



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER  
THOMAS P. DiNAPOLI



CITY OF NEW YORK  
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SCOTT M. STRINGER

April 17, 2015

Honorable Mary Jo White, Chair  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chair White:

We write, respectively, as administrative head of the New York State and Local Retirement System and Trustee of the \$176.8 billion New York State Common Retirement Fund, and a trustee of, and the Chief Investment Advisor to, the \$163 billion New York City Retirement Systems, to request that the Securities and Exchange Commission act to improve corporate disclosure of material risks in the fossil fuel industry.

Our pension systems invest on behalf of more than 1.7 million members, retirees and beneficiaries. The systems have a long history of engaging, both directly and through Ceres and the Investor Network on Climate Risk, with companies in the fossil fuel industry to request disclosure of material risks associated with climate change, air quality regulations and competition from other fuels, as well as reporting on analysis of potential risk mitigation strategies. While these engagements have in some cases produced agreements to provide additional disclosure, we believe that disclosures by companies in this industry fall short of requirements discussed in the SEC's 2010 "Commission Guidance Regarding Disclosure Relating to Climate Change."<sup>1</sup>

In 2013 and 2014, our systems joined other institutional investors in writing to companies in the fossil fuel industry requesting disclosure of physical and regulatory risks to fuel reserves due to climate change. To date, the majority of companies that produced information responsive to this request have failed to analyze the potential impact of an effective regulatory regime to reduce greenhouse gas emissions to levels meeting nationally adopted goals and commitments. These companies also largely have failed to analyze the potential impact of a warming climate on performance under scenarios in which efforts to mitigate climate change were ineffective.

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<sup>1</sup> Securities and Exchange Commission, 17 CFR Parts 211, 231 and 241, [Release Nos. 33-9106; 34-61469; FR-82] Commission Guidance Regarding Disclosure Related to Climate Change.

We join with institutional investors, including those who recently signed a letter coordinated by Ceres, who have requested that the SEC consider enforcement and other actions to bring disclosures by companies in the fossil fuel industry into compliance with SEC requirements and guidance. At a minimum, these companies should disclose analysis of:

- Risks to fossil fuel reserves associated with greenhouse gas emission reduction policies that may be adopted by national, state and local governments. This analysis should consider regulatory initiatives proposed, and goals and commitments announced, by national and state governments as well as multi-state and international initiatives.
- Risks to company assets associated with physical risks of climate change including sea level rise and extreme weather. This analysis is particularly important if companies determine that state, national and international initiatives to limit emissions of greenhouse gasses will be unsuccessful.
- Opportunities and risks stemming from changes in the market associated with climate change mitigation policies and initiatives.

The past 12 months have marked a period of volatility in the fossil fuel industry and, in many cases, investment losses. Climate change is likely to pose additional challenges to these companies. Action by the SEC as outlined above will ensure that investors have the benefit of company analysis of the potential impact of large and growing risks on future company performance.

Sincerely,

Thomas P. DiNapoli  
New York State Comptroller

Scott M. Stringer  
New York City Comptroller

cc: Mindy Lubber, Ceres, Inc.