



SFERS Updates Climate Action Plan to include new carbon reduction targets of 50% by 2025 and 65% by 2030

During the November 10, 2021, Retirement Board meeting, SFERS staff presented the annual Environmental, Social, and Governance (ESG) report which included updates to the SFERS Climate Action Plan. As SFERS continues to progress towards its Net Zero Emissions by 2050 ambition, the Climate Action Plan now includes interim targets for the public markets portfolio at a 50% reduction in carbon by 2025 and 65% by 2030. As of June 30, 2021, the carbon footprint for the SFERS public markets portfolio was 17% less carbon-intensive than the policy benchmark and has decreased about 40% since 2017.

“Climate risk continues present itself as an important investment consideration. Our Climate Action Plan recognizes this fact and outlines an ambitious roadmap to incorporate climate risks and opportunities into every facet of SFERS investment process”, said SFERS Director of ESG Investing, Andrew Collins. “SFERS has already seen a nearly 40% decrease in the carbon intensity of our public markets portfolio since 2017. This gives us confidence to set aggressive carbon intensity reduction targets of 50% by 2025 and 65% by 2030. These new interim targets will help us to achieve our ambition of a carbon net-zero portfolio by 2050.”

SFERS believes that ESG factors have a material impact on the value of companies and securities and can also affect the macroeconomic environment overall. SFERS is committed to incorporating ESG factors into its management of the Plan in a manner that is consistent with the Retirement Board and Staff's fiduciary responsibilities to act in the best interests of the members, retirees, and beneficiaries of the Retirement System and consistent with SFERS' role as a prudent, long-term investor.

The SFERS ESG Platform is organized around three pillars: ESG Investment Management, Active ownership, and ESG Collaboration and Communication. Through this framework, SFERS has continued a prudent phased divestment from thermal coal, oil and gas, and other fossil fuels. SFERS promotes and votes accordingly to support diversity on corporate boards and across organizations. SFERS has also partnered with other institutional investors by joining the Climate Action 100+ and the Ceres Investor Network to support engagement with oil & gas companies, utilities, and airlines around climate transition risk, target setting, disclosures, and political spending and lobbying activities.

In the coming year, SFERS staff plans to enhance the ESG due diligence for new investments and will monitor existing relationships to include a greater focus on climate risk and opportunity. This process will categorize investments according to their alignment with SFERS' Net Zero Ambition, and it will include Investment strategies that are currently carbon neutral or aligned with a transition to a low-carbon economy, and move away from strategies that are more climate risk exposed.

About SFERS

The SFERS Retirement Board oversees an over \$36 billion investment fund and administers a defined benefit retirement plan for over 70,000 active and retired employees of the City and County of San Francisco. The Retirement Board and SFERS Staff are dedicated to securing, protecting, and prudently investing the pension fund trust assets, and providing promised benefits to its members. For more information visit <https://mysfers.org/about-sfers>.