this and are willing to step up and be leaders in the effort to help save our magical island home from climate destruction. Please divest our island's support from fossil fuel investments in favor of industries focused on a safer future.

**HB-557**

Submitted on: 2/7/2021 3:52:25 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Janet Pappas	Individual	Support	No

Comments:

Dear EEP Committee,

As more people began to realize that the climate crisis is real, even Wall Street is thinking differently. Investors are getting nervous about fossil fuel investments—for good reason. There is growing risk that currently operating plants will become stranded assets as renewable energy becomes cheaper and more accessible than coal, oil and fracked gas.

That goes for pension funds as well. A slew of large funds (New York State, Norway, UH-Manoa and many others) are in the process of divesting from fossil fuels due to fear that they will lose money. Within the last decade over 1100 institutions with over \$14 trillion in assets have divested their funds from fossil fuels.

In 2016 Hawaii ERS trustees came out (StarAdvertiser) against divestment, arguing “Even the most cursory look around shows how intimately tied our economy and lifestyle here in Hawaii is linked to the beneficial use of fossil fuel. Fuels are used today more efficiently and cleaner than ever, and the trend is forecast to continue.” Times have changed. It may be time to reconsider.

The warning signs are getting more emphatic: GM will phase out gas powered vehicles by 2035; in Texas, solar and wind are cheaper than oil; the city of Shenzeng, China, has 16,000 (not a typo) electric buses.

Hawaii ERS must start re-evaluating their fossil fuel investments NOW because there is no guarantee that fossil fuels are the future. A plan to gradually divest at appropriate times would make the most sense. The people relying on this money for their retirement deserve a well-considered plan, one that takes into account their future. The future for all of us will rely on renewable energy. Maybe it’s time to put it in the plan.

I urge you to support divestment of Hawaii’s ERS.

Thank you for the opportunity to testify.

Sincerely,

Jan Pappas

Aiea, Hawaii

**HB-557**

Submitted on: 2/7/2021 10:32:35 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Linda Leveen	Individual	Support	No

Comments:

I fully support this bill.

**HB-557**

Submitted on: 2/7/2021 12:54:06 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Victoria Anderson	Individual	Support	No

Comments:

Dear Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members:

I write in **strong support** of HB557. As you are aware, our planet is already showing evidence that an existential climate crisis is underway. The small time frame in which we can still take useful action to avoid the worst of this crisis is starting to close.

Emissions from fossil fuel power plants are a leading cause of the climate crisis. Moreover, fossil fuel investments are becoming increasingly risky as the world responds to the climate crisis. Pension funds in many countries, states, cities, universities, etc. are divesting from their fossil fuel investments. ExxonMobil lost \$22.4 billion last year, with four straight quarters in the red. GM is phasing out internal combustion engine vehicles by 2035.

In order to protect the public fund and retirees from the risks of fossil fuel investments, the Employees Retirement System (ERS) should not invest in any fossil fuel companies, should re-evaluate all of its existing fossil fuel investments, and gradually at appropriate times over the next five years should divest such investments. The bill allows an exemption for companies that have more invested in clean renewables than fossil fuels or have a clear path to complete divestment of fossil fuels by 2030.

As a Hawai'i State employee whose retirement assets are in ERS, I **strongly** prefer that my pension investments not be in fossil fuels that harm Hawaii and the planet.

Please pass HB557.

Thank you,

Victoria Anderson

UH Manoa

**HB-557**

Submitted on: 2/7/2021 1:10:05 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sherri Thal	Individual	Support	No

Comments:

We must divest of Fossil Fuels immediately, and show these polluters that our money needs to be invested in clean energy, food independence, and income equality instead of planet trashing corporations that promote death to our Earth and its inhabitants. Please vote for HB557.

Mahalo,

Sherri Thal, Kea'au, HI 96749

**HB-557**

Submitted on: 2/7/2021 2:05:43 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Harriet Burkholder	Individual	Support	No

Comments:

I strongly support divestment of State Employees' Retirement Funds away from the fossil fuel industry. Instead these funds could be invested in more green alternatives such as solar or wind power industries.



**HB-557**

Submitted on: 2/7/2021 10:23:33 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Matthew Geyer	Individual	Support	No

Comments:

Aloha,

This measure not only makes sense from an environmental standpoint, but from a fiscal and moral standpoint as well. Morally, the beneficiaries of employee retirement system don't want to benefit personally from the destruction of the planet, while fiscally, green companies will increasingly outperform fossil fuel companies.

Please support this measure

**HB-557**

Submitted on: 2/8/2021 7:36:36 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Andrea Nandoskar	Individual	Support	No

Comments:

Aloha,

Fossil fuel emissions are a leading cause of greenhouse gas emissions and a direct driver of global warming. They are also becoming an increasingly risky investment in portfolios. I strongly support this bill which is a step toward moving the state ERS away from fossil fuel investments toward more financially stable and environmentally friendly industries and practices.

Mahalo for your consideration.

**HB-557**

Submitted on: 2/8/2021 7:41:53 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeff Mcknight	Individual	Support	No

Comments:

Divestment is a proven effective strategy to systematically challenge the political power of the fossil fuel industry, and puts public pressure on companies currently involved in fossil fuel extraction to invest in renewable energy. Fossil fuel divestment takes the fossil fuel industry to task for its culpability in the climate crisis.

Fossil fuel companies are overwhelmingly responsible for climate change. These same companies have plans to cultivate fossil fuels for the next several decades. If we are to keep temperatures from rising more than 1.5 degrees Celsius, the vast majority of untapped fossil fuels left in the world have to remain in the ground. This can only happen if fossil fuel companies are forced to either close up shop or fundamentally change their business models.

**HB-557**

Submitted on: 2/8/2021 8:28:17 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John Latkiewicz	Individual	Support	No

Comments:

**I am extremely worried about the impact of CO2 (and other greenhouse gases) and their impact on the environment and, frankly, on the survival of humanity. I have 8 grandchildren, ages 1 to 7. Their future hangs in the balance along with that of all future generations. For that reason, I am wholeheartedly in support of Hawaii HB557.**

I strngly urege the legeislature to require the retirement fund divest itself of fossil fuel extraction and use related companies.

## TESTIMONY TO SUPPORT HB557

Aloha,

I strongly support HB557. Fossil fuel companies are overwhelmingly responsible for climate change. These same companies have plans to cultivate fossil fuels for the next several decades. If we are to keep temperatures from rising more than 1.5 degrees Celsius, the vast majority of untapped fossil fuels left in the world must remain in the ground. This can only happen if fossil fuel companies are forced to either close up shop or fundamentally change their business models.

-The writing is on the wall. In the last decade, institutions representing more than \$14 trillion in assets have pledged to fully or partially divest from fossil fuels. Earlier this year, New York City's largest pension fund voted to initiate full fossil fuel divestment, selling off an estimated \$4 billion of holdings in fossil fuel corporations. By joining with these other cities, states and countries that have already taken money out of the companies that own and profit off of destroying our planet, Hawaii can play an enormous role in moving the financial industry towards a greener, more liveable future.

- Investing pension money in fossil fuels is risky, counter-productive, and amoral. It's a serious conflict of interest to use tax dollars to support an industry whose actions are already starting to cause enormous harm to Hawaii. We're already feeling the effects of climate change. As things get worse, Hawaii will be hit harder than any other state. Extreme weather events like hurricanes, beach loss, dying coral reefs, decreased trade winds - these are just a few of the reminders that we need to act now in order to avoid further destabilization of the climate. Experts agree our best hope for getting back to a stable climate is to keep fossil fuels in the ground.

-The age of fossil fuels is ending, and the markets see it. Fossil fuel investments have been toxic for years. How much of retirees' money has already been lost in fossil fuel investments? And how much still stands to be lost? Fossil fuel values are falling fast, and will only get worse. State employees deserve safer investments.

-If it is wrong to damage the world we live in, then it is wrong to profit from that damage. Responsible investors should no longer be profiting from the destructive activities of these companies. The bottom line is this: Divestment is the only moral choice for institutions that care about the planet and its residents. Solving the climate crisis is the only practical choice for governments that care about their solvency.

-Gradual divestment over the next five years is financially prudent, morally imperative, and responsible policy. To take no action (status quo) is to ignore the fact that no action may have serious financial consequences for the State. Our government has a responsibility to divest from an industry that's destroying our future, and reinvest in solutions to climate change.

-Hawaii has extra risks from the climate crisis, with more serious storms, food insecurity, and sea level rise and shoreline devastation. Many Hawaii government workers would prefer their pension investments not be in fossil fuels that harm Hawaii and the planet.

The ERS should reduce risks for retirees' pensions and align itself with the State's carbon neutrality goals by gradually divesting its fossil fuel investments over the next five years, as this bill provides.

Mahalo for considering my testimony.

Helen Cox, Kalaheo, HI

LATE

**HB-557**

Submitted on: 2/8/2021 9:47:57 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Severine Busquet	Individual	Support	No

Comments:

Aloha,

If it is wrong to damage the world we live in, then it is wrong to profit from that damage. Responsible investors should no longer be profiting from the destructive activities of these companies. The bottom line is this: Divestment is the only moral choice for institutions that care about the planet and its residents. Solving the climate crisis is the only practical choice for governments that care about their solvency.

For these reasons I strongly support HB557.

Thanks for your attention  
Severine Busquet  
Hawaii Kai

LATE

**HB-557**

Submitted on: 2/8/2021 10:08:21 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joan Gannon	Individual	Support	No

Comments:

I am Joan Gannon of West Hawaii. I strongly support HB 557. Please approve this bill. It is so important to invest in clean energy and get out of the habit of investing in coal, oil, natural gas and the services and companies that foster them.

Thank you

Joan

LATE

**HB-557**

Submitted on: 2/8/2021 12:02:56 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mark Hixon	Individual	Support	No

Comments:

Aloha: I strongly support HB557. As an environmental scientist, I know that there is overwhelming evidence that climate disruption is accelerating rapidly, threatening Hawaii with shoreline erosion, worsening hurricanes, severe droughts, loss of our coral reefs, extinctions of our unique wildlife, and more. Gradual divestment from fossil fuel interests over the next five years is a financially prudent, morally imperative, and responsible policy. To take no action is to ignore the fact that the status quo will have serious ecological, social, cultural, and economic consequences for Hawaii. Our government has a responsibility to divest from an industry that is destroying our future, and reinvest in solutions to climate change. Many Hawaii government workers prefer that their pension investments not be in fossil fuels that harm Hawaii and the Earth. The ERS should reduce risks for retirees' pensions and align itself with the State's carbon neutrality goals by gradually divesting its fossil fuel investments over the next five years, as this bill provides. Mahalo.



LATE

**HB-557**

Submitted on: 2/8/2021 1:13:12 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tania Fukuda	Individual	Support	No

Comments:

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members:

As a financial services professional working with individuals everyday, I know how important ESG-based investing is to our community. Such investment strategies not only align with personal values and ethics but have also been shown to perform better over time and be more resilient to changes such as environmental impacts on the economy, healthcare impacts (ie during covid crisis), and political or legal developments. Divesting from fossil fuel is a top concern, both from a long term financial performance standpoint, as well as from the perspective of sustaining human life on earth.

Pension funds in many other countries, states, cities, universities, etc. are divesting their fossil fuel investments, including the UK, Norway, Sweden, New York State and City, London, UH and many more. More than 1,300 institutions with over \$14 trillion have announced divestments from fossil fuels over the last decade. ExxonMobil lost \$20b last quarter, its fourth straight quarter in the red. GM is phasing out internal combustion engine vehicles by 2035.

In order to protect the public fund and its beneficiary retirees from the risks of fossil fuel investments, the Employees Retirement System (ERS) should not invest in any fossil fuel companies, should re-evaluate all of its existing fossil fuel investments, and gradually at appropriate times over the next five years should divest such investments, as the bill provides. The bill allows an exemption for those companies that have more invested in clean renewables than fossil fuels or have a clear path to complete divestment of fossil fuels by 2030.

The bill would reduce risks for retirees' pensions and align the public fund with the State's carbon neutrality goals by ordering the gradual divestment of its fossil fuel investments over the next five years.

Please approve HB557!

Mahalo for the opportunity to testify in **strong support** of this very important legislation.



As a newly retired state educator who has taught sustainability and understands the necessity of transitioning to renewable sources to stop climate change, thank you for this opportunity to testify. I stand OPPOSED to HB557, fundamentally, because **the 5 year time limit of HB557** for ERS to invest in companies with 51% or more of their investments in Renewable Energy (R.E.) **is not realistic.**

First, the infrastructure for profitable, efficient clean-energy production does not even exist in a major way yet. This is evidenced by first, statements of experts in investment on CNBC news this morning (2/8/21); second, my research from the U.S. Energy Information Administration (3/2020) website, specifically with regard to the nation's leading producer of wind energy- Texas, and third, the timing in our nation's new energy policy goals are such that it is unrealistic to think that there will be companies profitable enough to support our state's retirees in 5 years time.

CNBC investment experts today stated it will take the next 1-2 years for oil, and other carbon-based energy sources to stop becoming extremely profitable. Oil stocks, formerly depressed, are value-oriented (versus growth) cyclical stocks, and they are now on the upswing in our economy. And by the way, it is the profits from these non-renewal carbon fuels, that fund many state investments in renewable energy. With many states being strapped for funds now, I expect they will need oil's money more than ever.

The US Energy Information Administration website report (3/2020) cites that Texas (the #1 US state in wind energy production), has only 20% of its energy produced from Renewable Energy sources, and 20% of their RE is in wind energy. They have been working at this, since 1999 when they adopted a renewable energy mandate. In 2005 they set a goal for 5%, which they then met in 2009, with at least 10% renewable energy. So from mandate to 10% RE, it took them 10 years, or 1% a year, to manifest. Even if this pace were to quadruple (which is unlikely given the aforementioned profitability of oil), given the case of wind energy, if it were to grow at 4% a year, in 5 years it could increase from 20% to 40% of its energy from renewable resources, yet this would still be 10% less than that which HB557 is mandating the ERS to invest in.

A final reason to determine HB557 as not worth supporting is to again, look at the pace that our country is moving toward clean energy. Biden's energy mandate goal is to achieve net-zero emissions by no later than **2050** (per Biden.com) which is **29** years from now...and to be on pace, by extrapolation, be at **50% in 15 years**, (or 51% in at least 15.5yrs), **not 5 yrs. as HB557 requires!** Now, I know you all want Hawaii to continue to be the leader in clean energy but realize, ERS needs to invest in profitable energy companies across the nation, to meet its commitment to its retirees, and the national effort of Biden 2 trillion investment to reach the 2050 goal is not all going to "modern sustainable infrastructure," for renewable energy, nor to "innovation from labs and universities." That money is going to be spread out amongst many sectors or infrastructure, like roads, bridges, green spaces, broadband, housing, buildings, ag and conservation, and environmental justice. Most importantly, Biden's specific plan is to build a "**power sector that is American made, and carbon pollution free by 2035,**" - **that's 14**

**years away, and half-way to that point (to get to 50% breakeven, not even a majority) is 7 years away, not 5 years as HB557 requires!**

**So, in summary, it is unreasonable to think ERS could meet the bill's requirements in just 5 years and still meet their fiduciary responsibilities** given (1) our US economies' value-oriented cycle, with expert's projected 1-2 years of carbon fuel's profitability, (2) facts from the US Energy Information Administration which show the slower growth of renewable energy even in the nation's leading state for wind energy -which even if that growth pace is quadrupled, will still fall 10% short of the required "majority" investment in Renewable Energy that the bill requires, and (3) the reality of the slower pace of Biden's national power sector mandate.

There is a famous saying about how to bring desired, needed change into the world. It is from the movie *Field of Dreams...* "**IF YOU BUILD IT, THEY WILL COME.**" Well, in the case of renewable energy, substantial infrastructure has not been built yet, and if you follow the money, it is unlikely that it will be in the next year or two. That leaves only about 3 years to meet HB557's mandate for the ERS to invest in companies with a majority of renewable energy investments. Five years is not long enough for our country or a world (thinking of international investments), in the midst of a pandemic, that has been investing in fossil fuels for over 150 years, to innovate, build, network supply to, and successfully operate, a majority of renewable energy companies for ERS to profitably invest in for the benefit of their retirees so they can meet their so they can meet their fiduciary responsibility to them.

LATE

**HB-557**

Submitted on: 2/8/2021 6:24:00 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Daniela Escontrela	Individual	Support	No

Comments:

I strongly support this bill. Climate change is one of the imminent threats within our lifetimes and fossil fuel companies are overwhelmingly responsible for the rise in greenhouse gases. They have known about the consequences of burning fossil fuels for decades but have actively launched disinformation campaigns causing more damage. Divestment is a proven effective strategy to challenge the political power of the fossil fuel industry. Many companies and institutions are quickly divesting away from this failed industry and it is time for Hawai'i to do the same.

LATE

**HB-557**

Submitted on: 2/8/2021 10:34:38 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Fern Anuene Holland	Individual	Support	No

Comments:

Thank you for supporting this bill representatives!

**HB-557**

Submitted on: 2/9/2021 10:17:16 AM

Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Lowen, Vice Chair Marten and Committee on Energy and Environmental Protection,

Please support HB557.

New York's \$226 billion pension fund will be dropping fossil fuel stocks. The fund will divest from many fossil fuels in the next five years and sell its shares in other companies that contribute to global warming by 2040 (<https://www.nytimes.com/2020/12/09/nyregion/new-york-pension-fossil-fuels.html>).

If New York can do it, so can Hawaii.

Our government has a responsibility to divest from an industry that's destroying our future, and reinvest in solutions to climate change. Renewable energy is cleaner and safer for our environment. We need to modernize the selection of investments within the Employee Retirement System (ERS) to align with resources and technology that are sustainable and environmentally friendly.

Hawaii has extra risks from the climate crisis, with more serious storms, food insecurity, and sea level rise and shoreline devastation. Many Hawaii government workers would prefer their pension investments not be in fossil fuels that harm Hawaii and the planet. Investments in fossil fuels further delays the transition to a renewable energy economy that mitigates the effects of the climate crisis.

The ERS should reduce risks for retirees' pensions and align itself with the State's carbon neutrality goals by gradually divesting its fossil fuel investments over the next five years, as this bill provides.

Thank you so much for your time and attention to this matter. I appreciate the opportunity to testify in support of HB557.

Mahalo,

Caroline Kunitake