

NEW YORK STATE  
TEACHERS' RETIREMENT SYSTEM  
10 CORPORATE WOODS DRIVE, ALBANY NY

Board Meeting

A meeting of the Retirement Board of the New York State Teachers' Retirement System was held via Cisco WebEx on December 28, 2021.

The following individuals were in attendance via WebEx:

Board Members: Juliet Benaquisto, Elizabeth Chetney, Eric Iberger, David Keefe, Ruth Mahoney, Christopher Morin, Oliver Robinson, Nicholas Smirensky

NYSTRS' Staff: Thomas Lee, Joseph Indelicato Jr., Noreen Jones, Ken Kasper, Richard Young, Paul Cummins, Dave Gillan, Miriam Dixon, Mike Gregoire, Ed Rezny, Danny Malavé, Matt Albano, Nathan Lee, Ryan Ranado, Don Ampansiri, Ben Lee, Yiselle Ruoso, John Rosenberg, Brad Woolworth, Matt Tice, Joe Carey, Chris Brown, Aaron Vanderwiel, Heidi Brennan, Justin Milanese, Stacey Lesser Meehan

System Consultants

Tom Shingler – Callan

Max Messervy – Mercer

Harvey Leiderman – Reed Smith

Steve Greenberg – Greenberg PR

Visitors

Bernard Tuchman, Ruth Foster, Miriam Hoffman – DivestNY

Bridget Hickey – FundFire

Mark Dunlea

The meeting was called to order by D. Keefe, President, at 9:29 a.m.

President Keefe turned the meeting over to N. Smirensky, Chair of the Investment Committee, who summarized the Investment Committee's actions at its meeting earlier in the morning, among them being the adoption of a resolution recommending changes to NYSTRS' portfolio regarding climate change actions.

The resolution regarding climate change actions was brought before the Board.

Upon motion of R. Mahoney, seconded by D. Keefe and unanimously carried by the Board, the following resolution was adopted:

WHEREAS, the System is a long-term investor participating in broad global markets that are transitioning to a lower-carbon economy; and

WHEREAS, consistent with its fiduciary duties, the Board is engaged in a comprehensive, deliberative due diligence process of evaluating the long-term economic impact of climate change on the System's investments; and

WHEREAS, the Board believes that the combustion of fossil fuels generates greenhouse gases that contribute to climate change, and that governmental and market forces reacting to climate change may alter the risk and return expectations of companies in the fossil fuel industry; and

WHEREAS, the Board recognizes that market prices of publicly traded fossil fuel companies might not fully reflect the risks of climate change because of a current lack of disclosure standards regarding the physical, transition and other risks of climate change; and that the evaluation of fossil fuel companies' climate transition plans is a component of the Board's climate risk analysis; and

WHEREAS, the Board's evaluation of climate change impacts is currently focused on companies engaged in the fossil fuel industry that are directly held in the System's public equities portfolios, including the expected changes in the risk and return profiles of such companies over the long term, which changes may adversely impact the value of the System's investments in such companies; and

WHEREAS, based upon the data and advice presented to the Board by its investment staff, its independent investment consultants and its independent fiduciary counsel, the Board has determined that there is a rational nexus between the long-term economic risks facing companies in the fossil fuel industry and the long-term risks they pose to the System's investment in such companies, for which the System may not be compensated by commensurate returns; and

WHEREAS, the Board believes that it is in the best interests of the System's members and beneficiaries, consistent with the Board's fiduciary duties, for the System to take initial actions to mitigate climate change risks in the System's portfolio and to adopt an initial climate plan on the terms described in these resolutions.

NOW THEREFORE, BE IT

RESOLVED, the Board hereby authorizes the Executive Director and Chief Investment Officer, or designees, to adopt and implement an initial climate action plan as follows:

1. Divest from all of the System's directly held public equity securities in companies that derive more than 10% of their revenue from thermal coal (the "Divestment List").
2. For directly held public equity securities in the System's internally managed portfolios and externally managed passive portfolios, cease further purchase of shares in companies that meet the following criteria (the "Restricted List"):
  - a. The ten largest positions held by the System in companies that have more than 0.3 gigaton of potential CO<sub>2</sub> emissions from thermal coal reserves;
  - b. The ten largest positions held by the System in companies that (i) derive more than 20% of their revenue from oil and gas, or (ii) have more than 0.1 gigaton of potential CO<sub>2</sub> emissions from oil and gas reserves; and
  - c. Companies that derive more than 10% of their revenue from oil sands.
3. Prioritize the companies on the Restricted List for engagement efforts, to the extent that the System directly holds equity securities in such companies, seeking to engage with such companies on their climate transition plans.
4. Periodically review, and update as needed, the Divestment List and the Restricted List based on the criteria set forth above, no less frequently than annually.
5. Monitor the actions taken under this initial climate action plan and their impact on the System's investment portfolio and recommend to the Board (i) any additional actions with regard to the companies on the Restricted List, and (ii) any changes to this initial action plan, in each case, as appropriate under the circumstances.

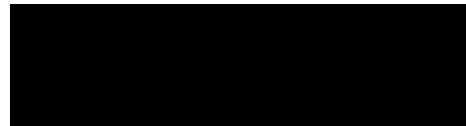
6. Take the foregoing actions expeditiously and in a prudent manner so as to minimize market impact and potential adverse impact on the value of the System's holdings affected by this initial climate action plan.

AND BE IT FURTHER

RESOLVED, the Board finds and concludes that the foregoing actions are consistent with the Board's fiduciary duties to the System and its members.

There being no further business, the meeting adjourned at 9:35 a.m.

Respectfully submitted,

A solid black rectangular box redacting the signature of Thomas K. Lee.

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Thomas K. Lee