

Energy Transition Investment Highlights

The SBI is a long-term investor whose primary mission is to maintain the viability of the retirement systems it supports. As part of this mission, it is important for the SBI to be pragmatic about the risks and opportunities facing the portfolio. In response to scientific evidence regarding climate change, governments, businesses, and individuals are seeking ways to transition to less carbon intensive forms of energy. Changes to climate and the associated long-term energy transition present a unique set of risks and opportunities for existing and prospective SBI investments; especially companies focused on the production of hydrocarbons. As hydrocarbons are expected to be a necessary and significant part of the energy mix for the foreseeable future, reducing emissions from the oil and gas industry is increasingly recognized as critical. Companies that can successfully execute on mitigation strategies and those able to deliver on energy transition approaches present potentially compelling opportunities.

This ESG report highlights several energy companies in the SBI's portfolio that are taking steps to reduce emissions intensity as well as several private companies that illustrate how SBI managers are making investments to capitalize on the macroeconomic themes of sustainability and the energy transition.

Private Companies

AVOLTA

Avolta specializes in renewable natural projects that provide sustainable solutions for decarbonizing the agricultural industry. Avolta's pipeline contains projects at dairy farms throughout the U.S. designed to capture livestock's methane emissions. The captured methane will be upgraded into high quality gas for use in nearby pipelines, maintaining the reliability of existing infrastructure, and ensuring the transition to "greener" fuels does not disrupt current operations. The SBI invested in Avolta through ECP.



Please visit the [Avolta website](#) and read the [ECP ESG Report 2021](#) to learn more.

ERM

ERM is the world's largest pure-play sustainability consultancy. Over the last 50 years, ERM has built deep and broad technical expertise in environmental health, safety, risk and social matters with a first-class team of more than 5,500 purpose-driven consultants, including 580 partners, across 150 offices in over 40 countries. The Company supports its clients in every part of their organizations with a focus on operationalizing sustainability and implementing ESG best practices. The SBI invested in ERM through KKR.



Please visit the [ERM website](#) and read the [KKR ESG Report](#) to learn more.

RESOURCE ENVIRONMENTAL SOLUTIONS (RES)

RES is the nation's largest ecological restoration company. RES' mission is to restore a resilient earth for a modern world, project by project. The company supports the public and private sectors with solutions for environmental mitigation, storm water, water quality, and climate and flooding resilience. RES delivers durable ecological uplift on its sites, based on science-led design, full delivery, long-term stewardship, and guaranteed performance. Access to additional investment capital helps RES to continue with product line expansion in coastal resiliency, large scale water quality projects, new mitigation banks, and carbon solutions. The SBI invested in RES through KKR.



Please visit the [RES website](#) to learn more.

RESTAURANT TECHNOLOGIES, INC. (RTI)

RTI is a provider of cooking oil management systems to restaurants, hotels, convenience stores, universities, and hospitals. RTI recently partnered with Renewable Energy Group (REG) to convert RTI's used cooking oil into biodiesel at REG's network of commercial-scale manufacturing facilities. This closed-loop system produces a sustainable alternative to fossil fuels, thereby supporting both the circular economy and decarbonization. The SBI invested in RTI through ECP.



To learn more read the [RTI ESG Report 2022](#) and the [ECP ESG Report 2021](#).

Public Companies

PIONEER NATURAL RESOURCES

Pioneer is a large independent U.S. oil and gas exploration and production company. The company recently joined the Oil and Gas Methane Partnership, becoming one of the first U.S. operators to participate in this private-public coalition for methane emissions measurement best practices. With a 22% reduction in greenhouse gas emissions intensity and 50% reduction in methane emissions intensity from 2019 to 2022, Pioneer is making progress towards its long-term ambition to achieve net zero Scope 1 and Scope 2 emissions. It has also begun to form partnerships to participate in developing wind and solar projects on its large ownership position of surface acreage in the Permian Basin. The SBI invested in Pioneer through multiple domestic equity accounts.



Please read the [2022 Pioneer Sustainability Report](#) to learn more.

TOTALENERGIES

TotalEnergies is a multi-energy company that produces and markets fuels, natural gas and electricity. The company is profoundly transforming its production and sales while continuing to meet the energy needs of a growing population. They have committed to the Paris-aligned goal of net-zero emissions by 2050. In 2021, renewables and electricity accounted for 25% of total investments. Their objective is to channel half of future investments to growing renewable energies, gas and new decarbonized molecules. The SBI invested in TotalEnergies through multiple international equity accounts.



Please read the [TotalEnergies Sustainability & Climate 2022 Progress Report](#) to learn more.

EQUINOR

Valero is the largest petroleum refiner in the world and the world's second largest renewable fuels producer. It is leveraging its liquid-fuels platform to diversify into high-growth, high-return, low-carbon projects that further strengthen its long-term competitive advantage as a leading producer of transportation fuels. It more than doubled its production capacity of renewable diesel at its Louisiana facility in 2021 and is opening a brand new renewable diesel plant in Texas. The SBI invested in Valero through multiple domestic equity accounts.



Please read the [Valero 2022 ESG Report](#) to learn more.

Equinor is an international energy company committed to long-term value creation in a low-carbon future. Their ambition is to reduce net operated emissions by 50% by 2030. They have already brought their CO₂ emissions in oil and gas production down to industry leading levels and are shaping the low carbon industry. They are using their experience with North Sea drilling to build offshore wind farms around the world and developing hydrogen value chains to enable other industries to decarbonize their activities. The SBI is invested in Equinor through multiple international equity accounts.



Please read the [Equinor 2022 Energy transition plan](#) to learn more.

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