

Senate Bill 361

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies prudent investor rule to allow trustee to consider environmental, social and governance factors of investments when making investment decisions.

A BILL FOR AN ACT

1
2 Relating to the prudent investor rule; amending ORS 130.755.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 130.755 is amended to read:

5 130.755. (1) A trustee shall invest and manage trust assets as a prudent investor would, by
6 considering the purposes, terms, distribution requirements and other circumstances of the trust. In
7 satisfying this standard, the trustee shall exercise reasonable care, skill and caution.

8 (2) A trustee's investment and management decisions respecting individual assets are not eval-
9 uated in isolation, but in the context of the trust portfolio as a whole and as a part of the overall
10 investment strategy having risk and return objectives reasonably suited to the trust.

11 (3) A trustee shall consider all relevant circumstances in investing and managing trust assets,
12 including any of the following that are relevant to the trust or the beneficiaries of the trust:

13 (a) General economic conditions;

14 (b) The possible effect of inflation or deflation;

15 (c) The expected tax consequences of investment decisions or strategies;

16 (d) The role that each investment or course of action plays within an overall trust portfolio,
17 which may include financial assets, interests in closely held enterprises, tangible and intangible
18 personal property, and real property;

19 (e) The expected total return from income and the appreciation of capital;

20 (f) Other resources of the beneficiaries;

21 (g) Needs for liquidity, regularity of income and preservation or appreciation of capital; and

22 (h) An asset's special relationship or special value, if any, to the purposes of the trust or to one
23 or more of the beneficiaries.

24 (4) A trustee shall make a reasonable effort to verify facts relevant to the investment and
25 management of trust assets.

26 (5) A trustee may invest in any kind of property or type of investment consistent with the
27 standards of ORS 130.750 to 130.775.

28 **(6) A trustee may consider any material financial and extra financial factors that affect**
29 **the investments of the trust, including environmental, social and governance factors.**

30 [(6)] (7) A trustee who has special skills or expertise, or is named trustee in reliance upon the

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 trustee's representation that the trustee has special skills or expertise, has a duty to use those
2 special skills or expertise in investing and managing trust assets.

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