



California Public Employees' Retirement System

Executive Office

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The Honorable Senator Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

March 5, 2021

Subject: Support for the "Addressing Climate Financial Risk Act"

Dear Senator Feinstein,

On behalf of the California Public Employees' Retirement System (CalPERS), I write to express CalPERS' support for the "Addressing Climate Financial Risk Act".

As the largest public defined benefit pension fund in the United States, we manage approximately \$440 billion in global assets on behalf of more than two million members. Our duty to pay benefits decades into the future requires that we take a long-term view in assessing whether the companies that we hold in our portfolio manage short- and long-term risks effectively.

To this end, CalPERS has for many years carefully monitored material climate risks that our portfolio companies face and engaged directly with those companies about their efforts to mitigate such risks. Moreover, we help lead global initiatives to develop more effective reporting frameworks so that climate risks can be accounted for comprehensively. Such initiatives contribute to making our financial system more resilient and prosperous for the long term.

These activities are not, however, a panacea. Rather, it is vital that federal regulators closely monitor climate risks to the financial system and provide clear guidance to financial institutions addressing such risks. If federal regulators are not attentive and responsive to these risks, our capital markets cannot adequately mitigate them, in the short or long term. It also is imperative that federal regulators coordinate with their international counterparts to monitor climate risks. Such coordination is necessary to protect our interconnected capital markets from climate disruptions.

We believe the "Addressing Climate Financial Risk Act" will ensure that federal regulators help lead the vigilant efforts necessary to protect investors over the long term from the wide range

of climate risks, and look forward to working with you to advance it and other initiatives that will protect our markets from climate risks. Please do not hesitate to contact me directly at (916) 795-3829, or your staff can contact 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

cc: Danny Brown