Dear Members of the Board of Trustees of [Fund],

We, the current and future beneficiaries of [Fund] are writing to ask you to demonstrate the steps the fund has taken or plans to take to monitor our investment portfolios for climate-related financial risk. Recent announcements from the Ireland Strategic Investment Fund, the New York State Common Fund, the New York City Employees' Retirement System, and Teachers' Retirement System that officials will immediately pursue divesting those funds from fossil fuels as a prudent act in line with their fiduciary responsibilities has raised concerns about whether you, as our Trustees, are exercising the same degree of prudence and due diligence. We are concerned that climate change and the rapid transition to a low-carbon economy will significantly impact our pensions. With the number of new climate related regulations, emerging technologies and announcements of new climate litigation, that we are concerned that there are now new realities that were not part of the decision making when the fund developed its investment strategy. We know that [Fund] faces a current funding shortfall of [???].[1] We are worried that if action is not taken now to protect [Fund's] assets from climate-related financial risk, the fund may suffer significant losses and put our pensions at risk. As beneficiaries, we believe it is critical for you as Trustees to act now to protect our pensions.

Climate-related financial risk refers to a set of conditions caused by both the physical impacts of climate change and the regulatory, technology and legal responses to the global effort to transition to a low-carbon economy. These changes will likely impact several asset classes, either depress or destroy the value of fossil fuel assets, and lead to declines in investment returns. These risks include – but are not limited to potential for –

- losses in revenue due to physical impacts where storms, wildfires, hurricanes like Harvey, Maria and Irma happen more frequently and businesses operations in impacted areas are disrupted and unable to sustain earnings and performance for the fund ;
- new regulations and policies designed to reduce greenhouse gas emissions that will increase the operating costs and in turn place downward pressure on the profitability of carbon intensive sectors and industries;
- a growing number of lawsuits that seek billions of dollars in damages from the biggest contributors to climate change, and which may significantly impact the value of oil and gas companies and investment returns for the fund; and
- lost revenue from oil and gas assets as demand declines and new technologies emerge and are deployes, such as electric vehicles and forms of renewable energy generation.

These risks are not theoretical. The US coal industry has already undergone a massive wave of bankruptcies. Statistics show that over the next 35 years, the coal industry can expect to see annual

[1] Bloomberg | Pension Fund Problems Worsen in 43 States https://www.bloomberg.com/graphics/2017-state-pension-funding-ratios/?utm_content=graphics&utm_campaign=socialflow-organic&utm_source=twitter&utm_medium=social&cmpid%3D=socialflow-twitter-graphics

returns reduced by 26% to 82%.[2] Similarly experts project that oil and utilities are projected to see expected median returns fall by 38% and 60% respectively over the same timeframe.[3] For pension funds that hold these assets and fail to address these projected losses, we are concerned that ignoring climate related financial risk exposes the fund and our families to an uncertain future.

Prominent investors, many of whom are your peers, faced with the same challenges and responsibilities to act in the best interests of fund beneficiaries, have not only voiced concerns about climate related financial risk but have taken action by adopting risk assessments and divesting their funds of fossil fuel assets.

Mercer Investments, a leading advisor of institutional investors including pension funds, evaluated several climate change scenarios and found that climate-related financial risk would affect investment performance across asset classes.[4] Mark Carney, governor of the Bank of England, has expressly warned of the "tragedy of the horizon" and urged financial actors to take climate change into account.[5] Blackrock cautioned in an investor briefing that all investors should consider climate change in their investment analyses.[6] Vanguard is urging companies to disclose how climate change may affect them, and even voted against the boards at ExxonMobil and Occidental Petroleum to pass shareholder resolutions on climate risk.[7] Indeed, even some oil companies themselves have begun to acknowledge the significant and intersecting financial and legal risks they face due to climate change.[8] Moreover, the Task Force for Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board recently released its recommendations for how different industries should disclose and communicate the climate-related financial risks they face.

Due to our concern that [Fund] may not be adequately evaluating its exposure to climate-related financial risk, we request that the Board of Trustees answer the following questions so we, current and future beneficiaries, may understand how our retirement savings are being managed.

1. Has the fund conducted a portfolio climate risk assessment to review the impact of climate change on investment returns? Are there any systems, processes, protocols, or other methods of review of the [Fund's] asset allocation methodology that incorporate a specific

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[2] See Mercer, Climate Change Investment Risk Management: A Guide for U.S. Public Defined Benefit Plan Trustees (2016).
[3] Id.
[4] See Mercer Investments, Investing in a time of climate change; available at https://www.mercer.com/content/dam/mercer/attachments/global/investments/mercer-climate-change-report-2015.pdf
[5] [Tragedy of the Horizon Speech] http://www.bankofengland.co.uk/publications/Pages/speeches/2015/844.aspx
[6] [Blackrock investor briefing re: climate change] https://www.blackrock.com/investing/literature/whitepaper/bii-climate-change-2016-us.pdf
[7] [Vanguard] https://www.reuters.com/article/us-vanguard-climate/vanguard-seeks-corporate-disclosure-on-risks-from-climate-change-idUSKCN1AU1KJ
[8] See Shell Annual Report 2017.

evaluation of climate-related financial risk? Are these procedures documented? How often and when were these systems, processes, protocols and or methods last reviewed?

2. How often does the Board engage investment professionals retained on behalf of the fund? Has the Board or any member of [Fund] staff communicated to any broker, advisor, investment professional retained by the fund for any intention or desire to address climate-related financial risk to investment advisors, asset managers, or other external consultants?

3. Does the fund conduct any geographical mapping of any of its assets? Does the fund have significant direct or indirect exposure to coastal assets that are vulnerable to business enterprise risk due to extreme weather events and sea level rise?
4. Does the fund have significant direct exposure to coal, oil or gas assets, or indirect exposure to sectors or industries that derive a substantial percentage of revenue from fossil fuels?
5. Has the fund conducted an assessment of the performance of these assets or of how that performance may change in the face of the economic transitions required to confront climate change? What procedures does the fund have in place for changing an investment strategy once information reveals underperforming or imprudent investments? Has the fund acted on information about the underperformance of assets by directing investment managers to remove those investments from the fund in a manner that is consistent with the Board of Trustees' fiduciary duties?

6. Has the Board undertaken any mapping of its Board Membership to reflect the familial relationships or commercial interests of members of the Board of Trustees to any ownership interest of the Fund?
7. Does the Board have a conflict of interest policy? Has the Board conducted a compliance review within the last year?

8. In [Fund's] engagement efforts with owned companies, does [Fund] urge action on climate-related financial risk disclosure? Does the fund participate in corporate governance review of companies? Does the fund engage in shareholder resolutions? Specifically, does the [Fund] urge owned companies to adopt the TCFD recommendations on climate-related financial disclosures?
9. Does [Fund] plan to adopt the TCFD recommendations for its own financial disclosures?

Thank you for taking the time to answer these questions and demonstrating that you are exercising your fiduciary duty to monitor fund assets for non-performance due to climate related risk, to take action and to eliminate imprudent investments from the fund. We, current and future beneficiaries of [Fund] appreciate your efforts, and seek only to ensure that our pensions are secure.

Sincerely,

[beneficiaries of Fund]