



New York State
Teachers'
Retirement
System

Stewardship Report

January 2026

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Executive Summary

As fiduciaries, NYSTRS' Board must be responsible and thoughtful stewards of the fund and act for the exclusive benefit of NYSTRS' members and beneficiaries. This deliberate approach is essential to help ensure the System meets the retirement benefit payroll and therefore fulfills its mission to provide our members with a secure retirement.

Two leading indicators of a pension plan's strength include its funded ratio and long-term returns (net of fees). NYSTRS is estimated to be fully funded based on the actuarial valuation of assets, which compares the actuarial value of assets to accrued benefit liability. As of June 30, 2025, the System's 10-, 20- and 30-year annualized net rates of return were 8.4%, 7.8% and 8.4%, respectively.

This history of success is due to NYSTRS' prudent approach to asset management and analysis of risk. The System is grounded in the principle of universal ownership, reflecting a long-term perspective on global markets. To ensure we can meet our fiduciary responsibility, we identify long-term risks to our portfolio through measurement and assessment.

To manage risks identified by Stewardship, the System can engage with companies in which we invest and vote our proxies.

Throughout 2025, the System did the following:

- Continued monitoring our directly held public equity portfolio for companies deriving more than 10% of their revenue from thermal coal.
- Performed internal risk assessments of the 26 companies meeting the Restriction Criteria from the last fiscal year and focused on engagement with these companies on identified risks.
- Updated the list of companies meeting the Restriction Criteria for the current fiscal year to prioritize for engagement and analysis in the coming year.
- Made one new fund commitment totaling \$50 million in the private equity allocation of our portfolio within the energy transition space.
- Maintained LEED certification of all of our directly owned office/life science buildings within the real estate allocation of our portfolio and maintained LEED Gold certification for our own headquarters in Albany.
- Focused on assessing physical risk through engagement conversations and assessment of our portfolio holdings to understand how extreme weather events may impact our assets and operational costs.

NYSTRS' Mission: To Provide Our Members with a Secure Pension

Our status as one of the best-funded public pension plans in the nation is a distinction the System holds in very high regard.

NYSTRS was established as a defined benefit plan in 1921 by an act of the state legislature. The Retirement System administers the fund from which public school teachers and administrators employed outside New York City receive retirement and ancillary benefits. Benefits provided by the Retirement System are funded from three sources: employer contributions, member contributions and income from investments.

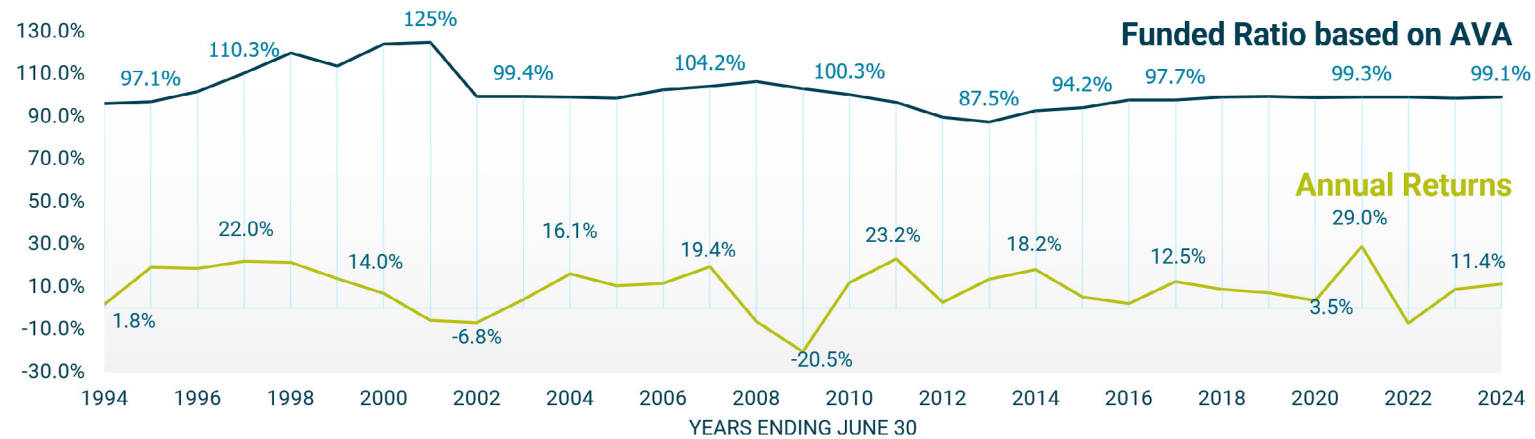
The System has a well-diversified and prudently managed investment portfolio that provides appropriate long-term risk adjusted returns. This diversification of assets helps us earn the highest possible long-term rate of return within appropriate risk levels. NYSTRS' total fund performance results for the 30-year period ending June 30, 2025 are at the top 10th percentile compared to peers, according to a survey of public fund sponsors¹.

As such, the System is estimated to be 100% funded based on the actuarial value of assets as of June 30, 2025.

NYSTRS serves nearly 460,000 active members, retirees and beneficiaries. During the last fiscal year, the System paid \$8.7 billion in benefit payments. Over the 30-year period from July 1, 1995 to June 30, 2025, the System paid \$161.8 billion in benefit payments and expenses. During that same period, approximately 85% of the System's income was generated from investments, far exceeding the industry average of approximately 60%².

NYSTRS' Funding and Investment Progress

History of Annual Returns and Funded Status Through June 30, 2025



30-year annualized rate of return (net of fees): 8.7%

¹ Callan, NYSTRS Asset Allocation and Performance Statistics as of June 30, 2025. The "Callan Public Fund Sponsor Very Large Peer Group" consists of 57 constituent funds with average Assets Under Management (AUM) of \$45.6 billion and a median AUM of \$28.1 billion. The peer group includes Callan clients and anonymously shared data from BNY Mellon and Investment Metrics.

² National Association of State Retirement Administrators (NASRA) Public Fund Survey for FY 2024 (published in December 2025).

The Board's Fiduciary Duties, Investment Beliefs and a Responsible Investment Pathway

NYSTRS' Board has strict fiduciary duties under New York State regulations (11 NYCRR §136-1.6) and applicable law:

“The administrative heads are fiduciaries and as such shall act solely in the interests of the members and beneficiaries of the systems they administer. They shall perform their responsibilities in a manner consistent with those of a reasonably prudent person exercising care, skill and caution.”

The Board is committed to its fiduciary duties to act in the best interest of the System's members and to prudently manage System assets using appropriate skill, care and diligence.

The Board's unequivocal focus at all times is to ensure the System is sufficiently funded in order to fulfill its mission of providing our members with a secure pension.

To that end, the Board developed a set of Investment Beliefs to provide a consistent and transparent framework to guide the System's investment decision-making process. The Beliefs reflect NYSTRS' fiduciary responsibility to plan participants and beneficiaries and its commitment to the System's mission, vision and values.

Visit the [Investments section](#) at [nystrs.org](#) to read the Investment Beliefs.



Asset Allocation

NYSTRS is a universal owner of the global public markets, with a highly diversified, long-term portfolio. We hold the following convictions about the capital markets:

- Markets are generally efficient.
- Passive management provides broad, diversified exposure, while active management can yield benefits when the investment manager has an informational, technical or operational advantage.
- Alternative investments allow the System to expand the opportunity set beyond public markets and can be used as a return enhancer and risk diversifier.



Risk

NYSTRS' risk management program is designed to identify, assess and address significant risks, including the ability to manage System assets relative to liabilities, meet liquidity requirements and maintain an appropriate funding level.



Stewardship

NYSTRS' view on stewardship centers on making prudent investment choices consistent with our fiduciary duties under a disciplined risk-controlled strategy. Our mission is to monitor and develop NYSTRS' stewardship initiatives, working across our investment portfolio and with peer asset owners, regulators, and the companies with which we invest.

The System's stewardship priorities include:

- Promoting responsible corporate governance, consistent with our Duty of Loyalty to act for the exclusive benefit of NYSTRS' members and beneficiaries.
- Being active owners of public and private companies.
- Collaborating with other institutional investors to harness collective influence in engagement efforts.
- Building partnerships and sharing knowledge and best practices with asset owner peers.
- Actively participating with external organizations to help shape future rules and regulations related to sustainable investing.
- Conducting annual risk assessments of companies under the Restriction Criteria.
- Managing and approving proxy votes per our Responsible Stewardship policy.

Our View on Responsible Stewardship

As fiduciaries, NYSTRS' Board must be responsible and thoughtful stewards of the fund and act for the exclusive benefit of NYSTRS' members and beneficiaries. This deliberate approach is essential to help ensure the System meets the retirement benefit payroll and therefore fulfills its mission to provide our members with a secure retirement.

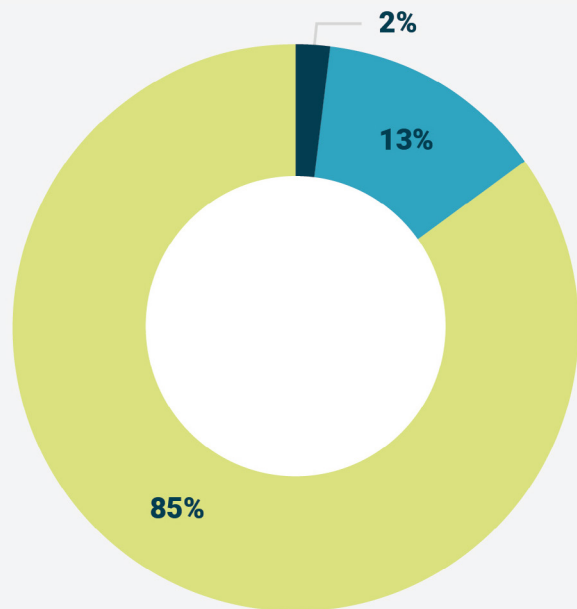
NYSTRS approaches this from the starting point that we are universal owners with a long-term view of the markets. To ensure we can meet our fiduciary responsibility, we identify long-term risks to our portfolio through measurement and assessment.

What are universal owners?

Universal owners are investors with highly diversified and long-term portfolios that are representative of global capital markets.

NYSTRS Pension Dollar

30 years ending June 30, 2025



	PERCENT
Investment Income	85%
Employer Contributions	13%
Member Contributions	2%

Three funding sources make up the NYSTRS pension dollar: investment income, employer contributions and member contributions.

Providing our members with a secure pension is a shared responsibility. Over the past 30 years, earnings on investments and member contributions produced the bulk of NYSTRS' income. Taxpayers contribute by way of employer contributions. The result of this shared commitment is a well-funded plan.

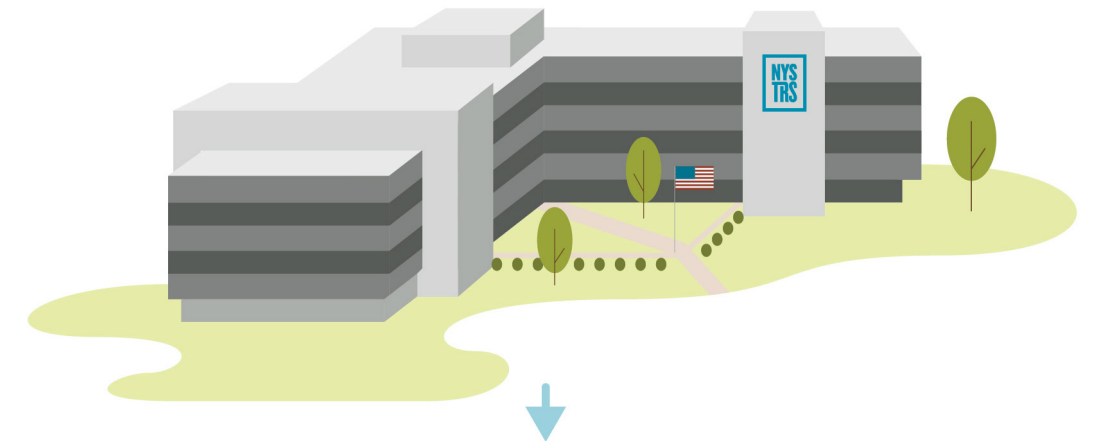
NYSTRS: A 30-Year Snapshot

as of June 30, 2025

\$36.2 Billion
Employer Contributions

\$5.2 Billion
Member Contributions

\$227.7 Billion
Investment Income



\$161.9 Billion
Benefit Payment & Expenses

1995
Net Assets
\$47.0 Billion



2025
Net Assets
\$154.2 Billion

Universal Ownership at Work

NYSTRS owns a diversified portfolio, representing a significant slice of the entire economy. In the energy sector, for example, we invest across the full energy spectrum, spanning both traditional and emerging sources. As the market continues to evolve, so do our investments. Here are some examples of how a typical home can be impacted through changes made by the companies we invest in:

Vehicles

Electric cars use energy stored in a battery to power the vehicle instead of fossil fuels.

The following are some of our current holdings producing electric cars:

- Ford Motor Company
- General Motors Co.
- Honda Motor Co. LTD
- Hyundai Motor Co.
- Tesla Inc.
- Toyota Motor Corp.

Appliances

ENERGY STAR appliances meet energy-efficiency requirements set by the U.S. Environmental Protection Agency.

The following are some of our current holdings developing efficient home appliances:

- Amber Enterprises India LTD
- Haier Smart Home Co. LTD
- Midea Group Co. LTD
- Whirlpool Corp.

Lights

Efficient lights, like LED light fixtures, use less energy to provide the same quality of light.

The following are some of our current holdings developing energy-efficient lighting:

- Acuity Brands Inc.
- General Electric
- Hubbell Inc.
- Koninklijke Philips N.V.
- Signify N.V.

Roof

Solar panels harness the sun's energy and turn it into electricity. This renewable energy source can provide enough energy for residential needs.

The following are some of our current holdings developing renewable energy storage:

- Enphase Energy Inc.
- First Solar Inc.
- SolarEdge Technologies Inc.
- Sunrun Inc.
- Tesla Inc.

HVAC

Heat pumps are energy-efficient alternatives to furnaces and air conditioners.

The following are some of our current holdings developing efficient heating and cooling solutions:

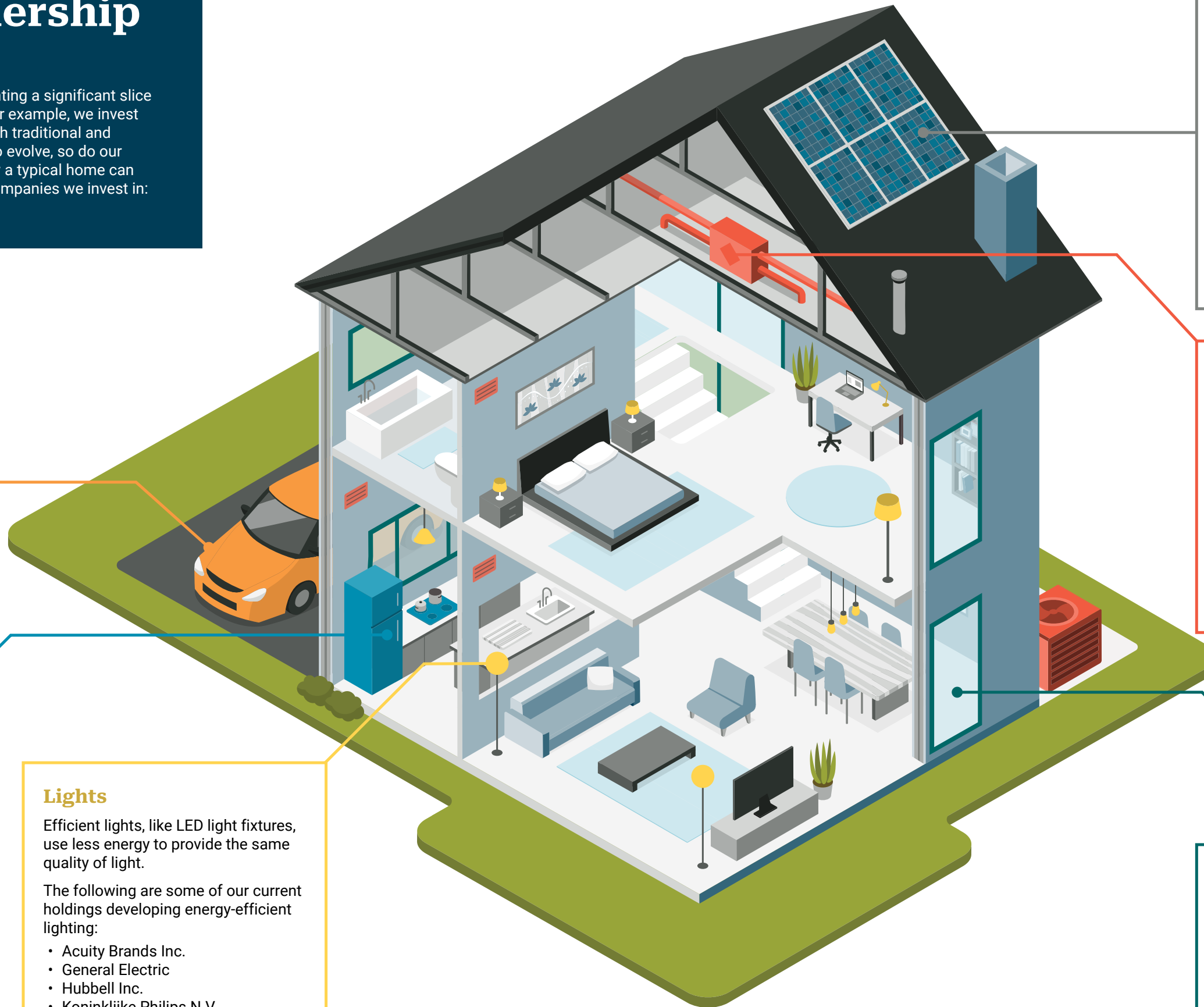
- Carrier Global Corp.
- Daikin Industries LTD
- Lennox International Inc.
- NIBE Industrier
- Trane Technologies PLC

Windows & Doors

High performance windows and doors help insulate a home, preventing heat and cool air from leaking out.

The following are some of our current holdings developing energy-efficient doors and windows:

- Builders FirstSource Inc.
- Compagnie de Saint-Gobain SA
- Kingspan Group PLC
- LIXIL Corp.



NYSTRS' holdings are listed for illustrative purposes only; NYSTRS does not endorse or recommend any securities of, or any product or service offered by, these companies.

Responsible Stewardship and Climate Risk

NYSTRS Retirement Board's Investment Beliefs, detailed in the Board Governance Manual, provide a consistent and transparent framework to guide the System's investment decision-making processes. Stewardship is one strategic component within our Investment Beliefs.

Under this pillar, key areas include:

Make prudent investment choices under a disciplined risk-controlled strategy.

Be active owners of the companies we invest in through efforts such as direct engagement and proxy voting.

Work together with other long-term institutional investors to engage with companies.

Participate with external investor organizations to shape future regulation and disclosure standards related to identified key long-term portfolio risks.



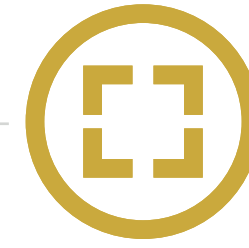
Risk



Ownership



Collaboration



Rules & Frameworks

The Energy Transition

It is through the framework noted above that NYSTRS has approached an independent analysis of climate risk and the challenges posed by the energy transition and further assessed how they pertain to the System's mission to provide retirement security to our members and beneficiaries. Our analysis includes:

Identifying the measures driving climate risk (i.e., greenhouse gases/carbon emissions) and estimating the impact on our portfolio through scenario analysis.

Engaging actively with companies we own on their transition plans and progress toward those plans, and voting proxies in line with addressing the risks identified.

Joining organizations such as Climate Action 100+, an investor-led global coalition that engages with the top 100+ greenhouse gas emitters to take necessary action, Climate Engagement Canada (CEC), an initiative that drives dialogue between finance and industry to promote a just transition to a net zero economy, and the Ceres Investor Network, which works with institutional investors to advance sustainable investing practices.

Working with organizations like the International Financial Reporting Standards Foundation, which brings together asset owners, asset managers and standard setters on material and important metrics for disclosure.

Our Engagement Partnerships

We utilize collaborative engagement, which is important in advancing our stewardship priorities and helping to ensure we can more effectively address risks we have identified to our portfolio. Examples of this collaboration include:

- Involvement with Climate Action 100+ (CA100+), with over 600 investors joining together to engage with 169 focus companies globally
- Involvement with Climate Engagement Canada (CEC), with over 60 participants joining together to engage with 40 Canadian focus companies
- Member of the International Financial Reporting Standards Foundation ISSB Investor Advisory Group

Together CEC and CA100+ platforms cover 17 of our 26 restriction criteria companies, allowing us to have more effective engagement on our identified risks.

Why is Climate a Risk?

As part of our disciplined risk-controlled strategy, NYSTRS examines a number of risk factors that can impact the long-term financial performance of the portfolio. Climate risk is one of those risk factors, and we look at it through two lenses: physical risk and transition risk.

- Physical risk comprises both acute risks, which include events such as hurricanes, heatwaves, wildfires and flooding; and chronic risks such as sustained elevated temperatures and sea level rise. Physical risk poses a material financial risk to the real assets within our portfolio (i.e., real estate) and to various companies and industries, including agricultural, insurance and reinsurance, utilities, as well as to the physical properties and infrastructure of businesses in affected areas.
- Transition risk is the risk posed by changing policies, advances in technology, market supply and demand shifts and reputational risk. These risks can pose a material impact to the long-term return potential of companies and industries.

We assess these risks, along with many other long-term risks, to determine the potential impact on the ability to generate long-term returns in our portfolio.

Mitigating Risk: An Investor’s Perspective

NYSTRS has been successful in providing retirement security to our members for over a century through an investment program designed to maintain the sustainability of retirement benefits members have earned. The System has accomplished this by investing in assets across the U.S. and global economy. Diversification of assets is key to maintaining the sustainability of retirement benefits. We achieve risk-adjusted returns through a well-diversified portfolio comprised of investments in multiple sectors and areas. Although some sectors and companies may perform better than others during certain periods of time, over the long-term diversification has proven to be among the most effective in balancing portfolio risk and return.

With respect to investor actions on the issue of climate risk in publicly traded companies, the two most common actions discussed are divestment and engagement. It is important to note that divestment does not actually address overall climate risk as one investor simply sells their holdings to another investor.

Our perspective is that the System can more effectively address identified risks by maintaining a voice as owners (i.e., shareholders) of a company. Maintaining ownership provides an opportunity to engage with portfolio companies to encourage them to develop plans to mitigate the risks we have identified.

Divestment is a last resort, considered if:

- a) companies fail to address identified risks after engaging with us over a period of time; or
- b) when engagement has not resulted in a meaningful risk mitigation plan.

For directly held public equity securities in the System’s internally managed portfolios and externally managed passive portfolios, NYSTRS has a restriction on further purchase of shares in companies that meet the following criteria (i.e., the Restriction Criteria):

- The 10 largest positions held by the System in companies that have more than 0.3 gigaton of potential CO₂ emissions from thermal coal reserves.
- The 10 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 CO₂ emissions from oil and gas reserves.
- Companies that derive more than 10% of their revenue from oil sands.

We monitor the portfolio to ensure compliance with the Restriction Criteria. These companies have also been prioritized for engagement and additional scrutiny regarding their proxy votes. During 2025, the System conducted independent risk assessments of these companies using five Key Performance Indicators (KPI): reduction target(s), decarbonization strategy, climate governance – executive compensation, climate governance – board oversight, and standardized disclosure.

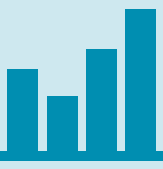
The System has divested from directly held public equity securities in companies that derive more than 10% of their revenue from thermal coal (i.e., the Divestment Criteria). We monitor the portfolio on a regular basis to ensure compliance with the Divestment Criteria in the directly held public equity strategies.

The System’s independent assessments have three key features:



1. Transparent:

They allow the companies we invest in and the public to know our Key Performance Indicators (KPIs).



2. Measurable

The KPIs are both reportable and measurable to allow for continued monitoring, achievement of milestones by companies, and to measure the success of our engagement.



3. Actionable

The KPIs are transparent and measurable, allowing companies the ability to take action towards improvement.

NYSTRS’ Climate Key Performance Indicators (KPIs)



Reduction Target(s):

To assess if short-, medium- and long-term greenhouse gas reduction targets or Net Zero by 2050 pledges have been established.



Decarbonization Strategy:

To assess if there are clearly defined action plans that align with proposed reduction targets.



Climate Governance – Executive Compensation:

To assess executive compensation alignment with stated climate goals, further supporting a firm-wide adoption of a transition plan.



Climate Governance – Board Oversight:

To assess whether a firm’s board has clear oversight of climate change and sufficient capabilities to manage climate risk and opportunities.



Standardized Disclosure:

To assess whether the firm follows best practice disclosures (i.e., IFRS S1 and S2) as it pertains to climate reporting and disclosure.

Our Focus on Methane

NYSTRS focuses on methane reduction and abatement through engagement initiatives with high-emitting companies. Methane is the main ingredient in natural gas and although it remains in the atmosphere for a shorter time than carbon dioxide, it is a potent greenhouse gas with over 80 times the global warming potential over a 20-year period. Roughly 30% of global warming is driven by methane emitted from human actions. Reducing methane emissions can have a rapid and significant impact on slowing climate change, along with a multitude of financial benefits. Cost-effective technologies exist to help curb these emissions, including cost savings for companies through capture and use of methane as an energy source. Methane abatement is an efficient way to achieve climate benefits, improve air quality, and reduce health risks. For more information on the impacts of methane, visit the Environmental Defense Fund at www.edf.org.

NYSTRS has been working with other institutional investors to engage relevant companies with The Oil & Gas Methane Partnership 2.0 (OGMP 2.0) in order to encourage companies to more accurately track and mitigate their methane emissions. OGMP 2.0 is the United Nations Environment Programme's

(UNEP) flagship oil and gas reporting and mitigation program. OGMP 2.0 is the only comprehensive, measurement-based reporting framework for the oil and gas industry that improves the accuracy and transparency of methane emissions reporting. Members include over 150 companies with assets in more than 90 countries, representing over 42% of the world's oil and gas production, over 80% of liquified natural gas (LNG) flows, and over 10% of global gas storage capacity. OGMP 2.0 membership continues to grow with 29 new companies joining in 2024 and 12 new companies joining in 2025. Furthermore, seven of the 10 oil and gas companies that meet our Restriction Criteria have signed on to OGMP 2.0.



Climate Disclosure Frameworks & Alliances

Access to clear, consistent and reliable climate-related disclosures from companies help asset owners such as NYSTRS evaluate climate change-related risks and opportunities in their investment portfolios and make informed investment decisions.

As noted in the Board's Investment Beliefs, the System is actively participating with external organizations to help shape future rules and regulations related to sustainable investing. Visit the [Investments/Stewardship and Investment Beliefs](#) page at nystrs.org to learn more about the investor networks and sustainable investment groups with which NYSTRS partners.

One such example is the System's active participation with groups such as The International Financial Reporting Standards Foundation (IFRS) in this developing area. NYSTRS supports the IFRS Sustainability Disclosure Standards and participates as an active member of the International Sustainability Standards Board (ISSB) Investor Advisory Group (IIAG). The IIAG comprises leading global asset owners, asset managers and investment intermediaries who recognize the need for consistent, comparable and reliable disclosure of financially-material, decision-useful sustainability information to investors. The IIAG serves as an advisory body to the ISSB by providing strategic guidance on developing IFRS Sustainability Disclosure Standards and by

helping to ensure that the investor perspective is articulated clearly and is considered in the ISSB's standard-setting process. NYSTRS supports the ISSB in its efforts to create a global baseline for sustainability disclosure standards that inform investors about a company's sustainability-related risks and opportunities. The IIAG also helps achieve widespread adoption of IFRS Sustainability Disclosure Standards by encouraging organizations to use the Standards to communicate performance to investors on sustainability-related issues that affect enterprise value. As part of the System's engagement efforts, NYSTRS expects companies to align their financial reporting disclosure with the newly released IFRS S1 standards and to adopt IFRS S2 for their climate-related disclosures.

Per the Board's Investment Beliefs, NYSTRS will collaborate with other institutional investors to harness collective influence in engagement efforts, including initiatives such as Climate Action 100+ and Climate Engagement Canada. We utilize these initiatives to help us, in part, identify climate-related financial risk factors. We then utilize this information along with our independent risk assessments to directly engage in discussions with companies in which we invest.

2025 Engagement Key Terms

These are the key terms for the table on page 17-18

MSCI Low Carbon Transition (LCT) Scores & Categories

MSCI Low Carbon Transition (LCT) scores and categories are a quantitative assessment of companies' exposure to and management of climate transition risks and opportunities. Climate transition risks and opportunities arise from changes in demand for products and services due to policy or regulatory action to address climate change. Each company is evaluated on the estimated carbon emissions intensity of their disclosed product segments, including scope 1 (direct emissions generated by companies' operations), scope 2 (indirect emissions generated from energy supply), and scope 3 emissions (upstream and downstream emissions generated in the supply chain or through product usage).

To determine the LCT scores and their corresponding categories, a three-step process is used. First, LCT risk exposure is assessed through analysis of risk transmission channels including direct operations, supply chain operations, carbon-intensive products, and low- or zero-carbon products. Next, companies are assessed for their LCT risk management efforts. Lastly, the LCT score and category are calculated based on the LCT risk exposure score and LCT risk management score identified in steps 1 and 2. The final output is an LCT score on a zero to 10 scale that corresponds to the LCT category. (www.msci.com)

Low Carbon Transition Categories and Scores

SCORE	CATEGORY	RISK/OPPORTUNITY	
SCORE = 0	ASSET STRANDING	Potential to experience "stranding" of physical/natural assets due to regulator, market, or technological forces arising from low carbon transition.	
	TRANSITION	PRODUCT	Reduced demand for carbon-intensive products and services. Leaders and laggards are defined by the ability to shift product portfolio to low-carbon products.
		OPERATIONAL	Increased operational and/or capital cost due to carbon taxes and/or investment in carbon emission mitigation measures leading to lower profitability of the companies.
SCORE = 10	NEUTRAL	Limited exposure to low carbon transition carbon risk. Though companies in this category could have exposure to physical risk and/or indirect exposure to low carbon transition risk via lending, investment etc.	
	SOLUTIONS	Potential to benefit through the growth of low-carbon products and services.	

Carbon Disclosure Project (CDP) Carbon Emissions Disclosure

This yes/no response indicates whether the company reports its carbon emissions to the Carbon Disclosure Project (CDP). Reporting to CDP is important because it improves business efficiency by identifying operational savings, enhances competitiveness by demonstrating environmental leadership, attracts investment by providing transparency to financial institutions, and helps companies meet demands for climate risk disclosure. (www.msci.com)

Science Based Targets Initiative (SBTi)

The Science Based Targets Initiative (SBTi) helps companies set emission reduction targets in line with climate sciences and Paris Agreement goals. SBTi offers to validate climate targets set by companies as science-based targets for a fee. SBTi aims to "Lead the way to a net-zero economy, boost innovation and drive sustainable growth by setting ambitious, science-based emissions reduction targets" (<https://sciencebasedtargets.org>).

Pay Linked to Sustainability

This metric considers whether one or more sustainability metrics are used to determine annual and/or long-term incentive pay policy for the CEO and/or other executive directors. It is based on the company's own reporting. (www.msci.com)

Year Over Year Change in Reported Scope 1 & 2 Intensity

Scope 1 emissions are direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling. This metric measures the percentage change in a company's combined Scope 1 and Scope 2 emissions intensity from one year to the next. This is used to track a company's progress in reducing its carbon footprint over time. (www.msci.com)

2025 Engagement

During 2025, risk assessments were conducted on all companies that met the Restriction Criteria. We held direct engagements with a number of companies on the list as well as participated in collective engagement with several other companies. The purpose of the engagement meetings was to present our approach to Responsible Stewardship, assess each company's transition plans, outline the relevant risks we identified and to present the findings of our risk analysis for each individual company. The intent of the engagement efforts was to allow companies to respond to our assessments and to explore their plans to address the risks we identified.

The 26 companies represented met various aspects of our restriction criteria:

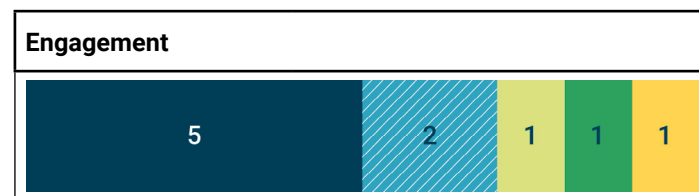
Engagement Key	
● Collective	
● Direct	
● Both	
● No Engagement- limited or no financial holdings*	
● No Engagement- did not respond to NYSTRS request	

Oil & Gas

The 10 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 CO₂ emissions from oil and gas reserves

10 companies met this criteria

LCT Score	
2.45 on average, with a range of 1.52 to 5.18	
LCT Category	
Asset Stranding	5 companies
Operational/Product Transition	5 companies
Neutral	0 companies
Solutions	0 companies
CDP Carbon Emissions Disclosure Reported	
7 of 10 companies	
SBTi Targets	
0 of 10 companies	
Pay Linked to Sustainability Initiatives	
9 of 10 companies	
Year Over Year Change in Reported Scope 1 & 2 Intensity	
8% increase on average, with a range of 34% increase to 18% decrease	
10 of 10 Companies Provided Data	



Thermal Coal

The 10 largest positions held by the System in companies that have more than 0.3 gigaton of potential CO₂ emissions from thermal coal reserves

10 companies met this criteria

LCT Score	
3.01 on average, with a range 0 to 5.56	
LCT Category	
Asset Stranding	3 companies
Operational/Product Transition	7 companies
Neutral	0 companies
Solutions	0 companies
CDP Carbon Emissions Disclosure Reported	
4 of 10 companies	
SBTi Targets	
1 of 10 companies	
Pay Linked to Sustainability Initiatives	
6 of 10 companies	
Year Over Year Change in Reported Scope 1 & 2 Intensity	
6% decrease on average, with a range of 21% increase to 29% decrease.	
8 of 10 Companies Provided Data	

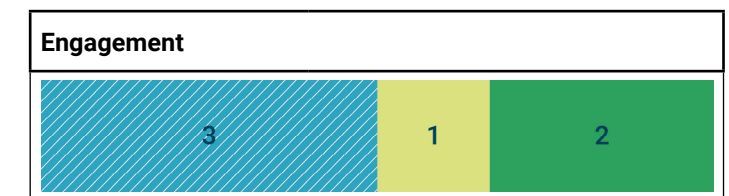


Oil Sands

Companies that derive more than 10% of their revenue from oil sands

6 companies met this criteria

LCT Score	
2.1 on average, with a range of 1.52 to 3.02	
LCT Category	
Asset Stranding	3 companies
Operational/Product Transition	3 companies
Neutral	0 companies
Solutions	0 companies
CDP Carbon Emissions Disclosure Reported	
3 of 6 companies	
SBTi Targets	
0 of 6 companies	
Pay Linked to Sustainability Initiatives	
5 of 6 companies	
Year Over Year Change in Reported Scope 1 & 2 Intensity	
6% decrease on average, with a range of 52% increase to 34% decrease	
6 of 6 Companies Provided Data	



A re-assessment of the Restriction Criteria after the end of our fiscal year will result in the following changes:

Two additions to and two deletions from the Oil and Gas companies meeting the Restriction Criteria (10 companies total).

Two additions to and two deletions from the Thermal Coal companies meeting the Restriction Criteria (10 companies total).

One addition to the Oil Sands companies (seven companies total).

* Holdings have been sold or substantially decreased in active management strategies since measurement date for the Restriction Criteria

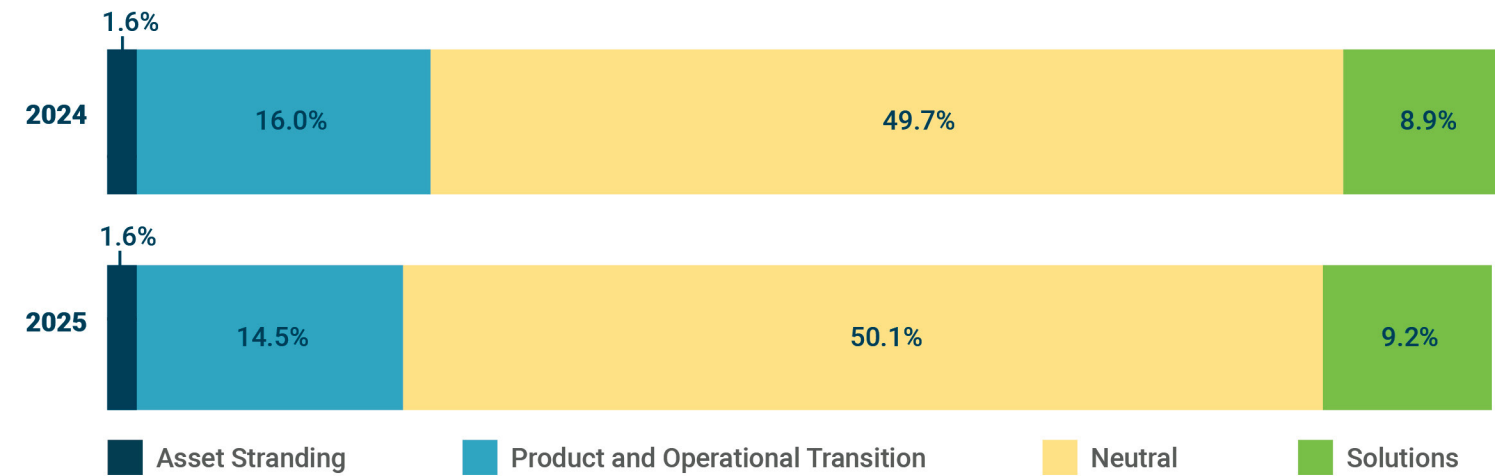
Climate Transition Via Asset Ownership of Public Markets

As universal owners of the broad market, NYSTRS participates in the evolution of the global economy that is adapting to the risks and opportunities posed by climate change. For example, NYSTRS' public equities portfolio includes investments in renewable energy, wind turbines, biofuels, liquefied natural gas, lithium-ion batteries and electric vehicles. NYSTRS' portfolio also reflects many of the industry leaders that are embracing the transition to a more sustainable future.

We have used MSCI's Low Carbon Transition (LCT) portfolio analysis tool to assess our public portfolio risk based on climate transition capacity.

MSCI's LCT Category Assessment of NYSTRS' Public Markets Portfolio (as of 6/30) over the Years:

NYSTRS Public Portfolio LCT Categories*



Source, MSCI; reprinted with permission.

The low carbon transition categories in the System's public markets portfolio have shown slight progress from 2024 to 2025. The presence of Asset Stranding securities remained constant year-over-year at 1.6%. However, there was portfolio level transition progress shown through a decline in securities categorized as Product and Operational Transition and an increase in securities in the Solutions category.

MSCI's Low carbon transition analysis data was not reliably available at the portfolio level prior to 2024. We plan to continue monitoring this data moving forward to track the energy transition progress of our public portfolio. The assets assessed in this analysis include those held in NYSTRS' public equities, fixed income, and portions of the real estate portfolios. Securities included in this analysis retain the System's portfolio weights to

best reflect portfolio composition. Meanwhile, 23.8% of the 2024 portfolio assets and 24.6% of the 2025 portfolio assets were not reflected in this analysis as there was no MSCI match found for these securities. These unmatched securities were automatically proxied as cash and excluded from the analysis to avoid impacting the overall climate analysis.

This LCT analysis examines the transition readiness of NYSTRS' entire public markets portfolio, rather than solely focusing on specific holdings in the fossil fuel industry. As universal owners, NYSTRS' portfolio will continue transitioning in line with the broader economy. NYSTRS believes that maintaining universal ownership of public markets preserves its exposure to the transition to a more sustainable economy.

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Investing in the Energy Transition: Private Equity and Private Debt

As detailed previously, addressing climate risk involves both reducing existing emissions and transitioning to new sources of energy, production and manufacturing that can replace current methods. NYSTRS' private equity portfolio has exposure to a number of energy transition assets including the following.

- A company that designs and implements customized electric and natural gas energy efficiency programs for utilities, municipalities and government bodies.
- A company focused on energy management and generation services, offering a portable, scalable and clean power platform.
- A distributor of fibers and inorganic materials used in emission control, thermal management, filtration and batteries.
- An ecological construction company that is a leading player in the ecology and greenery sector, leveraging a vast tree plantation operation.
- A holding company specializing in environmental protection solutions, with green investments around the globe.
- A company operating in the renewable transportation fuel industry.
- A clean-energy provider that sources and supplies renewable energy to residential and commercial customers, sourcing energy from wind and solar farms.
- A consulting company that specializes in environmental consultancy services to public and private sector clients

internationally, offering energy and water resource design and builds and environmental due diligence, among other services.

- A company that delivers energy management services and solutions that enable utilities and grid operators to manage peak demand while enabling public and private institutions to optimize their facilities and operations through strategic energy reduction initiatives.
- A company that provides energy infrastructure solutions, including renewable thermal systems and solar and storage solutions.
- A company that operates a network of fast chargers for electric vehicles, compatible with all fast charge capable electric vehicle models.
- A manufacturer of photovoltaic solar panels.
- A company that designs, integrates and installs solar electric power systems for homeowners.
- A company that has developed a device that captures carbon emissions from semi-trucks.

For 2025, NYSTRS made the following fund commitment in the energy transition space:

- An additional \$50 million to OIC Structured Equity CI NY I LP, a co-investment separately managed account that will co-invest alongside OIC Structured Equity Fund I LP. The additional \$50 million will bring the total commitment to the OIC Structured Equity CI NY I LP vehicle to \$100 million.

Real Estate

As owners of real assets, NYSTRS is able to implement changes and policies to directly invest in the energy transition, including the following examples.

- Our directly owned office/life science buildings, totaling 6.7 million square feet, are all LEED Certified. LEED Certification is sponsored by the U.S. Green Building Council and focuses on efficient energy and water usage, as well as implementation of best practices in efficient operations. In addition, NYSTRS headquarters has achieved LEED Gold certification. Five of our seven directly owned office/life science buildings also have Fitwel certifications which focus on occupant health and wellness. Fitwel was developed by the Center for Active Design in collaboration with the U.S. General Services Commission and the U.S. Centers for Disease Control and Prevention. Six of the seven directly owned office properties also provide EV chargers for tenant use.

- We are evaluating service providers to estimate energy use and greenhouse gas emissions for our directly owned property portfolio. We are in the process of analyzing and refining the reported results.
- We continue to work with our advisors and consultants to measure actual greenhouse gas emissions from our office properties as a means of tracking improvements.
- We are using software to track and analyze energy use at some of our multi-family properties to identify opportunities for improvement.
- We have performed ASHRAE Level 2 energy audits at a sample of multi-family properties and incorporated recommended improvements into the property business and capital plans where we can reasonably estimate a positive return on investment. In addition, we have been actively installing energy efficient appliances, low-flow plumbing fixtures, LED and motion activated lighting, and recyclable

Real Estate *cont.*

carpets in some of our multi-family apartment properties.

We have included an assessment of sustainability initiatives/opportunities in our annual property level business plans for our directly owned properties.

- As part of the annual business plans for our apartment communities, we continue to assess the cost/benefit of replacing fossil fuel/gas powered heating and cooling units as they reach the end of their useful life, with electric/air source heat pump systems in both the common areas and in the units. Three garden-style apartment communities have already converted the clubhouse and individual units to heat pumps.
- Several of our directly owned multi-family properties already provide tenants with access to on-site EV charging stations. We are assessing additional multi-family properties for the installation of EV charging stations. This may include the use of third-party operators to implement and operate the EV chargers. We are also exploring the addition of solar panels on the clubhouse and/or car ports to provide energy for the common areas and/or EV chargers. We have selected a vendor to install solar at one of our multi-family properties and expect the process to be completed in the 2026 fiscal year.
- We are implementing similar initiatives at our industrial properties, such as replacement of HVAC units with energy efficient units, conversion to LED lighting, installing and maintaining white roofs on certain properties and including “green lease” language in all new leases requiring tenants to report energy usage. We have installed a white silicone roof coating and solar panels on one industrial property and are currently assessing additional buildings for solar panels.
- At one of our mixed-use properties, we have installed a small solar array on the roof which powers hot water serving the residential amenity space. The residential units and retail spaces are served by heat pumps.
- In addition to these property level initiatives, the System’s Real Estate team has engaged with both the Global Real Estate Sustainability Benchmark (GRESB) and MSCI to identify additional areas of focus, including climate risk assessments and other opportunities to collect and measure energy usage and emissions data to assess opportunities for improvement. We have engaged with additional third-party resources to further our education and discuss opportunities to collaborate on future sustainability initiatives within the real estate portfolio.

- We have obtained physical climate risk assessments for several multi-family properties from various vendors to assess the usefulness of the reported data and analysis. At the conclusion of our analysis, we expect to engage with a single vendor to provide property level physical climate risk assessments across the entire directly owned property database. We have also obtained property level physical climate risk assessments across one of our directly owned industrial portfolios containing 15 properties totaling 2.7 million square feet across six states.
- In addition to implementing energy efficiency strategies at our properties, NYSTRS also invests in roughly 110,000 acres of timberland in the Southeast United States. Our timber advisor (Forest Investment Associates) has a commitment to implementing sustainable forestry practices and our plantations are 20% to 30% more productive than the legacy plantations we acquired. The forest carbon cycle is a natural process through which carbon cycles from the atmosphere into forests. Harvested wood products store carbon while forests are replanted in a positive feedback loop that accumulates carbon in forests and wood products. Our timberland currently sequesters 6.4 million CO₂ equivalent metric tons of above ground carbon.
- During fiscal year 2025, the Real Estate department has reviewed 40 opportunities across infrastructure equity and credit strategies. NYSTRS continues to review investment opportunities across infrastructure strategies focused on alternative energy as well as larger diversified strategies which include a component of alternative energy investments. In June, we closed on our first commitment to an infrastructure fund which will target opportunities in key sectors in the digital infrastructure space.

Economy in Transition: Fixed Income

NYSTRS’ Fixed Income team continues to analyze internal portfolios and monitor external portfolios regarding decarbonization as follows:

- One continuing initiative is the externally managed global carbon transition credit strategy. These portfolios overlay fundamental credit analysis with a focus on investing in debt issued by climate solution provider companies that have strategically positioned their business amidst decarbonization, or high emitting firms that need capital to implement a transition plan.
- On an aggregate basis, NYSTRS’ global carbon transition strategy outperformed its benchmark during the fiscal year ending June 30, 2025.
- Another key aspect of the carbon transition strategy is manager engagement with bond issuers to improve transition planning, disclosure and use of bond proceeds for green projects.

- As part of the internal portfolio management process, the Fixed Income team continues its research related to decarbonization at the macroeconomic (top-down) and bond issuer (bottoms-up) levels. This includes continued improvements in data availability, analysis and visualization.
- The team has frequent meetings with asset management firms and investment bank research departments to stay abreast of new climate strategies and research methods.
- The team continues to participate in seminars, conferences and education on the topic of climate change and the fixed income markets.
- The team may invest in labeled “green” social- and sustainability-linked bonds in the internally managed portfolios when the risk-adjusted returns are viewed as attractive relative to other securities.

The Year Ahead: A Look Forward

NYSTRS' thoughtful and deliberative approach to stewardship and risk mitigation will continue. The System's foremost actions are as follows.



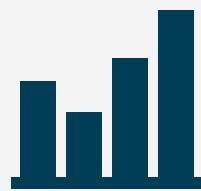
Prioritized and continued engagement (both directly and through collaborative initiatives) with the companies meeting the Restriction Criteria regarding their progress towards meeting their risk mitigation targets.



Continued collaboration and partnership with other asset owners and asset managers looking to address commonly identified risks.



Opportunities in the energy transition space that meet our investment criteria and fiduciary standards in generating long-term value and return for our portfolio.



Opportunities for measurable, relatable improvements within our directly owned real asset portfolio (i.e., installation of heat pumps, insulation, energy efficiency, improvements, etc.)



The System pledges to continue working with industry groups in support of ongoing regulatory efforts to develop climate disclosure frameworks and standards that promote clear, consistent, reliable and decision-useful climate disclosures.



The Board's deliberative process around Stewardship is ongoing and will continue to evolve given many possible factors (e.g., geopolitical, regulatory, technological innovation, etc.).



The Retirement Board and NYSTRS staff are committed to actively engage in investigating how to best integrate the risks and opportunities associated with climate change into its investment analysis and portfolio construction, including any potential portfolio adjustments or enhancements, and they are doing this in a methodical and prudent manner consistent with their fiduciary responsibilities.

Appendix: Highlighted 2025 Proxy Votes

BJ's Wholesale Club

Shareholder Proposal: Report on Efforts to Reduce GHG Emissions (failed with 30% support)

NYSTRS' Vote: FOR

Shareholders request BJ's Wholesale Club issue a report, above and beyond existing disclosures, describing if and how it could increase the scale, pace and rigor of its GHG emissions reduction efforts. The report should be updated annually, prepared at reasonable cost, and omit proprietary information.

Canadian Pacific Kansas City Limited

Shareholder Proposal: Management advisory vote on climate change (passed with 92% support)

NYSTRS' Vote: FOR

Canadian Pacific Kansas City Limited (CPKC) is seeking shareholder approval for the company's Climate Action Plan.

Chevron

Shareholder Proposal: Third-Party Assessment of Implementation of Human Rights Policy (failed with 11% support)

NYSTRS' Vote: FOR

Shareholders request the board of directors commission an independent third-party report, at reasonable cost and omitting proprietary information, evaluating how effectively the company implements its Human Rights Policy and other company efforts to prevent, mitigate and remedy actual and potential human rights impacts of its operations. The third-party should provide an opportunity for civil society and human rights organizations to provide input, and the report should be made public on Chevron's website.

Shell

Shareholder Proposal: Request company disclose whether and how its demand forecast for LNG, LNG production and sales targets, and new capital expenditure in natural gas assets are consistent with climate commitments, including target to reach net zero emissions by 2050 (failed with 20% support).

NYSTRS' Vote: FOR

The proposal requests that the company disclose whether and how its: 1) demand forecast for liquefied natural gas (LNG); 2) LNG production and sales targets; and 3) new capital expenditure in natural gas assets, are consistent with its climate commitments, including its target to reach net zero emissions by 2050. These disclosures should be made before the 2026 Annual General Meeting (AGM) and should include "the criteria, data sources, methodologies and assumptions" that support these claims with reasonable detail.

Appendix: Highlighted 2025 Proxy Votes *cont.*

The Toronto-Dominion Bank

Shareholder Proposal: Annual Energy Supply Ratio Disclosure (failed with 38% support)

NYSTRS' Vote: FOR

Shareholders request that Toronto Dominion Bank (TD Bank) disclose annually its Energy Supply Ratio defined as its total financing through equity and debt underwriting, and project finance, in low-carbon energy supply relative to that in fossil-fuel energy supply. The disclosure, prepared at reasonable expense and excluding confidential information, shall describe Toronto Dominion's methodology, including what is classified as "low carbon" or "fossil fuel." Toronto Dominion should include lending in its Energy Supply Ratio, if methodologically sound.





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