

## Request for Information on Possible Agency Actions

Protect life Savings and Pensions from Threats of Climate-related Financial Risk

Z-RIN 1210-ZA30

Email: [kristinedmark@hotmail.com](mailto:kristinedmark@hotmail.com)

I am an individual Name: Kristin Edmark Address: 7611 NE 296<sup>th</sup> Way, Battle Ground, WA 98604

The intent of the executive order is to protect pensions from loss and also to decrease the impacts of climate-related disaster on the US economy and financial systems. Department of Labor must take bold steps because pensions have taken little action even though it has been clear for many years that 1) fossil fuel investments lag the market and decrease profits; 2) climate disaster costs are heavy and increasing; 3) investment by US pensions in fossil fuels is so large that US funding is putting life on the entire world in peril; 4) climate change poses serious and systemic risks to the U.S. economy and financial system/financial stability; 5) the US economy would shift to clean energy if not for massive pension investment in fossil fuels; 6) most citizens in the US are very worried about climate and do not want their money promoting fossil fuels.

Collecting data and even providing helpful metrics is not bold enough to make a difference. For example, it has taken state legislative action and years of work to decrease fossil fuel investment in state pensions. States like Oregon and Washington have shown they can quickly divest from Russian oil with federal guidance. Without clear guidance/goals, pensions will continue on present course. Therefore, it is necessary for Department of Labor to set criteria/definitions and clearly identify investments/companies which are inappropriate for pension investments.

At least half of fossil fuel investment by state pensions is through private equity firms, insurance/investment companies, banks and foreign governments. Department of Labor should name companies which are unacceptable for pension investment. These companies include: The Blackstone Group, The Carlyle group, KKR, Arclight Capital partners, Global Infrastructure Partners, Kayne Anderson/Plains All American Pipeline, Oaktree capital, Warburg Pincus, Riverstone Holdings, Encap, NGP Energy Capital, Brookfield, Apollo, TPG, CVC.

[https://pestakeholder.org/wp-content/uploads/2022/02/PESP\\_LS\\_PrivateEquityDirtyDozen\\_Feb2022-Final.pdf](https://pestakeholder.org/wp-content/uploads/2022/02/PESP_LS_PrivateEquityDirtyDozen_Feb2022-Final.pdf).

JP Morgan Chase, CITI, Wells Fargo, Bank of America, RBC, MUFG, Barclays, Mizuho, Scotiabank, BNP Paribas, TD, Morgan Stanley, HSBC, Goldman Sachs, Bank of Montreal, Bank of China,

[https://www.bankingonclimatechaos.org//wp-content/themes/bocc-2021/inc/bcc-data-2022/BOCC\\_2022\\_vSPREAD.pdf](https://www.bankingonclimatechaos.org//wp-content/themes/bocc-2021/inc/bcc-data-2022/BOCC_2022_vSPREAD.pdf)

Continued investment in these indirect investment in fossil fuels causes at least as much damage to the US economy, the climate and financial stability.

The rest of the world is transitioning to clean energy. Without effective measures by the federal government, US pensions and US economy will remain in fossil fuel investments with diminishing value and will have lost out on growth of clean energy technologies. Instead of being a leader, the US will remain second only to China in accelerating climate losses. Unless the Department of Labor identifies which assets pose climate-related risk and publishes progress toward US climate commitments, change, if any, will not be fast enough to avert serious and systemic damage to the U.S. economy and financial system/financial stability as well as citizens' life savings.

The follow address questions posed in the request for information:

1, Department of Labor should issue recommended guidelines to private and public pensions under ERISA and measure progress toward those recommendations annually. A press release to media should be issued annually with results. Department of Labor should provide mandates for all pensions under FERSA and measure progress toward those recommendations annually.

The ERISA recommendations/FERSA mandates should put the US in a position to exceed US internationally agreed climate goals.

2, Climate-related financial risk should include investments lagging the market due to transition from fossil fuels. Department of Labor should establish a list of specific inappropriate assets which meet both criteria of 1) being an asset which promotes use of fossil fuels and 2) has been underperforming in relation to other assets or would be expected to underperform in a net-zero green-house emissions economy. Internationally recognized lists like CU200+ and the Coal Exit List are available. Also inappropriate for pensions are investments in companies/projects which promote reliance on fossil fuels like banks, equity firms and investment firms which have made loans or investments or have holdings in companies which are involved with fossil fuel production, midstream, support or distribution. Department of Labor should specify entities inappropriate for pension investments, set a recommended time schedule for decrease of these assets and annually measure pension progress toward the goal of elimination of such investments.

The most significant climate-related financial risk is that of chaos from warming accelerating at a pace too quickly for people to adapt or beyond a point that life as we know it today can exist. Department of Labor should identify specific inappropriate companies/investments or provide a clear criterion to identify specific companies which need to be phased out because of the amount of money they are investing in operations/projects which promote use of fossil fuels. For example, Wells Fargo Bank is not a fossil fuel company but provided \$46.215 billion to new fossil fuel projects in 2021. ([BOCC 2022 vSPREAD.pdf](#) ([bankingonclimatechaos.org](#)) KKR is not a fossil fuel company but is making new billion dollar investments in fossil fuels. [KKR Expands Fracking and Natural Gas Assets Further with New Deals – Private Equity Stakeholder Project](#) ([pestakeholder.org](#))

Climate-related financial risk also includes underlying assets being excessively vulnerable to the increased risk created by climate change such as increased risk of burning, violent winds or flooding. In my opinion, these risks are mostly being taken into consideration and may not warrant reporting.

#### **Data Collection Regarding ERISA-Covered Plans**

3, EBSA should identify specific assets/investments/companies which are not appropriate for investments by pensions because of poor performance and fossil fuel promotion or because of promotion of fossil fuels by holding fossil fuel assets or new investment in fossil fuels. In my experience, persons who have worked in pension investing develop friendships with investment public relations persons; these relationships make it difficult for them to develop meaningful criteria for specific investments. It is important for EBSA to develop those criteria, definitions and guidelines in order for them to be developed at all in most cases.

It is not necessary to provide information on climate caused risks like increased risk of burning, violent winds or flooding usually these are known.

4, Form 5500 would be a good reporting tool.

I do not feel it is necessary for ENSA to collect ESG and climate goals from pensions because I do not feel that actual investments reflect ESG goals in the case of climate-related investments.

Similarly, it is not necessary for EBSA to collect information on proxy voting since these votes are only recommendations and have not been shown to meaningfully effect investments. Proxy voting will not make meaningful change quickly enough to be of any consequence.

Department of Labor should provide a list of investments/companies which are not appropriate for pensions and recommendation as to how ERISA pensions should decrease these investments to be net zero in a time

frame to meet US internationally agreed upon climate goals. Form 5500 should require pensions to report their progress decreasing these assets. FERSA progress should be mandatory.

5, No comment

6, Yes, investment information regarding specific investments should be available to every employee covered by that pension. A website or inquiry method is good enough. There is so little time left to slow climate destruction that additional reporting should not be a priority because it cannot make the necessary changes quickly enough.

#### **ERISA Fiduciary Issues**

7, Department of Labor must provide clear guidelines and clear goals which will meet/exceed US greenhouse gas goals. Even the best ESG metrics, tools and goals do not seem to be producing results. The intent of federal guidelines is also to decrease US contribution to the climate crisis. Clear guidelines toward real goals are necessary. Polls show most US citizens are concerned about climate.

8, No comment

#### **FERSA**

9.and 10. Department of Labor should provide TSP a specific list of investments/companies which are not appropriate for TSP and mandate annual reporting on progress toward investments which would not contribute to greenhouse-gas production and would allow the US to meet international climate goals.

11. Public and private pensions must be given clear goals which will not permit investment in companies which prolong use of fossil fuels. All should be given a clear list of unacceptable investment/companies, definitions and plan to reduce investments in fossil-fuels.

12. The audit should identify all individual investments in companies which 1) are involved in fossil fuel production, midstream, support and distribution. 2) All Utilities deriving most of their energy from fossil fuels, 3) banks, equity firms and investment firms which have made loans or investments or have holdings in companies which are involved with fossil fuel production, midstream, support or distribution.

13. ESG policies are rarely strong enough or followed closely enough to cause real change. It is not important to collect information on ESG.

14. Asset managers should quickly reduce all investments in companies which 1) are involved in fossil fuel production, midstream, support and distribution. 2) utilities deriving most of their energy from fossil fuels, 3) banks, equity firms and investment firms which have made loans or investments or have holdings in companies which are involved with fossil fuel production, midstream, support or distribution.

FERSA should provide a list of specific investments which are not appropriate for pensions, mandate that they be liquidated as possible and monitor progress toward that goal.

15 and 16. No comment

17. FERSA must mandate that investments be discontinued which encourage fossil fuel dependence and are underperforming. FERSA should mandate that investments be discontinued which are increasing greenhouse gas production such as investments in private equity firms, equity managers or banks with significant loans, investments or holding in fossil fuels.

18. I do not favor an ESG option. Employees concerned about climate should not be required to have funds promoting fossil fuels. However, the money from pensions will still accelerate climate destruction if pensions are allowed to continue to promote fossil fuels. All pension funds should decrease climate-related risk. It is unfair and not responsible to allow pensions of less informed participants to underperform.

#### **Miscellaneous**

19. No Comment

20. Evidence is well published related to fossil fuel investments lagging the market and regarding risk from the effects of climate change. I feel EBSA efforts are better spent elsewhere.

21 and 22. Education of participants is important; but, I feel, people are showing they are concerned. Polls, legislation, voting and participation in climate related groups all show that climate is a priority. People follow the stock market. Yet, state pensions have required legislation in order to decrease investment in fossil fuels.