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To: [Office State Actuary, WA](#)
Subject: Testimony for May 20, 2025 Joint Committee on Pension Policy
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Dear SCPP Staff,

I wasn't sure if my testimony went through on the legislative website, so I am sending it to you too. Thank you for forwarding my comments below to the committee.

Barbara Carey

Dear Members of the Joint Committee on Pension Policy,

The WSIB has done a great job protecting Washington State pension investments for many years. I am a very grateful PERS3 retiree from the Department of Ecology, where I worked as a hydrogeologist for 35 years. I am also a member of RPEC and a former WFSE member. While I deeply appreciate the highly professional efforts of the WSIB to carry out their fiduciary duties, a serious new financial risk has emerged in recent years that requires increasing and immediate attention—climate risk-- as scientists and actuaries are warning ([Climate change could cut GDP by 50%](#)).

Washington is a climate leader in most areas but not in the WSIB investment area. While Washington has phased out coal-burning facilities and has a legal mandate under the [Clean Energy Transformation Act](#) to transition to net zero emissions by 2045, the WSIB has no plan to transition off fossil fuels—not even from coal, the dirtiest form of energy production. The WSIB needs to get out of all fossil fuel investments, and a net zero emissions plan with strong, clear targets corresponding with other Washington State agencies is a much-needed component of a state investment board's fiduciary duty.

Getting out of coal investments is a relatively easy first step in transitioning to net zero that New York, California, Oregon, and New York City have already begun if not completed [comparison-of-us-pension-funds-net-zero-plans](#)

Senator Noel Frame sponsored the Washington Coal Act, SB 5439, with 6 co-sponsors during the last legislative session. The WSIB provided input to Senator Frame, stating that the WSIB had only \$119 million invested in coal and had reduced its exposure to coal from 0.33% in 2012 to and only has 0.07% in 2024. The bill was not scheduled for a hearing as we were told that the WSIB is reducing its coal investments and will probably continue to do so.

Unfortunately, the method used by the WSIB to classify holdings only takes into account

companies whose **primary source of revenue is thermal coal** according to the MSCI Global Industry Standards Classification (GCIS). This method **eliminates huge coal operations that are parts of much larger companies that are dwarfed by their other trading businesses.**

On the other hand, the Global Coal Exit List (GCEL) used in the proposed WA Coal Act, is internationally recognized and used by investors, banks, insurance companies, pension funds, and asset management companies around the world to get a clear view of major coal operations worldwide. Investors representing almost \$20 trillion in assets use the GCEL to evaluate their investments. The GCEL indicates the WSIB has \$2.6 billion in public coal investments. That's 24 times more than the WSIB counts in its coal holdings! We're talking billions of dollars with 9 decimal places in coal companies!

The method used by the WSIB to track coal investments makes it almost impossible to track investments, while the GCEL provides a clear, annually updated status of coal producers.

The recently passed SB 5036 to improve our state climate transparency efforts echoes the need for more transparency in WSIB investments. As bill sponsor, Senator Matt Boehnke, stated: "This law is about accountability, transparency, and making sure we're using real data, not guesswork, when making decisions about Washington's energy and environmental policies. Good data equals better decisions. We can't fix what we don't measure. By getting annual updates, the Legislature and the public will have better tools to evaluate whether we're on track or need to change course." Improved data transparency is likewise needed for the WSIB so that the Legislature and the public can evaluate the effectiveness of climate risk actions.

The WSIB also explained in an email to Senator Frame that some WSIB coal investments "fall in the category of "brown-to-green" investments, whereby companies are actively transitioning from greenhouse gas-intensive energy production or consumption to renewable energy sources." The example the WSIB gave for such an investment, NTPC, is the largest power company in India—and all coal! NTPC's generating capacity of 71 gigawatts is equivalent to **92 Centralia coal plants**, and while it claims to be adding 60 gigawatts of renewable energy by 2032, it is currently **EXPANDING its coal production by the equivalent of 11 Centralia coal plants--** not including its **many** subsidiaries.

The WSIB should be complying with their fiduciary duty to act in the best interests of its beneficiaries. **This is not politics, this is prudence.** Pensions are tasked with providing long-term protection of assets, not short-term gambles. Coal is dying out in the U.S. and is being replaced by much less expensive renewables as explained in detail by the Institute for Energy Economics and Financial Analysis [IEEFA-A clear-eyed view of coal](#). Coal is not a good long-term investment.

Coal produces more greenhouse gases than any other energy form not to mention toxic

emissions that researchers [estimate](#) have caused 460,000 premature deaths in the US between 1999 and 2020.

Moving \$2.6 billion from coal over 3-5 years into other investments is not a large ask for a \$200 billion portfolio. Fiduciary duty is a hallmark of the WA Coal Act. The WSIB is good at making investments with healthy returns. California and Oregon have both passed coal divestment bills. CalPERS returns increased nearly [\\$600 million](#) in 2022 after divesting from coal according to Wilshire, CalPERS' consultant. Washington needs to step up and join climate leaders and safeguard our retirements.

Please consider the following:

- Support SB 5439, the Washington Coal Act.
- Urge the WSIB to divest from all holdings listed in the Global Coal Exit List and stop new investments in companies listed on the Global Coal Exit List.
- Develop legislation specifying that the WSIB develop a strong net zero emissions plan by 2026 that contains clear targets, annual reporting, and oversight by the Joint Select Committee on Pension Policy—with input on the plan beforehand from a panel of climate and economic experts.

Thank you for considering my comments.

Barbara Carey

Olympia, WA

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