

How is Climate Change Affecting Our Investments

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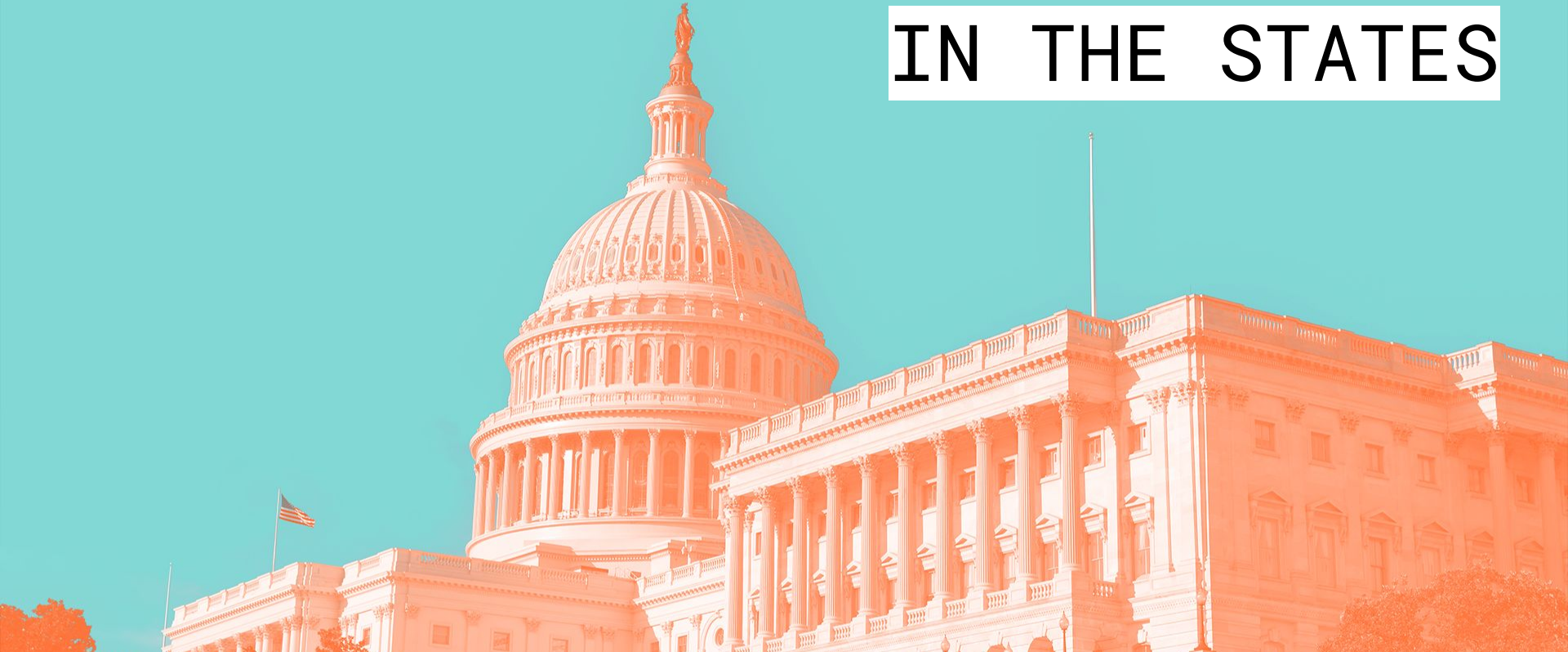
LAND & TRAUMA ACKNOWLEDGEMENT

Wherever you may be, let us acknowledge that we are all on Indigenous land. Minnesota is located on the traditional and contemporary homelands of the Anishinaabe and Dakota peoples, the original stewards of this territory. We are committed to uplifting the name of these lands and the community members from these Nations as we pursue a right path together.

We acknowledge the trauma that is deeply embedded in the foundation of this country. The land we reside on came under control of the USA, through genocide, slavery, and ongoing occupation. We recognize the deep historical, spiritual, and personal trauma that has impacted indigenous communities, communities of color, and immigrant communities. By offering this acknowledgment of trauma, we affirm the right of people to bring their whole selves and stories into this space, and we affirm our intention to promote healing, respect, and love.



CLIMATE FINANCE IN THE STATES



Climate change as a threat to the financial system

Physical Risks:

- Damages from floods
- Wildfires
- Drought

Wildfires: Burning Through State Budgets

Increased spending on suppression threatens fiscal stability and impedes cost-saving mitigation efforts

REPORT

November 30, 2022

Read time: 39 min

Transition risks:

- Lost value
- Utilities
- Energy

Fiscal Year 2021 Revenues Below Pre-COVID Projections in Many States

State	Change in General Fund Revenues Compared to Pre-Pandemic Estimates
Alabama	-2.7%
Alaska	-37.0%
Arizona	4.6%
Arkansas	-3.5%
California	3.0%
Colorado	-9.8%

Under the Biden admin, federal climate financial regulation is taking shape

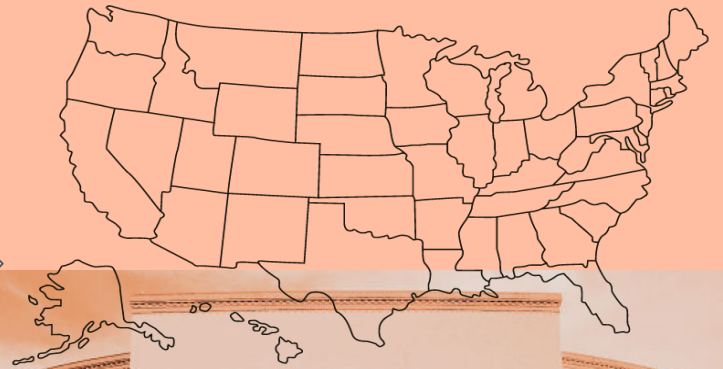
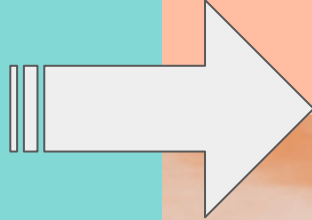


"Climate change is an emerging and increasing threat to America's financial system that requires action"

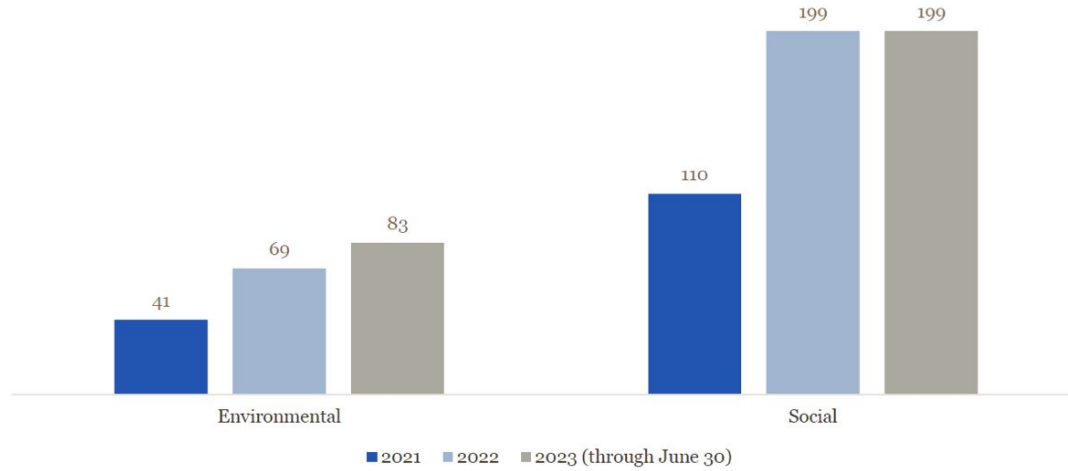
- Treasury Secretary Janet Yellen

- Department of Labor: Climate risk
- SEC: Climate risk disclosure rule
- SEC: ESG standards
- Banking agencies (Federal Reserve, OCC, FDIC): Climate-related financial risk guidance
- Federal Insurance Office: Data collection for home property insurance
- Federal Insurance Office: 2023 Report Outlining Recommendations for Strengthening Climate Risk in State Insurance Supervision

States have major economic power

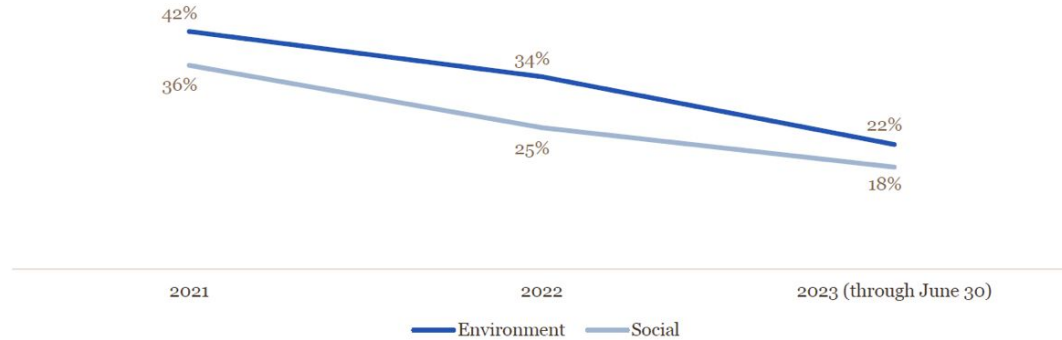


Number of Shareholder Proposals Going to Vote

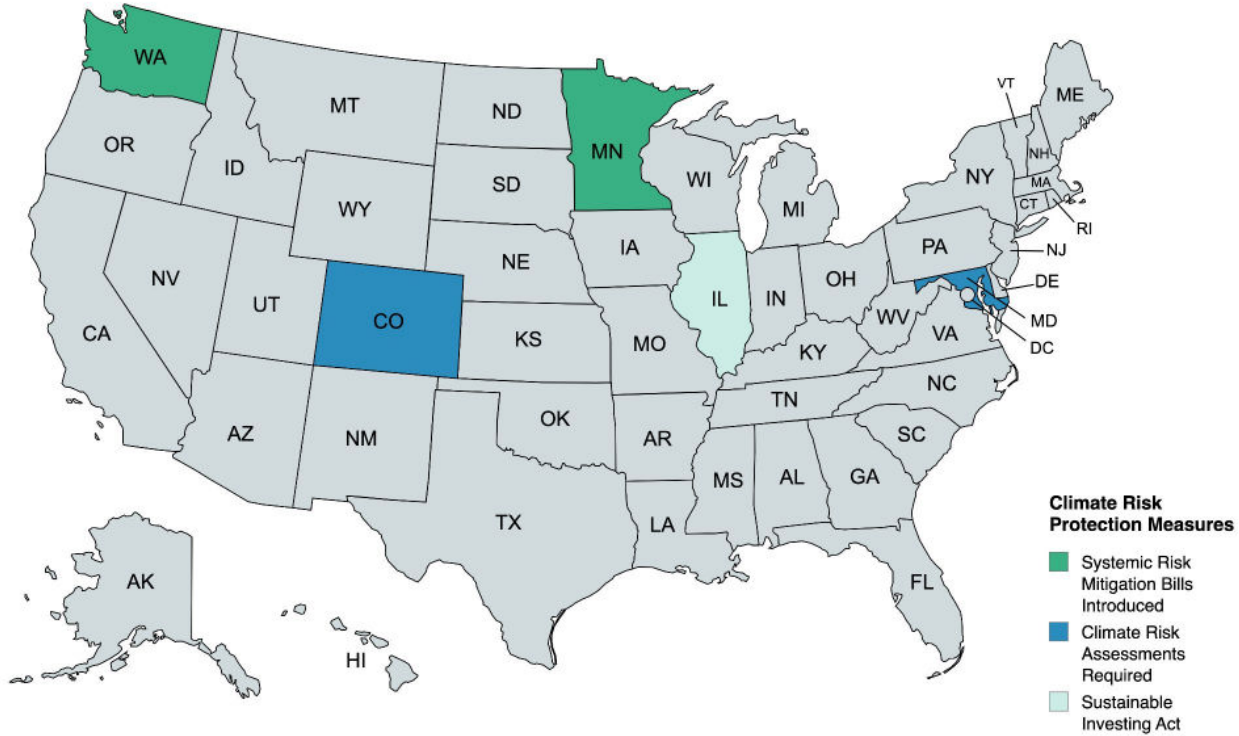


Source: Diligent, *2023 Proxy Season Review* available [here](#).

Average Support Levels



Limited Progress Protecting Pensions from Climate Risk



Summary of SF 4859 (Pappas/Cha)

- Enshrines systemic risk factors MSBI should consider
- Requires climate risk assessment of MSBI's investment portfolio
- Aligns MSBI's proxy voting practices with 1.5 C pathway

Summary of MSBI May 21 Actions

- Approved “Climate Roadmap”
- Commits to steering MSBI toward \$200 million in “energy transition investments”
- Pledges to support “proxy committee efforts” to engage portfolio companies (mostly fossil fuels)

Limitations of Maryland's 2024 Climate Risk Assessment

- Badly underestimates costs to Maryland's pension fund assessment
- Relies on backward looking models
- Does not connect variables like temperature and agriculture prices
- Highlights 'investment opportunities' that include index funds that still include gas and other fossil fuel assets

THANK YOU!



Please make a
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today!

