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**March 14, 2016****Item Name:** Sustainability Accounting Standards Report (SASB) Climate Change Report**Program:** Global Governance**Item Type:** Information**Executive Summary**

This presentation has been prepared by SASB for CalPERS in order to present their work to develop industry based standards to guide disclosure and action on material sustainability information.

**Strategic Plan**

This agenda item supports the CalPERS Strategic Plan goals of improving long-term pension benefits sustainability and actively managing business risks with an enterprise-wide view.

**Investment Beliefs**

This agenda item supports the CalPERS Investment Beliefs:

1. Investment Belief 4: Long-term value creation requires effective management of three forms of capital: financial, physical and human. CalPERS may engage investee companies and external managers on their governance and sustainability issues, including governance practices, risk management practices, human capital practices, and environmental practices.
2. Investment Belief 7: CalPERS will take risk only where we have a strong belief we will be rewarded for it. An expectation of a return premium is required to take risks; CalPERS aims to maximize return for the risk taken.
3. Investment Belief 9: Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error. As a long-term investor, CalPERS must consider risk factors, for example climate change and natural resource availability that emerge slowly over long time periods, but could have a material impact on company or portfolio returns.

**Background**

CalPERS is member of SASB's Standards Committee. This supports the core issue of integrated corporate reporting, to capture relevant environmental, social and governance factors which support long term sustainable value creation and management of multifaceted risk and opportunity, as set out in CalPERS Principles of Global Governance.

**Budget and Fiscal Impacts**

Not Applicable.

**Benefits and Risks**

- Benefits – Continuing our focus on understanding and managing climate change risk factors is consistent with our Investment Beliefs.
- Risks – Uncertainty around the timing of climate change impacts and poor disclosure of portfolio firms creates risk of inaccurate predictions of investment performance

**Attachments**

Attachment 1 – SASB Presentation

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**Anne Simpson**

Investment Director  
Global Governance

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**Theodore Eliopoulos**

Chief Investment Officer