THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

April 24, 2020

Ajit Jain
Vice Chairman of Insurance Operations, Berkshire Hathaway
3555 Farnam Street
Omaha, NE 68131 United States

Re: Investments and Underwriting of Coal

Dear Mr. Jain,

As the global climate crisis continues to intensify, I am writing on the behalf of the New York City Employees' Retirement System, Teachers Retirement System of the City of New York, and New York City Board of Education Retirement System (the "NYC Systems") to call on all Berkshire Hathaway insurance subsidiaries to take immediate action to sever all business ties with the coal industry, including ceasing to underwrite coal projects and companies and divesting any holdings in companies that extract or distribute thermal coal. Ultimately, I believe the $95 million in coal investments (as of 2017) carried by Berkshire Hathaway insurance subsidiaries, as well as their role in underwriting coal projects, is simply incompatible with both your obligation to protect your clients from harm, including any disasters stemming from climate change, and your responsibility to protect and create long-term shareholder value for investors like the New York City Pension Funds (the "NYC Funds").

The three NYC Systems held approximately $155 billion in assets as of February 2020 and are substantial, long-term AIG shareholders. In response to the clear financial and climate risks associated with coal production, the NYC Systems divested from thermal coal in 2015. The NYC Systems are among hundreds of institutional investors holding more than $37 trillion in assets that have called for a phase out of thermal coal. Many private firms have also begun to extricate their funds from the coal industry, with BlackRock recently announcing a commitment to divesting its $1.8 trillion in actively managed funds from any firm generating more than a quarter of revenues from thermal coal. Similarly, Goldman Sachs has ruled out direct finance for new or expanding thermal coal mines and coal-fired power plant projects worldwide, as well as direct finance for new Arctic oil exploration and production.

As you know, coal is among the most noxious and emission intensive fossil fuels. Coal accounts for approximately 40 percent of global carbon emissions, despite sharp downturns in consumption in the United States and the European Union (E.U.). Indeed, coal use has declined by 50 percent in the United States over the past fifteen years and E.U. consumption is estimated to have fallen by as much as 10 percent in the past year alone. As a result, coal has become an increasingly risky business proposition with at least seven major coal companies filing for bankruptcy in the past year. The current economic downturn has only exacerbated the precarious financial situation of the coal sector that is so desperate as to have cravenly sought regulatory permission to cut payments made to the Black Lung Disability Trust, a program to support the healthcare of their workers.

Many of Berkshire Hathaway's subsidiary insurance companies are increasingly outliers in the insurance industry for its continued support for the coal industry. Several industry peers have prudently recognized the risks associated with investments in coal or underwriting coal extraction. To date 19 insurance and reinsurance companies have issued policies limiting their underwriting of coal and as many as 35 insurers have committed to various forms of divestment from coal, including Swiss Re, Zurich, Chubb, and AXIS Capital. These forward-thinking actions are crucial to preserving and enhancing long term sustainable value on behalf of their shareholders.

While coal is the most polluting of fossil fuels, I believe all companies have an obligation to assess the physical, transition, and investment risk climate changes poses to your business. In the interest of minimizing investment risk and underwriting liability that may result from a global transition from fossil fuels, I ask Berkshire Hathaway to prudently evaluate the climate risks associated with its insurance subsidiaries' investments across all fossil fuel sectors.

From the unprecedented wildfires that recently ravaged California and Australia to historic flooding across the American Midwest, we have all had to grapple with the repercussions of extreme weather events that many scientists have linked to our rapidly changing climate. Over the past three years, natural disasters cost the world economy an estimated $650 billion in costs. Clearly, climate change poses an enormous risk to the world economy and to the long-term viability of insurance companies. I urge Berkshire Hathaway to address the financial and reputational risks associated with the coal industry by divesting its financial interests.

Sincerely,

Scott M. Stringer
New York City Comptroller