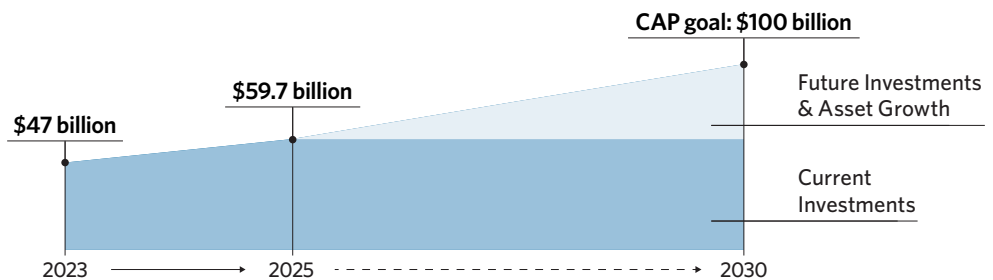


Climate Solutions



Climate solutions are activities that mitigate greenhouse gas (GHG) emissions, promote the transition to low-carbon technologies, or support adaptation to climate change. Our **\$100 Billion Climate Action Plan (CAP)** will significantly increase CalPERS' investments in climate solutions by 2030, capitalizing on the economic rewards they can offer.

CalPERS' Climate
Action Plan Progress:
\$59.7 Billion
(as of June 30, 2025)



How Can Climate Solutions Benefit Our Portfolio



Investment Performance

They deliver economic efficiencies and support rising energy demand:

- » Renewables (wind and solar) and battery storage offer abundant, rapidly deployable energy.
- » Green-certified real estate can yield higher returns via lower costs and increased asset values.



Resilience

They drive portfolio resilience by:

- » Enabling real-world decarbonization
- » Insulating assets and businesses from climate impacts
- » Increasing in value as demand for climate adaptation grows



Diversification

As a global supersector cutting across industries, they drive portfolio diversification through:

- » Technological advancement
- » Innovative business models

Continued »

The Types of Climate Solutions We Invest in



Transition

Objective:

Decarbonize activities that are carbon intensive by adopting lower-impact technologies

Example:

Hydrogen-powered shipping conversion



Mitigation

Objective:

Deliver decarbonized or energy-efficient products and services that cut emissions

Example:

Electric vehicle manufacturing



Adaptation

Objective:

Support preparedness, resilience, and recovery from the physical effects of climate change

Example:

Wildfire mitigation

An investment is a climate solution if...

Transition:

- » It is in a high-emitting, hard to decarbonize sector.
- » The company's decarbonization plan is science-based, ambitious, and validated.

Mitigation / Adaptation:

- » Generates green revenues from activities driving or enabling GHG emissions reduction or enhancing resilience to physical climate effects

How we count climate solutions in our portfolio

Transition:

- » Dollar-for-dollar (i.e., the full value of each eligible investment is counted)

Mitigation / Adaptation:

- » Proportionally to the company's share of revenues considered "green"
- » Dollar-for-dollar for green bonds intended to finance mitigation or adaptation projects

To learn more about the CalPERS \$100 Billion Climate Action Plan, visit www.calpers.ca.gov/netzero.