



# DEEP DIVE: A COMPREHENSIVE CLIMATE ACTION PLAN

## NEW YORK STATE COMMON

In 2020, The New York State Common Retirement Fund adopted an ambitious goal to transition its portfolio to net zero greenhouse gas emissions by 2040, a date 10 years earlier than other U.S. pension funds, and in 2019 it created climate action plans to achieve these goals.

New York State Common's Climate Action Plan includes:

- Establishing industry-specific minimum standards and risk assessments to evaluate companies in high-impact sectors, starting with thermal coal mining companies, on their readiness to transition to a low carbon economy
- Utilising those assessments and standards to prioritise and evaluate engagements and inform investment and divestment decisions
- Creating a formal, multi-asset-class Sustainable Investment & Climate Solutions (SICS) Program with dedicated staff to pursue climate solution investments
- Committing an additional \$10 billion to the above SICS Program, leading to a total \$20 billion commitment over the next decade; and
- Enhancing the Fund's capacity to assess climate risks.

Two areas are of particular importance to The New York State Common Retirement Fund's climate action plan: investment in climate solutions and corporate engagement

### Investment in climate solutions

The plan calls for doubling investments in Sustainable Investment & Climate Solutions (SICS) from \$10 billion to \$20 billion across all asset classes. The Fund's July 2022 Progress Report on the Climate Action Plan describes recent SICS investments, including a \$2 billion investment in the FTSE Russell's Russell 1000 TPI Climate Transition Index, over \$1 billion in the fixed income portfolio invested in solar-related asset-backed securities that fund solar panels and installation services in addition to green bonds that fund renewable energy and green buildings, and a \$750 million commitment to the Brookfield Global Transition Fund to reduce greenhouse gas emissions and energy consumption. The Fund considers divestment a "last resort" and prefers engagement to encourage companies to adopt transition strategies, such as investing in technologies that reduce emissions.

### Engagement

The Fund engages with portfolio companies across high-impact climate sectors, including oil and gas production, coal mining, electric and natural gas utilities, automobile manufacturing, airlines, banking, materials, and real estate industries. The Fund urges them to establish net zero transition strategies, align CAPEX with the Paris Agreement, and adopt greenhouse gas emissions reduction targets and TCFD-based reporting.

The Fund also collaborates with other investors through Climate Action 100+, Ceres, and the CDP Non-Disclosure Campaign. It is also an active filer of shareholder proposals, filing over 150 climate-related shareholder resolutions since 2008 and reaching more than 70 agreements with portfolio companies. In 2021, the Fund voted against 404 individual directors at 88 companies that failed to address climate risks.

