

Ohio Police & Fire Pension Fund

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March 6, 2023

Dear Chair Matt Dolan, Vice-Chair Jerry Cirino, Ranking Member Vernon Sykes and members of the Ohio Senate Finance Committee:

We write on behalf of the Trustees, members, beneficiaries and stakeholders of the Ohio Police and Fire Pension Fund (OP&F) as parties interested in the discussions regarding Senate Bill 6, a bill expressing concern on what has come to be known as ESG (environmental, social and governance) investing theories.

It is first important to distinguish between examining these three due diligence factors when deciding upon an individual investment and ESG as a portfolio management strategy designed to further certain political causes. The former are important, along with many other factors, in evaluating the sustainability of an investment. The latter is not appropriate as a singular focus. OP&F does not engage in ESG investing to further or inhibit political goals, and believes to do so would violate our fiduciary duty to our members.

While we advocate for no statute attempting to place factors other than our fiduciary duty as relevant to investment decisions, an examination of the language in the current version of Senate Bill 6 recognizes our fiduciary duty and OP&F's investment responsibilities to act "with the sole purpose of maximizing the return on its investments" (Ohio Revised Code 742.10).

OP&F cannot support legislation that makes these interests secondary to any other objective, or that promotes benefits or goals unrelated to the economic interests of our pension plan participants, including shareholder-sponsored proposals focused on ESG issues.

A well-diversified portfolio is a strong portfolio. Consistent with the Board's Investment Policy, our due diligence efforts and with the input of our staff and consultants, we seek to identify investments that are in the best economic interest of the portfolio. We must uphold our duty to pursue those opportunities – regardless of political disputes on certain social or environmental issues.

I trust that the legislative process will conclude with a decision that will not harm Ohio's public retirement systems and the thousands of Ohioans we represent. We thank you for the opportunity to comment and remain at your service to provide information needed when considering the bill.

Respectfully,



Mary Beth Foley, Esq.
Executive Director