FACT SHEET
From the Office of New York State Comptroller
Thomas P. DiNapoli

THE NEW YORK STATE COMMON RETIREMENT FUND'S ENGAGEMENT ON CLIMATE CHANGE

Under the leadership of New York State Comptroller Thomas P. DiNapoli, the New York State Common Retirement Fund (Fund) Corporate Governance program is responsible for developing and implementing policies that fulfill the Comptroller's fiduciary responsibility. Through the program, DiNapoli has taken a leading investor role in seeking better corporate environmental practices. At the forefront of these initiatives, DiNapoli has demonstrated a longstanding practice of engaging the Fund's portfolio companies to transition their corporate practices to promote a low carbon economy in an effort to mitigate climate change.

Notable Achievements

- DiNapoli and New York City Comptroller Scott M. Stringer wrote to the Securities and Exchange Commission urging it to compel fossil fuel industry companies — by enforcement or other action —to enhance disclosure of the material risks climate change poses to their business and what steps they are taking to meet those challenges.
- DiNapoli's Corporate Governance program has filed 41 shareholder proposals over the last five years calling on companies to assess their climate change risks and strategies for addressing those risks. In 2015, those requests included:
    - Agreements with five portfolio companies (Alliant Energy, Denbury Resources, Martin Marietta Materials, Vulcan Materials and Wisconsin Energy) to create reports describing what steps they could take to help meet the goal of reducing carbon emissions by 80 percent by 2050;
    - A shareholder proposal filed with Devon Energy seeking disclosure of the company's plans to address global concerns regarding the contribution of fossil fuel use to climate change, including analysis of long and short term financial and operational risks to the company;
    - The Fund asked DTE Energy to explain how it could adapt its business model to enable increased deployment of low-carbon electricity as a means to reduce greenhouse gas emissions; and
    - Agreements with Target and Archer-Daniels Midland to use only sustainably-sourced palm oil, free from deforestation, in their products. The Fund reached similar agreements in past years with ConAgra, Dunkin' Donuts, and others. Palm oil harvesting is a leading cause of deforestation, which accounts for nearly 20 percent of greenhouse gas emissions.
- The Fund participated in a 2015 report entitled "Investing in a Time of Climate Change" conducted by Mercer, a global think tank, that modeled the potential impacts of climate change across asset classes. The study provides a foundation for the Fund's ongoing efforts to manage climate risk in ways that protect and enhance its portfolio. The Fund further commissioned a tailored report from Mercer, that analyzed the areas of risk and opportunity climate change could

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Updated December 2015

present to the Fund's holdings.

- The Asset Owners Disclosure Project (AODP), an international research organization, recently awarded the Fund its highest grade (AAA) for its climate change best practices, including its engagement with portfolio companies. The Fund was ranked first in active ownership and sixth overall among the 500 largest global investors assessed.
- The Fund recently created a $2 billion low emission index of domestic equities, which will help inform the Fund's continued engagement with portfolio corporations on climate change issues. Through the index, which makes use of independent emissions data reported to the CDP (Carbon Disclosure Project), the Fund will identify companies that lag in emission management and engage where appropriate in an effort to encourage lowering and improve reporting of emissions.
- In 2013, DiNapoli and the Fund joined the Carbon Asset Risk Initiative (CAR) – a group of 70 global investors managing more than $3 trillion of collective assets – which asked 45 of the world's top oil and gas, coal and electric power companies to assess the financial risks that climate change poses to their business plans.
- In 2011, Comptroller DiNapoli joined Ceres' Board of Directors. Ceres plays a critical role in galvanizing the investment community around ESG (environmental, social and governance) concerns like climate change, and has helped shape public policy with its Investor Network on Climate Risk (INCR).
- DiNapoli has criticized a number of coal companies over core governance practices that were preventing them from moving towards a low carbon economy, including Peabody Energy over concerns that it used corporate dollars to undermine established climate change science and Massey Energy for its reconstitution of its Board.
- In 2009, DiNapoli hosted an International Investor Forum on Climate Change. He joined 181 investment organizations, representing $13 trillion in assets, to call for strong action from U.S. and global policy makers in the fight against global warming ahead of the Climate Change Conference in Copenhagen.

Climate Change Shareholder Proposal Metrics (2010-2015)

KEY METRICS	# OF PROPOSALS	
Total Climate Risk Resolutions Filed by the Fund	**41**	
Climate Risk Agreement Rate	26	63%
Climate Risk Average Shareholder Support		24%

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