



ECO NEWS

Thomas P. DiNapoli Office of the New York State Comptroller



Message from the State Comptroller

As we celebrate Earth Day 2024, we reflect on a year when New Yorkers dealt with disruptive storms and air quality alerts that forced residents to stay inside on summer days, illustrating how climate change is affecting our daily lives. Environmental concerns—including extreme weather risks and the costs of adapting to a shifting climate, as well as emerging sustainable investment opportunities—remain a focus of the Office of the State Comptroller (OSC).

Over the last year, my office has conducted audits of the State's air quality monitoring, the MTA's preparedness for extreme weather events, the security of our water supply and more. One goal of our work is to assist local governments in meeting environmental challenges, including shining a light on State funding delays.

As Trustee of the New York State Common Retirement Fund, I continue to work on protecting the Fund's investments from the impacts of climate change through our Sustainable Investment and Climate Solutions Program and Corporate Governance activities.

I am pleased to share an overview of our work in this edition of EcoNews, and hope you will find it informative.



Addressing Climate Change & Environmental Sustainability

Climate change poses risks to the economy, financial markets and the New York State Common Retirement Fund's investments. Comptroller DiNapoli is committed to managing these risks, protecting the Fund's portfolio and holding companies accountable on environmental issues.

After the Fund met its initial goal of investing \$20 billion, Comptroller DiNapoli increased the Fund's allocation to the Sustainable Investment and Climate Solutions Program to \$40 billion by 2035, including doubling climate index investments to \$10 billion over the next two years.

In 2024, the Comptroller completed his review of integrated oil and gas companies' readiness to transition to a low-carbon economy and determined that eight companies, including Exxon Mobil, are not transition-ready. As a result, the Fund restricted investments in those eight firms.

Comptroller DiNapoli also updated his assessments of shale oil and gas, oil sands and coal companies, resulting in restrictions and/or divestment on a total of 50 firms that failed to meet transition readiness standards. The next phase of the review will assess major U.S. electric and gas utilities.



Comptroller DiNapoli and Romaine Bostick of Bloomberg Television at the Bloomberg Sustainable Business Summit in New York City. In an interview with Bostick, the Comptroller discussed the role sustainability plays in the State's Pension Fund investment strategy.

The [third annual progress report](#) on Comptroller DiNapoli's Climate Action Plan, released in 2023, outlined the Fund's significant progress toward achieving the Plan's goals.

In April, Comptroller DiNapoli released the Fund's [2023 Corporate Governance Stewardship Report](#) which highlights the initiatives and achievements of the past year. This report details the results of the Fund's 2023 proxy voting for companies in the Fund's public equity portfolio. These votes provide a direct way to influence a company's governance and overall risk management. Regarding climate risk, the Fund will generally withhold support when a company fails to disclose and appropriately manage climate risks.

In 2023, the Fund voted against directors at 350 publicly traded companies for failing to address climate and other environmental risks. Visit the Fund's updated voting [guidelines](#) to learn more about this process.

The Fund filed eight climate or environmentally linked shareholder resolutions for 2024, including:

- Calling on companies to include performance on climate goals in executive compensation at FirstEnergy Corporation and WEC Energy Group. WEC Energy has agreed to the terms of the resolution while FirstEnergy is going to a vote.
- Calling for greenhouse gas emission reduction (GHG) targets at Texas Roadhouse, Inc. and Capital One Financial Corporation. Both resolutions will go to a vote.
- Calling for GHG targets and climate transition action plans at Southwest Airlines Company, Cleveland Cliffs Inc, and Realty Income. Southwest Airlines has agreed to implement the resolution. OSC staff are meeting with Cleveland Cliffs Inc and Realty Income.
- Calling on McDonald's Corporation to assess supply chain water risks and/or set water quantity and quality targets. The company agreed to implement the resolution.

Comptroller DiNapoli also wrote to companies on behalf of the Fund, asking them to address environmental concerns. In 2023, he [wrote](#) to the CEOs of Verizon and AT&T, requesting the companies identify where toxic lead cables are located in our State and explain their plans to remove them.

In addition, the Comptroller has weighed in on policies that help the Fund mitigate risks of climate change, including supporting the recently adopted regulation at the U.S. Securities and Exchange Commission requiring companies to report on climate risks and U.S. Environmental Protection Agency regulations to control emissions of methane from the oil and gas industry.

[Read the EPA Letter](#)



Comptroller DiNapoli, U.S. Secretary of the Treasury Janet Yellen, and other panelists at the Climate Week Roundtable in New York City.

Environmental Reports and Audits

DEC Air Quality Monitoring Falls Short

In an [audit](#) of the Department of Environmental Conservation (DEC), the Comptroller found that DEC had allowed 182 facilities to operate under extended and potentially out-of-date permit conditions, allowing more pollution than if the permits were kept up to date. In addition, 55 of the 71 facilities auditors reviewed were exempted from Environmental Justice requirements, which allow low-income and minority residents to get information about harmful pollution in their communities.

State Water Supply Emergency Plans Need Updating

This [audit](#) examined the oversight of Water Supply Emergency Plans by the two agencies responsible for protecting New York's drinking water from both natural disasters and cyber attacks: the Department of Health and the Division of Homeland Security and Emergency Services. The audit found that, while all the water systems required to produce emergency response plans had done so, 10 percent of the plans were out-of-date or incomplete and 9 percent did not include the required Cybersecurity Vulnerability Assessment.



State Needs to Boost Efforts to Meet Renewable Energy Goals

Comptroller DiNapoli's [report](#) found the State needs to, increase its renewable energy capacity by over 200% to reach the 2030 goal of generating 70% of its electricity from renewable sources, set by the Climate Leadership and Community Protection Act. While the State had entered into contracts with renewable electricity project developers, there have been challenges in getting these projects permitted, built and connected to the grid.

Mass Transit's Efforts to Address Extreme Weather

Two audits examined efforts by the Metropolitan Transportation Authority (MTA) and the Long Island Rail Road (LIRR) to deal with risks to transit equipment from flooding and other climate change risks. The first [audit](#) found that the MTA had not implemented recommendations from a 2009 Blue Ribbon Panel, including a recommendation to create a climate change adaptation master plan, and had inconsistently applied those plans that it did create, leaving MTA facilities vulnerable to tropical storms, hurricanes and coastal flooding.

The second [audit](#) revealed that the LIRR is behind schedule to complete its systemwide weather-related risk assessment, as well as on multiple projects to repair damages from Superstorm Sandy in 2012. Auditors reviewed four of the LIRR's 15 projects to repair Superstorm Sandy damage and determined none of those projects were completed on time, including one project that finished five years late.

Energy Efficiency in State Government Buildings Falls Short

An [audit](#) of the New York Power Authority assessed the implementation of Executive Order 88, which mandated a 20 percent increase in the energy efficiency of State government buildings by April 2020. The audit found that energy efficiency had increased by approximately 14.4 percent by 2020, falling short of the goal.

Significant Funding Backlog for Water Improvement Projects

A recent [report](#) highlighted that \$26.1 billion of water quality improvement projects are still awaiting funding. These projects are vital to protecting New Yorkers' access to safe drinking water. Comptroller DiNapoli recommended that the New York State Environmental Facilities Corporation increase transparency regarding the projects funded by the State's Clean and Drinking Water revolving loan funds, and evaluate new methods of assisting local governments by streamlining application processes and providing technical assistance.

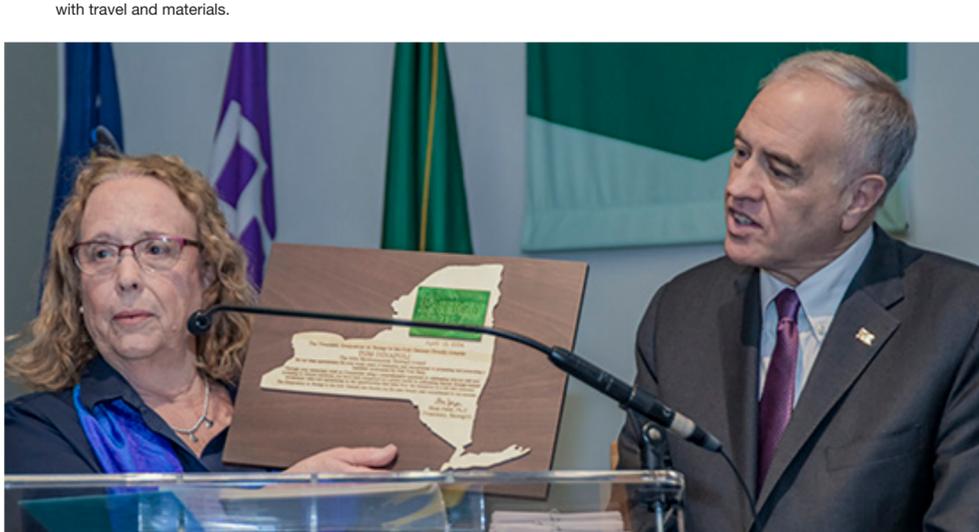


Leading by Example: Office of the State Comptroller's Sustainability Initiatives

Going Paperless

OSC continues to go paperless by increasing its use of electronic applications, payments, receipts, signatures and vouchers. This helps reduce greenhouse gas emissions, waste and resource impacts, while saving the taxpayers money.

- 65 percent of State payments to vendors are made electronically and nearly 74,000 employees have opted for electronic pay checks, W-2 forms or both.
- 85 percent of claims filed with the Office of Unclaimed Funds have been filed electronically.
- All contracts are reviewed and stored electronically, reducing paper and warehouse storage costs.
- OSC is conducting virtual trainings for local officials and others, eliminating emissions, waste and costs associated with travel and materials.



Comptroller DiNapoli was given the 2024 Environmental Steward Award by Dr. Rhea Jezer at the 20th Annual Energy in the 21st Century Symposium, held at the SUNY College of Environmental Science and Forestry in Syracuse.

EV Chargers

OSC has also installed chargers for electric vehicles in the headquarters building at 110 State Street in Albany. In addition, OSC is currently evaluating an update of its energy audit to identify additional ways to save energy and reduce greenhouse gas and other emissions in its operations. The agency currently has a relatively high EPA Energy Star rating of 78, meaning it is more efficient than 78 percent of buildings nationally.

Administering Funding for Oil Spill Cleanups

Comptroller DiNapoli administers the State's Environmental Protection and Spill Compensation Fund. In 2023, this program completed cleanup of 102 petroleum spills, including an agreement with the Town of Chester, where the remediation of an abandoned gas station will be paid for by the Fund. The property will then be transferred to the Town and maintained for the benefit of its residents.