COMMON INVESTMENT MEETING
Public Session

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

October 18, 2017
Carbon Footprint of the Public Equity Portfolios

NYCERS ■ Police Pension Fund ■ Fire Pension Fund ■ BERS

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Agenda

1. Purpose
2. Scope of Work and Context
3. Summary of Findings
4. Discussion and Questions
Scope of Work

Trucost analyzed the carbon footprint of the public equity holdings of four New York City Retirement Systems:

- New York City Employees’ Retirement System (NYCERS)
- New York City Police Pension Fund (Police)
- New York City Fire Pension Fund (Fire)
- New York City Board of Education Retirement System (BERS)
Scope of Work

Trucost analyzed the carbon footprint for **scope 1** and **scope 2** carbon emissions.

**Scope 1**
**Emissions**

Direct emissions resulting from a company’s own operations and include GHG emissions from **boilers**, **company owned vehicles**, emissions from any **manufacturing operations**, and **waste produced**.

**Scope 2**
**Emissions**

Indirect emissions from consumption of purchased **electricity**, **heat**, or **steam** by the company.
Scope of Work

Key measures

Total carbon emissions:
Each system’s total carbon emissions were apportioned on an ‘ownership’ basis:
Owning 1% of a company’s shares means also owning 1% of that company’s emissions

Carbon intensity:
System Carbon Intensity = \( \frac{\text{Portfolio total carbon emissions}}{\text{Portfolio total revenue}} \)
Swedish Systems must disclose portfolio’s climate impact or face regulation - Johan Hultberg, MP

The Montreal Pledge, which commits investors to measuring and disclosing the carbon footprint of their portfolios on an annual basis, has attracted 120 signatories representing just over $10tn in assets under management.

The Portfolio Decarbonization Coalition, formed to help cut greenhouse gas emissions by mobilizing institutional investors committed to decarbonizing their portfolios, smashed through its initial target of $100bn, and is now overseeing the decarbonisation of $230bn in assets under management.

Article 173 of the French Energy Transition Law: Mandates climate disclosure by investors

Context – Carbon Footprinting
Summary of Findings

Absolute carbon emissions of the systems are in line with the relative size of the systems. The largest system has the greatest absolute emissions and the smallest system has the smallest absolute emissions.
Summary of Findings: Relative to Benchmark

All of the systems have slightly lower carbon intensities than their benchmark, making them more carbon efficient than their benchmarks.
Summary of Findings: Sector Breakdown

Across each of the systems, three sectors—utilities, materials, and energy—account for the majority (77%+) of the absolute emissions. The remaining emissions are spread across 8 other sectors.
Summary of Findings: Top Contributors

The top 10 contributors in all 4 systems account for only around 2% of holdings value but over 20% of total emissions.

- **NYCERS**
  - Top 10 comprises 8 utilities companies and 2 energy companies
  - Holdings: 98.10%
  - Emissions: 79.05%

- **POLICE**
  - Top 10 comprises 8 utilities companies and 1 energy company
  - Holdings: 97.83%
  - Emissions: 77.87%

- **FIRE**
  - Top 10 comprises 9 utilities companies and 1 energy company
  - Holdings: 97.76%
  - Emissions: 76.31%

- **BERS**
  - Top 10 comprises 8 utilities companies and 2 energy companies
  - Holdings: 97.90%
  - Emissions: 75.46%
Questions?