CalPERS

Investment Committee

Agenda Item 7c

November 16, 2026

Item Name: Sustainable Investments Annual Program Review

Program: Sustainable Investments

Item Type: Information

Executive Summary

The purpose of this item is to present the CalPERS Sustainable Investments Annual Program Review including objectives, key performance indicators, and targets.

Strategic Plan

This agenda item supports the CalPERS Strategic Plan goals to strengthen the long-tern sustainability of the pension fund and cultivate risk-intelligent decisions.

Investment Beliefs

This item supports the following Investment Beliefs:

Belief 2: A long-term investment horizon is a responsibility and an advantage.

Belief 3: Decisions may reflect stakeholder views subject to fiduciary duty.

Belief 4: Long-term value creation requires effective management of three forms of capital: financial, physical, and human.

Belief 9: Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error.

Belief 10: Teamwork, Diversity, and Inclusion impact performance.

Background

CalPERS previously had a Sustainable Investments 5-Year Strategic Plan that concluded in 2021. In July 2023, staff introduced CalPERS Board to a draft of the Sustainable Investments 2030 Strategy. Staff received feedback from the Board, made edits, and presented the final Sustainable Investments 2030 Strategy to the Board in November 2023. This November 2026

item provides a progress update. The Sustainable Investments 2030 Strategy recognizes the evolution of sustainable investments and net zero practices across financial markets and demonstrates CalPERS' commitment to continue to provide leadership and incorporation of best practices.

Analysis

Staff will focus CalPERS' Sustainable Investments efforts into the following five objectives of the Sustainable Investments 2030 Strategy and will report to the board annually on the progress of achieving such objectives:

1. Generate outperformance by investing in climate solutions and emerging and diverse managers
2. Increase portfolio resilience by fully integrating ESG analysis, including climate risk analysis
3. Implement a thoughtful path to Net Zero through investments, engagement and advocacy
4. Promote greater inclusion and representation in the financial industry and the global economy
5. Build and promote efficient and equitable financial markets through advocacy and regulatory action

Budget and Fiscal Impacts

Costs associated with the delivery of the Sustainable investments 2030 Strategy are included in current budget allocations.

Benefits and Risks

CalPERS' Sustainable Investments 2030 Strategy is expected to result in benefits including:

- Strengthened understanding and ability to achieve CalPERS' target investment returns through managing risks and opportunities

Conversely, risks of not pursuing and achieving the Sustainable Investments 2030 Strategy may include:

- Reduced ability to manage risk and opportunity related to the environmental, social and governance factors relevant to the creation of long-term value across the portfolio

Attachments

Attachment 1 – Sustainable Investments Annual Program Review-PPT

Attachment 2 – Wilshire's Review Letter

Peter Cashion
Managing Investment Director
Sustainable Investments

Stephen Gilmore
Chief Investment Officer