

CalPERS Strategy on Sustainability

Investment Committee

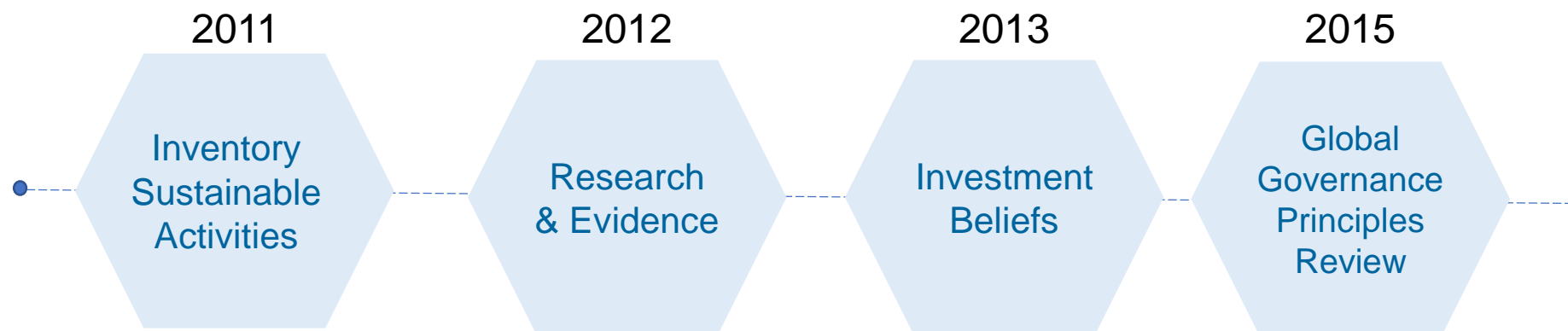
November 18, 2019

Anne Simpson, Director of Board Governance & Strategy

Topics

- 5-year Strategic Plan Overview
- New Roles & Responsibilities
- Strategic Initiatives Update
- Partnerships

Strategic Plan Development



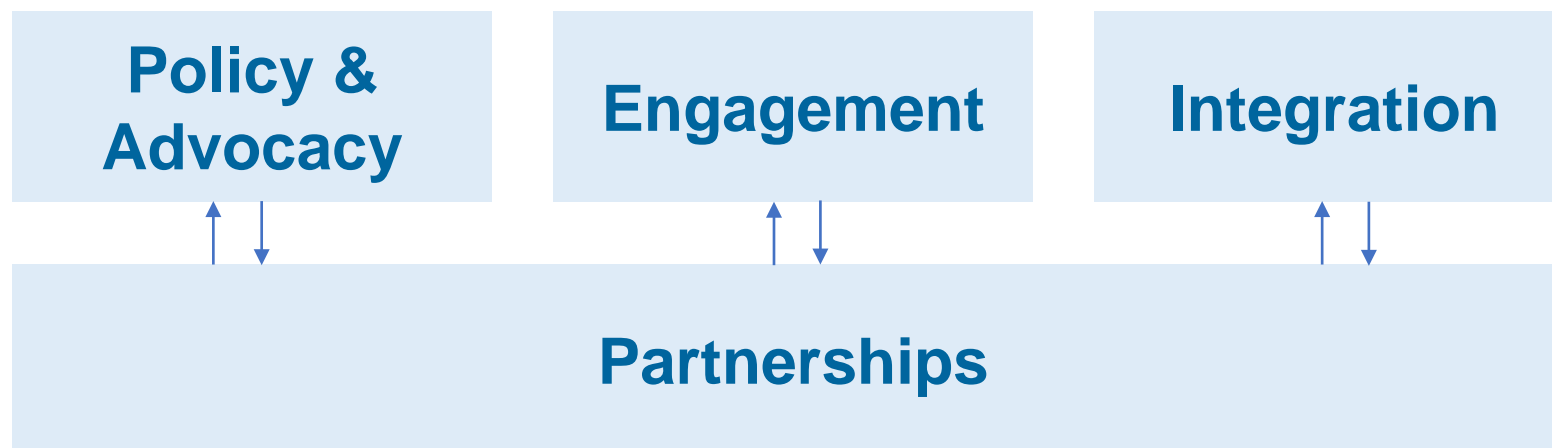
Strategic Plan Overview



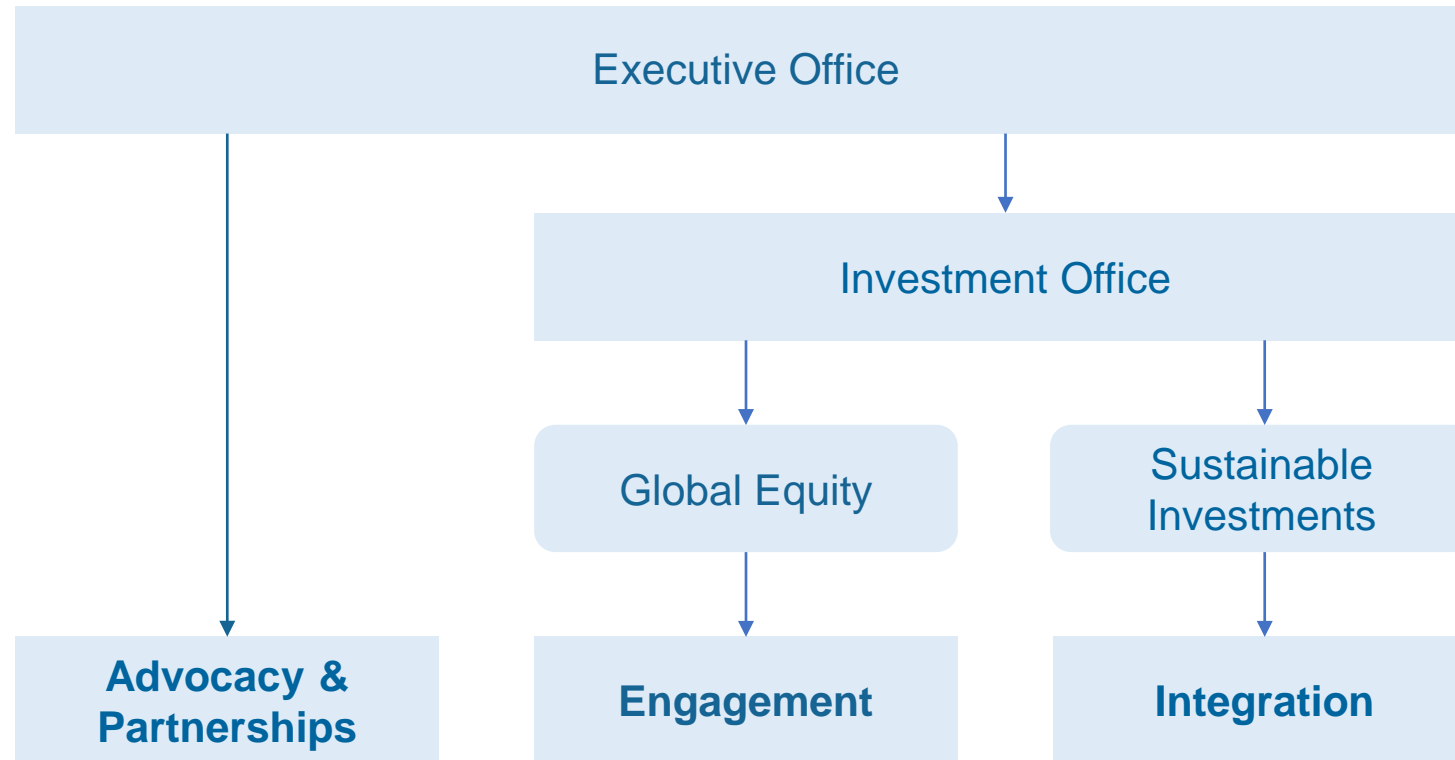
Investment Beliefs Support Sustainability



Three Channels Based on Partnerships



New Roles & Responsibilities



Six Priorities

External	Internal
<ul style="list-style-type: none">• Climate Change• Diversity & Inclusion• Data and Corporate Reporting Standards	<ul style="list-style-type: none">• Research• Manager Expectations• Private Equity Reporting Transparency

Climate Change – Impact

- CalPERS' Carbon Footprint
- The Climate Action 100+ initiative now has over 370 signatories with over \$35 trillion in assets under management
- Notable successes at Shell, Glencore, Equinor, HeidelbergCement, Duke Energy, Nestle, Daimler, VW, Thyssenkrupp, ArcelorMittal, BHP Billiton and Centrica

Climate Change – Media Impact

- *Financial Times*
Climate disclosure takes a giant step forward
- *The Economist*
Oil majors face shareholder resolutions on climate change
- *Time Magazine*
Meet 15 Women Leading the Fight Against Climate Change

Diversity & Inclusion – Impact

- 53% of companies engaged since July 2017 added a diverse director to their boards (361 of 682 companies)
- Met 3-year KPI for all S&P 500 companies to have at least one female director on their board
- Voted “against” 255 directors at 97 companies where diversity engagements did not result in constructive outcomes

Diversity & Inclusion – Media Impact

- *Bloomberg*
CalPERS Ups Pressure on Companies Over Executive Pay, Harassment
- *Bloomberg*
Red Rock's All-White, All-Male Board Draws CalPERS' Attention
- *Pensions & Investments*
CalPERS turns focus to board diversity in proxy voting

Accomplishments & Leadership

- PRI Global Leaders' Group
- U.N. Secretary Invitation to join Net-Zero Asset Owner Alliance
- Vatican Council on Inclusive Capitalism

CalPERS' Selected Partnerships



CalPERS Regulatory Roles

