



# EARTH DAY SUSTAINABILITY UPDATE

Guarding against the investment risks presented by climate change while preparing for the transition to a low-carbon economy is central to Comptroller DiNapoli's work as trustee of the New York State Common Retirement Fund, one of the largest public pension funds in the country.

Under a [Climate Action Plan](#) developed last year, the Comptroller is doubling the Fund's commitment to its Sustainable Investment & Climate Solutions Program to \$20 billion. Read on to learn more about Comptroller DiNapoli's sustainability efforts.

## Holding Companies Accountable on Sustainability Concerns

Comptroller DiNapoli encourages companies in which the Fund invests to improve sustainability policies and practices that have been shown to promote long-term returns. In 2019, the Fund voted against certain board nominees of companies that had failed to adequately manage and disclose climate risks, including Duke Energy, Kinder Morgan, ExxonMobil, and Berkshire Hathaway. The Fund also filed resolutions addressing sustainability issues with

18 companies in 2019. As a result, 11 companies agreed to take action on climate-related issues. To date in 2020, the Fund has filed sustainability resolutions with nine companies and came to agreements with four of them, addressing issues including energy efficiency and the use of renewable energy technologies, the reduction of greenhouse gas (GHG) emissions, the incorporation of environmental performance in executive pay decisions, and sustainability reporting.

## Climate Action 100+: Investor Coalition Produces Results

The Climate Action 100+ coalition is a broad-based investor initiative seeking to promote company actions aligned with policies necessary to keep global warming below 2 degrees Celsius. Comptroller DiNapoli serves as co-lead in Climate Action 100+ engagements with Exxon Mobil, American Electric Power (AEP), Martin Marietta, Duke Energy and Ford Motor Company. 2019 highlights from these engagements include:

- AEP announced that it would increase its 2030 carbon emission reduction targets, as measured against a year 2000 baseline, to 70 percent from 60 percent, and set an aspirational 2050 target of zero emissions. AEP also terminated its membership in the American Coalition for Clean Coal Electricity in 2020.



- Duke Energy has updated its carbon transition plan, and now seeks to achieve a 50 percent reduction in GHG emissions by 2030 and net zero emissions by 2050.
- Martin Marietta has agreed to include climate risks and opportunities in its annual report as part of the Task Force on Climate-Related Disclosures (TCFD) recommendations in 2020.
- Four major automobile manufacturers came to an agreement with the State of California to adopt vehicle emissions rules for their entire fleet nationwide that maintain higher standards in the face of federal efforts to roll back mileage and emissions requirements

## EPA Undermines Reducing Mercury Emissions from Power Plants

On April 14, 2020, ignoring criticism from respected economists and its own Science Advisory Board, the U.S. Environmental Protection Agency (EPA) went forward and retracted its finding that it is reasonable and necessary to regulate emissions of mercury and other hazardous air pollutants from coal- and oil-fired power plants.

In an April 2019 letter, Comptroller DiNapoli had argued that the EPA's action would undercut significant environmental and public health protections. The Comptroller also stated

that it would be “unconscionable” for the EPA to impose the risks from increased emissions on disproportionately impacted regions, such as New York, that are most likely to be affected by a rollback of the regulations.

This public health and environmental protection rollback is so important, others may challenge it in court. Comptroller DiNapoli will continue to monitor the issue and speak out to protect New Yorkers.

## Meet Andrew Siwo, the Fund's New Director of Sustainable Investments and Climate Solutions



In January 2020, the New York State Common Retirement Fund appointed Andrew Siwo, a sustainable investing veteran, as the Director of Sustainable Investments and Climate Solutions. Mr. Siwo will oversee the program and provide training to the

Fund's investment teams on sustainable investing, as well as further integrating environmental, social and governance factors into investment decisions. Mr. Siwo began his career in the investment banking division at JPMorgan, before moving to sustainable investment roles at Colonial Consulting and the Global Impact Investing Network.

## Recent OSC Audits of Environmental Programs

- **Department of Environmental Conservation: Oversight of [Waste Tire Site Cleanup](#) and Use of Waste Tire Fees:** Auditors found that the DEC had charged expenses to the Waste Tire Fund—including psychological evaluations and home telephone charges—that appeared to be unrelated to waste tire or other solid waste management functions.
- **Department of Environmental Conservation: [Report of Title V Operating Permit Program Revenues, Expenditures, and Changes in Fund Balance for the Eight Fiscal Years Ended March 31, 2017](#):** The audit found that contrary to requirements of the Clean Air Act, permit fees charged were not sufficient to pay agency program expenses.
- **Village of Windsor—[Water Operations](#):** The audit found that officials were unable to account for the majority of water produced, and that they do not periodically read all customer meters.

