

**MINNESOTA
STATE
BOARD OF
INVESTMENT**



Board Members:

**Governor
Tim Walz**

**State Auditor
Julie Blaha**

**Secretary of State
Steve Simon**

**Attorney General
Keith Ellison**

**Executive Director &
Chief Investment
Officer:**

Mansco Perry

*60 Empire Drive
Suite 355
St. Paul, MN 55103
(651) 296-3328*

Fax: (651) 296-9572

*E-mail:
minn.sbi@state.mn.us*

*Website:
www.mn.gov/sbi*

*An Equal Opportunity
Employer*

DATE: March 1, 2019

TO: Members, State Board of Investment

FROM: Mansco Perry III *MP3*
Executive Director and Chief Investment Officer

SUBJECT: Information Regarding SBI ESG Activity

Based on my discussions with several board members, I believe the attached information regarding the SBI's proxy and Environmental, Social, Governance (ESG) processes may be of interest. SBI staff also provided this information to members of the proxy committee on February 12. Please do not hesitate to contact me with any questions about this material.

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DATE: March 1, 2019

TO: Members, State Board of Investment

FROM: SBI Staff

SUBJECT: ESG Policy Initiative Update

The Minnesota State Board of Investment is responsible for the management of various retirement funds, trust funds and cash accounts for the State of Minnesota. All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes, Chapter 11A* and **Chapter 356A**.

In September 2017, the State Board of Investment (SBI) adopted a set of Investment Beliefs for managing the assets of the Combined Funds (those funds utilized to support the defined benefit pension plans of the State's employees). The primary purpose of these Beliefs is to guide the SBI toward sound investing principles related to investing on behalf of the Combined Funds. In this respect, the Beliefs help provide context for SBI's actions, reflect SBI's investment values, and acknowledge SBI's role in supporting the State's broader retirement systems. When relevant, the SBI also uses these Beliefs as a guide when investing the assets of the other investment programs that it is responsible for, as deemed appropriate.

One of these beliefs is as follows:

Utilizing engagement initiatives to address environmental, social, and governance-related (ESG) issues can lead to positive portfolio and governance outcomes.

In addition to specific engagement strategies the SBI might apply, proxy rights attached to shareholder interests in public companies are also "plan assets" of the SBI and represent a key mechanism for expressing SBI's positions relating to specific ESG issues. By taking a leadership role in promoting responsible corporate governance through the proxy voting process, SBI can contribute significantly to implementing ESG best practices which should, in turn, add long-term value to SBI's investments.

Proxy Voting

In conjunction with this belief, the Minnesota State Board of Investment authorizes a proxy committee that is responsible for voting the board's proxy rights with respect to shares owned in publicly traded U.S. companies. By exercising its proxy rights, the SBI influences how companies address ESG issues. For instance, the SBI has previously voted to support resolutions requiring companies to conduct research on climate risk and opportunities with respect to a company's business operations. In addition, the SBI has routinely voted against unreasonable executive compensation packages. These examples illustrate the importance of engagement as opposed to divestment and the SBI's ability to influence companies as a shareholder.

ESG Engagement Initiatives

In addition to exercising proxy voting rights, the Minnesota State Board of Investment has partnered with several organizations to more effectively address ESG issues that can lead to positive portfolio outcomes. A brief description of the SBI's activities with each organization is included below:

Council of Institutional Investors (CII)

The SBI was an original founder and a long-term member of CII. The goal of CII is to promote strong shareholder rights and governance standards at public companies. In recent years, the SBI has signed on to several letters regarding these topics addressed to the SEC and United States Congress. SBI staff participate in CII organized events and conference calls to learn about what other institutions are doing in terms of engagement. These opportunities help staff be prepared for the types of proposals that need to be discussed at the Proxy Committee. In 2019, SBI staff will continue to participate in CII led events and initiatives.

Ceres Investor Network

In 2016, the SBI joined the Ceres Investor Network. Ceres' mission is: "transforming the economy to build a sustainable future for people and the planet." Through proxy voting and signing on to letters with other investors, the SBI has supported several Ceres engagement initiatives related to sustainability issues. Last year, the SBI voted in favor of several Ceres backed shareholder resolutions calling for companies to conduct an analysis and disclose how their business model would have to adjust in a scenario where there is a two-degree rise in global temperature.

In 2019, Ceres continues to engage with companies on sustainability issues and in some cases file shareholder resolutions. SBI staff are planning discussions with Ceres to learn more about other investor initiatives they are organizing.

Principles of Responsible Investment (PRI)

The SBI is signatory to the Principles for Responsible Investment. The PRI's mission is: "We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole. The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation."

In 2019, the PRI is working with SBI staff on several initiatives related to ESG incorporation and active ownership. First, the PRI is providing SBI staff with materials to support SBI in developing an ESG policy. Secondly, the PRI is making available opportunities for SBI to participate in collaborative shareholder engagements on a range of ESG issues via its Collaboration Platform. In addition, PRI is providing access to educational resources related to responsible investing to any SBI staff, Board members, and Committee members with interest in reviewing. Finally, PRI is advising the SBI on best practices for incorporating ESG criteria into SBI's manager selection, appointment and monitoring processes. In 2021, SBI will be required to report on its progress on implementing the Six Principles as part of the PRI Reporting Framework.

Institutional Limited Partners Association (ILPA)

As an active investor in Limited Partnerships, the SBI is a member of ILPA. ILPA is a member-driven organization dedicated to advancing the interests of Limited Partners through education, research, advocacy and events. In regards to advocacy, ILPA works to promote best practices for governance, transparency and alignment of interest in Limited Partnerships. The SBI has participated in ILPA led initiatives such as promoting best practices to improve transparency in private equity and emphasizing to the SEC the importance of the fiduciary duty standard in the Investment Advisors Act of 1940 as it relates to private equity. In 2019, SBI staff will continue to participate in ILPA led initiatives on a variety of ESG topics from promoting diversity to best practices in fund term extensions.

2018 GLOBAL INVESTOR STATEMENT TO GOVERNMENTS ON CLIMATE CHANGE

This statement is signed by 420 investors representing over USD \$32 trillion in assets.

As institutional investors with millions of beneficiaries around the world, we reiterate our full support for the Paris Agreement [\[link\]](#) and strongly urge all governments to implement the actions that are needed to achieve the goals of the Agreement, with the utmost urgency.

Investors are taking action on climate change. The global shift to clean energy is underway, but much more needs to be done by governments to accelerate the low carbon transition and to improve the resilience of our economy, society and the financial system to climate risks. Investors continue to make significant investments into the low carbon transition across a range of asset classes. Investors are also increasingly incorporating climate change scenarios and climate risk management strategies into their investment processes and engaging with high-emitting companies. To build on this momentum and maintain investor confidence to further shift investment portfolios, it is vital that policy makers are firmly committed to achieving the goals of the Paris Agreement.

We are concerned that the implementation of the Paris Agreement is currently falling short of the agreed goal of “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.” There is an ambition gap: the full implementation of current Nationally Determined Contributions (NDCs) would lead to an unacceptably high temperature increase that would cause substantial negative economic impacts.

This ambition gap is of great concern to investors and needs to be addressed, with urgency. It is vital for our long-term planning and asset allocation decisions that governments work closely with investors to incorporate Paris-aligned climate scenarios into their policy frameworks and energy transition pathways.

In addition, investors need companies to report reliable and decision-useful climate-related financial information to price climate-related risks and opportunities effectively. That is why we welcome the recommendations of the Financial Stability Board’s (FSB) Task Force on Climate-related Financial Disclosure (TCFD) and are taking practical steps to assist their implementation around the world. In order for the TCFD to be effective, it is vital that governments commit to improve climate-related financial reporting standards by publicly supporting the adoption of the TCFD recommendations and the extension of its term beyond September 2018.

The countries and companies that lead in implementing the Paris Agreement and enacting strong climate and low carbon energy policies will see significant economic benefits and attract increased investment that will create jobs in industries of the future. To ensure a smooth and just transition to a low carbon economy and to adapt to the warming already locked in to the climate system, it will be important that the benefits of gaining access to cleaner energy sources are shared by all, and that those workers and communities affected by the transition are supported.

With these principles in mind, we call on global leaders to:

- **Achieve the Paris Agreement's goals** ■ Update and strengthen nationally-determined contributions to meet the emissions reduction goal of the Paris Agreement, starting the process now in 2018 and completing it no later than 2020, and focusing swiftly on implementation ■ Formulate and communicate long-term emission reduction strategies in 2018 ■ Align all climate-related policy frameworks holistically with the goals of the Paris Agreement ■ Support a just transition to a low carbon economy.
- **Accelerate private sector investment into the low carbon transition** ■ Incorporate Paris-aligned climate scenarios into all relevant policy frameworks and energy transition pathways ■ Put a meaningful price on carbon ■ Phase out fossil fuel subsidies by set deadlines ■ Phase out thermal coal power worldwide by set deadlines.
- **Commit to improve climate-related financial reporting** ■ Publicly support the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the extension of its term ■ Commit to implement the TCFD recommendations in their jurisdictions, no later than 2020 ■ Request the FSB incorporate the TCFD recommendations into its guidelines ■ Request international standard-setting bodies incorporate the TCFD recommendations into their standards.

We stand ready to work with government leaders in implementing these actions.

Signed,

Note: The following 420 investor signatories with well over \$32 trillion in assets are listed in alphabetical order by organisation name:

27four
Aalto University Foundation
Aargauische Pensionskasse (APK)
Aberdeen Standard Investments
ABP
Achmea Investment Management
ACTIAM
Addenda Capital Inc.
Adrian Dominican Sisters, Portfolio Advisory Board
Aegon N.V.
AGF Investments Inc.
Aktia Bank Plc
Alberta Investment Management Corporation (AIMCo)
Alecta
Allianz Global Investors
Allianz SE
Alquity Investment Management Limited

Alternative Capital Partners Srl
AMF
Amundi
Andra AP-fonden (AP2)
AP3 Third Swedish National Pension Fund
AP4
AP6 (Sjätte AP-fonden)
AP7
APG
Aquila Capital
Archbishops' Council
Ardevora Asset Management LLP
Arjuna Capital
Armstrong Asset Management
As You Sow
ASN Bank
ATLAS Infrastructure
ATP
Ausbil Investment Management Ltd
Australian Ethical Investment
Australian Super
Avaron Asset Management
Avesco Financial Services AG
Aviva Investors
Aviva plc
AXA Investment Managers
Baillie Gifford & Co
Baldwin Brothers
Bank J. Safra Sarasin
Barings LLC
Barncancerfonden
Bâtirente
BBC Pension Trust
BBVA
Bedfordshire Pension Fund
Bernische Lehrerversicherungskasse
BMO Global Asset Management
BNP Paribas Asset Management
Boston Common Asset Management
Brawn Capital Limited
Bridges Fund Management Limited
Brunel Pension Partnership
BT Financial Group
Bullitt Foundation
Caisse de dépôt et placement du Québec (CDPQ)
Caisse de pensions de l'Etat de Vaud (CPEV)

Caisse de pensions ECA-RP
Caisse de Prévoyance de l'Etat de Genève (CEPG)
Caisse de Prévoyance des Interprètes de Conférence (CPIC)
Caisse intercommunale de pensions (CIP)
Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC)
Caja Ingenieros Gestión
California Public Employees' Retirement System
California State Controller
California State Teachers' Retirement System
California State Treasurer's Office
Calvert Research and Management
Candriam Investors Group
CAP Prévoyance
Capricorn Investment Group
CareSuper
Carnegie Fonder
Cathay Financial Holdings
Catholic Health Initiatives
Catholic Super
Cbus
CCAP Caisse Cantonale d'Assurance Populaire
CCLA
CCOO, FP
Central Finance Board of the Methodist Church
Christian Super
Christopher Reynolds Foundation
Church Commissioners for England
Church Investors Group
Church Of England Pensions Board
Church of Sweden Asset Management
CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle
City Developments Limited
CM-CIC Asset Management
Colonial First State Global Asset Management
Cometa Fondo Pensione
COMGEST
Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.
Common Interests
Conference for Corporate Responsibility Indiana And Michigan
Congregation of St. Joseph
Connecticut Retirement Plans and Trust Funds
Connecticut State Treasurer
CEPG
CPR AM
Credito Valtellinese S.p.A.
CRF For Local Government

Dana Investment Advisors
Danske Bank Wealth Management
Daughters of Charity, Province of St. Louise
Davy Asset Management
Dignity Health
Domini Impact Investments LLC
Dominican Sisters of Hope
Dominican Sisters of Sparkill
Dragon Capital Group
DSM Capital Partners LLC
DWS
Earth Capital Partners
East Capital
Ecofi Investissements
Ecofin Limited
EdenTree Investment Management
Edmond de Rothschild Asset Management (France)
EGAMO
Elo Mutual Pension Insurance Company
Encourage Capital
Environment Agency Pension Fund
Epic Capital Wealth Management
Epworth Investment Management
eQ Asset Management Ltd
ERAFP
Essex Investment Management, LLC
Etablissement Cantonal d'Assurance (ECA VAUD)
Ethos Foundation
Everence and the Praxis Mutual Funds
EverWatch Financial
Evli Bank
Felician Sisters of North America
FIM Asset Management
Finance in Motion
First Affirmative Financial Network
First State Super
FMO - Dutch Development Bank
Fondation de la métallurgie vaudoise du bâtiment (FMVB)
Fondation de prévoyance du Groupe BNP PARIBAS en Suisse
Fondation Leenaards, Switzerland
FONDO DE PENSIONES EMPLEADOS DE TELEFONICA
Fonds de Réserve pour les Retraites - FRR
Första AP-fonden (AP1)
Franciscan Sisters of Allegany NY
Friends Fiduciary Corporation
Frontier Advisors

Fundação VIVA DE PREVIDÊNCIA
GAM Investments
Generate Capital, Inc.
Generation Investment Management LLP
Glennmont Partners
GOOD GROWTH INSTITUT für globale Vermögensentwicklung mbH
Greater Manchester Pension Fund
Green Century Capital Management
Greentech Capital Advisors
Handelsbanken Asset Management
Hermes Investment Management
HESTA
Hexavest
HSBC Bank UK Pension Scheme
HSBC Global Asset Management
ICCR (Interfaith Center on Corporate Responsibility)
IFM Investors
Illinois State Treasurer Michael Frerichs
Impact Investors
Impax Asset Management
Industriens Pension
Inherent Group
Insight Investment
INTERAMERICAN
Investec Asset Management
Investment Management Corporation of Ontario (IMCO)
IRCANTEC
Jantz Management LLC
Janus Henderson
JLens Investor Network
Joseph Rowntree Charitable Trust
Kames Capital
KBIGI
Kempen Capital Management
Kendall Sustainable Infrastructure, LLC
La Banque Postale
La Française Group
Labour Union Co-operative Retirement Fund (LUCRF Super)
Lægernes Pension - pensionskassen for læger
Legal & General Investment Management
Legato Capital Management, LLC
LGPS Central Limited
Local Authority Pension Fund Forum
Local Government Super
Local Pensions Partnership
LocalTapiola Asset Management Ltd

Logos Asset Management
London Pensions Fund Authority
Los Angeles County Employees Retirement Association (LACERA)
M&G Investments
Macroclimate LLC
MAIF
Man Group plc
Manulife
Maryknoll Sisters
Maryland Province of the Society of Jesus
Maryland State Treasurer Nancy Kopp
McKnight Foundation
Meeschaert Asset Management
Mennonite Education Agency
Mercer Investments
Merck Family Fund
Mercy Health
Mercy Investment Services, Inc.
Merseyside Pension Fund
MFS Investment Management
Midwest Coalition Responsible Investment
Miller/Howard Investments, Inc.
Minnesota State Board of Investment
Mirabaud
Mirova
Mitsubishi UFJ Kokusai Asset Management Co.,LTD.
Mitsubishi UFJ Trust & Banking Corporation
MN
Montanaro Asset Management Ltd
Morphic Asset Management
MP Pension
MPC Renewable Energies GmbH
Munich Venture Partners
Nanuk Asset Management
Natixis Assurances
Natixis Investment Managers
Natural Investments
NEI Investments
Nephila Capital Ltd
NEST
Nest Sammelstiftung, Switzerland
Neuberger Berman
Neumeier Poma Investment Counsel, LLC
New Forests
New York City Comptroller
New York State Comptroller

Newton Investment Management
Nikko Asset Management
NN Investment Partners
Nomura Asset Management
Nordea
Nordea Asset Management
North East Scotland Pension Fund
Northern Ireland Local Government Officers' Superannuation Committee
NorthStar Asset Management, Inc.
Northwest Coalition for Responsible Investment
OFI AM
Öhman
Old Mutual Global Investors
Ontario Teachers' Pension Plan
OPTrust
Oregon State Treasurer Tobias Read
Ostrum Asset Management
Ownership Capital
P+(DIP/JOEP)
P1 Investment Management Limited
Pædagogernes Pension
Palisade Investment Partners
Parnassus Investments
Pathfinder Asset Management
Pegasus Capital Advisors, L.P.
PenSam
PensionDanmark
Pensions Caixa 30
Pensionskasse Caritas, Switzerland
Pensionskasse der Stadt Winterthur, Switzerland
Pensionskasse Stadt Luzern, Switzerland
Pensionskasse Unia, Switzerland
Permian Global
PFA Pension
PGGM
PHITRUST
Pictet Group
PKA A/S
PME
PMT (Pensioenfonds Metaal & Techniek)
Polaris Capital Group Co., Ltd.
Polden-Puckham Charitable Foundation
Prévoyance Santé Valais (PRESV), Switzerland
prévoyance.ne, Switzerland
Priests of the Sacred Heart, US Province
Princeville Global

Pro BTP Finance
Profelia Fondation de prévoyance, Switzerland
Progressive Asset Management
Progressive Investment Management
Prosperita Stiftung für die berufliche Vorsorge, Switzerland
PT. ASABRI (Persero)
Raiffeisen Capital Management
RAM Active Investments
Rathbone Greenbank Investments
Régime de retraite de l'Université de Montréal
Region VI Coalition for Responsible Investment
Regroupement pour la Responsabilité Sociale des Entreprises (RRSE)
Retraites Populaires, Switzerland
Reynders, McVeigh Capital Management, LLC
Riverwater Partners LLC
Robeco
RobecoSAM
Rockefeller Capital Management
Rose Foundation for Communities and the Environment
Royal London Asset Management
RPMI Railpen
RS Group
Ruffer LLP
Sampension A/S
San Francisco Employees' Retirement System (SFERS)
Santander Empleados Pensiones, F.P.
Sarasin & Partners LLP
SBI Funds Management Private Limited
Schroders plc
Seamans Capital Management, LLC
Seattle City Employees' Retirement System
SEB Investment Management
Seventh Generation Interfaith Inc.
Shareholder Association for Research & Education (SHARE)
Sinsinawa Dominicans Inc.
Sisters of Bon Secours USA
Sisters of St. Dominic of Caldwell
Sisters of St. Francis of Philadelphia
Sisters of the Presentation of the BVM of Aberdeen SD
Skandia
SLM Partners Australia
Socially Responsible Investment Coalition
Solaris Investment Management
Solothurnische Gebäudeversicherung, Switzerland
Sophia School Corporation
South Yorkshire Pensions Authority

St. Galler Pensionskasse, Switzerland
Stafford Capital Partners
State of New Mexico - Treasurer's Office
Statewide Super
Steyler Ethik Bank
Stichting Bedrijfstakpensioenfondsvoor de Bouwnijverheid
Stichting Pensioenfondsvoor Openbaar Vervoer
Stichting Pensioenfondsvoor de Woningcorporaties
Stichting Personeelspensioenfondsvoor APG
Stichting Spoorwegpensioenfondsvoor
Stiftung Abendrot, Switzerland
Storebrand Asset Management AS
Strathclyde Pension Fund
Sumitomo Mitsui Trust Bank
Superannuation Arrangements of the University of London (SAUL)
Sustainable Technology Investors Ltd
Sustainasia Limited
Sway Ventures
SWEN Capital Partners
Swift Foundation
Sycomore Asset Management
Terra Alpha Investments
Terre des hommes, Switzerland
The Atmospheric Fund
The Barrow Cadbury Trust
The George Gund Foundation
The London Borough of Islington Council
The Maryland State Retirement and Pension System
The Osiris Group
The Presbyterian Church in Canada
The Sustainability Group of Loring, Wolcott & Coolidge
The Swedish Foundation for Strategic Environmental Research, Mistra
The Tellus Mater Foundation
Thomson Horstmann and Bryant, Inc.
TOBAM
TPT Retirement Solutions
Transport for London Pension Fund
Tri-State Coalition for Responsible Investment
Trillium Asset Management
Trilogy Global Advisors, LP
Trinity Health
Triodos Investment Management
Trusteam Finance
TT International
UBS Asset Management
Union Bancaire Privée, UBP SA

Union Investment
 Union Mutualiste Retraite
 Unipol Gruppo
 UNISON Staff Pension Scheme
 Unitarian Universalist Association
 United Church Funds
 United Methodist Women
 Université de Montréal (Fonds de dotation)
 Universities Superannuation Scheme - USS
 University of California
 University of Toronto Asset Management
 Uninvest Company (Unilever Pension Funds)
 Ursuline Sisters of Tildonk, U.S. Province
 USA Northeast Province of the Society of Jesus
 Vancity Investment Management Ltd.
 Varma Mutual Pension Insurance Company
 VBV - Vorsorgekasse AG
 Veritas Pension Insurance Company
 Vermont Pension Investment Committee
 Vermont State Treasurer Elizabeth Pearce
 Vert Asset Management
 VicSuper
 Vision Super Pty Ltd
 Vontobel
 Walden Asset Management/Boston Trust & Investment Management
 Washington State Investment Board
 Water Asset Management LLC
 Wermuth Asset Management GmbH
 Wespeth
 West Midlands Pension Fund
 West Yorkshire Pension Fund
 Wetherby Asset Management
 WHEB Asset Management
 Zevin Asset Management
 Zurich Insurance Group

This statement is signed by investors and has been developed by the Asia Investor Group on Climate Change, CDP, Ceres, Investor Group on Climate Change, Institutional Investors Group on Climate Change, Principles for Responsible Investment, and the UN Environment Finance Initiative.

All seven partner organizations developed [The Investor Agenda: Accelerating Action for a Low-Carbon World](#).





Policy Advocacy

Investors taking action in the Policy Advocacy area of The Investor Agenda
as of **28 Feb. 2019**

27four
Aalto University Foundation
Aargauische Pensionskasse (APK)
Aberdeen Standard Investments
ABP
Achmea Investment Management
ACTIAM
Addenda Capital Inc.
Adrian Dominican Sisters, Portfolio Advisory Board
Aegon N.V.
AGF Investments Inc.
Aktia Bank Plc
Alberta Investment Management Corporation (AIMCo)
Alecta
Allianz Global Investors
Allianz SE
Alquity Investment Management Limited
Alternative Capital Partners Srl
AMF
Amundi
Andra AP-fonden (AP2)
AP3 Third Swedish National Pension Fund
AP4
AP6 (Sjätte AP-fonden)
AP7
APG
Aquila Capital
Archbishops' Council
Ardevora Asset Management LLP
Arjuna Capital
Armstrong Asset Management
As You Sow
ASN Bank
ATLAS Infrastructure
ATP
Ausbil Investment Management Ltd
Australian Ethical Investment
Australian Super
Avaron Asset Management
Avesco Financial Services AG
Aviva Investors
Aviva plc
AXA Investment Managers
Baillie Gifford & Co
Baldwin Brothers
Bank J. Safra Sarasin
Barings LLC
Barncancerfonden
Bâtirente
BBC Pension Trust
BBVA
Bedfordshire Pension Fund
Bernische Lehrerversicherungskasse
BMO Global Asset Management
BNP Paribas Asset Management
Boston Common Asset Management
Brawn Capital Limited
Bridges Fund Management Limited
Brunel Pension Partnership
BT Financial Group
Bullitt Foundation
Caisse de dépôt et placement du Québec (CDPQ)
Caisse de pensions de l'Etat de Vaud (CPEV)
Caisse de pensions ECA-RP
Caisse de Prévoyance de l'Etat de Genève (CPEG)
Caisse de Prévoyance des Interprètes de Conférence (CPIC)
Caisse intercommunale de pensions (CIP)
Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC)
Caja Ingenieros Gestión
California Public Employees' Retirement System
California State Controller
California State Teachers' Retirement System
California State Treasurer's Office
Calvert Research and Management
Candriam Investors Group
CAP Prévoyance
Capricorn Investment Group
CareSuper
Carnegie Fonder
Cathay Financial Holdings
Catholic Health Initiatives
Catholic Super
CBRE
Cbus
CCAP Caisse Cantonale d'Assurance Populaire
CCLA
CCOO, FP
Central Finance Board of the Methodist Church
Christian Super
Christopher Reynolds Foundation
Church Commissioners for England
Church Investors Group



Policy Advocacy

Church Of England Pensions Board	Edmond de Rothschild Asset Management (France)	Generation Investment Management LLP
Church of Sweden Asset Management	EGAMO	Glennmont Partners
CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle	Elo Mutual Pension Insurance Company	GOOD GROWTH INSTITUT für globale Vermögensentwicklung mbH
City Developments Limited	Encourage Capital	Greater Manchester Pension Fund
CM-CIC Asset Management	Environment Agency Pension Fund	Green Century Capital Management
Colonial First State Global Asset Management	Epic Capital Wealth Management	Greentech Capital Advisors
Cometa Fondo Pensione	Epworth Investment Management	Handelsbanken Asset Management
COMGEST	eQ Asset Management Ltd	Hermes Investment Management
Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.	ERAFP	HESTA
Common Interests	Essex Investment Management, LLC	Hexavest
Conference for Corporate Responsibility	Etablissement Cantonal d'Assurance (ECA VAUD)	HSBC Bank UK Pension Scheme
Indiana And Michigan	Ethos Foundation	HSBC Global Asset Management
Congregation of St. Joseph	Everence and the Praxis Mutual Funds	ICCR (Interfaith Center on Corporate Responsibility)
Connecticut Retirement Plans and Trust Funds	EverWatch Financial	IFM Investors
Connecticut State Treasurer	Evli Bank	Illinois State Treasurer Michael Frerichs
CPEG	Felician Sisters of North America	Impact Investors
CPR AM	FIM Asset Management	Impax Asset Management
Credito Valtellinese S.p.A.	Finance in Motion	Industriens Pension
CRF For Local Government	First Affirmative Financial Network	Inherent Group
Dana Investment Advisors	First State Super	Insight Investment
Danske Bank Wealth Management	FMO - Dutch Development Bank	INTERAMERICAN
Daughters of Charity, Province of St. Louise	Fondation de la métallurgie vaudoise du bâtiment (FMVB)	Investec Asset Management
Davy Asset Management	Fondation de prévoyance du Groupe BNP PARIBAS en Suisse	Investment Management Corporation of Ontario (IMCO)
Dignity Health	Fondation Leenaards, Switzerland	IRCANTEC
Domini Impact Investments LLC	FONDO DE PENSIONES EMPLEADOS DE TELEFONICA	Jantz Management LLC
Dominican Sisters of Hope	Fonds de Réserve pour les Retraites - FRR	Janus Henderson
Dominican Sisters of Sparkill	Första AP-fonden (AP1)	JLens Investor Network
Dragon Capital Group	Franciscan Sisters of Allegany NY	Joseph Rowntree Charitable Trust
DSM Capital Partners LLC	Friends Fiduciary Corporation	Kames Capital
DWS	Frontier Advisors	KBIGI
Earth Capital Partners	Fundação VIVA DE PREVIDÊNCIA	Kempen Capital Management
East Capital	GAM Investments	Kendall Sustainable Infrastructure, LLC
Ecofi Investissements	Generate Capital, Inc.	La Banque Postale
Ecofin Limited		La Française Group
EdenTree Investment Management		Labour Union Co-operative Retirement Fund

Policy Advocacy

(LUCRF Super)	MN	Ownership Capital
Lægernes Pension - pensionskassen for læger	Montanaro Asset Management Ltd	P+(DIP/JOEP)
Legal & General Investment Management	Morphic Asset Management	P1 Investment Management Limited
Legato Capital Management, LLC	MP Pension	Pædagogernes Pension
LGPS Central Limited	MPC Renewable Energies GmbH	Palisade Investment Partners
Local Authority Pension Fund Forum	Munich Venture Partners	Parnassus Investments
Local Government Super	Nanuk Asset Management	Pathfinder Asset Management
Local Pensions Partnership	Natixis Assurances	Pegasus Capital Advisors, L.P.
LocalTapiola Asset Management Ltd	Natixis Investment Managers	PenSam
Logos Asset Management	Natural Investments	PensionDanmark
London Pensions Fund Authority	NEI Investments	Pensions Caixa 30
Los Angeles County Employees Retirement Association (LACERA)	Nephila Capital Ltd	Pensionskasse Caritas, Switzerland
M&G Investments	NEST	Pensionskasse der Stadt Winterthur, Switzerland
Macroclimate LLC	Nest Sammelstiftung, Switzerland	Pensionskasse Stadt Luzern, Switzerland
MAIF	Neuberger Berman	Pensionskasse Unia, Switzerland
Man Group plc	Neumeier Poma Investment Counsel, LLC	Permian Global
Manulife	New Forests	PFA Pension
Maryknoll Sisters	New York City Comptroller	PGGM
Maryland Province of the Society of Jesus	New York State Comptroller	PHITRUST
Maryland State Treasurer Nancy Kopp	Newton Investment Management	Pictet Group
McKnight Foundation	Nikko Asset Management	PKA A/S
Meeschaert Asset Management	NN Investment Partners	PME
Mennonite Education Agency	Nomura Asset Management	PMT (Pensioenfonds Metaal & Techniek)
Mercer Investments	Nordea	Polaris Capital Group Co., Ltd.
Merck Family Fund	Nordea Asset Management	Polden-Puckham Charitable Foundation
Mercy Health	North East Scotland Pension Fund	Prévoyance Santé Valais (PRESV), Switzerland
Mercy Investment Services, Inc.	Northern Ireland Local Government Officers' Superannuation Committee	prévoyance.ne, Switzerland
Merseyside Pension Fund	NorthStar Asset Management, Inc.	Priests of the Sacred Heart, US Province
MFS Investment Management	Northwest Coalition for Responsible Investment	Princeville Global
Midwest Coalition Responsible Investment	OFI AM	Pro BTP Finance
Miller/Howard Investments, Inc.	Öhman	Profelia Fondation de prévoyance, Switzerland
Minnesota State Board of Investment	Old Mutual Global Investors	Progressive Asset Management
Mirabaud	Ontario Teachers' Pension Plan	Progressive Investment Management
Mirova	OPTrust	Prosperita Stiftung für die berufliche Vorsorge, Switzerland
Mitsubishi UFJ Kokusai Asset Management Co.,LTD.	Oregon State Treasurer Tobias Read	PT. ASABRI (Persero)
Mitsubishi UFJ Trust & Banking Corporation	Ostrum Asset Management	Raiffeisen Capital Management

Policy Advocacy

RAM Active Investments	Sisters of the Presentation of the BVM of Aberdeen SD	The Atmospheric Fund
Rathbone Greenbank Investments	Skandia	The Barrow Cadbury Trust
Régime de retraite de l'Université de Montréal	SLM Partners Australia	The George Gund Foundation
Region VI Coalition for Responsible Investment	Socially Responsible Investment Coalition	The London Borough of Islington Council
Regroupement pour la Responsabilité Sociale des Entreprises (RRSE)	Solaris Investment Management	The Maryland State Retirement and Pension System
Retraites Populaires, Switzerland	Solothurnische Gebäudeversicherung, Switzerland	The Osiris Group
Reynders, McVeigh Capital Management, LLC	Sophia School Corporation	The Presbyterian Church in Canada
Riverwater Partners LLC	South Yorkshire Pensions Authority	The Sustainability Group of Loring, Wolcott & Coolidge
Robeco	St. Galler Pensionskasse, Switzerland	The Swedish Foundation for Strategic Environmental Research, Mistra
RobecoSAM	Stafford Capital Partners	The Tellus Mater Foundation
Rockefeller Capital Management	State of New Mexico - Treasurer's Office	Thomson Horstmann and Bryant, Inc.
Rose Foundation for Communities and the Environment	Statewide Super	TOBAM
Royal London Asset Management	Steyler Ethik Bank	TPT Retirement Solutions
RPMI Railpen	Stichting Bedrijfstakpensioenfondsvoor de Bouwnijverheid	Transport for London Pension Fund
RS Group	Stichting Pensioenfondsvoor Openbaar Vervoer	Tri-State Coalition for Responsible Investment
Ruffer LLP	Stichting Pensioenfondsvoor de Woningcorporaties	Trillium Asset Management
Sampension A/S	Stichting Personeelspensioenfondsvoor APG	Trilogy Global Advisors, LP
San Francisco Employees' Retirement System (SFERS)	Stichting Spoorwegpensioenfondsvoor Stifting Abendrot, Switzerland	Trinity Health
Santander Empleados Pensiones, F.P.	Storebrand Asset Management AS	Triodos Investment Management
Sarasin & Partners LLP	Strathclyde Pension Fund	Trusteam Finance
SBI Funds Management Private Limited	Sumitomo Mitsui Trust Bank	TT International
Schroders plc	Superannuation Arrangements of the University of London (SAUL)	UBS Asset Management
Seamans Capital Management, LLC	Sustainable Technology Investors Ltd	Union Bancaire Privée, UBP SA
Seattle City Employees' Retirement System	Sustainasia Limited	Union Investment
SEB Investment Management	Sway Ventures	Union Mutualiste Retraite
Seventh Generation Interfaith Inc.	SWEN Capital Partners	Unipol Gruppo
Shareholder Association for Research & Education (SHARE)	Swift Foundation	UNISON Staff Pension Scheme
Sinsinawa Dominicans Inc.	Sycomore Asset Management	Unitarian Universalist Association
Sisters of Bon Secours USA	Terra Alpha Investments	United Church Funds
Sisters of St. Dominic of Caldwell	Terre des hommes, Switzerland	United Methodist Women
Sisters of St. Francis of Philadelphia		Université de Montréal (Fonds de dotation)
		Universities Superannuation Scheme - USS
		University of California



Policy Advocacy

University of Toronto Asset Management
Uninvest Company (Unilever Pension Funds)
Ursuline Sisters of Tildonk, U.S. Province
USA Northeast Province of the Society of Jesus
Vancity Investment Management Ltd.
Varma Mutual Pension Insurance Company
VBV - Vorsorgekasse AG
Veritas Pension Insurance Company
Vermont Pension Investment Committee
Vermont State Treasurer Elizabeth Pearce
Vert Asset Management
VicSuper
Vision Super Pty Ltd
Vontobel
Walden Asset Management/Boston Trust & Investment Management
Washington State Investment Board
Water Asset Management LLC
Wermuth Asset Management GmbH
Wespath
West Midlands Pension Fund
West Yorkshire Pension Fund
Wetherby Asset Management
WHEB Asset Management
Zevin Asset Management
Zurich Insurance Group

Who we are

- For 30+ years, CII has been a leading voice for effective corporate governance standards and practices, strong shareholder rights and sensible financial rules.
- CII promotes fair and vibrant capital markets and investor-useful disclosure.
- Member-approved corporate governance polices support long-term value creation and are a benchmark for investor expectations of companies that tap U.S. securities markets.
- CII has more than 125 asset owner members, with more than \$3.5 trillion in assets, and more than 50 asset manager associate members, with more than \$25 trillion in AUM.

Current priority issues

Public vs private companies

The ongoing debate over the decline in the number of U.S. public companies has spurred calls for lighter securities regulation. It has also been used to justify multi-class capital structures with unequal voting rights; tech-company founders believe super-voting shares make going public more appealing. They contend that having a dual-class moat lets them focus on building long-term value without having to worry about short-term share price pressures.

But these trends have tradeoffs for investors:

- Concentrating voting rights in a few hands entrenches management and makes managers less accountable to shareholders. Also, research shows that the valuation premiums that dual-class companies tend to have over single-class firms in the early years dissipate into discounts six to nine years post-IPO.
- Private companies have less transparent financial reporting, weaker internal controls and the market for them is less liquid.

CII has fostered robust discussion of these trends—at our conferences, in member webinars and publications and by highlighting relevant research. Our May 17 event in NYC will feature a discussion on “Public Company vs. Private Company: Does it Matter?” led by investment professionals and academics.

CII strongly supports the principle of one-share, one-vote: Public companies should have one class of common stock with equal voting rights; companies that make their debut on the public markets with multiple classes of common stock with differentiated voting rights should commit to sunset provisions that collapse to one-share, one-vote within a limited period of time.

Market structure

Market structure issues have become a critical focus for CII members because of advances in technology and the transformation of stock exchanges into for-profit corporations. While CII does not have specific policies on market structure issues, we provide a forum for balanced discussion of developments such as high-frequency trading and blockchain innovation, by hosting knowledgeable speakers at our conferences and on member webinars, and via teleconference calls and publications.

Corporate governance concerns have gotten short shrift at the exchanges themselves. Now public companies, they compete fiercely with each other for listings. In the heat of competition, they sometimes ignore best-practice as they jockey for companies to list their shares. CII supports the SEC's proposed transaction fee pilot that could shed light on the extent to which broker-dealers route orders to specific exchanges in ways that benefit them at the expense of their customers.

Independent proxy research

Independent research helps institutional investors cast informed proxy votes. But access to independent research is threatened by proposed legislation that could drive up the cost of voting responsibly--and possibly drive proxy advisory firms out of business.

The legislation would require proxy advisory firms to share their research reports and proxy voting recommendations with the companies about whom they are writing *before* they are shared with the institutional investors who are their paying clients. CII believes the legislation would bias proxy advisory firms in favor of corporate management. We also believe that the new requirements it would impose are unnecessary, overly burdensome and counter-productive. CII has played a leading role in advocating against the bill—in briefings for members, in meetings on Capitol Hill and in a stream of letters to policy makers.

Director elections

The board of directors is the first line of defense for shareholders. As agents for investors, directors have a responsibility to make decisions in the company's best interest. That's why CII pays close attention to how directors are elected and removed.

CII advocates robustly for majority voting in uncontested elections—still far from the norm at many Russell 3000 companies. Hundreds still use the plurality vote standard, which results in Kremlin-style rubber-stamp elections because all a nominee needs is one vote to be elected.

CII has also pressed for universal proxy cards in contests for board seats. Universal proxies let shareholders vote for the combination of nominees from management's and the dissident's slate that they prefer. Under current SEC rules, that is generally only possible if investors vote in person at the annual meeting. In 2016, the SEC proposed requiring universal proxy cards in contested elections. CII is lobbying vigorously for the SEC to finalize the rule.

Effective disclosure and reliable financial reporting

Investors depend on prompt, transparent disclosure of important corporate financial information. High-quality, timely disclosure gives investors a full picture of a company's businesses and helps them price risk. While eliminating disclosure overlap makes sense, CII believes regulators should focus on protecting investors when considering appeals for reduced disclosure.

Toward that end, CII comments on regulatory and legislative proposals that would affect financial disclosure. In particular, CII supports investor-useful disclosure on environmental, social and governance risks. We also support SEC registration for private equity fund advisors, an SEC proposal to require companies to disclose policies on hedging by executives and directors, and tighter curbs and more transparency of 10b5-1 trading plans that company insiders use to sell company stock.

Forced arbitration

Institutional investors have been alarmed by reports that the SEC is considering a possible policy shift to permit IPO companies to include forced arbitration provisions in their bylaws. CII strongly opposes mandatory arbitration and has discussed concerns with members and policymakers, and submitted comment letters on the topic to the SEC.

While arbitration generally shortens the time required to resolve a dispute, it has serious tradeoffs for investors:

- The process for discovering evidence may be limited in comparison with a judicial proceeding.
- The right to appeal is rare.
- Arbitration awards are not directly enforceable and may require judicial remedy to confirm the award.
- Disputes that go to arbitration rather than the court system generally do not become part of the public record. Putting shareholder lawsuits in the dark will cause them to lose their deterrent effect.

Ceres Investor Network

The Ceres Investor Network on Climate Risk and Sustainability comprises more than 160 institutional investors collectively managing more than \$25 trillion in assets that are advancing leading sustainable investment practices, engaging with major companies on sustainability strategies and supporting innovative policy solutions. The Ceres Investor Network leads efforts to address investment risks and opportunities related to climate change, water scarcity, human rights and other sustainability threats that can have material financial impacts.

Influential investors from leading asset management firms, public pension funds, labor and socially-responsible investment funds, foundations, endowments and family offices make up the Ceres Investor Network. Members include BlackRock, State Street Global Advisors and TIAA-CREF, as well as public pension funds in California, Florida, New York and Quebec.

HOW WE WORK

- Provide top-level expertise and support for investor engagements and proxy voting on climate and sustainability issues in nearly every sector of the economy including oil and gas, electric utilities, transportation, food and agriculture, and insurance.
- Deliver cutting-edge research and interactive reports and tools that help investors navigate and understand complex environmental, social and governance (ESG) risks.
- Support investors in ramping up sustainable investments in clean energy, clean technology innovation, and global food and water systems.
- Advocate for stronger climate and clean energy policies and standards – including carbon pricing – at the federal and state level.
- Engage with stock exchanges and financial market regulators, including the U.S. Securities and Exchange Commission and the International Organization of Securities Commissions, on strengthening climate-related financial risk disclosures.

FOR MORE INFORMATION PLEASE VISIT WWW.CERES.ORG/INVESTORNETWORK
OR CONTACT WINN COSTANTINI, ASSOCIATE, INVESTOR NETWORK AT COSTANTINI@CERES.ORG

WORKING GROUPS

Ceres Investor Network members engage deeper on sustainable investment practices, corporate engagement strategies and policy solutions through the following working groups:

Carbon Asset Risk Working Group	Investor Water Hub
Ceres Climate Action 100+ North America	Low Carbon/Clean Energy Investment Working Group
Disclosure Working Group	Policy Working Group
Investor Initiative for Sustainable Forests	Shareholder Initiative on Climate and Sustainability

MEMBER BENEFITS

Shared Learning Opportunities

The Ceres Investor Network provides members with shared learning opportunities on strategies related to sustainable investing, shareholder proxy voting and ESG integration through events, webinars and working group calls.

Engagement with Companies

Ceres Investor Network members are some of the most active investors in shareholder engagement on climate and sustainability issues. As members, they can participate in stakeholder engagements with representatives from major companies, including many Fortune 500 firms, to promote ESG integration in operations and supply chains.

Collaboration with Global Investor Leaders

Members of the Ceres Investor Network collaborate with investors around the world to accelerate action on climate change through initiatives such as the Global Investor Coalition on Climate Change (GIC) and Climate Action 100+. The GIC is a joint partnership working to improve investor practices, corporate actions and international policy responses to climate change. Investor signatories of Climate Action 100+ engage with the world's largest greenhouse gas emitters to improve governance, curb emissions and strengthen climate disclosures.

Networking Events and Communications

Ceres Investor Network members meet throughout the year at high-profile events including the annual Ceres Conference and biennial Investor Summit on Climate Risk to exchange ideas on how to tackle the biggest sustainability challenges. Ceres Investor Network members also receive access to an exclusive online investor portal that allows peer-to-peer learning for strategic planning and collaboration. The portal is a one-stop-shop for investors looking for more information related to shareholder resolutions, ESG integration and more. Members also receive weekly email updates on news and research, member accomplishments, events and webinars.

"The Ceres Investor Network offers unique opportunities for investors to engage with companies on sustainability risks and opportunities."



JACK ENHES
CEO CALSTRS AND CERES
INVESTOR NETWORK MEMBER

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