Minnesota State Legislature

Minnesota Senate

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KEY: ~~stricken~~ = removed, old language. underscored = added, new language.
Version List Authors and Status

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A bill for an act

relating to State Board of Investment; mandating a report on the impact of climate change on the fossil fuel investments currently held by the State Board of Investment.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **STATE BOARD OF INVESTMENT; REPORT ON THE RISKS OF INVESTMENTS IN FOSSIL FUEL COMPANIES CURRENTLY IN THE PORTFOLIO.**

(a) The State Board of Investment shall prepare a report on the stability and security of investments in companies that are involved in the exploration, production, development, transportation, or sale of fossil fuels. The report must be limited to assets of the public pension and retirement funds managed by the State Board of Investment. The ultimate goal of the report is to assess the risks to the assets of the public pension and retirement funds due to climate change and its adverse consequences.

(b) The report shall include the following:

(1) a description of the fiduciary duties, prudent person standard, and other requirements that govern the State Board of Investment's management of the retirement funds;

(2) definitions of fossil fuel investments and renewable energy investments;

(3) an assessment of the impact of carbon exposure on fossil fuel investments in the retirement funds and its asset class target;

(4) an assessment of the concerns and potential costs of continuing to stay invested in fossil fuel companies, generally, and specifically, continued investment in coal mining and producing companies;

(5) identification of the approaches available to public institutional investors that address climate change initiatives;

(6) identification and assessment of alternatives to fossil fuel investments, including investment in renewable energy companies and engagement in the governance of fossil fuel companies;

(7) a summary of research on the processes, procedures, and policies utilized by other public pension plans to address climate change issues;

(8) a description of how climate change is currently addressed in the investments of the retirement funds;

(9) development of metrics that could be implemented to assess the impact of the carbon exposure of individual companies and describe measures that would address potential adverse consequences to the retirement funds of continued investment in companies holding a large carbon footprint;

(10) identification of improvements that could be incorporated into the State Board of Investment's proxy guidelines to address environmental policy that encourage further engagement in climate change initiatives; and

(11) identification of resources available to the State Board of Investment to continue acquiring knowledge on climate change risk and related investment alternatives.

(c) The State Board of Investment shall deliver its report on or before February 1, 2018, to the chair, the vice-chair, and the executive director of the Legislative Commission on Pensions and Retirement.

EFFECTIVE DATE. This section is effective the day following final enactment.