

New York State Common Retirement Fund Climate and Divestment Plan December 2020 Background

Following an eight-year people-powered #DivestNY campaign, New York State Comptroller Tom DiNapoli announces world's largest pension fund climate commitment, including to fully decarbonize by 2040 and a commitment to divest from the riskiest oil and gas companies within 4 years. Commitments include:

COMPLETE REVIEW OF ENERGY SECTOR INVESTMENTS BY 2025

- Completion within **four** years (by beginning of 2025) of a review of all investments in fossil fuel sector companies, using minimum standards to assess transition readiness and the climate related risk of continued investment. Divestment, pending final fiduciary review, from all companies that do not meet minimum standards and are determined to be too great a risk to the fund.
 - Review of thermal coal industry was announced in January 2020 and completed by June 2020, with **divestment from 22 coal companies**. A threshold of 10% of revenue from thermal coal was used to determine which companies would be reviewed..
 - Completing tar sands review by 1st quarter of 2021. Companies being reviewed include: **Imperial Oil, Canadian Natural Resources, Husky Energy, Suncor Energy, MEG Energy Corp., Athabasca Oil Corporation, Cenovus Energy, Japan Petroleum Exploration, and Tatneft.**
 - Subsequent reviews to be completed within 4 years in this order
 - Shale oil and gas (ex. include Devon Energy, Continental Resources, QEP, Pioneer)
 - Integrated oil and gas (ex. Exxon, BP, Shell, ConocoPhillips, Chevron)
 - Other oil and gas exploration and production
 - Oil and gas equipment and services (ex. Schlumberger, Baker Hughes)
 - Oil and gas storage and transportation, including pipelines (ex. TC Energy, Enbridge, Energy Transfer)
- Regular reassessment of remaining companies for ongoing compliance with minimum standards. Companies that do not stay on track may be subject to future divestment.
- Additional staff and consulting partners engaged to support review.

2040 NET ZERO EMISSIONS TARGET

- Commitment to transition Common Retirement Fund portfolio to net zero greenhouse gas emissions for the entire portfolio by 2040. **First pension fund in the USA to do this by 2040.**
- Establishment of interim trajectory goals to measure progress toward having assets effectively decarbonize by 2040.
- Enhanced engagement with all owned companies to achieve net zero emissions, including voting against board directors who fail to manage climate risks.

TRANSPARENCY MEASURES

- Annual progress reports on implementation of this plan.
- Published updates at the outset of each review, including a list of companies that are undergoing review, the thresholds used to determine these companies, minimum standards being used to assess transition readiness and climate-related investment risk.
- Published updates at conclusion of each review including divestment actions taken for each company and rationale for keeping any companies in portfolio and on a watchlist.

About the New York State Common Retirement Fund

The New York State Common Retirement Fund has an estimated value of \$226 billion. It is the 3rd largest pension fund in the USA and among the largest in the world. Comptroller Tom DiNapoli is a state elected official and sole trustee of the Fund. The Fund provides the retirement benefits for 1.1 million New Yorkers who are state and municipal workers.