SFERS ESG Platform | Overview

Beliefs

Fundamentally SFERS believes that ESG factors can have a material impact on the value of companies and securities, as well as affect the macroeconomic environment more broadly. The consideration of these factors alongside traditional financial factors should, therefore, provide a better understanding of the risk and return characteristics of investments. SFERS acknowledges that the relevance of particular ESG issues may differ and vary in degree across companies, sectors, regions, asset classes and over time. Therefore, SFERS takes a differentiated and materiality-based approach to integrating ESG considerations into its investment process.

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 with SFERS' role as a prudent, long-term investor.

History

SFERS' ESG journey began in 1988 when SFERS first adopted "Social Investment Policies" which eventually evolved into our current ESG Policy. Over the years SFERS has taken steps to divest from tobacco, Sudan, firearms, and thermal coal. Beginning in 2017, SFERS began a more integrated and formalized approach to ESG investing. SFERS became a signatory to the Principles for Responsible Investment (PRI) and joined the Ceres Investor Network. The next year SFERS established a formal ESG Investing department, dedicated $1 billion to low carbon investing, introduced a Climate Transition Risk Framework, and began a partnership with the 30 Percent Coalition to advocate for greater board representation from women and people of color. In March 2020, to address the mounting investment risks related to climate change, SFERS announced the ambition that its investment portfolio achieve net zero emissions by 2050.