

2025 Stewardship Priorities

NEW YORK STATE COMMON RETIREMENT FUND



New York State Comptroller
THOMAS P. DiNAPOLI

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The New York State Common Retirement Fund's Corporate Governance Program actively engages with its public equity portfolio companies to foster the development of robust governance practices while encouraging prudent management of environmental and social factors. The Fund is committed to communicating its priorities and expectations in a transparent way to encourage open engagement with our portfolio companies.

Workforce Management

A company's ability to establish and maintain constructive relationships with its workers is a hallmark of a company with a sound, sustainable and profitable long-term strategy. Workforce management best practices prioritize the protection of health, safety, fair compensation, reasonable benefits, and rights of companies' workers. Implementing workforce management best practices can create an engaged and stable workforce that in turn can provide a competitive advantage for companies.

The Fund expects companies to:

- Develop effective employee engagement, fair compensation, adequate training and development, and strive for suitable rates of retention that are conducive to driving long-term value.

- Have the Board and management be accountable for setting high standards for workforce management and establishing a company culture that values and protects its workforce.
- Adopt human rights policies and regularly assess how effectively those policies are implemented. Human rights policies should address labor rights and commit to respecting and promoting widely accepted international labor standards.

The Fund's Proxy Voting Guidelines include more specific expectations and considerations around workforce management ([pages 32-34](#)).

Climate Change & Environmental Stewardship

Climate change poses risks to the Fund's investments, financial markets, and the economy as a whole. The Fund recognizes the immense investment risks posed by climate change but also recognizes the significant investment opportunities in the transition to the emerging net-zero economy. To address the physical, transition and systemic risks that climate change poses to the Fund's investments, the Fund has adopted a Climate Action Plan and a goal to align its portfolio with net zero greenhouse gas emissions (GHG) by 2040.

The Fund expects companies to:

- Disclose detailed transition plans in line with a 1.5C pathway such as setting science-based GHG reduction targets, conducting robust climate risk assessments, and investing in the low-carbon transition and climate solutions.

- Adopt robust board oversight and more transparent disclosure of key climate and environmental risks and opportunities, focusing on ensuring disclosure of reliable, consistent, and comparable data and on key assumptions used in scenario analysis and future business outlook projections.
- Consistent with fiduciary duties, consider the impacts on key stakeholders, including employees, associated with the low carbon transition.

The Fund's Proxy Voting Guidelines include more specific expectations and considerations around climate change and environmental stewardship ([pages 25-29](#)).

Diversity & Inclusion

A diverse and inclusive workforce is a hallmark of companies with sustainable long-term strategies. Companies can gain a competitive advantage by designing diversity and inclusion initiatives that ensure equal opportunities and inclusive workplaces conducive to attracting and retaining a wide range of talent and expertise. This may include implementing strategies to recruit from the broadest possible pool, investing in inclusive employee benefits, and creating a workplace where everyone can excel and perform to their highest potential. Conversely, companies lacking well designed and properly implemented workplace initiatives that foster diversity and inclusion may put themselves at a competitive disadvantage while exposing themselves to unnecessary risks.

The Fund expects companies to:

- Implement comprehensive workforce demographic reporting, including detailed data on recruiting,

retention and promotion across all organizational levels and standardized disclosures of pay equity metrics.

- Establish clear protocols for building a diverse range of candidates in board and leadership searches, with documented criteria for considering various types of backgrounds, skills, and experience in its nomination processes.
- Develop robust programs for employees that prioritize enhancing company culture through inclusion and belonging.
- Evaluate and mitigate how company operations, products, and services might differentially affect various stakeholders.

The Fund's Proxy Voting Guidelines include more specific expectations and considerations around diversity and inclusion ([pages 8-9](#) & [pages 29-32](#)).

Governance & Accountability

Sound governance, responsible business practices, and sustainable executive compensation programs are imperative to well-functioning companies and the creation of shareholder value. It is essential that companies maintain autonomous boards composed of diverse, well-qualified directors who engage in rigorous oversight and risk supervision. Equally crucial is the thorough disclosure of risks, enabling investors to make informed choices and mitigate uncertainties. The adept management of controversies demonstrates a company's commitment to addressing concerns transparently and taking corrective actions. By adhering to these practices, companies can attract investment, enhance their reputation, and navigate a dynamic business environment with resilience and integrity.

The Fund expects companies to:

- Implement widely accepted best practices around corporate governance and board oversight, including separation of the Chair/CEO role, declassifying boards, and the sunseting of dual class structures.
- Address controversies around their business practices transparently, while taking corrective actions and engaging with shareholders on the issue.

- Develop executive and director compensation programs that prioritize sustainable performance, drive long-term value and advance the company's long-term strategic goals.
- Provide clear and transparent disclosure of executive compensation programs and ensure sufficient oversight of these programs by the compensation committee.
- Report on their policies and procedures for corporate spending on any political campaign for or against any candidate for public office or to influence the public on an election or referendum.
- Disclose corporate political contributions and expenditures, both direct and indirect, including the amounts made, the identity of the recipient, and policies and procedures including the titles of those responsible for decision-making.

The Fund's Proxy Voting Guidelines include more specific corporate governance best practices ([pages 4-24](#)) and expectations for executive compensation plans ([page 18-22](#)).

Artificial Intelligence (AI) & Cybersecurity

As AI adoption continues to accelerate, organizations must develop comprehensive strategies that address both the opportunities and risks it presents, particularly its impact on cybersecurity. This includes investing in AI-powered security tools while also protecting AI systems themselves from manipulation or compromise. Companies and investment managers must also focus on building AI-literate security teams that provide human oversight, establishing robust governance frameworks for AI deployment, and maintaining human oversight of automated security systems. Success in this new

landscape requires a balanced approach that leverages AI's strengths and capabilities while remaining vigilant about its potential security implications and risks.

The Fund expects companies to:

- Adopt best practices around governance of AI and cybersecurity;
- Adopt responsible AI policies that address board oversight and ethical or safety guidelines regarding its use of AI.

Background

[Environmental, Social & Governance Principles and Proxy Voting Guidelines](#)

[2024 Corporate Governance Stewardship Report](#)

[2024 Climate Action Plan Progress Report](#)

[New York State Common Retirement Fund's ESG Strategy](#)

Contact

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