



California Public Employees' Retirement System

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The Honorable Paul Tonko
Chairman, Subcommittee on Environment & Climate Change
Committee on Energy & Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable John Shimkus
Ranking Minority Member, Subcommittee on Environment & Climate Change
Committee on Energy & Commerce
U.S. House of Representatives
2322 Rayburn House Office Building
Washington, DC 20515

June 29, 2020

Subject: H.R. 3623, The "Climate Risk Disclosure Act of 2019"

Dear Chairman Tonko and Ranking Minority Member Shimkus:

On behalf of the California Public Employees' Retirement System, I write to express support for H.R. 3623, the "Climate Risk Disclosure Act of 2019," which would require public companies to report financial risks posed to them by climate change, the processes they use to identify those risks, and the actions they take to mitigate those risks. We encourage you to include this bill for consideration in your Subcommittee.

As the largest public defined benefit pension fund in the United States, we manage approximately \$390 billion in global assets on behalf of more than 1.9 million public employees, retirees, and beneficiaries. Our duty to pay benefits decades into the future requires that we take a long-term view in assessing whether the companies that we hold in our portfolio are effectively managed. Financial reporting plays an integral role in this assessment by providing transparent and relevant information about the economic performance, conditions, and operations of businesses.

Our investment strategy is to make sure our portfolio is resilient to both short-term and long-term risks, which includes climate change. We seek to find the investment opportunities that the energy transition brings, and to bring down emissions that contribute to global warming. We believe it is vital that companies identify, manage, and disclose material environmental risks and opportunities relevant to their short-term and long-term success. We have engaged with portfolio companies directly on climate change and provided leadership in global initiatives to develop best practice reporting frameworks for many years; however, they are not effective substitutes for mandatory disclosure in providing shareowners the tools necessary to assess companies' potential long-term performance and risks.

The Climate Risk Disclosure Act of 2019 establishes a uniform reporting regime for climate change risk disclosures that would address key issues that impact shareowner value, including minimizing risk, maximizing returns, and ensuring accountability from all those involved. Additionally, this legislation would require the Securities and Exchange Commission to consult with climate "principals," like the administrator of the Environmental Protection Agency and the Secretary of Energy, in the development of appropriate disclosures, thereby creating a more unified framework to address the significant risks.

Thank you for considering our views. We look forward to working with Congress to advance initiatives that will increase climate risk disclosure. Please do not hesitate to contact me directly at (916) 795-3829, or your staff can contact Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance as this measure proceeds.

Sincerely,

Marcie Frost
Chief Executive Officer

cc: The Honorable Sean Casten
The Honorable Elizabeth Warren
Danny Brown