



# Investment Committee

## Agenda Item 6d

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**November 13, 2023**

**Item Name:** CalPERS Sustainable Investments 2030 Strategy

**Program:** Sustainable Investments

**Item Type:** Information

### **Executive Summary**

The purpose of this item is to present the CalPERS' Sustainable Investments 2030 Strategy including objectives, key performance indicators, and targets.

### **Strategic Plan**

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

### **Investment Beliefs**

This item supports the following Investment Beliefs:

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

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

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

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

Investment 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 and made edits that have been adopted in this November item. This 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 risk 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 – CalPERS' Sustainable Investments 2030 Strategy – PPT

Attachment 2 – Mercer's Review of CalPERS' Net Zero Plan

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Sustainable Investments

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Interim Chief Operating Investment Officer

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Deputy Chief Investment Officer

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Dan Bienvenue  
Interim Chief Investment Officer