

THOMAS P. DiNAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 13, 2018

C. Howard Nye
Chairman, President and CEO
Martin Marietta Materials, Inc.
2710 Wycliff Road
Raleigh, NC 27607

Re: Setting Long-Term Greenhouse Gas Emission Reduction Targets in line with the Paris Agreement

Dear Mr. Nye:

As Comptroller of the State of New York, I am the Trustee of the New York State Common Retirement Fund (Fund) and the administrative head of the New York State and Local Retirement System (System). The Fund is the third largest public pension fund in the United States with estimated assets of \$209.1 billion as of September 30, 2017. The Fund holds and invests the assets of the System on behalf of more than one million state and local government employees, retirees and their beneficiaries.

As a shareholder of Martin Marietta Materials Inc. (the Company), I am writing to express my concerns relating to the Company's greenhouse gas (GHG) emissions, and urge the Company to adopt time-bound, quantitative, company-wide targets for the long-term reduction of GHG emissions, taking into consideration the global GHG reduction needs defined by the Paris Climate Agreement, and issue a report in 2018 on any plans to achieve these targets.

Climate risk is one of the greatest threats to long-term investments. The transition to a low carbon economy is already underway and accelerating globally. This multi-decade transition will require fundamental and, in some cases, disruptive changes across economic sectors and industries that can affect every investment in the Fund's portfolio. As a long-term investor, the Fund's interests are aligned with those companies that similarly focus on long-term success.

The Paris Climate Agreement specifies a goal to limit the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit temperature increases to 1.5°C. In order to meet the 2°C goal, climate scientists estimate that a 55 percent reduction in GHG emissions globally is needed by 2050 (relative to 2010 levels), entailing a United States target reduction of 80 percent. After the announcement of plans for the United States to withdraw from the Paris Agreement in June 2017, more than 2,500 leaders from America's businesses, state and local governments, colleges and universities, and investors, representing \$6.2 trillion of the nation's economy, signed the "We Are Still In" declaration to support America's continued commitment to meeting the Paris Agreement.¹

¹ <https://www.wearestillin.com/us-action-climate-change-irreversible>

Mr. Nye
March 13, 2018
Page 2

The Fund established a proprietary \$2 billion low emissions index in the Fund's global equities portfolio in January 2016, and recently announced a \$2 billion increase to the index, doubling its investment.² The low emissions index excludes or reduces investments in companies that are large contributors to GHG emissions and increases investments in companies with lower emissions, while closely tracking the returns of its benchmark index, the Russell 1000. The carbon footprint of the low emissions index is 75 percent lower than the benchmark.

The Fund's most recent assessment of the carbon footprint of its public equity holdings based on CDP's corporate emissions data shows that the Company is one of the largest GHG emitters in our portfolio. As of December 29, 2017, the low emissions index underweights stock ownership in the Company relative to the benchmark. I am concerned that the Fund's investment in the Company is at risk due to the Company's failure to adequately set GHG reduction targets to meet the goal of the Paris Climate Agreement.

In June 2017, the Task Force on Climate-related Financial Disclosures commissioned by the Financial Stability Board issued its final recommendations that companies describe metrics and targets used to assess and manage climate risks and opportunities and performance against targets including GHG emissions.³ I encourage the Company to heed this advice and set goals to reduce its GHG emissions over time, because I believe the company's long-term success is dependent upon its ability to perform strategic resource planning to manage climate risks and support the transition of the company's business model to align with the goal adopted in the Paris Agreement.

I welcome your thoughts on these critical issues. Please contact Eri Yamaguchi in our Corporate Governance Unit at 212-383-7242 or eyamaguchi@osc.ny.gov to set up a call or in-person meeting to discuss next steps.

Sincerely,

/s/

Thomas P. DiNapoli
State Comptroller

² <http://www.osc.state.ny.us/press/releases/jan18/013118.htm>

³ <https://www.fsb-tcf.org/publications/final-recommendations-report/>