



May 13, 2021

**TO:** Each Trustee,  
Board of Investments

**SUBJECT:** Board of Investments Meeting on May 19, 2021

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Following you will find the Green Folder item for the above-mentioned meeting:

1. Investor Statement on Methane Regulations  
(Memo dated May 13, 2021)

May 13, 2021

TO: Trustees – Board of Investments

FROM: Scott Zdrazil   
Senior Investment Officer

Dale Johnson   
Investment Officer

Crystal Milo   
Senior Investment Analyst

FOR: May 19, 2021, Board of Investments Meeting

**SUBJECT: INVESTOR STATEMENT ON METHANE REGULATIONS**

Please find attached an investor statement regarding industrial methane emissions regulation. The statement was publicly released earlier today and has been endorsed by 147 global investors representing over \$5.35 trillion in assets, including public pension systems, such as CalSTRS, British Columbia Investment Management, and New York State Common Retirement Fund.

LACERA participated in the initiative in adherence with the procedures and principles defined in LACERA's board-approved *Corporate Governance and Stewardship Principles* policy and upon review and approval of the Corporate Governance Committee Chair.

### **Background**

Methane emissions follow carbon as the second most prevalent greenhouse gas. Emissions are generated from a range of activity, including well leakages, flaring, venting, abandoned oil wells, and more (as well as non-industrial sources, like agriculture and landfills).

The statement requests that the U.S. federal government develop and enact regulation to encourage comprehensive management of methane emissions across the value chain and minimize oil and gas-related emissions to promote global competitiveness of the sectors and progress towards stated emission reduction goals.

LACERA portfolio companies, such as Exxon, BP, Shell, and others have publicly supported comprehensive regulation that covers the value chain of methane emissions. Some markets in the European Union may limit imports of liquid natural gas (LNG) from markets that do not comprehensively regulate emissions, thereby impacting the global competitiveness of the sector.

The letter encourages federal regulation that meets the following broad objectives:

Trustees, Board of Investments

May 13, 2021

Page 2 of 2

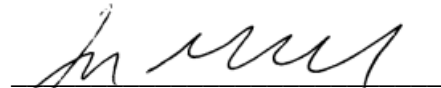
- Address all potentially significant sources of oil and gas industry methane emissions, including inactive or abandoned wells;
- Ensure rapid detection and mitigation of natural gas leaks into the atmosphere;
- Minimize gas venting and flaring;
- Support development and deployment of innovative technologies for methane mitigation;
- Achieve ambitious emission reductions in a reasonably cost-effective manner.

LACERA's *Corporate Governance and Stewardship Principles* recognize that climate change presents financial risk to both individual companies as well as the broader market into which LACERA is investing. LACERA is a signatory to [the Global Investor Statement on Climate Change](#) which asks that governments adopt policies that facilitate adherence to the Paris Agreement and reduce emissions linked to climate change, in order to mitigate the economic consequences of climate change for our portfolio and portfolio companies.

The statement was coordinated in part by CERES, which coordinates investors and companies in North America addressing climate change-related financial risk. CERES is the North America regional coordinator for Climate Action 100+, which LACERA has formally endorsed and through which LACERA is collaborating with other investors to engage 160 of the most carbon intensive companies to report climate risks and reduce their carbon intensity.

Attachment

Noted and Reviewed:



Jonathan Grabel  
Chief Investment Officer

## Investor Call for Ambitious Methane Regulation for the Oil and Gas Industry

Climate change poses significant risks to the economy and the financial system. The oil and gas sector is a significant contributor of greenhouse gas emissions, including through the release of methane. While we recognize voluntary efforts from leading members of the oil and gas industry to curb methane emissions, government action is needed to address this systemic risk, reduce greenhouse gas emissions in a uniform manner, and support companies' net-zero transitions.<sup>1 2 3</sup>

To help meet the goals of the Paris Climate Agreement, we the undersigned financial institutions, representing more than \$5.35 in assets under management, call on the Biden administration to rapidly advance methane regulations for the U.S. oil and gas sector.

Methane, the main component of natural gas, is a potent greenhouse gas 84 times more powerful than carbon dioxide in its first two decades after release. Researchers estimate that methane from human sources is responsible for at least a quarter of today's warming. In the oil and gas sector, methane emissions also represent lost product and can pose safety risks.<sup>4</sup>

If unaddressed, these emissions could limit American companies' access to global gas export markets and jeopardize the role of natural gas in a decarbonizing economy.<sup>5 6</sup> Any credible pathway for the use of natural gas in a Paris-aligned future must address methane emissions.

As prudent fiduciaries, we believe virtually eliminating methane emissions as part of a low carbon transition can support the financial goals of both companies and investors. By taking action on methane emissions, government can achieve valuable greenhouse gas reductions while helping American industry become cleaner and more competitive.

We welcome the Biden administration's ambition to regulate methane emissions from the oil and gas sector and encourage the administration to develop and implement ambitious policies designed to:

- Address all potentially significant sources of oil and gas industry methane emissions, including inactive or abandoned wells;
- Ensure rapid detection and mitigation of natural gas leaks into the atmosphere; • Minimize gas venting and flaring;
- Support development and deployment of innovative technologies for methane mitigation; • Achieve ambitious emission reductions in a reasonably cost-effective manner.

<sup>1</sup> <https://www.linkedin.com/pulse/methane-rollback-puts-us-wrong-track-gretchen-watkins/> <sup>2</sup>

<https://www.houstonchronicle.com/opinion/outlook/article/BP-America-chief-It-s-time-for-the-Trump-13721656.php> <sup>3</sup>

<https://www.pxd.com/sites/default/files/reports/2020-sustainability-report-final.pdf>

<sup>4</sup> <https://www.iea.org/reports/methane-tracker-2020/methane-abatement-options#abstract> <sup>5</sup>

<https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/110320-frances-engie-pulls-out-of-talks-for-us-lng-import-deal-with-nextdecade-company>

<sup>6</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1833](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1833)

## Signatories

Aargauische Pensionskasse (APK)  
Adrian Dominican Sisters, Portfolio Advisory Board  
AkademikerPension  
Allianz Global Investors  
Allianz SE  
Arjuna Capital  
As You Sow  
ATISA Personalvorsorgestiftung der Tschümperlin-Unternehmungen  
Baldwin Brothers LLC  
Bâtirente  
BC Municipal Pension Plan  
Bernische Lehrerversicherungskasse  
Bernische Pensionskasse BPK  
Bon Secours Mercy Health  
Boston Common Asset Management  
Boston Trust Walden  
British Columbia Investment Management Corporation  
Caisse Cantonale d'Assurance Populaire - CCAP  
Caisse de pension du Comité international de la Croix-Rouge  
Caisse de pension Hewlett-Packard Plus  
Caisse de pensions de l'Etat de Vaud (CPEV)  
Caisse de pensions du CERN  
Caisse de pensions du personnel communal de Lausanne (CPCL)  
Caisse de pensions ECA-RP  
Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires  
Caisse de Prévoyance de l'Etat de Genève CPEG  
Caisse de Prévoyance des Interprètes de Conférence (CPIC)  
Caisse de prévoyance du personnel communal de la ville de Fribourg  
Caisse de prévoyance du personnel de l'Etat de Fribourg (CPPEF)  
Caisse de prévoyance du personnel de l'Etat du Valais (CPVAL)  
Caisse intercommunale de pensions (CIP)  
Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC)  
CalSTRS  
CAP Prévoyance  
Capricorn Investment Group  
Change Finance  
Chrysalix EVC  
Church Investment Group  
CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle  
ClearBridge Investments  
Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.  
Congregation of Sisters of St. Agnes  
Congregation of St. Joseph  
Corporate Responsibility office - Province of Saint Joseph of the Capuchin Order Dana  
Investment Advisors  
Daughters of Charity, Province of St. Louise  
Dominican Sisters ~ Grand Rapids  
Dominican Sisters of Sparkill  
Earth Equity Advisors

Encourage Capital  
Etablissement Cantonal d'Assurance (ECA VAUD)  
Ethos Foundation  
Everence and the Praxis Mutual Funds  
EverHope Capital  
Figure 8 Investment Strategies  
First Affirmative Financial Network  
Fondation de la métallurgie vaudoise du bâtiment (FMVB) Fondation de prévoyance Artes & Comoedia  
Fondation de prévoyance du Groupe BNP PARIBAS en Suisse Fondation de prévoyance professionnelle en faveur de AROMED Fondation de prévoyance Romande Energie  
Fondation Interprofessionnelle Sanitaire de Prévoyance (FISP) Fondation Leenaards  
Fondation Patrimonia  
Fonds de Prévoyance de CA Indosuez (Suisse) SA  
Fonds interprofessionnel de prévoyance (FIP)  
Friends Fiduciary Corporation  
Gebäudeversicherung Luzern  
Gebäudeversicherung St. Gallen  
Gestion FÉRIQUE  
Hexavest Impact Investors  
Impax Asset Management LLC  
Jesuit Committee on Investment Responsibility  
JLens  
LACERA - Los Angeles County Employees Retirement Association  
Leadership Team of the Felician Sisters of North America Legal & General Investment Management  
Local Authority Pension Fund Forum  
Luzerner Pensionskasse  
Mennonite Education Agency  
Mercy Investment Services, Inc.  
Miller/Howard Investments, Inc.  
Missionary Oblates of Mary Immaculate JPIC Office  
Natural Investments  
NEI Investments  
Nest Sammelstiftung  
Neumeier Poma Investment Counsel, LLC  
New York City Office of the Comptroller  
New York State Common Retirement Fund  
Northwest Coalition for Responsible Investment  
Office of the Vermont State Treasurer  
Pensionskasse Römisch-katholische Landeskirche des Kantons Luzern Pensionskasse AR  
Pensionskasse Bank CIC (Schweiz)  
Pensionskasse Basel-Stadt  
Pensionskasse Bühler AG Uzwil  
Pensionskasse Caritas  
Pensionskasse der Basler Kantonalbank  
Pensionskasse der Stadt Frauenfeld  
Pensionskasse der Stadt Winterthur  
Pensionskasse Pro Infirmis  
Pensionskasse Schaffhausen  
Pensionskasse SRG SSR

Pensionskasse Stadt Luzern  
Pensionskasse Stadt St. Gallen  
Pensionskasse Unia  
Personalvorsorgekasse der Stadt Bern  
Prévoyance Santé Valais (PRESV)  
prevoyance.ne  
Profelia Fondation de prévoyance  
Prosperita Stiftung für die berufliche Vorsorge  
Quantum Energy Partners  
Raiffeisen Pensionskasse Genossenschaft  
Region VI Coalition for Responsible Investment  
Rentes Genevoises  
Reynders, McVeigh Capital Management  
RP - Fonds institutionnel  
RRSE (Regroupement pour la Responsabilité Sociale des Entreprises)  
School Sisters of Notre Dame Cooperative Investment Fund Secunda Sammelstiftung  
Seventh Generation Interfaith Inc  
Signet Strategic Wealth Management, Inc.  
Silicz Wealth Management Team  
Sisters of Bon Secours USA  
Sisters of Saint Joseph of Chestnut Hill Philadelphia, PA Sisters of St Dominic Racine, WI  
Sisters of St. Dominic of Caldwell  
Sisters of St. Francis  
Sisters of St. Francis of Philadelphia  
Sisters of St. Joseph of Springfield  
Sisters of the Humility of Mary  
Sisters of the Presentation of the BVM of Aberdeen SD St. Galler Pensionskasse  
Stiftung Abendrot  
SVA Zürich  
Terre des hommes Schweiz  
The Episcopal Church (DFMS)  
The Pension Boards-UCC, Inc.  
Trillium Asset Management  
Unfallversicherungskasse des Basler Staatspersonals Unitarian Universalist Association  
Université de Genève (UNIGE)  
Verein Barmherzige Brüder von Maria-Hilf (Schweiz)  
Vermont Pension Investment Committee  
Vorsorge SERTO  
Wespath Benefits and Investments