



California Public Employees' Retirement System

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Department of Labor

Occupational Safety and Health Administration

Submitted electronically at <https://www.regulations.gov>

January 10, 2025

**Subject: Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings, Docket No. OSHA-2021-0009**

To Whom It May Concern,

On behalf of the California Public Employee's Retirement System (CalPERS), we commend the Occupational Safety and Health Administration (OSHA) for advancing its Proposed Rule to evaluate and promote *Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings* (Proposed Rule). CalPERS supports this Proposed Rule, as the realities of climate change are accelerating opportunities for heat stress and unstable working conditions, and businesses' failure to address these risks will not only have direct human impacts, but negative impacts on economic growth and the sustainability of their operations, thereby adversely impacting returns on our investments.

CalPERS is the largest public defined benefit pension fund in the United States, managing approximately \$530 billion in assets on behalf of more than 2 million members. We seek long-term, sustainable, risk-adjusted returns through efficient capital allocation and stewardship aligned with our fiduciary duty. We are guided by our Investment Beliefs<sup>1</sup>, which recognize that long-term value creation requires effective management of not only financial and physical capital, but also human capital. As outlined in our Governance & Sustainability Principles<sup>2</sup>, "CalPERS expects fair, accurate and timely reporting on how companies employ and identify risks related to financial, human and physical capital, in order to generate sustainable economic returns." Worker safety is critical to preserving human capital, and we believe that mitigating heat risks will not only improve workers' wellbeing, but the long-term financial wellbeing of our portfolio companies.

For long-term investors such as CalPERS, it is critical to understand how material changes, volatility, or deterioration in the environment might impact a company's business, strategy, and

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<sup>1</sup> <https://www.calpers.ca.gov/page/about/organization/calpers-story/our-mission-vision>

<sup>2</sup> <https://www.calpers.ca.gov/docs/forms-publications/governance-and-sustainability-principles.pdf>

operations. Businesses have been facing rising costs as a result of heat risks, including from decreased productivity due to work-related injuries, absenteeism, turnover, reduced morale, supply chain disruptions, litigation, and workers' compensation claims. We believe this is a situation where safeguards, such as the Proposed Heat Injury and Illness Prevention Rule, are more effective – and less costly – than managing the consequences of inaction.

Between 1992 and 2017, heat stress killed more than 800 workers in the US, and injured more than 70,000, according<sup>3</sup> to the [Bureau of Labor Statistics](#). Research<sup>4</sup> shows that there are economic consequences related to rising temperatures and extreme heat events.

- **Economic impact:** The total annual productivity and efficiency losses due to heat are estimated at \$100 billion in the U.S. alone, and could quintuple by 2050.<sup>5</sup> Globally, heat stress is projected to shrink gross domestic product (GDP) by \$2.4 trillion by 2030 under a 1.5°C warming scenario.<sup>6</sup> In a 2-3°C warming scenario, outdoor workers performing a moderate workload would have roughly \$40 billion of earnings at risk due to unsafe work days preventing them from working by midcentury (assuming the workforce size remains unchanged).<sup>7</sup> “Combining estimates of lost labor productivity due to extreme heat with a model of economic growth suggests that, by the year 2200, extreme heat will reduce the U.S. capital stock by 5.4% and annual consumption by 1.8%.<sup>8</sup>”
- **Increased costs:** Heat-related workers' compensation claims have risen significantly over the last decade,<sup>9</sup> while data from the Division of Occupational Safety and Health within the California Department of Industrial Relations (Cal/OSHA) shows a concerning increase in occupational heat illnesses.<sup>10</sup>

We believe that ensuring a dynamic, safe, healthy, and productive workforce is critical to the short- and long-term viability of our investments. A clear federal standard that helps businesses manage these heat-related risks aligns with our own Labor Principles that detail our expectations for portfolio companies to their workers. As described here,<sup>11</sup> one of these Principles refers to seeking to “support and improve the well-being of employees as part of human capital management strategy that includes providing a safe and healthy workplace.”

The ongoing development of human capital-related investment strategies and tools, as well as stewardship efforts to incorporate human capital considerations affirms investors' desire for clear standards and disclosures for human capital management. As part of these efforts,

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<sup>3</sup> <https://www.bloomberg.com/news/articles/2024-06-21/how-hot-weather-harms-worker-productivity?srnd=green>

<sup>4</sup> <https://www.atlanticcouncil.org/wp-content/uploads/2021/08/Extreme-Heat-Report-2021.pdf>;

[https://library.wmo.int/viewer/68500/download?file=1335\\_WMO-Climate-services-Health\\_en.pdf&type=pdf&navigator=1](https://library.wmo.int/viewer/68500/download?file=1335_WMO-Climate-services-Health_en.pdf&type=pdf&navigator=1)

<sup>5</sup> <https://www.atlanticcouncil.org/content-series/the-big-story/heat-is-killing-us-and-the-economy-too/>

<sup>6</sup> [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms\\_711919.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_711919.pdf)

<sup>7</sup> <https://online.ucpress.edu/elementa/article/10/1/00048/119392/Quantifying-the-impact-of-future-extreme-heat-on>

<sup>8</sup> <https://www.frbsf.org/research-and-insights/publications/economic-letter/2024/05/impact-of-us-labor-productivity-losses-from-extreme-heat/>

<sup>9</sup> <https://www.marsh.com/en/services/risk-advisory/insights/increases-in-extreme-heat-related-workers-compensation-claims.html>

<sup>10</sup> <https://oehha.ca.gov/climate-change/epic-2022/impacts-human-health/occupational-heat-related-illness>

<sup>11</sup> <https://vxa.calpers.ca.gov/CALPERS%20LABOR%20PRINCIPLES.pdf>

CalPERS has long-advocated<sup>12</sup> for regulators and standard-setters to improve access to workforce data where principles-based disclosures are anchored by four foundational, decision-useful disclosures that apply to all companies. Those metrics are: (1) the number of full time, part-time and contingent or contracted workers directly involved in firm operations; (2) total cost of the issuer's workforce; (3) turnover; and (4) diversity data that allows investors to understand the nature and effectiveness of the company's efforts to access and develop new sources of talent.

We believe the Proposed Rule is a significant step toward a federal standard to protect workers from heat-related risks and will help supplement investors' need for a baseline of workforce disclosures by requiring employers to create a plan to evaluate and manage heat hazards in their workplace. These proactive measures, such as providing employees water, rest, cool-down areas, and training, will help to prevent and reduce the number of occupational injuries, illnesses, and fatalities caused by exposure to hazardous heat. They will also reduce employers' long-term liabilities such as litigation, regulatory penalties, and reputational damage associated with workplace incidents.

The Proposed Rule represents an opportunity to provide mutually beneficial outcomes for workers, employers and investors. We believe employers that proactively mitigate and manage adverse effects from heat-related risks will not only improve their ability to foster a stable and engaged workforce and address other harmful labor practices, but also manage their long-term liabilities and strengthen investor confidence in the economic performance and condition of businesses and the economy broadly.

Thank you for the opportunity to share our comments. Please do not hesitate to contact Travis Antoniono, Investment Director, Sustainable Investments, at (916) 795-2238, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost  
Chief Executive Officer

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<sup>12</sup> <https://www.sec.gov/files/rules/petitions/2017/petn4-711.pdf>