New York State Common Retirement Fund

With approximately $254.8 billion in assets, as of March 31, 2021, the New York State Common Retirement Fund (the Fund) is the United States’ third largest Public Pension Fund. The Fund holds and invests the assets of the New York State and Local Retirement System on behalf of more than one million state and local government employees and retirees and their beneficiaries.

ABOUT THE CLIENT

Profile
The New York State Common Retirement Fund holds and invests the assets (approximately $254.8 billion) of the New York State and Local Retirement System on behalf of more than one million state and local government employees and retirees and their beneficiaries.

Investment objectives
Develop an investment tool that incorporates a robust data-driven approach to invest in corporations that are ensuring their businesses are ready for the low-carbon transition and stand to perform well in the years ahead.

Overweight, underweight or exclude companies based on their transition readiness.

Plan of action
Allocate to an index-tracked fund which aligns with the Fund’s net zero commitment using five key criteria to evaluate corporate efforts to transition to the emerging net-zero economy (fossil fuel reserves, carbon emissions, green revenues, management quality, carbon performance).

Form part of the Comptroller’s Climate Action Plan announced in 2019 and the Comptroller’s goal for the Fund of net-zero greenhouse gas emissions by 2040.
Objective: Transitioning US equity investment portfolios towards net zero

The Fund's ultimate goal is net zero alignment, and its near-term objective is to invest in US corporations that are ensuring their businesses are ready for the climate transition and stand to perform well in the years ahead. FTSE Russell’s TPI Climate Transition indexes, which utilizes the Transition Pathway Initiative’s (TPI) forward-looking frameworks allow for continued growth and adaptation as the landscape, regulatory environment and data availability/coverage change.

Solution: Russell 1000 TPI Climate Transition Index

For more than seven years, FTSE Russell has strived to be a trusted advisor to the Fund, helping Comptroller DiNapoli deliver on his goals to meet the retirement needs of state and local government employees, retirees, and their beneficiaries. In 2019, State Comptroller Thomas P. DiNapoli released a Climate Action Plan, a multi-faceted strategy to invest in sustainable companies, pursue climate solution investments, and apply minimum standards to portfolio companies to inform engagements, investments and potential divestment decisions.

In 2021, the Fund became the first Public Pension fund to adopt the climate transition TPI index in the US. The Fund announced it will initially allocate US$2 billion within its internally managed public equity portfolio to a passive (index-tracking) fund utilizing the Russell 1000 TPI Climate Transition Index (the Index) in connection with the Fund’s Sustainable Investment & Climate Solutions (SICS) program.

The Index is designed to reflect the performance of large-cap companies in the US, where constituent weights vary to account for risks and opportunities associated with the transition to a low carbon economy. Constituent weights are based on five key climate considerations: company exposure to green revenues, fossil fuel reserves and carbon emissions; as well as companies’ climate governance activities (aligned with the Taskforce on Climate-related Financial Disclosures’ recommendations) and forward-looking commitments to carbon emission pathways (aligned to the Paris Agreement and 2DC/below 2DC warming scenarios). The indexes combine data and analysis from FTSE Russell and the Transition Pathway Initiative.

Additional information

Learn more about FTSE TPI Climate Transition Index Series
About FTSE Russell

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To learn more, visit ftserussell.com; email info@ftserussell.com; or call your regional Client Service Team office

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