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City Attorney's Office

17 MAR 24 PM 2:56

# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

INTRODUCED BY COUNCILMEMBERS KALB

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**RESOLUTION IN SUPPORT OF SENATE BILL 560 (SENATOR ALLEN)  
THAT WILL REQUIRE MEMBERS OF CALIFORNIA'S PUBLIC  
PENSION FUNDS BOARDS, AS PART OF THEIR FIDUCIARY DUTIES,  
TO CONSIDER FINANCIAL RISKS ASSOCIATED WITH CLIMATE  
CHANGE WITH RESPECT TO THEIR INVESTMENTS, AND,  
BEGINNING IN 2020, TO REPORT ANNUALLY ON THE FINANCIAL  
CLIMATE RISKS, INCLUDING THE CARBON FOOTPRINT OF THE  
INVESTMENTS**

**WHEREAS**, existing state law establishes various public employee retirement systems and provides for the administration of the State Teachers' Retirement System by the Teachers' Retirement Board and for the administration of the Public Employees' Retirement System, among other public employee retirement systems, by the Board of Administration of the Public Employees' Retirement System; and

**WHEREAS**, SB 560, beginning on and after January 1, 2019, would require members of those boards to consider the financial risks of climate change, as defined, of each investment, or potential investment, as part of their discharge of their fiduciary duties with respect to the investment; and, by January 1, 2020, and annually thereafter, to report on the financial climate risks of their investments, including the carbon footprint of the investments; and

**WHEREAS**, climate change is a serious long-term problem that is expected to affect our environment, health, and economy for decades to come; and

**WHEREAS**, effects of global climate change that scientists predicted in the past are already occurring – sea ice has been lost, sea levels are rising at accelerated rates, and longer, more intense heat waves and extreme weather events are occurring; and

**WHEREAS**, as global temperatures to continue to rise, these effects will likely accelerate. Heat waves, droughts, and hurricanes are all projected to grow in intensity as climate change progresses; and

**WHEREAS**, the financial sector is not insulated from the adverse effects of climate change; and

**WHEREAS**, California is a global leader in addressing climate change and reducing the emissions of heat-trapping greenhouse gases, and has consistently worked to protect the physical, social, and economic resources of all Californians, as most recently exemplified by Senate Bills 32 and 350 of the 2015–16 legislative session; and

**WHEREAS**, climate change presents an array of material financial risks, including transition risk, physical risk, insurance risk and litigation risk, that reasonable investors must take into account when making investment decisions, and failure to acknowledge and address these risks will result in exposure to subsequent liabilities and financial risk; and

**WHEREAS**, if global temperature rise is to be limited to no more than 2 degrees Celsius, or the aspirational target of 1.5 degrees proposed in the COP 21 agreement now in effect, governments must act to limit warming and hasten the transition to a low-carbon economy by halting the extraction and development of carbon reserves; and, this regulatory risk will affect major sectors of the global economy; and

**WHEREAS**, in order to ensure sufficient funding of both current and future retirees' financial benefits, retirement boards must consider both short-term and long-term effects and risks of retirement fund investments; and

**WHEREAS**, if climate change and carbon emissions continue on their current trajectories, both acute and chronic weather-related activity will greatly compromise the ability of businesses that do not account for these changes to reliably generate returns; moreover, pension funds' influence in the markets can induce firms to accurately report their carbon risk to the public; and

**WHEREAS**, given the potentially catastrophic consequences of climate change, the documented social and economic cost of carbon, and the emerging body of literature on the material financial risks of climate change, retirement boards simply cannot disregard financial climate risks; now, therefore, be it

**RESOLVED:** That the Oakland City Council supports Senate Bill (SB) 560 (Allen), state legislation that will make it a fiduciary duty of members of California's public pension funds boards to consider the financial risks associated with climate change with respect to their investments, and report annually on the financial climate risks of their investments, beginning in 2020; and be it

**FURTHER RESOLVED:** That the City Administrator is directed to forward a copy of this enacted Resolution to state legislative elected officials representing Oakland, Governor Jerry Brown, and to the lobbyist for the City of Oakland to advocate for passage of SB 560.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB, KAPLAN  
AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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LATONDA SIMMONS  
City Clerk and Clerk of the Council of the City  
of Oakland, California