

Resolution from the NYC Teachers Retirement System Pension Board Trustees  
Approved March 8, 2018

Resolution Regarding NYC Pension Funds  
Divestment and Exclusion Strategy for Fossil Fuel Reserve Owners

WHEREAS, the issue of climate change is already having and will continue to have a profound impact on our society and economy; current and future changes in risk, regulations, and attitudes towards the use of fossil fuels should be taken into account as we evaluate our investment portfolio; and

WHEREAS, it is important for us as fiduciaries to consider the various ways that we should assess and mitigate the risks that different sectors and industries have from the impacts of climate change, the long-term transition to a less carbon-intensive economy, and the potential for fossil fuel reserves and companies to lose a substantial portion of their value; and

WHEREAS, the Board has taken action to address the risks of climate change for our portfolio, including integrating environmental, social and governance (ESG) factors in investment decisions and taking leadership in actively engaging portfolio companies to reduce their carbon footprint; and

WHEREAS, the Board has completed a carbon footprint analysis of our public equity assets, an assessment of potential climate change investment risks to our portfolio, and a review of approaches to integrating climate change risks and opportunities in our asset allocation, manager selection and risk management; and these assessments and reviews have demonstrated that it would be in the interests of the System and its beneficiaries to consider additional prudent investment actions that protect our portfolio from potential impacts of climate change and prepare it for a transition to a low-carbon economy; and

BE IT RESOLVED, that the Board will initiate a process for determining a prudent strategy that responsibly reduces our portfolio's exposure to carbon risk in general and specifically to fossil fuel reserve owners' securities and mitigates financial risks resulting from climate change, consistent with our fiduciary duty; and

BE IT RESOLVED, that in order to protect the long-term interests of our beneficiaries and determine the most efficacious way to safeguard our portfolio from the economic risks of climate change, the Board will utilize an investment consultant to review potential prudent steps to divest and exclude from our portfolio the securities issued by fossil fuel reserve owners including evaluating the anticipated impacts on risk and return characteristics of the portfolio, and then following this divestment analysis, the Board will determine whether any divestment plan and actions that may be implemented are consistent with the Board's fiduciary duty to beneficiaries.