

Reclaiming **Worker Power** Energizing **Our Movement**

WASHINGTON STATE LABOR COUNCIL, AFL-CIO

RESOLUTION REGARDING THE IMPROVEMENT OF THE WASHINGTON STATE INVESTMENT BOARD RESOLUTION #2024.03

WHEREAS, federal regulators and economists have been raising the alarm about how climate change poses a significant risk to future economic health and financial stability and thus future union member pension returns; and

WHEREAS, union members recognize the historic investment of pension funds into corporations and projects that build wealth on the exploitation of labor; and

WHEREAS, financial risks from climate change that have the potential to trigger significant losses to our pensions and even financial crises include: Insurance companies and re insurers going bankrupt under the pressure of escalating extreme weather events; property markets crashing in response to property values collapsing as whole geographies become uninhabitable year round and uninsurable; fossil fuel companies ending up with significant stranded assets as we meet our climate goals; and

WHEREAS, financial risks from labor unrest, unsafe working conditions and worker-led class action lawsuits have the potential to trigger significant losses to union member pensions; and

WHEREAS, recent extreme weather events like the Lahaina Fire, Hurricane Sandy, and California Fires in addition to causing serious human tolls, have also already caused significant financial losses and played a significant role in triggering escalating insurance prices; and

WHEREAS, pension funds are the actor in the financial system with the most interest in guarding against long-term risks; and

WHEREAS, the WSIB is responsible for investing the public pension funds for all state and local employees, with a mission to maximize returns at a prudent level of risk, to ensure all public employees can retire with dignity; and

WHEREAS, as a result of the WSIB's efforts over the years, Washington state has one of the top five best funded public pension systems in America. Investment returns earned by the WSIB account for 75 cents of every dollar in the state pension funds; and

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RESOLUTION REGARDING THE IMPROVEMENT OF THE WASHINGTON STATE INVESTMENT BOARD (cont.) RESOLUTION #2024.03

WHEREAS, given that all climate financial risks will be worse in scenarios with greater warming, the WSIB has an interest in mitigating climate financial risk by using its shareholder power to urge other financial and corporate actors to take responsible climate action; and

WHEREAS, as WSLC we are the largest organization representing state pension fund members and current and former union members make up the majority of State Pension fund recipients; now therefore, be it

RESOLVED, the WSLC will urge the Washington State Investment Board:

1. To protect beneficiaries from labor and exploited worker disputes that pose financial risk to pension returns and climate related financial risks to pensions returns.
2. To weigh the evolving range of environmental, social and governance issues – such as climate change, racial justice and worker rights – in all investment decisions and leverage its shareholder power to push banks and other corporations it invests in to align their business practices to meet the highest possible standards in their management of ESG issues.